

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

MOTION RECORD

August 20, 2010

BLANEY McMURTRY LLP

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Lawyers for the Applicant

TO: see Service List at Schedule "A"

INDEX

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

IN THE MATTER OF AN APPLICATION UNDER SECTION
47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,
c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

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INDEX

<u>TAB NO.</u>	<u>PAGE</u>
1. Notice of Motion returnable September 1, 2010	1 - 6
2. First Report of the Receiver dated July 30, 2010.....	7 - 208
3. Affidavit of Hartley Bricks sworn July 30, 2010.....	209 - 276
4. Affidavit of Chad Kopach sworn August 11, 2010	277 - 326
5. Affidavit of Clifton prophet sworn July 13, 2010.....	327 - 338

TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

IN THE MATTER OF AN APPLICATION UNDER SECTION
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c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

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DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

NOTICE OF MOTION

DELOITTE & TOUCHE INC., Interim Receiver and Receiver and Manager over all of the current and future assets, undertakings and properties of the Respondents (in that capacity, the "Receiver"), will make a motion to a judge on Wednesday the 1st day of September, 2010, at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto.

THE MOTION is to be heard orally.

THE MOTION IS FOR:

- (1) if necessary, an Order abridging the time for service of this Notice of Motion and related motion record;
- (2) an Order approving the engagement of John A. Jensen Realty Inc. ("**Jensen**") by the Receiver for the marketing and sale of the Craiglee Nursing Home and the other lands and premises set out in Schedule "A" attached hereto ("**Craiglee**"), and approving the proposed marketing and sale process for Craiglee as set out in the First Report of the Receiver (the "**First Report**");
- (3) an Order confirming and approving the actions and activities of the Receiver to the date of First Report, including its pre-Receivership activities;
- (4) an Order approving the fees for services rendered by the Receiver for the period from April 13, 2010 to May 31, 2010, the fees and disbursements of Blaney, McMurtry LLP for the period from February 26, 2009 to June 30, 2010 and the fees and disbursements of Gowling Lafleur Henderson LLP for the period from April 15, 2009 to June 30, 2010;
- (5) the costs of this motion on a substantial indemnity basis; and
- (6) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (1) Rule 3.02 of the Rules of Civil Procedure;
- (2) as set out in the First Report and the exhibits thereto; and
- (3) such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (1) the First Report and the exhibits thereto; and
- (2) such further and other evidence as counsel may advise and this Honourable Court may permit.

August 23, 2010

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TO: see Service List at Schedule "A"

SCHEDULE "A"

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AND TO: **Roy McDougall**
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AND TO: **Ministry of Finance, Insolvency Unit**
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DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

and

CRAIGLEE NURSING HOME LIMITED

Applicant

Respondent

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding Commenced at **TORONTO**

NOTICE OF MOTION

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

**FIRST REPORT TO THE COURT OF THE RECEIVER
(dated July 30, 2010)**

INTRODUCTION

1. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 28, 2009 (the "**Appointment Order**"), Deloitte & Touche Inc. ("**Deloitte**") was appointed as Interim Receiver and Receiver and Manager (the "**Receiver**") of all of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited ("**Craiglee**"). A copy of the Appointment Order is attached hereto as **Appendix "A"**.
2. At the application for the appointment of the Receiver, counsel to Craiglee, Aylesworth LLP, raised certain objections. The Endorsement issued by the Honourable Justice

Campbell on April 28, 2009 provided, among other things, that Craiglee and its principals Roy McDougall and his spouse Doris McDougall (collectively the "**McDougalls**") reserved their right to challenge the receivership continuing beyond May 11, 2009. Neither Craiglee nor the McDougalls brought an application to challenge the continuation of the receivership. A copy of the Endorsement of April 28, 2009 is attached hereto as **Appendix "B"**.

3. Craiglee's assets comprise primarily Craiglee Nursing Home, a 169-bed nursing home located at 102 Craiglee Avenue, Toronto, Ontario. Craiglee is also the registered owner of the property located at 9 Vanbrugh Ave., Toronto ("**9 Vanbrugh**"), a single family two storey residence which is located adjacent to the nursing home.
4. This First Report of the Receiver (the "**Report**") provides the Court with a summary of the Receiver's activities since the Appointment Date to July 15, 2010. In particular, the purpose of the Report is to:
 - inform the Court of the Receiver's activities immediately prior to and since the Appointment Date to July 15, 2010, including its activities in taking possession of the assets of Craiglee, and seek approval of those activities;
 - inform the Court of the operating results for Craiglee from the Appointment Date to April 30, 2010;
 - seek the Court's approval to engage a real estate broker to market Craiglee for sale and seek approval for a proposed sale and marketing program for Craiglee; and
 - seek the Court's approval of the fees and disbursements of the Receiver and those of its counsel.
5. Capitalized terms not defined in this Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

6. In preparing the Report, the Receiver has relied upon records of Craiglee and unaudited financial information prepared by Craiglee or Extendicare (Canada) Inc. ("**Extendicare**"), the manager of the nursing home. The Receiver has not performed an audit or other verification of such information.
7. The Receiver has sought the advice of Blaney McMurtry LLP ("**Blaneys**"), counsel to the Applicant, for general legal matters that have arisen in respect of the receivership. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Gowling Lafleur Henderson LLP ("**Gowlings**").

PRE-RECEIVERSHIP ACTIVITIES

Agreement with SEIU and NHRIPP

8. In preparation for the receivership appointment, Blaneys contacted Sack Goldblatt Mitchell LLP ("**Sack**"), counsel to Service Employees International Union, Local 1.0n ("**SEIU**") and Nursing Homes and Related Industries Pension Plan ("**NHRIPP**"), to advise of the receivership application and to discuss the terms under which the proposed Receiver would engage approximately 108 of Craiglee's employees who were members of SEIU. Those discussions, in which the proposed Receiver participated, culminated in the proposed Receiver, SEIU and NHRIPP agreeing to the terms of an agreement (the "**Union Agreement**") dated April 24, 2009 that was to become effective upon the Receiver's appointment and would be subject to a ratification vote by the union members. A copy of the Union Agreement is attached hereto as **Appendix "C"**.
9. The Union Agreement provided for, among other things, the following:
 - i) The Receiver adopting certain Workplace Practices (as defined in the Union Agreement) subject to certain qualifications and limitations;

- ii) The SEIU agreeing that the Receiver and any party acting through or with the Receiver would not be deemed to be a successor or related employer under any Employment Legislation;
- iii) The Receiver satisfying certain outstanding and unpaid union dues and pension plan contributions;
- iv) The SEIU members receiving certain wage increases and retroactive adjustments as specified in the Union Agreement; and
- v) The Receiver working with SEIU to resolve certain Unresolved Grievances as listed in a schedule to the Union Agreement. All other outstanding grievances would be withdrawn by the SEIU. The Union Agreement also set out the Grievance and Arbitration Procedure which provided procedures for the filing and resolution of the Unresolved Grievances and any future grievances on or after April 24, 2009 between SEIU members and the Receiver.

Management Agreement with Extendicare (Canada) Inc.

- 10. On or about February 5, 2009, Craiglee engaged Extendicare to manage Craiglee on its behalf. Prior to February 5, 2009, Craiglee was managed by its owners, Roy and Doris McDougall, and Celia McDougall, who also acted as Craiglee's Administrator.
- 11. The Receiver was advised by representatives of Extendicare that Extendicare had been engaged by Craiglee in order to assist Craiglee in dealing with various continuing and recurring contraventions of the Service Agreement as entered into between Craiglee and the Ministry of Health and Long-Term Care (the "MOH"), the Nursing Homes Act, and the regulations by the licensee, all of which had resulted in the MOH ceasing to authorize admissions to the nursing home commencing on October 31, 2008.
- 12. In preparation for the Applicant's receivership application, the Receiver contacted Extendicare and another nursing home management company on or about April 13, 2009 and requested proposals for the management of Craiglee in receivership.

13. After discussing with the Applicant the two proposals received, Extendicare was selected to be the nursing home management company based on pricing and its familiarity and experience with Craiglee. The Applicant, the proposed Receiver and Extendicare entered into negotiations which culminated in a Management Agreement dated April 28, 2009. The Receiver subsequently sought the MOH's approval of the Management Agreement as required under the Nursing Home Act, which approval was received by way of an Agreement to Approve a Management Agreement ("**Approval Agreement**") dated April 8, 2010.

POSSESSION AND SECURITY

14. On April 28, 2009, the Receiver, accompanied by representatives of Extendicare, attended at Craiglee. The Receiver initially met with Celia McDougall to advise her of the Appointment Order and to tour the property.
15. Based on its review of the premises and given the 24 hour accessibility requirements, it was determined that no external locks to the nursing home needed to be changed.
16. The Receiver arranged for termination of any external access to Craiglee's computer systems. In addition, the Receiver terminated a feed from the internal security cameras that had been linked to a monitor located at 9 Vanbrugh, which at the time was inhabited by members of the McDougall family.
17. On April 29, 2009, the Receiver contacted Craiglee's insurance broker, Marsh Canada Limited, and requested that the Receiver be added as a named insured and loss payee on Craiglee's insurance policies. On May 1, 2009, Marsh confirmed that the Receiver had been added to all of Craiglee's insurance policies. Given Extendicare's significant experience in owning and managing similar facilities, the Receiver requested that Extendicare review Craiglee's insurance policies to determine if the coverage was sufficient. Extendicare provided its view to the Receiver that the insurance coverage was adequate.

18. On April 29, 2009, the Receiver contacted the financial institutions at which Craiglee's bank accounts were maintained and informed them of the receivership proceedings, provided them with a copy of the Appointment Order and requested that Craiglee's accounts be frozen to disbursements, that deposits continue to be accepted and that all funds in the accounts be forwarded to the Receiver. The Receiver subsequently received \$604,711.54 from the Canadian Imperial Bank of Commerce and \$278.15 from The Bank of Nova Scotia, all in respect of Craiglee's bank accounts. The Receiver also took possession of blank cheques that were at Craiglee.
19. Based on its prior experience in nursing home receiverships and the going concern operation of the facility in which there is a continual inflow and outflow of supplies, the Receiver determined that it was not necessary to take an inventory of Craiglee's assets as of the Appointment Date.
20. Upon its appointment, the Receiver wrote to ADP Canada ("ADP"), Craiglee's payroll service provider, informed it of the receivership and requested that ADP set up new payroll accounts in order to provide for a seamless continuance of payroll.
21. On May 6, 2009, the Receiver issued the Notice of Receiver pursuant to section 245(1) of the *Bankruptcy and Insolvency Act* (the "Notice") to all unsecured creditors of Craiglee and forwarded the Report of Receiver pursuant to section 246(1) of the *Bankruptcy and Insolvency Act* ("**Section 246(1) Report**") to the Official Receiver. A copy of the Notice and the Section 246(1) are attached hereto as **Appendix "D"**.

MANAGEMENT AND FUNDING OF CRAIGLEE

22. As set out above, the Receiver engaged Extendicare to act as day-to-day manager of Craiglee on behalf of the Receiver. Extendicare assigned a regional manager to the nursing home and engaged its internal specialists in nursing, dietary, administration, environmental, marketing and accounting to review and advise the Receiver on the operation of Craiglee. Pursuant to the Management Agreement, Extendicare has prepared

operational review reports and has prepared budgets and cash flow forecasts for Craiglee which have been reviewed by the Receiver.

23. Extendicare maintains the accounting records and provides the Receiver with monthly operating reports with comparisons to budget and a variance analysis.
24. MOH funding is received by the Receiver on or about the 22nd day of each month. Each month, Extendicare provides the Receiver with a cash flow forecast and a funding request for the subsequent month. Based on that funding request, the Receiver issues cheques for deposit into the operating bank account and the payroll account which are maintained by Extendicare. The Receiver reviews and co-signs all disbursements.

EMPLOYEES

Bargaining Unit Employees

25. On April 28, 2009, the Receiver commenced holding rotating meetings with Craiglee's union employees to advise them of the Appointment Order and the Receiver's intention of operating the facility with a view to conducting a sale of the facility on a going concern basis. Further union employee meetings were held on April 29, 2009 with SEIU representatives in attendance. After those meetings, the SEIU conducted its vote on the Union Agreement. On April 30, 2009, the SEIU advised the Receiver that its local members had unanimously ratified the Union Agreement. The Receiver has held subsequent meetings with union representatives and bargaining unit members to continue to elicit their support during the receivership process.
26. A condition of the Union Agreement was that the Receiver agreed to fund union dues arrears of \$3,400 and estimated pension fund contribution arrears of \$39,522 that were outstanding and unpaid as of the date of the Appointment Order. The Receiver has made these payments.
27. Blaneys has advised the Receiver that all Unresolved Grievances have been resolved with the SEIU.

28. Extendicare has advised that approximately 30 grievances have been filed by bargaining unit members since the Appointment Date. Of those grievances filed, approximately seven remain outstanding; however, Extendicare advises that none of these grievances are material and should be resolved shortly.

Non-Union Employees

29. On April 28, 2009, the Receiver also held rotating meetings with Craiglee's non-union employees (approximately 19). These employees were also advised of the Receiver's plans and that the Receiver would be engaging them on a temporary week-to-week basis until further notice in substantially the same job and position as they were performing previously as employees of the Respondent. The Receiver further advised that a letter of employment would be provided to them once the Receiver had an opportunity to review employment records and assess its business needs.
30. On May 5, 2009, the Receiver distributed letters to all non-union staff members detailing the terms of their employment by the Receiver. All of the non-union staff returned signed acknowledgements reflecting that they understood and agreed to the terms of employment by the Receiver.
31. Initially the Receiver engaged all non-union staff while Extendicare, at the Receiver's request, conducted a review of non-union staff and the business requirements relative to occupancy levels and workloads for operation of the facility going forward. Based on Extendicare's review and recommendations, on May 26, 2009, the Receiver terminated six non-union staff, including Celia McDougall and three other McDougall family members (the "**McDougall Employees**"). Each of the McDougall Employees was paid a nominal termination payment, the amount of which was based on their position and salary at Craiglee, in exchange for executing a full and final release.
32. The Receiver was advised that prior to its appointment, both Roy and Doris McDougall, although not actively involved in the day-to-day operations of the facility, had been

receiving regular payments from Craiglee. Upon its appointment, the Receiver terminated any further payments to Roy and Doris McDougall.

33. Prior to the Appointment Date, Craiglee had been utilizing temporary staff from various employment agencies due to a shortage of employees in various areas, particularly nursing. Through a concerted hiring effort earlier this year, the Receiver has hired in excess of 42 full- and part-time employees thereby reducing Craiglee's reliance on temporary staff. By increasing the number of permanent employees, Craiglee has been better able to develop consistent health care practices among its staff.

Human Rights Complaint

34. On May 14, 2010, the Receiver received a letter from the Human Rights Tribunal of Ontario (the "**Tribunal**") indicating that an Application (the "**HR Application**") under the Human Rights Code, R.S.O. 1990, c. H 10, as amended, had been filed on January 10, 2010 [REDACTED] against Craiglee Nursing Home Limited, Celia McDougall and Roy McDougall (collectively, the "**HR Respondents**"). A copy of the HR Application is attached hereto as **Appendix 'E'**.
35. Unbeknownst to the Receiver, the Tribunal had issued a Notice of Application (the "**Notice of Application**") on March 17, 2010 which required a response from the HR Respondents within 35 days. Having not received either the HR Application or the Notice of Application, the Receiver did not respond to the Tribunal on behalf of Craiglee within the 35 day period.
36. On May 12, 2010, the Tribunal issued an Interim Decision which provided a further 10 days for the organizational respondent, that being Craiglee, to respond to the HR Application. A copy of the Interim Decision is attached hereto as **Appendix 'F'**.
37. The Receiver and Blaneys reviewed the Application and determined that it related to events that occurred prior to the Appointment Date. Accordingly, on May 21, 2010, Blaneys responded to the Tribunal on behalf of the Receiver indicating that it was the

Receiver's position that the HR Application was stayed pursuant to the Appointment Order and that the Receiver was not prepared to consent to a continuation of the Application as against Craiglee. A copy of the responding letter to the Tribunal is attached hereto as **Appendix "G"**.

38. By letter dated July 12, 2010, the Tribunal directed [REDACTED] and the HR Respondents other than Craiglee to make submissions to the Tribunal by July 26, 2010 on "... the impact of the Receivership Order on the Application including any response to the position of the Receiver and any other submissions (including whether the order has an impact on the continuation of the Application against the individual respondents)." The Tribunal also directed the Receiver to "... provide the Tribunal with information as to the status of the Order if changed from that outlined in your previous correspondence of May 21, 2010." The Receiver has advised its counsel to advise the Tribunal that there has been no change in the status of the Appointment Order. A copy of the July 12, 2010 letter is attached hereto as **Appendix "H"**.
39. By letter dated July 19, 2010, [REDACTED] advised the Tribunal that she was withdrawing her complaint against Craiglee but was continuing her complaint against Celia McDougall and Roy McDougall. A copy of the July 19, 2010 letter is attached hereto as **Appendix "I"**.

RESIDENTS OF THE NURSING HOME

40. Upon its appointment, the Receiver arranged to hold meetings with the residents and their families to inform them of the receivership and answer questions they may have regarding the receivership process and the Receiver's intentions. The Receiver arranged for Craiglee's staff to telephone family members of each resident to inform them of the date and time of the meeting. The first meeting was held during the evening of April 30, 2009. Representatives of the MOH and Extendicare also attended the meeting and addressed questions and concerns raised.

41. On June 9, 2009, the Receiver held a second meeting with the residents and their families, the purpose of which was to advise them of the termination of Celia McDougall, the previous Administrator, introduce the new Administrator and address questions and concerns. Representatives of the MOH and Extendicare were also in attendance at the second meeting.
42. Outside of these two meetings, the Receiver has also responded to other inquiries from families of current residents and potential residents regarding the status of the home and the Receiver's mandate.
43. In May 2010, Craiglee participated in a fundraising event organized by Extendicare on behalf of their managed homes. Craiglee's portion of the funds raised totalled \$20,000 which was received on July 12, 2010. The Receiver is working with Craiglee's Administrator to determine how the funds will be deployed for the benefit of the residents.

MINISTRY OF HEALTH AND LONG-TERM CARE

Compliance Issues and Status

44. On October 31, 2008, prior to the appointment of the Receiver, the MOH issued a letter to Craiglee advising that it had placed Craiglee under enforcement inspection and had suspended admissions due to "... continuing and recurring contraventions of the service agreement, the Act and the regulations by the licensee." A copy of the letter issued by the MOH to Craiglee, and all other correspondence from the MOH discussed below, are attached hereto as **Appendix "J"**.
45. The suspension of admissions continued until April 14, 2009, at which time the MOH issued a letter dated April 9, 2009 advising that it was lifting the suspension effective April 14, 2009 but was limiting admissions to two new residents per week while it continued its enforcement inspections.

46. By letter dated May 1, 2009, the MOH advised that it would continue to allow admissions at the rate of two new residents per week for the following two week period and that Craiglee would remain under enforcement inspection for a further 90 days.
47. By letter dated May 15, 2009, the MOH advised that it would continue to allow admissions at the rate of two residents per week for the following two week period.
48. By letter dated May 29, 2009, the MOH advised that the limit on admissions was being increased to three residents per week for the following four week period.
49. By letter dated June 29, 2009, the MOH advised that it was again suspending admissions at Craiglee for a 30 day period for reasons as set out in that letter.
50. By letter dated July 28, 2009, the MOH advised that it was continuing to suspend admissions at Craiglee for a further 30 day period for reasons as set out in that letter.
51. On August 12, 2009, the Receiver along with representatives of Extendicare met with representatives of the MOH to discuss the status of the enforcement monitoring of Craiglee. While the MOH acknowledged the significant amount of effort and changes that had been implemented at Craiglee to address areas of concern identified by the MOH, the MOH advised that enforcement inspections and suspension of admissions would continue until they were satisfied that all areas of concern had been appropriately addressed.
52. By letter dated August 28, 2009, the MOH advised that it was lifting the suspension on admissions and it would be allowing admissions at rates as set out in that letter. The letter also states that inspections of Craiglee would continue.
53. By letter dated October 30, 2009, the MOH advised that it was discharging Craiglee from enforcement inspection and monitoring, but that Craiglee would be subject to a period of probation of not less than 90 days in duration.

54. By letter dated January 14, 2010, the MOH advised that it was placing Craiglee back under enforcement monitoring for reasons as set out in that letter.
55. By letter dated February 24, 2010, the MOH advised that effective February 14, 2010, enforcement monitoring of Craiglee would continue for a further 90 days.
56. By letter dated March 22, 2010, the MOH advised that it was again suspending admissions at Craiglee for a 30 day period commencing on that date for reasons as set out in that letter.
57. By letter dated April 20, 2010, the MOH advised that it was continuing suspension of admissions at Craiglee for a further 30 day period.
58. The Receiver held a number of discussions and meetings with Extendicare during the period from January through April of this year in order to identify and address the causes for the areas of non-compliance that resulted in the suspension of admissions. Extendicare was of the view that the failure to achieve and maintain the appropriate standards of care was due to certain staff issues as well as the high use of agency nursing personnel. Accordingly, the Receiver authorized Extendicare to focus on hiring permanent nursing staff to reduce the use of agency workers, improve Craiglee's staffing compliment and implement the appropriate training to address the areas of non-compliance. As a result, from January to May 2010, the Receiver hired 42 new nursing staff and personal support workers.
59. By letter dated May 20, 2010, the MOH advised that it was lifting the suspension of admissions at Craiglee and would allow admissions at the rates as set out in that letter. It further advised that Craiglee would remain in Enforcement and further inspections of Craiglee would continue.
60. On June 9 and 10, 2010, the MOH conducted a further monitoring inspection of Craiglee during which no new areas of non-compliance were identified by the MOH.

61. Craiglee continues to admit new residents while further reviews by the MOH are expected. Craiglee continues to operate under Enforcement.

Financial Matters

62. Prior to the Appointment Date, Blaneys contacted the MOH to advise of the Applicant's intention to seek the appointment of the Receiver. The MOH advised that while it did not object to the Applicant's motion, the MOH wished to preserve its right to dispute the terms of the Appointment Order that precluded set off of pre-filing amounts owed to the MOH by Craiglee against post-filing funding to be provided by the MOH to the Receiver.
63. At the hearing held on the Appointment Date, the issue of funding and right of set off was adjourned until May 11, 2009.
64. Prior to the May 11, 2009 appointment, the Receiver and the MOH agreed to further adjourn the hearing of the funding and set off issue until June 16, 2009 to give the parties the opportunity to have further discussions. A copy of the Honourable Justice Campbell's Endorsement adjourning the hearing to June 16, 2009 is attached hereto as **Appendix "K"**.
65. On June 5, 2009, the Receiver, Blaneys, and representatives of the Applicant met with the MOH to discuss the status of the receivership and the set off issue. It was resolved that the Receiver would provide a budget and certain other financial information in advance of a further meeting with the MOH to be held later in the summer. The hearing of the funding and set off issue was adjourned to a date to be determined.
66. By letter dated June 8, 2009, the MOH advised the Receiver that it had engaged Finucci Watters ("**Finucci**") to conduct a financial inspection of Craiglee pursuant to the authority provided by Section 24 of the Nursing Homes Act. The Receiver was advised that the engagement of the accounting firm would allow the MOH to determine the extent of Craiglee's pre-receivership indebtedness to the MOH. A copy of the June 8, 2009 letter is attached hereto as **Appendix "L"**.

67. On August 18, 2009, the Receiver met a second time with the MOH to discuss the operational status of Craiglee and to provide the financial information that was requested at the June 5, 2009 meeting.
68. By letter dated October 2, 2009, the MOH requested further operational and financial information from the Receiver. A copy of the MOH's letter of October 2, 2009 and the Receiver's responding letter dated October 20, 2009, without appendices attached, is attached hereto as **Appendix "M"**.
69. On November 26, 2009, in response to an inquiry from the MOH, the Receiver confirmed to the MOH that the Applicant had not received any debt service payments since the Appointment Date and that no payments were expected to be made until Craiglee returned to full occupancy and its cash flow supported such payments.
70. On November 30, 2009, the MOH provided the Receiver with copies of audited financial statements prepared by Finucci for 2007 and 2008 and notice to reader statements for the period January 1 to April 28, 2009. The statements indicate that Craiglee's indebtedness to the MOH totalled \$3,182,343 as at December 31, 2008.
71. The Receiver has not had any further discussions with the MOH regarding the funding and set off issue and the hearing of the funding and set off issue has not yet been rescheduled. The MOH continues to fund Craiglee based on 100% occupancy, without set off relating to the pre-receivership period, but which will be subject to subsequent clawbacks based on actual occupancy during the receivership period.

Licensing and Service Accountability

72. In accordance with the *Long-Term Care Homes Act, 2007* (the "**LTC Act**") which came into force on July 1, 2010, the MOH issued replacement licences to Craiglee for 169 beds on July 1, 2010. The expiration date of the licenses is July 21, 2024.
73. In conjunction with the coming into force of the LTC Act, and pursuant to subsection 20(1) of the *Local Health System Integration Act, 2006* and Part III of the *Commitment to*

the Future of Medicare Act, 2004, Craiglee is required to enter into a Service Accountability Agreement ("SAA") with the Central East Local Health Integration Network (the "LHIN"), which is the local health integration network responsible for the planning, funding and integration of health care services in the area in which Craiglee is based. Accordingly, the Receiver executed the SAA on behalf of Craiglee effective as of July 1, 2010.

ASSETS OF CRAIGLEE

74. According to Craiglee's audited financial statements for the year ended December 31, 2008 as prepared by Finucci on behalf of the MOH, the assets of Craiglee consisted of accounts receivable from certain residents, food and supply inventory, the land and building comprising Craiglee including the equipment, furniture and fixtures located therein and the land and building located at 9 Vanbrugh. In addition, Craiglee is the beneficial owner of 169 nursing home bed licences.
75. To date, the Receiver has authorized approximately \$151,000 of capital expenditures for the facility, of which \$44,200 relate to building improvements, \$93,900 for furniture and fixtures and \$12,900 for computer hardware and software. The Receiver will continue to make capital expenditures for the facility on an as needed basis.
76. After the Appointment Date, the Receiver was advised that Michael McDougall was residing at 9 Vanbrugh. Despite repeated requests, Michael McDougall would not provide the Receiver with a copy of the lease evidencing the terms of his tenancy. Accordingly, on September 21, 2009, Blaneys sent a Demand for Particulars of Tenancy Agreement, a Notice to Tenants and a Notice of Rental Attornment to Michael McDougall, copies of which are attached hereto as **Appendix "N"**.
77. By letter dated September 30, 2009 addressed to Michael McDougall, Blaneys confirmed a conversation with him of the previous day in which he advised that he already vacated the premises and would remove any remaining property by October 15, 2009. A copy of the September 30, 2009 letter is attached hereto as **Appendix "O"**.

78. On October 16, 2009, the Receiver took possession of 9 Vanbrugh and changed the locks. The premises is currently vacant and will remain so while the receiver conducts its sale process (discussed below), to determine if a potential purchaser may wish to acquire 9 Vanbrugh together with the nursing home assets.

OPERATIONAL RESULTS

79. At the Appointment Date, the occupancy at Craiglee was approximately 131 residents or 78%. Occupancy increased to 133 or 79% by June 28, 2009 at which point the MOH again suspended admissions. By August 28, 2009, the date when Craiglee was reopened to admissions, occupancy had decreased to 131. Through the fall of 2009, occupancy increased to as high as 149 or 88% until January 14, 2010, when admissions were again suspended, thereby resulting in a drop in occupancy to 132 by April 30, 2010. The occupancy as at July 15, 2010 is 132 residents.
80. Attached hereto as **Appendix "P"** is an operating statement summary for Craiglee for the period May 1, 2009 to April 30, 2010 (the "**Results Period**"). Craiglee has generated positive net operating income (before consideration of interest, depreciation and capital expenditures) of \$252,800 over the Results Period which is \$462,145 below budgeted operating income (before consideration of interest, depreciation and capital expenditures).
81. The negative variance over the Results Period is essentially due to the following:
- i) Significantly lower occupancy levels than budgeted due the suspension of admissions for the period June 29, 2009 to August 28, 2009, and again during the period of March 22 to May 20, 2010;
 - ii) Non-operating costs of \$116,000 that were not included in the budget that relate to termination payments for certain employees, appraisal costs, payments made pursuant to the Union Agreement and other miscellaneous costs;

- iii) Repairs and maintenance costs that were \$89,800 over budget due certain unforeseen costs to repair certain boilers and plumbing and certain flooring among other miscellaneous repairs; and
 - iv) An approximately \$44,000 lower receipt than anticipated in the April 2010 funding payment from the MOH. In April 2010, the MOH adjusted the Case Mix Index ("CMI") down from 100.00 to 89.22 resulting in lower funding for Craiglee. The CMI reflects the complexity of care that the residents of a nursing home require – the higher the CMI, the higher the level of care that is required resulting in a higher level of funding in order to deliver that care. Despite numerous inquiries of the MOH, the MOH has not yet provided an explanation for the downward adjustment to the CMI. The CMI adjustment continued in May and June 2010 and the Receiver and Extendicare continue to pursue the MOH as to the reason for the CMI adjustment.
82. In light of the suspension of admissions for the period June 29, 2009 to August 28, 2009 and again during the period of March 22 to May 20, 2010, it is now anticipated that Craiglee will not approach full occupancy until late 2010 or early 2011.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

83. Attached hereto as **Appendix "Q"** is the Receiver's Interim Statements of Receipts and Disbursements for the period April 28, 2009 to July 15, 2010 (the "**Interim R&D**"). The Interim R&D balance of \$1,463,552 reflects transactions through the Receiver's accounts and does not reflect the receipts and disbursements of the operating and payroll accounts managed by Extendicare, which are maintained on an accrual basis and are reflected in the aforementioned operating statement summary.
84. Since the MOH has funded the Receiver based on 100% occupancy while actual occupancy has averaged approximately 80%, a portion of the MOH funding will be required to be repaid to the MOH. As of December 31, 2009, the estimated amount of funds to be reimbursed to the MOH is \$1,106,446. Typically, the MOH recovers the over

payment by deducting, or clawing back, an amount from future funding until the over payment has been fully recouped. As of the date of this report, the MOH has not yet commenced deducting any amounts from current funding in respect of over payments to the Receiver. Accordingly, while the Receiver is currently maintaining a relatively large balance of cash on hand, it is mindful that those funds will be required to fund operations once the MOH commences its clawback of current funding to adjust for overfunding of Craiglee during the receivership period.

MARKETING AND SALE PROCESS

85. The Receiver is of the view that it is now appropriate to commence a marketing and sale process for the assets and property of Craiglee given that:
- The Receiver has been in possession for just over one year in which time, with Extendicare's assistance, the business has been stabilized and is running relatively efficiently;
 - A new management team, including the Administrator and Director of Resident Care, is now in place and is implementing positive changes; and
 - The Long-Term Care Act 2007 has now been implemented which appears to have brought clarity to licensing issues that have impacted the market for nursing homes over the past few years.
86. To that end, commencing in March 2010, the Receiver solicited two listing proposals from real estate brokers with experience in the area of seniors' housing. Based on the proposals received, the Receiver has selected John A. Jensen Realty Inc. ("**Jensen**") to market Craiglee for sale.
87. Jensen has significant experience on both the buy and sell side of seniors' housing facilities. Jensen advises that it has closed approximately 118 transactions in the seniors' housing sector with an aggregate value in excess of \$730,000,000.

88. Jensen's marketing program involves the following:

- Distributing a general listing announcement to all relevant contacts registered in its proprietary database of approximately 1,200 contacts;
- Placing a listing on its brokerage website;
- Inserting a listing on Loop-Net, an online commercial real estate listing service;
- Placing four display advertisements in the Globe & Mail newspaper;
- Providing interested parties with a confidentiality agreement to be executed prior to receiving further information on the property;
- Providing secure access to an on-line data room to all potential purchasers who execute a confidentiality agreement;
- Conducting site tours as requested by potential purchasers; and
- Cooperating with other licensed real estate brokerages that have entered into a buyer representation agreement with their client(s).

89. Jensen proposes to conduct the sale of Craiglee under a "sunrise date" method for dealing with offers. Under the sunrise date method, a date is set prior to which no offers will be considered. According to Jensen, this method instills urgency in potential buyers while still providing them with adequate time, before having to submit an offer, to consider the merits of the investment opportunity. The sunrise date method also provides the seller with flexibility in dealing with offers after the sunrise date has passed.

90. Jensen proposes to set a sunrise date that is six weeks from the date of Court approval of the marketing and sale program. As part of the marketing program, Jensen and the Receiver reserve the right to adjust the sunrise date prior to the launch of the marketing program due to any unforeseen factors that may impact the appropriateness of the sunrise date. Similarly, Jensen and the Receiver also reserve the right to adjust the sunrise date

during the marketing program should the Receiver determine it would be prudent for the success of the marketing program.

91. Jensen recommends that Craiglee be offered for sale without a published asking price. According to Jensen, by eliminating the asking price from the marketing material, it lessens the risk that a potential purchaser who would otherwise be willing to pay more than the asking price from offering less simply because the asking price optically creates a ceiling for offers. Jensen further advises that this methodology is a widely accepted and expected strategy for the sale of seniors housing including facilities being sold in receivership and the lack of an asking price also works well with the sunrise date methodology.
92. To the extent that an acceptable proposal or letter of intent is received from a potential purchaser after the sunrise date, the Receiver, in consultation with the Applicant and Canada Mortgage and Housing Corporation ("CMHC"), who has insured the Applicant's mortgage to Craiglee, would enter into an agreement of purchase and sale with the proposed purchaser, which agreement would be subject to court approval.
93. The Receiver recommends proceeding with Jensen's proposed marketing and sale program as detailed above and seeks this Honourable Court's approval of same.
94. Deloitte is also the receiver and manager of two other seniors' facilities in Ontario which are also listed for sale with Jensen. The Receiver is of the view that there would be no conflict with Jensen acting as listing agent for this property.
95. Both the Applicant and CMHC have advised the Receiver that they approve of the Receiver engaging Jensen to market the properties for sale and of the above noted marketing and sale program.
96. In order to assist the Receiver in assessing any offers received for the assets of Craiglee, the Receiver engaged Altus Group Limited ("Altus") and Carmichael Wilson Property Consultants Ltd. ("CWPC"), two valuation firms which specialize in seniors housing and

health care real estate valuation, to prepare appraisals of Craiglee. Those appraisals were completed in February and March 2010 and copies of those appraisals were provided to the Applicant and CMHC.

97. Should this Honourable Court approve the proposed marketing and sale program, the Receiver proposes to enter into a six month listing agreement with Jensen on terms, including commission rates, that are reasonable and within market norms. The Receiver will seek approval from the Applicant and CMHC of the proposed listing agreements. The Receiver also proposes to extend the listing agreement for further six month periods to the extent it believes it prudent to do so and subject to the approval of the Applicant and CMHC.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

98. The Receiver's fees for services rendered for the period April 13, 2009 to May 31, 2010 are particularized in the Affidavit of Hartley M. Bricks sworn July 30, 2010 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$370,487.27 including GST.
99. The fees and disbursements of Blaneys, counsel for the Applicant, in respect of work performed for the Receiver, for the period February 26, 2009 to June 29, 2010 are particularized in the Affidavit of Chad Kopach of Blaneys and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$102,158.69 including GST.
100. The fees and disbursements of Gowlings, the Receiver's independent counsel, for the period April 15, 2009 to June 30, 2010 are particularized in the Affidavit of Clifton Prophet sworn July 13, 2010 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$25,575.70 including GST.
101. The Receiver has reviewed the invoices of Blaneys and Gowlings and finds the work performed and charges to be appropriate and reasonable.

102. The Receiver has sought and received the approval of the Applicant prior to taking interim draws against the fees of the Receiver and Blaneys. As of the date of the Interim R&D, the Receiver had not yet provided a draw to Blaneys against its June 30, 2010 invoice.
103. The Receiver is herein seeking the Court's approval of its activities up to the date of this report and its fees as set out above. The Receiver is also seeking the Court's approval for the fees of Blaneys and Gowlings as discussed above.

RECEIVER'S REQUEST TO THE COURT

104. The Receiver is respectively seeking an order:
- i) approving the actions and activities of the Receiver to the date of this Report, including its pre-receivership activities;
 - ii) approving the engagement of Jensen by the Receiver for the marketing and sale of Craiglee including approving the proposed marketing and sale program as described herein; and
 - iii) approving the fees for services rendered of the Receiver for the period from April 13, 2010 to May 31, 2010, the fees and disbursements of Blaneys for the period from February 26, 2009 to June 29, 2010 and the fees and disbursements of Gowlings for the period April 15, 2009 to June 30, 2010.

All of which is respectfully submitted to this Honourable Court.

DATED this 30th day of July, 2010.

DELOITTE & TOUCHE INC.

**Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Craiglee Nursing Home Limited**

Deloitte & Touche Inc.

Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President

Hartley Bricks, MBA, CA•CIRP, CIRP
Vice President

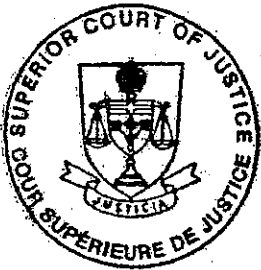
EXHIBIT A

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE C. CAMPBELL

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TUESDAY, THE 28th DAY
OF APRIL, 2009

BETWEEN:



**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

ORDER

THIS APPLICATION, made by the Applicant for an Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the "CJA") appointing Deloitte & Touche Inc. as Interim Receiver and Receiver and Manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Craiglee Nursing Home Limited (the "Debtor") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Stephen Wood sworn April 23, 2009 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, no one appearing for the persons referenced in the Service List appended hereto as Appendix "A" although duly served as appears from the affidavit of Leah Ali sworn April 27, 2009 (the "Affidavit of Service"), and on reading the consent of Deloitte & Touche Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the 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 47(1) of the BIA and section 101 of the CJA, Deloitte & Touche Inc. 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"), including, without limitation, the real property described in Appendix "B" hereto.

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;

PAO (c) *subject to section 11 of the Nursing Homes Act, R.S.O. 1990, c. X1.7 (the "NHA")*
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; *Phlo*

- subject to action 11 of the NHA* *MOH*
- (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, including, without limitation, Extendicare (Canada) Inc. ("Extendicare") or such other third party operator as the Receiver may in its discretion designate;
 - (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 collect any payments or subsidies from Her Majesty the Queen in Right of Ontario as Represented by the Minister of Health and Long-Term Care ("MOH") and any other government body, however any monies received by the Receiver from the MOH pursuant to this Order shall be used or applied by the Receiver only in accordance with the operation of the Debtors' nursing homes which are currently licensed pursuant to the *Nursing Homes Act* R.S.O. 1990, c. N-7 as amended, and the regulations thereunder (the "NHA"), or otherwise carrying out the Receiver's duties. Any payments by the MOH hereunder shall be subject to MOH review and reconciliation as provided for by applicable law;
 - (h) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (i) 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;

- (j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (k) to apply for such permits, licenses, approvals or permissions as may be required by any governmental authority with respect to the Property, including, without limitation, licenses under the NHA;
- (l) 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;
- (m) 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;
- (n) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (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.

- (o) 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;
- (p) 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;
- (q) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (r) 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;
- (s) 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;
- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (u) 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.

4. THIS COURT ORDERS that the agreement among the Receiver, the Service Employees International Union Local 1 Canada and The Nursing Homes And Related Industries Pension Plan dated April 27, 2009 (the "Settlement Agreement") ~~in the form attached as Exhibit~~

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~~[Number]~~ to the Affidavit of ~~[Name]~~ sworn ~~[Date]~~ be and is hereby approved and the execution of the Settlement Agreement by the Receiver be and is hereby ratified and approved.

5. THIS COURT ORDERS that the agreement between the Receiver and Extender dated April 27, 2009 (the "Management Agreement") in the form attached as Exhibit [Number] to the Affidavit of [Name] sworn [Date] be and is hereby approved and the execution of the Management Agreement by the Receiver be and is hereby ratified and approved. *Also*

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. 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. *REC* *(and any party the Receiver retains under paragraph 3(d) of this Order including, without limitation, Extender)*

7. 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 paragraph 7 or in paragraph 8 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. *REC*

8. 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

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court 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.

NO EXERCISE OF RIGHTS OR REMEDIES

11. 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

RC Extencicare (solely in its capacity as agent of the Receiver) under the management Agreement

registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. 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, ^{Chce} ~~and without limiting the generality of the foregoing, the MOH is hereby directed to make all payments of funds to which the Debtors are entitled directly to the Receiver and the MOH shall not suspend, cancel or set-off such payments without further order of the Court, provided, however, that nothing in this paragraph shall exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, or other mandatory statutory or regulatory provisions of applicable law from and after the date of this order.~~ ^{Chce}

CONTINUATION OF SERVICES

13. 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 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. ^{Chce} ^{in extension Chce}

RECEIVER TO HOLD FUNDS

14. 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

15. 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 and Extendicare 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.

16. 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

17. 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.

LIMITATION ON THE RECEIVER'S LIABILITY

18. 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

19. 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**").

20. 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.

21. 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

22. 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 \$750,000 (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.

23. 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.

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

25. 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.

GENERAL

26. 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.

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

28. 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.

29. 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.

30. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant'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.

31. THIS COURT ORDERS that, in the event that the conditions precedent to the coming into force of the Settlement Agreement are not satisfied as required by the Settlement Agreement, the appointment of the Receiver pursuant to this Order shall terminate *nunc pro tunc* and the Receiver shall immediately apply to the Court to be discharged.

32. 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.

ReCampy

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 28 2009

PER / PAR:

ReCampy

APPENDIX "A"

SERVICE LIST

TO: Craiglee Nursing Home Limited
102 Craiglee Drive
Toronto, ON M1N 2M7

AND TO: Roy McDougall
1790 Rosebank Drive
Pickering, ON L1V 1P6

AND TO: Celia McDougall
1790 Rosebank Drive
Pickering, ON L1V 1P6

AND TO: Doris McDougall
1790 Rosebank Drive
Pickering, ON L1V 1P6

AND TO: Sack Goldblatt Mitchell
20 Dundas Street West
Suite 1130, Box 180
Toronto ON M5G 2G8

Attn: Doug Lefaive
Tel: (416) 977-6070
Fax: (416) 591-7333

Solicitors for Service Employees International Union, Local 1.0n and
the Nursing Homes and Related Industries Pension Plan

AND TO: Ministry of Finance, Insolvency Unit
33 King Street West
6th Floor
Oshawa ON L1H 8H5

AND TO: Department of Justice (CANADA)
Ontario Regional Office
The Exchange Tower Box 36
130 King Street West, Suite 3400
Toronto ON M5X 1K6

Attn: Diane Winters
Tel: (416)973-3172
Fax: (416)973-0810

AND TO: Ministry of Health & Long Term Care
Long Term Care Homes Branch
56 Wellsley Street West
9th Floor
Toronto ON M7A 2J9

Attention: Tim Burns, Director, Long Term Care Homes Branch

AND TO: Scotia Mortgage Corporation
Scotia Plaza
44 King Street West
8th Floor
Toronto ON M5H 1H1

Attn: Sherry Hanlon
Tel: (416) 866-4715
Fax: (416) 866-7767

AND TO: The Consumers' Waterheater Income Fund
80 Allstate Parkway
Markham ON L3R 6H3

APPENDIX "B"
LEGAL DESCRIPTIONS OF PROPERTY

In respect of those land and premises municipally known as 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario

Consolidation of various properties being Lots 508, 509, 510, 513, 514, 523 & 524 on Plan M-388; Part of Lot 526 on Plan M-388, designated as Part 2 on Plan 66R-20226, Part of Lot 525 on Plan M-388, designated as Part 4 on Plan 66R-20226; Part of Lot 512, being the westerly 7 feet 10 inches in Plan M-388; Lot 511 (except Part 1 on Plan 66R-11153), Part of Lot 512, lying to the east of the northerly 7 feet 10 inches on Plan M-388, City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry Office (No. 66), being all of PIN 06432-0413(LT).

In respect of those land and premises municipally known as 9 Vanburgh Avenue, Toronto, Ontario

Consolidation of Various Properties:
Firstly: Part of Lot 526, Plan M-388, designated as Part 1, Plan 66R-20226;
Secondly: Part of Lot 525, Plan M-388, designated as Part 3, Plan 66R-20226;
City of Toronto (formerly City of Scarborough),
Land Titles Division of the Toronto Registry Office (No. 66),
being all of PIN 06432-0409(LT),

APPENDIX "C"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte & Touche Inc., the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Craiglee Nursing Home Limited appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the 28th day of April, 2009 (the "Order") made in an action having Court file number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2009.

DELOITTE & TOUCHE INC., solely in its
capacity as Receiver of the Property (as defined
in the Order), and not in its personal capacity

Per: _____

Name: _____

Title: _____

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
LIMITED

Applicant

and

CRAIGLEE NURSING HOME

Respondent

Court File No. CV-09-8156-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding Commenced at TORONTO

ORDER

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Applicant

EXHIBIT B

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY and CRAIGLEE NURSING HOME LIMITED

Applicant: *AM. 28/09*

Respondent

*Nothing need the Application Recd
& heard from Counsel - the
application being unopposed except
that Counsel for Applicant, Respondent
Receives & Ministry of Health have
reserve their position with respect
to matters not dealt with in
this Order including any and all findings.
for May 11/09 for 2 weeks
~~the~~ I am subject to the terms
of the endorsement agreed to
& attached hereto.
The doc & order filed is approved
as required*

Blaney

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]
Proceeding Commenced at TORONTO

APPLICATION RECORD

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Applicant

PRIOR TO MAY ¹¹~~18~~, 09

The Receiver shall not proceed with any assessment contemplated in paragraph 3(j) unless required by law.

Paragraphs 3(m) and (n) of the initial order shall not be effective until May ~~18~~, 2009.

Upon written request by the McDougalls, the Receiver shall respond promptly and provide all reasonably requested source information relating to the business and property of Craiglee in a timely manner.

Notwithstanding the language in Paragraph 22, the Receiver shall not borrow more than \$100,000 before May ~~18~~, 2009 without further order of the court.

Notwithstanding the issuance of this order, the McDougalls and Craiglee reserve all of their rights to contest the receivership continuing beyond May 11, 2009.

EXHIBIT C

AGREEMENT

BETWEEN:

DELOITTE & TOUCHE INC. solely in its capacity as the proposed Court-appointed interim receiver and receiver and manager of all of the assets, undertakings and properties of Craiglee Nursing Home Limited (the "Receiver")

and

SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 1 CANADA ("SEIU")

and

THE NURSING HOMES AND RELATED INDUSTRIES PENSION PLAN by its Trustees in their capacity as such and not in their personal capacities (the "Pension Plan Trustees")

RECITALS:

- A. Craiglee Nursing Home Limited ("Craiglee") operates a nursing home at 102 Craiglee Drive, Toronto, Ontario.
- B. Pursuant to a motion for an order appointing an interim receiver and receiver and manager of Craiglee (the "Order" or the "Receivership Order"), which is currently pending and scheduled to be heard by the Court on April 28, 2009 or shortly thereafter, Deloitte & Touche Inc. is being proposed as the interim receiver and receiver and manager of the property, assets and undertakings of Craiglee.
- C. Pursuant to the Order, the Receiver will operate Craiglee with a view to effecting a sale of Craiglee as a going concern.
- D. The SEIU represents approximately 108 individuals working in the bargaining unit at Craiglee, all of whom are employed by Craiglee.
- E. The Receiver and SEIU have reached an Agreement that should the Order be granted by the Court:
 - (a) the Receiver will adopt certain Workplace Practices subject to qualifications and limitations set out in this Agreement;
 - (b) SEIU agrees that the Receiver and any party acting through or with the Receiver is not, shall not be, and shall not be deemed to be a successor or related employer under any Employment Legislation now, or at any point in the future, and is not liable for any Claims arising prior to the Insolvency Date in accordance with section 14.06 of the BIA apart from the Unresolved Grievances, the pension plan contribution delinquency and the Union Dues delinquency described in paragraphs 4, 5 and 6 herein. However, in the event that Extendicare (Canada) Inc., or any other entity which may be retained to act as Manager, purchases Craiglee, Extendicare (Canada) Inc. or such other entity shall not enjoy

the protections otherwise provided to it by the sentence immediately preceding and the SEIU shall be entitled to assert its position that such a purchaser is a successor employer pursuant to paragraph 13;

- (c) except for the Unresolved Grievances, the pension plan contribution delinquency and the Union Dues delinquency described in paragraphs 4, 5 and 6 herein, all outstanding Claims up to the Insolvency Date are fully satisfied or waived by the SEIU on its own behalf and on behalf of Staff Members and Former Staff Members; and
- (d) all of the terms of this Agreement shall apply to Deloitte & Touche Inc. in its capacity as Trustee in Bankruptcy of the estate of Craiglee should Craiglee become bankrupt.

NOW THEREFORE, subject to the terms and conditions contained herein, including without limitation, satisfaction of the Conditions Subsequent, the parties hereto agree as follows:

1. DEFINITIONS

The following definitions apply in this Agreement:

- (a) **"Applicable Wages"** – The basic straight time wages for all hours worked and in addition:
 - (i) the straight time component of hours worked on a holiday;
 - (ii) holiday pay, for the hours not worked;
 - (iii) vacation pay;
 - (iv) paid sick leave.All other payments, premiums, allowances etc. are excluded.
- (b) **"Arbitrator"** – An individual or individuals appointed pursuant to and for the purposes set out within the terms of the Grievance and Arbitration Procedure, herein.
- (c) **"Benefits"** – Paid holidays, vacation pay, minimum reporting pay, bereavement leave, health, dental, and life insurance benefits, sick pay, pregnancy leave top up, jury and witness leave payments, contributions to the SEIU educational fund.
- (d) **"BIA"** – The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
- (e) **"Claims"** – Any and all claims by the SEIU, Staff Members and Former Staff Members, and the Pension Plan Trustees including, without limitation, all grievances and claims for wages, pay equity adjustments, benefits, pension deductions and contributions, termination pay, severance pay and union dues, in

existence or in respect of any period prior to the Insolvency Date by Staff Members, Former Staff Members, the SEIU and others. However, nothing in this Agreement in any way limits the rights of Staff Members or the SEIU to make claims for severance pay and/or termination pay against the estate of Craiglee should Craiglee become bankrupt or against any purchaser of Craiglee in respect of pay equity adjustments, if any,,which may become an obligation of any purchaser of Craiglee.

- (f) **"CMHC"** – Canada Mortgage and Housing Corporation.
- (g) **"Collective Agreement"** – The SEIU collective agreement with Craiglee in respect of the Service Unit at Craiglee which expired on July 31, 2007.
- (h) **"Conditions Subsequent"** – The conditions subsequent described in paragraph 14.
- (i) **"Contributor"** – The Receiver following the execution of the Participation Agreement and in accordance with this Agreement.
- (j) **"Court"** – The Ontario Superior Court of Justice (Commercial List) in Bankruptcy and Insolvency.
- (k) **"Employment Legislation"** – The *Labour Relations Act* (Ontario), the *Occupational Health & Safety Act* (Ontario), the *Employment Standards Act, 2000* (Ontario), the *Workplace Safety and Insurance Act* (Ontario), the *Ontario Human Rights Code*, the *Pay Equity Act* (Ontario), and the *Pension Benefits Act* (Ontario) or any other legislation governing labour, employment, the treatment of persons in their capacity as employees, or labour or employment standards, or workplace safety, all such legislation as amended from time to time and including the Regulations thereunder.
- (l) **"Former Staff Members"** - Individuals previously employed in positions described in the scope and recognition clause of the Collective Agreement as it existed prior to the Receiver's appointment.
- (m) **"Grievance and Arbitration Procedure"** – The grievance and arbitration procedure substantially in the form as set out in the attached Schedule C.
- (n) **"Insolvency Date"** – The date of the Receivership Order.
- (o) **"Management Agreement"** – The Agreement between the Receiver and the Manager to manage the day to day operation of Craiglee.
- (p) **"Manager"** – The manager of Craiglee, currently Extendicare (Canada) Inc. but who or which may be changed from time to time at the sole discretion of the Receiver.

- (q) **"Mediator/Arbitrator"** – An individual or individuals appointed pursuant to and for the purposes set out within the terms of the Grievance and Arbitration Procedure, herein.
- (r) **"MOH"** – The Ministry of Health and Long Term Care for the Province of Ontario.
- (s) **"MOS"** – A Memorandum of Settlement concerning the wages or other terms and conditions of employment between the SEIU and the Participating Nursing Homes and any successor memorandum of settlements between the SEIU and the Participating Nursing Homes.
- (t) **"NHA"** – *Nursing Homes Act*, R.S.O. 1990, chap N.7, as amended and the regulations related thereto.
- (u) **"Non-Union Staff Members"** – Those individuals engaged by the Receiver who are filling positions which are not covered by the scope and recognition clause of the Collective Agreement.
- (v) **"Participating Nursing Homes"** – The approximately 89 nursing homes which engage in central bargaining and mediation/arbitration with the SEIU.
- (w) **"Participation Agreement"** – The agreement substantially in the form as set out in the attached Schedule F.
- (x) **"Pension Plan"** – The Nursing Homes and Related Industries Pension Plan sponsored by the SEIU, the Canadian Union of Public Employees, the Canadian Auto Workers and the Ontario Nurses Association.
- (y) **"Pension Plan Amendments"** – The Pension Plan amendments contemplated in paragraph 4 and outlined in Schedule D.
- (z) **"Receivership Order"** – The Order of the Court appointing an interim receiver and receiver and manager of the of the property, assets and undertakings of Craiglee made April 28, 2009 or thereafter.
- (aa) **"Secured Lender"** – Desjardins Financial Security Life Assurance Company.
- (bb) **"Service Agreements"** – The Agreements between the Receiver and the MOH governing the operation of Craiglee as amended from time to time.
- (cc) **"Service Unit"** – All employees of Craiglee employed in the City of Toronto, save and except hairdressers, supervisors and persons above the rank of supervisor, and office and clerical staff.
- (dd) **"Staff Members"** – Individuals employed in positions described in the scope and recognition clause of the Collective Agreement as they existed prior to the Receiver's appointment.

- (ee) **"Trust Agreement"** – The Agreement and Declaration of Trust of the Pension Plan.
- (ff) **"Union Dues"** – The dues of the Staff Members as prescribed in the Collective Agreement and Schedule E, which amount may be amended from time to time.
- (gg) **"Unresolved Grievances"** – The grievances that have not been resolved and as set out in the attached Schedule B.
- (hh) **"Workplace Practices"** – The terms and conditions of employment which existed under the Collective Agreement on the Insolvency Date as amended by this Agreement, to the extent such terms and conditions do not conflict with Part 1 of the BIA, the Receivership Order, any Order of the Court, the NHA, or the Service Agreements. Where any conflict exists between this Agreement and the terms and conditions of employment which existed under the Collective Agreements on the Insolvency Date, this Agreement shall prevail.

2. SCHEDULES

The following schedules are incorporated into and form part of this Agreement:

- (a) Schedule A – Wage Rates (including the effective dates on which future increases take effect)
- (b) Schedule B – Unresolved Grievances
- (c) Schedule C – Grievance and Arbitration Procedure
- (d) Schedule D – Amendments to the Trust Agreement and Rules of the Pension Plan
- (e) Schedule E – SEIU Union Dues
- (f) Schedule F – Participation Agreement

3. WAGES

The wage rates of Staff Members in the Service Unit of Craiglee shall be those provided in the Collective Agreement and specifically as set out in the attached Schedule "A".

The Receiver shall increase the wage rates in each classification, as set out in Schedule "A", by two point six percent (2.6%) effective as of the first full pay period following thirty (30) days from the Insolvency Date. In addition, the Receiver shall on or about thirty (30) days following the Insolvency Date, make a one time special payment to Service Unit employees, in lieu of any retroactive wage adjustments, in the amount of five hundred dollars (\$500.00) to each full-time Service Unit employee and two hundred and fifty dollars (\$250.00) to each part-time Service Unit employee who is actively employed in the Service Unit on the date thirty days (30) days following the Insolvency Date,

provided such employee was also employed in the Service Unit on the Insolvency Date.

The Receiver shall also implement any proportional wage rate increases, by job classification, contained in any future MOS on the closest pay date at Craiglee on or after the date of any MOS which provides for wage increases but in any event no earlier than July 31, 2010. For clarity, it is agreed that the Receiver is not bound by any MOS and is not agreeing to implement any terms or conditions of the MOS, other than the proportional wage rate increases as set out in the MOS.

The SEIU shall immediately upon execution of this Agreement adjourn the pending interest arbitration between Craiglee and the SEIU currently scheduled for May 5, 2009 (the "Interest Arbitration") and shall withdraw the Interest Arbitration immediately upon the satisfaction or waiver of the Conditions Subsequent as set out at paragraph 14, herein.

4. PENSION CONTRIBUTIONS

To provide the Pension Plan with the contributions which were earned by Staff Members prior to the Insolvency Date but have not been remitted to the Pension Plan as of the Insolvency Date and to eliminate Craiglee's Pension Plan arrears, the Receiver shall make four payments of \$ 9,880.50 per month on the first day of each month to the Pension Plan. The first such payment shall be due on the first day of the month following the satisfaction or waiver of the Conditions Subsequent as set out at Paragraph 14 herein. (It is estimated that on the Insolvency Date Craiglee owed the Pension Plan \$14,390.00 in unremitted contributions for the month of April 2009, \$12,896.32 in liquidated damages and Pension Plan arrears totalling \$12,236.00. As a result, the total owing by Craiglee to the Pension Plan on the Insolvency Date was \$39,522.00.)

Upon the Receiver providing the Pension Plan with the contribution reports required by the Collective Agreement for the period prior to the Insolvency Date, the remaining monthly payments will be adjusted so that the actual amount outstanding on the Insolvency Date will be eliminated with the final payment due four months after the first of such payments.

The Trustees shall amend the Pension Plan and the Trust Agreement in accordance with Schedule D. Such amendments shall be made and filed with the Superintendent of Financial Services Commission of Ontario.

The Pension Plan Trustees shall accept the Receiver as a Contributor under the Pension Plan on terms and conditions set out in the Participation Agreement that the Receiver will be required to execute in order to become a Contributor under the Pension Plan. The Participation Agreement shall be in the form as set out hereto as Schedule F.

Effective as of the Insolvency Date, the Receiver shall deduct from the Applicable Wages of each eligible Staff Member and any future Staff Members the amount of 4% of

the Staff Member's Applicable Wages and remit such deduction to the Pension Plan in accordance with the terms of the Collective Agreement.

In addition, the Contributor shall contribute an amount equal to 4% of a Staff Member's Applicable Wages in accordance with the terms of the Collective Agreement and forward such funds to the Pension Plan, together with the appropriate reconciliation information, as set out in the Participation Agreement.

For clarity, the Receiver is not required to make any Pension Plan contributions for the period prior to the Insolvency Date apart from the four monthly payments described herein.

The SEIU and the Pension Plan Trustees agree that the Receiver has and shall have no liability whatsoever in regard to any deficiency in the Pension Plan including any solvency deficiency or ongoing unfunded liability that may exist in relation to the Pension Plan and that the Receiver's obligations in relation to the Pension Plan shall be limited to the remittances and matching contributions to the Pension Plan arising after the Insolvency Date in respect of Staff Members and the payment of four monthly payments as provided for herein.

For clarity, except as expressly provided for by this Agreement, the Receiver has no obligation to make any contributions to the Pension Plan.

5. UNION DUES

To provide the SEIU with the Union Dues which were deducted from the wages of Staff Members prior to the Insolvency Date but were not remitted to the SEIU as of the Insolvency Date, which is estimated to be approximately \$3,400.00, the Receiver shall make a payment of \$3,400.00 to the SEIU by no later than the close of business fifteen (15) business days after the satisfaction or waiver of the Conditions Subsequent as set out at Paragraph 14, herein.

Upon the Receiver providing the SEIU with the Union Dues remittance reports required by the Collective Agreement for the period prior to the Insolvency Date for which Union Dues were not received by the SEIU, the amount outstanding shall be adjusted to reflect the actual amount outstanding for Union Dues on the Insolvency Date.

Effective as of the Insolvency Date, the Receiver shall deduct from the wages of Staff Members and future Staff Members the amount of SEIU Union Dues as directed by the SEIU and remit such monies on a monthly basis to the SEIU, together with the appropriate reconciliation information, as requested by the SEIU. The SEIU shall indemnify and hold the Receiver harmless against any and all claims made by Staff Members in respect of the SEIU Union Dues withheld and remitted to the SEIU pursuant to the provisions of this Agreement.

For clarity, the Receiver is not required to remit any Union Dues for the period prior to the Insolvency Date apart from the payment of \$3,400.00 described herein.

6. GRIEVANCE AND ARBITRATION

Except for the Unresolved Grievances, all outstanding grievances brought by the SEIU, Staff Members or Former Staff Members in regard to events or discipline which occurred prior to April 24, 2009 have been resolved or withdrawn. The Unresolved Grievances and any grievances which may be filed in regard to events or discipline which occurred on or after April 24, 2009 shall be resolved in accordance with the Grievance and Arbitration Procedure set out in Schedule C hereto.

Except for the Unresolved Grievances, any grievances which may be filed in regard to events or discipline which occurred on or after April 24, 2009 and any breach of this Agreement, SEIU agrees not to file or process any grievances against Craiglee or the Receiver for any matters arising prior to the Insolvency Date or to make any Claim against Craiglee or the Receiver in respect of any matter whatsoever arising prior to the Insolvency Date.

Commencing from and after the Insolvency Date, the SEIU, the Receiver and Staff Members may file grievances in accordance with the Grievance and Arbitration Procedure set out in Schedule C hereto.

No grievances shall be filed that relate to any subject matters other than the matters provided for under the Grievance and Arbitration Procedure and the parties agree that a Mediator/Arbitrator or Arbitrator appointed pursuant to the Grievance and Arbitration Procedure shall lack jurisdiction to decide any grievance related to any other subject matter.

7. WORKPLACE PRACTICES

The Receiver shall direct the Manager to conduct its relations with the SEIU and Staff Members in accordance with the applicable Workplace Practices and that in the event of any conflict between such Workplace Practices and the Manager's own policies and procedures, the Workplace Practices shall govern.

8. LAYOFFS

The Receiver shall follow the applicable Workplace Practices in regard to layoffs except in regard to any severance pay or termination pay which becomes payable by the Receiver under the *Employment Standards Act* or the Workplace Practices. Such severance pay and/or termination pay shall be based on service which is deemed to commence the later of the Insolvency Date and the date on which the Staff Member was engaged by the Receiver or the Bankruptcy Trustee and the liability of the Receiver or the Bankruptcy Trustee shall be limited to those amounts.

Seniority for all purposes - except entitlement to severance pay and/or termination pay payable by the Receiver under the *Employment Standards Act* or the Workplace Practices - including determining the order of Staff Members' layoff or recall and any bumping rights shall be based on the Staff Member's seniority as calculated per the

terms of the Collective Agreement. Such seniority shall be deemed to have started accruing upon the Staff Member's date of hire by Craiglee or the Receiver or the Bankruptcy Trustee, whichever is earlier.

9. BENEFITS

The Benefits shall be those provided by the applicable Workplace Practices.

10. APPLICATION OF THIS AGREEMENT IN THE EVENT OF BANKRUPTCY

The parties agree that all of the terms of this Agreement shall apply to and be binding upon the parties and Deloitte & Touche Inc. in its capacity as Trustee in Bankruptcy of the estate of Craiglee should Craiglee become bankrupt and Deloitte & Touche Inc. is the Trustee in Bankruptcy.

11. SETTLEMENT OF ALL CLAIMS

Subject to claims which may arise from the resolution of the Unresolved Grievances, this Agreement shall constitute a full and final settlement by the SEIU, Staff Members and Former Staff Members and the Pension Trustees of all Claims for the period up to the Insolvency Date as against the Receiver and the entities listed in paragraph 15.

The Pension Plan Trustees will provide a waiver of Claims to the Receiver in favour of the Receiver and those entities listed in paragraph 15 hereof on behalf of the Pension Plan in respect of Staff Members and Former Staff Members and Staff Member and former Staff Member contributions to the Pension Plan. This waiver will become effective upon the elimination of the Pension Plan contribution delinquency referenced in paragraph 4 herein.

The SEIU will provide a waiver of Claims to the Receiver in favour of the Receiver and those entities listed in paragraph 15 hereof on behalf of the SEIU and Staff Members and former Staff Members in respect of Staff Members and Former Staff Members for the period up to the Insolvency Date. This waiver shall become effective upon the elimination of the Union Dues delinquency referenced in paragraph 5 and the final and binding resolution of the Unresolved Grievances.

In the event that Craiglee becomes bankrupt, nothing in this Agreement disentitles Staff Members or the SEIU from filing proofs of claim with the Trustee in Bankruptcy for Craiglee or claims pursuant to the *Wage Earner Protection Program Act*.

12. NO RECOURSE

The SEIU and the Pension Plan Trustees agree that they shall have no recourse against the Receiver in its capacity as Receiver, or in its personal capacity, in respect of any Claims by the SEIU, the Pension Plan, Staff Members or, in the case of the Pension Plan Trustees on behalf of the Pension Plan, Staff Members and Former Staff Members prior to the Insolvency Date, save and except recourse against the Receiver (but not in its personal capacity) for any payments the Receiver has explicitly agreed to make under

the terms of this Agreement. This Agreement may be raised by the Receiver as a complete bar and estoppel to any proceedings, the SEIU, the Pension Plan Trustees, any Staff Member or any former Staff Member may bring regarding such Claims.

The SEIU and the Pension Plan Trustees further acknowledge and agree and the SEIU acknowledges and agrees on behalf of the Staff Members and Former Staff Members and the Pension Plan Trustees acknowledge and agree on behalf of the Pension Plan in respect of Staff Members and Former Staff Members that:

- (a) the Receiver and the entities listed in paragraph 15 are not, shall not be, and shall not be deemed to be a successor employer or related employer under any Employment Legislation now or at any point in the future. However, in the event that Extendicare (Canada) Inc., or any other entity which may be retained to act as Manager, purchases Craiglee, Extendicare (Canada) Inc. or such other entity shall not enjoy the protections otherwise provided to it by the sentence immediately preceding and the SEIU shall be entitled to assert its position that such a purchaser is a successor employer pursuant to paragraph 13.
- (b) the Receiver is not bound by the terms of the Collective Agreement, nor does this Agreement constitute a collective agreement pursuant to the Labour Relations Act (Ontario), or for any other purpose, and the Receiver is not required to bargain collectively with the SEIU, provided however the Receiver shall pay the wage rates to Staff Members based on amendments to any MOS arising from settlements or interest arbitration award(s) between the SEIU and the Participating Nursing Homes, whichever is applicable to the Staff Members in question, in accordance with paragraph 3 hereof.
- (c) the SEIU and the Pension Plan Trustees will not bring, support or encourage, and will oppose any proceedings, complaints or applications to the Court, including applications under section 215 of the BIA, or any tribunal that may have the effect of:
 - (i) having the Receiver and/or the entities listed in paragraph 15 declared or treated as a successor employer or related employer under Employment Legislation or otherwise bound by the Collective Agreement or requiring the Receiver to bargain collectively with the SEIU. However, in the event that Extendicare (Canada) Inc., or any other entity which may be retained to act as Manager, purchases Craiglee, Extendicare (Canada) Inc. or such other entity shall not enjoy the protections otherwise provided to it by the sentence immediately preceding and the SEIU shall be entitled to assert its position that such a purchaser is a successor employer pursuant to paragraph 13; or
 - (ii) making the Receiver in any capacity liable for any claims arising during, or relating to, the period prior to the Insolvency Date.

- (d) this Agreement may be raised by the Receiver and the entities listed in paragraph 15 as a complete bar and estoppel to any proceedings that the SEIU, the Pension Plan Trustees, any Staff Member or any former Staff Member may bring regarding any claim against the Receiver or the entities listed in paragraph 15 relating to successor or related employers. However, in the event that Extendicare (Canada) Inc., or any other entity which may be retained to act as Manager, purchases Craiglee, Extendicare (Canada) Inc. or such other entity shall not enjoy the protections otherwise provided to it by the sentence immediately preceding and the SEIU shall be entitled to assert its position that such a purchaser is a successor employer pursuant to paragraph 13..

The Receiver hereby agrees to release the SEIU and the Pension Plan Trustees for any claims of Craiglee in existence prior to the Insolvency Date which were disclosed by the SEIU to the Receiver prior to the execution of this Agreement.

The Receiver shall not bring, support or encourage, and shall oppose any proceedings, complaints or applications to the Court, including application under section 215 of the BIA, or any tribunal that may have the effect of making the SEIU liable to any Staff Members or Former Staff Members arising out of its duty of fair representation under the *Labour Relations Act* (Ontario) or otherwise in respect of this Agreement.

13. PURCHASER

This Agreement does not in any way prejudice or affect the SEIU's position that a purchaser of Craiglee shall be a successor employer under Employment Legislation. The Receiver shall advise any prospective purchaser that it will be considered a successor employer by the SEIU under Employment Legislation and that it may be responsible for making any pay equity adjustments which may be required by the Pay Equity Commissioner.

14. CONDITIONS SUBSEQUENT

This Agreement shall be subject to satisfaction of the following Conditions Subsequent which are for the benefit of the Receiver and any one or more of which may be waived in whole or in part by the Receiver in its absolute discretion:

- (a) The granting of an Order appointing the Receiver as the interim receiver and receiver and manager of the property, assets and undertakings of Craiglee on or after April 28, 2009.
- (b) Ratification of this Agreement by the Staff Members. The SEIU shall recommend this Agreement to the Staff Members for ratification. The SEIU shall provide written confirmation of ratification to the Receiver.
- (c) Implementation of the Pension Plan Amendments. The Pension Plan Trustees shall provide written confirmation of same including copies of the amendments

and confirmation that the amendments have been filed with the Superintendent of Financial Services.

- (d) Delivery of a statutory declaration from the Pension Plan's legal counsel attesting to the fact that David Cheslock is entitled to sign this Agreement on behalf of the Pension Plan Trustees.
- (e) Obtaining from the SEIU an undertaking in a form satisfactory to the Receiver, that it will not seek leave, pursuant to section 215 of the BIA, to have the Receiver declared a successor employer or related employer under any Employment Legislation now or at any point in the future.
- (f) The issuance of a waiver of Claims by the Pension Plan Trustees in favour of the Receiver and those entities listed in paragraph 15 hereof on behalf of the Pension Plan in respect of Staff Members and Former Staff Members for Contributor and Staff Member contributions to the Pension Plan.
- (g) No action being taken by the Superintendent of Financial Services for Ontario, or any party acting on his behalf (the "Pensions Regulator"), to vary, amend or appeal from the Receivership Order.

If all the above Conditions Subsequent have not been satisfied through the best efforts of all parties or waived by the Receiver on or before the close of business thirty (30) days following the Insolvency Date, the Receiver or the SEIU may terminate this Agreement by notice in writing to the other parties. In the event that this Agreement is terminated for failure of condition and notwithstanding such termination, the Receiver takes no reasonable steps to remove itself as Receiver and maintains its appointment, possession and operation of Craiglee, the SEIU is entitled to seek a declaration that the Receiver is a successor employer and/or related employer, but no such claim shall rely upon the Receiver's appointment, possession or operation of Craiglee between the Insolvency Date and the date that this Agreement is terminated.

15. THIRD PARTIES

The SEIU agrees that it will not assert any Claim or take any proceedings against Deloitte & Touche Inc., as interim receiver and receiver and manager, as trustee in bankruptcy or in its personal capacity, CMHC, the Secured Lender or the Manager, in respect of the matters covered by this Agreement.

16. CLOSING OF SETTLEMENT

Each of the parties agrees to take all such actions, as are within its power to control so as to ensure compliance with each of the terms and conditions set forth in this Agreement which are for the benefit of any party.

Closing of the settlement transactions contemplated herein shall take place thirty (30) days following the Insolvency Date, or such other date as may be mutually agreed upon

by the parties, at 10:00 a.m. at the offices of Blaney, McMurtry LLP., 2 Queen Street East, Suite 1500, Toronto.

At the Closing Date, the SEIU will give to the Receiver:

- (i) a copy of the written confirmation of ratification of the Agreement by the Staff Members;
- (ii) a copy of the undertaking not to seek leave pursuant to section 215 of the BIA, to have the Receiver declared a successor employer or related employer under any Employment Legislation now or at any point in the future; and
- (iii) a copy of a waiver of all claims to Union Dues in accordance with paragraph 11 in favour of the Receiver and those entities listed in paragraph 15.

At the Closing Date, the Receiver will give the Pension Plan Trustees:

- (i) a copy of the executed Participation Agreement.

At the Closing Date, the Pension Plan Trustees will give the Receiver:

- (i) a copy of the written confirmation that the Pension Plan Trustees amended the Pension Plan and Trust Agreement and filed the amendments with the Superintendent of Financial Services Commission of Ontario;
- (ii) a statutory declaration from the Pension Plan's legal counsel attesting to the fact that David Cheslock is entitled to sign this Agreement on behalf of the Pension Plan Trustees. and
- (iii) a waiver of Claims in accordance with paragraph 11 in favour of the Receiver and those entities listed in paragraph 15.

17. NOTICES

Any notice required or permitted to be given to the Receiver under this Agreement shall be deemed to have been received if delivered personally, mailed by registered mail, or sent by facsimile, to:

- (a) Deloitte & Touche Inc.
1 Concorde Gate
Suite 200, North York, Ontario M3C 4G4

addressed to the attention of Daniel Weisz

Fax number 416-601-6690; and

- (b) Gowlings
Suite 1600, 1 First Canadian Place,
100 King Street West, Toronto, Ontario M5J 2T7

addressed to the attention of Patrick Shea

Fax number 416-863-3509

Any notice required or permitted to be given to the SEIU under this Agreement shall be deemed to have been received if delivered personally, mailed by registered mail, or sent by facsimile to:

- (a) Service Employees International Union Local 1.0n
2180 Steeles Avenue West, Suite 200
Concord, Ontario L4K 2Z5

addressed to the attention of Cathy Carroll, Secretary Treasurer

Fax number 905-660-0098; and

Addressed to the attention of Marcelle Goldenberg, Executive Vice-President

- (b) Sack Goldblatt Mitchell LLP
Barristers & Solicitors
20 Dundas Street West, Suite 1100
Toronto, Ontario M5G 2G8

addressed to the attention of Doug LeFaive

Fax number 416-591-7333.

Any notice required or permitted to be given to the Pension Plan Trustees under this Agreement shall be deemed to have been received if delivered personally, mailed by registered mail, or sent by facsimile to:

- (a) Nursing Homes and Related Industries Pension Plan
105 Commerce Valley Drive West, Suite 310
Markham, Ontario L3T 7W3

addressed to the attention of Martin Kogan, General Manager

Fax number 905-889-7313; and

- (b) Sack Goldblatt Mitchell LLP
Barristers & Solicitors
20 Dundas Street West, Suite 1100
Toronto, Ontario M5G 2G8

addressed to the attention of Doug LeFaive


Fax number 416-591-7333.

18. EXECUTION AND DELIVERY

This Agreement may be executed by the parties in counterpart and may be executed and delivered by facsimile and all the counterparts and facsimiles shall together constitute one and the same document.

Dated at Toronto, this 24th day of April, 2009.

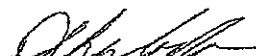
Deloitte & Touche Inc. solely in its capacity as Court-appointed interim receiver and receiver and manager of all of the assets, undertakings and properties of Craiglee Nursing Home Limited (and not in its personal capacity)


By: Daniel Welsz
Senior Vice President

Service Employees International Union Local 1, on

By: Marcelle Goldenberg

The Nursing Homes and Related Industries
Pension Plan


By: David Cheslock Chair of the Nursing Homes
and Related Industries Pension Plan

18. EXECUTION AND DELIVERY

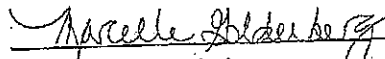
This Agreement may be executed by the parties in counterpart and may be executed and delivered by facsimile and all the counterparts and facsimiles shall together constitute one and the same document.

Dated at Toronto, this 24th day of April, 2009.

Deloitte & Touche Inc. solely in its capacity as
Court-appointed interim receiver and receiver and
manager of all of the assets, undertakings and
properties of Craiglee Nursing Home Limited (and
not in its personal capacity)

By: Daniel Weisz
Senior Vice President

Service Employees International Union Local 1.01


By: Marcelle Goldenberg

The Nursing Homes and Related Industries
Pension Plan

By: David Cheslock Chair of the Nursing Homes
and Related Industries Pension Plan

SCHEDULE "A"

WAGES

	START	1 YR. (1800 hrs)	2 YR. (3600 hrs.)
Health Care Aide	16.43	16.71	17.52
RPN	20.16	20.70	22.59
RN	26.54	29.72	32.05
HSK, Dietary, Laundry, Maintenance and Recreation	15.39	15.93	16.76
Cook	16.44	16.92	17.52
Head Cook	17.52	18.05	18.57

SCHEDULE "B"

UNRESOLVED GRIEVANCES

Michelle Court – job posting grievance dated 5/12/08

Cameras in the workplace – policy grievance, ongoing 2008

12-hour shifts – policy grievance, 2008

Rowena Salanguit – call-in shift and unjust suspension grievance, 2009

Michelle Court - call-in shift and unjust suspension grievance, 2009

Mei Chen - scheduling grievance, 2009-04-24

GoCool Phagu – wage adjustment from dietary aide to cook (64 hours), 2009

Liona Hui Li, benefits grievance, 2009

Dietary Group Grievance – harassment by supervisor grievance, 2009

Leonard Presley, unjust discipline grievance, 2009

Josie Sandour, unjust discipline grievance, 2009

Josie Barone, unjust discipline grievance, 2009

Lilia Delprincipe, unjust discipline grievance, 2009

SCHEDULE C

GRIEVANCE AND ARBITRATION PROCEDURE

Grievances may be filed in regard to any differences between the parties arising from the interpretation, application, administration, or alleged violation of the Workplace Practices, including the question whether any matter is arbitrable. All grievances shall be restricted to matters which arose after the date of this Agreement, except for the Unresolved Grievances listed in Schedule B of this Agreement which shall be subject to this Grievance and Arbitration Procedure.

A. GRIEVANCE AND ARBITRATION PROCEDURE

1. All grievances shall be taken up in the following manner:

Step One

A Staff Member (hereinafter referred to as the "Grievor") having a grievance shall refer it in writing to his or her Department Head within 8 working days of the actual occurrence leading to the grievance. The Department Head shall reply to the grievance within 5 working days from the date the grievance is received.

Step Two

If the grievance is not settled at Step 1, then within 5 working days after the decision is given in Step 1, the Grievor, who may request the assistance of a Steward, shall submit the grievance in writing with as much detail as possible to the Administrator of the Home or the Administrator's designated representative (collectively the "Administrator"). A meeting will then be held within 10 working days with the Administrator. At such a meeting, the Administrator may have such counsel and assistance as he or she may desire, and the Grievor may have a Steward present. The Union Representative may also be present at the request of the Steward or the Administrator. The decision of the Administrator shall be given in writing within 10 working days following the meeting.

Step Three

If the grievance is not settled at Step 2, then within 5 working days after the decision is given at Step 2 the grievance may be referred in writing to both the designated representatives of the Receiver and the Operator who will consult and respond within 10 working days of the grievance being so referred or hold a meeting with the Union Representative, Steward and Grievor or Grievance Committee, and then respond in writing within 10 working days of such meeting.

Step Four

If the grievance is not settled at Step 3, then within 10 working days after the decision is given at Step 3 the grievance may be referred to Mediation, Arbitration/Mediation or Arbitration by either the Receiver or the Union in accordance with the terms of this Grievance and Arbitration Procedure. If no written request for Mediation, Arbitration/Mediation or Arbitration is received within 10 working days after the decision

under Step 3 is given, the grievance shall be deemed to have been abandoned and the same grievance shall not be the subject matter of a further grievance.

2. Any of the time allowances above may be extended by mutual agreement.
3. Working days under this Grievance and Arbitration Procedure excludes Saturdays, Sundays and paid holidays.
4. A grievance shall be on a form supplied by the Union and shall contain a statement of the matter complained of, the redress sought, and shall be signed by the Grievor submitting the grievance. If the grievance is a Policy Grievance or Group Grievance, the grievance form may be signed by the Steward or the Union Representative.
5. Any grievance which has been disposed of under the terms of this Grievance and Arbitration Procedure shall not be made the subject of another grievance.

Termination Grievance

6. A grievance respecting a termination without just cause of the engagement of a Staff Member shall be submitted directly to the Administrator at Step 2.

Receiver Grievance

7. The Receiver may file a grievance by forwarding a written grievance to the Union Representative, providing it is presented within 10 working days after the occurrence of the circumstances giving rise to the grievance. The Union Representative shall give a decision in writing within 10 working days after receiving the written grievance and, failing settlement, the grievance may be referred to Mediation, Mediation/Arbitration or Arbitration by the Receiver in accordance with Step 4 of the Grievance and Arbitration Procedure.

Union Policy Grievance

8. The Union may institute a policy grievance at Step 3 of the Grievance and Arbitration Procedure providing that it is presented in writing within 10 working days after the occurrence of the circumstances giving rise to the grievance. However, it is expressly understood that this clause shall not be used to institute a grievance directly affecting a Staff Member or Staff Members where such Staff Member or Staff Members could themselves initiate a grievance as an individual or group grievance.

Group Grievance

9. Where a number of Staff Members have similar grievances and each Staff Member would be entitled to grieve separately, they may present a group grievance in writing identifying each Grievor who is grieving to the Administrator at Step 2 within 8 working days after the circumstances giving rise to the grievance occurred.

B. GRIEVANCE MEDIATION

10. By mutual agreement of the Union and the Receiver, a grievance may be submitted to Grievance Mediation at any time within 10 working days after the decision has been rendered at Step 3.
11. Grievance Mediation will commence within 14 working days of the grievance being submitted to mediation or such longer period of time as may be agreed to by the Receiver and the Union.
12. No matter may be submitted to Grievance Mediation which has not been properly carried through the Grievance and Arbitration Procedure, provided that time limits in the Grievance and Arbitration Procedure may be extended by mutual agreement. Such agreement shall not be unreasonably withheld.
13. A Mediator shall be chosen from the following list on a rotating basis subject to availability:
 - (a) Gerry Lee
 - (b) Don Sheppard
 - (c) Pat Metcalfe
14. Proceedings before the Mediator shall be informal. The Mediator shall endeavour to assist the parties to settle the grievance by mediation and may limit the nature and extent of submissions and may impose such conditions as he or she considers appropriate.
15. If possible, an agreed statement of facts will be provided to the Mediator, and if possible, in advance of the Grievance Mediation Conference.
16. Any settlement shall be without prejudice or precedent.
17. If no settlement is reached at Grievance Mediation, the parties are free to submit the matter to Mediation/Arbitration or Arbitration in accordance with the provisions of this Grievance and Arbitration Procedure. In the event that a grievance which has been mediated subsequently proceeds to Mediation/Arbitration or Arbitration, no person serving as the Mediator may serve as Mediator/Arbitrator or Arbitrator. Nothing said or done by the Mediator may be referred to in Mediation/Arbitration or Arbitration.
18. The Union and the Receiver will share equally the cost of the Mediator.

C. MEDIATION/ARBITRATION PROCESS

19. By mutual agreement of the Union or the Receiver, a grievance or grievances may be submitted to Mediation/Arbitration at any time within 10 working days after the decision has been rendered at the step prior to Arbitration or within 5 working days following the conclusion of Grievance Mediation where no settlement has been achieved.

20. Mediation/Arbitration will commence within 14 working days of the grievance being submitted to the Mediator/Arbitrator or such longer period of time as may be agreed by the Receiver and the Union.
21. No matter may be submitted to Mediation/Arbitration which has not been properly carried through the Grievance and Arbitration Procedure, provided that the time limits fixed in the Grievance and Arbitration Procedure may be extended by mutual agreement. Such agreement shall not be unreasonably withheld.
22. The Mediator/Arbitrator shall be chosen from the following list on a rotating basis subject to availability.
 - (a) Susan Stewart
 - (b) Janice Sarra
 - (c) Paul Haefling
 - (d) Jane Devlin
 - (e) William Kaplan
 - (f) Kevin Whittaker
23. The Mediator/Arbitrator shall endeavour to assist the parties to settle the grievance(s) by mediation.
24. If possible, an agreed statement of facts will be provided to the Mediator/Arbitrator, and if possible, in advance of the Mediation/Arbitration Conference.
25. If the parties are unable to settle the grievance by mediation, the Mediator/Arbitrator shall endeavour to assist the parties to agree upon the material facts in dispute and then shall determine the grievance by arbitration.
26. When determining the grievance by arbitration, the Mediator/Arbitrator may limit the nature and extent of the evidence and submissions and may impose such conditions as he or she considers appropriate.
27. The parties will share equally the cost of the Mediation/Arbitration, including the Mediator/Arbitrator's fee. The parties further agree that where the Mediator/Arbitrator's daily fee exceeds the standard contracted daily fee negotiated by the Union for mediation/arbitration services, as may be amended from time to time, the Receiver shall be responsible for the Union's share of the daily fee that exceeds the standard contracted daily fee in addition to its 50% share of the Mediator/Arbitrator's fee. No costs of any Mediation/Arbitration shall be awarded to or against any party.

D. ARBITRATION PROCESS

28. Either the Union or the Receiver may submit a grievance to Arbitration by giving notice in writing within 10 working days of the decision at Step 3.

29. The Arbitrator shall be selected from the following list of arbitrators on a rotating basis subject to availability of the arbitrator:
- (a) Susan Stewart
 - (b) Janice Sarra
 - (c) Paul Haefling
 - (d) Jane Devlin
 - (e) William Kaplan
 - (f) Kevin Whittaker
30. The parties will share equally the cost of the Arbitration, including the Arbitrator's fee. No costs of any Arbitration shall be awarded to or against any party.
31. No matter may be submitted to Arbitration which has not been properly carried through the Grievance and Arbitration Procedure, provided that the time limits fixed in the Grievance and Arbitration Procedure may be extended by mutual agreement. Such agreement shall not be unreasonably withheld.
32. The Arbitrator shall issue a decision within 21 working days of the conclusion of the hearing. The decision of the Arbitrator shall be final and binding upon the Receiver, the Union and the Staff Members, subject to the limited appeal process set out below.

E. POWERS OF A MEDIATOR/ARBITRATOR AND ARBITRATOR

33. A Mediator/Arbitrator or and an Arbitrator appointed under this Grievance and Arbitration Procedure shall have the powers and remedies set out below, except that no decision of the Arbitrator may impose any liability on the Receiver which is inconsistent with section 14.06 of the BIA. Further, a Mediator/Arbitrator acting as Arbitrator or an Arbitrator shall not have the jurisdiction or authority to impose liability or order anything inconsistent with the Workplace Practices, this Agreement, the Receivership Order, or any Order of the Court, or this Grievance and Arbitration Procedure.
34. A Mediator/Arbitrator acting as Arbitrator and an Arbitrator under this Grievance and Arbitration Procedure shall conduct the arbitration in accordance with the Ontario Arbitration Act, 1991 except as amended by this Grievance and Arbitration Procedure. In addition to the powers set out in the Arbitration Act, and this Grievance and Arbitration Procedure, a Mediator/Arbitrator acting as Arbitrator and an Arbitrator under this Grievance and Arbitration Procedure shall have the power to:
- (a) require any party to furnish particulars before or during a hearing;
 - (b) require any party to produce documents or things that may be relevant to the matter and to do so before or during the hearing;
 - (c) fix dates for the commencement and continuation of hearings;

- (d) summon and enforce the attendance of witnesses and to compel them to give oral or written evidence on oath in the same manner as a court of record in civil cases;
- (e) administer oaths and affirmations;
- (f) accept the oral or written evidence as the Arbitrator in their discretion considers proper, whether admissible in a court of law or not;
- (g) enter any Home where anything is taking place or has taken place concerning any of the differences submitted to the Arbitrator, and inspect and view any work, material, machinery, appliance or article therein, and interrogate any person respecting any such thing or any of such differences;
- (h) authorize any person to do anything that the Arbitrator may do under clause (g) and to report to the Arbitrator thereon;
- (i) make interim orders concerning procedural matters;
- (j) interpret and apply human rights and other employment-related statutes to the relationship between the Receiver and the Staff Members despite any conflict between those statutes and the Collective Agreement, provided no such interpretation or application shall conflict with this Agreement;
- (k) where the Arbitrator/Mediator or Arbitrator determines that a Staff Member has been discharged or otherwise disciplined for cause and the Workplace Practices do not contain a specific penalty for the infraction that is the subject-matter of the arbitration, the Arbitrator/Mediator or Arbitrator may substitute such other penalty for the discharge or discipline as he or she deems just and reasonable in all the circumstances;
- (l) a Mediator/Arbitrator or Arbitrator, as the case may be, may mediate the differences between the parties at any stage in the proceedings with the consent of the parties. If mediation is not successful, the Mediator/Arbitrator or Arbitrator retains the power to determine the differences by arbitration;
- (m) a Mediator/Arbitrator or Arbitrator, as the case may be, may enforce the written settlement of a grievance.
- (n) a Mediator/Arbitrator or Arbitrator, as the case may be, may extend the time for the taking of any step in the Grievance and Arbitration Procedure, despite the expiration of the time, where the Mediator/Arbitrator is satisfied that there are reasonable grounds for the extension and the opposite party will not be substantially prejudiced by the extension; and
- (o) where a party to this Agreement or a Staff Member fails to comply with any of the terms of the decision of a Mediator/Arbitrator or Arbitrator, any party to this Agreement affected by the decision may file in the Superior Court of Justice a copy of the decision exclusive of the reasons therefore, in the prescribed form, whereupon the decision shall be entered in the same way as a judgment or order of that court and is enforceable as such.

35. The decision of a Mediator/Arbitrator acting as Arbitrator or an Arbitrator shall be final and binding on the parties and the Staff Members.

F. APPEAL/JUDICIAL REVIEW

36. The Receiver or the Union may make application to the Ontario Superior Court of Justice (Divisional Court) for judicial review of any decision of an Arbitrator/Mediator or Arbitrator regarding the interpretation, application, administration or violation of the Workplace Practices. The standard of review for any such judicial review shall be one employed by the Ontario Courts when reviewing a labour arbitrator's decision regarding the interpretation, application, administration or violation of a collective agreement.
37. The Receiver shall have a limited right of appeal to any sitting judge of the Ontario Superior Court of Justice (Commercial List Bankruptcy and Insolvency), regarding any decision of the Arbitrator/Mediator or Arbitrator which imposes any obligations or liability upon the Receiver which are inconsistent with Part I of the BIA.

SCHEDULE "D"

Amendment Number 3
to the Agreement and Declaration of Trust of the
Nursing Homes and Related Industries Pension Plan
as restated on September 8, 2005

IT WAS MOVED, SECONDED AND CARRIED by more than two-thirds of the Trustees of the Nursing Homes and Related Industries Pension Plan on the ____th day of _____, 2009 that the Agreement and Declaration of Trust as restated on September 8, 2005 be amended as follows.

1. Effective April __, 2009 the word "or" shall be added to the conclusion of Article 7.01(a)(x).

2. Effective April __, 2009, a new Article 7.01(a)(xi) shall be added to read as follows:

increase the Contribution obligations of Deloitte & Touche Inc., in its capacity as Interim Receiver and Receiver and Manager of the property, assets and undertakings of Craiglee Nursing Home Limited and/or in its capacity as the Trustee in Bankruptcy of the estate in bankruptcy of Craiglee Nursing Home Limited (the "Craiglee Receiver/Bankruptcy Trustee"); or,

3. Effective April __, 2009, a new Article 7.01(a)(xii) shall be added to read as follows:

amend Articles 3.12, 7.01(a)(xi), 7.02(d), 7.02(g) or this Article without the written consent of the Craiglee Receiver/Bankruptcy Trustee. However, once the Craiglee Receiver/Bankruptcy Trustee has been discharged no such consent shall be required prior to the amendment or elimination of those articles on a prospective basis.

4. Effective April __, 2009, a new Article 7.02(g) shall be added to read as follows.

In the event that there exists a solvency deficiency upon the full wind up of the Trust Fund or upon a partial wind up of the Trust Fund which affects a nursing home employing Members for whom the Craiglee Receiver/ Bankruptcy Trustee is required to make Contributions, the Trustees shall amend the Rules and Regulations of the Plan to reduce the benefits payable to the Members or beneficiaries affected by the full or partial wind up so as to eliminate the solvency deficiency.

This Amendment Number 3 may be executed in any number of counterparts by the Trustees and Service Employees International Union, Local 1.0n and may be executed and delivered by facsimile and all counterparts and facsimiles shall be together constitute on in the same document .

This Amendment Number 1 is hereby consented to by the following Trustees as evidenced by their signature.

Per: _____
John Van Beek

Per: _____
Bev Mathers

Per: _____
Sue Saville

Per: _____
Laura Gillis

Per: _____
Gwen Hewitt

Per: _____
James Flynn

Per: _____
Cathy Carroll

Per: _____
Caroline DeMers

Per: _____
David Cheslock

Per: _____
Jody Powers

This Amendment Number 1 is hereby consented to by Service Employees International Union, Local 1.0n as evidenced by the signature of its President.

Per: _____
Sharleen Stewart

SCHEDULE "D"

**Amendment Number 8
To the Rules and Regulations of the
Nursing Homes and Related Industries Pension Plan**

By resolution of the Trustees of the Nursing Homes and Related Industries Pension Plan made the ___th day of April, 2009, the Rules and Regulations of the Plan as restated on September 9, 2005 were amended as follows:

1. Effective April ___, 2009, the following paragraphs will be added to the conclusion of Section 7.01:

No amendment of this Plan may increase the Contribution obligations of Deloitte & Touche Inc., in its capacity as Interim Receiver and Receiver and Manager of the property, assets and undertakings of Craiglee Nursing Home Limited and/or in its capacity as the Trustee in Bankruptcy of the estate in bankruptcy of Craiglee Nursing Home Limited (the "Craiglee Receiver/Bankruptcy Trustee") beyond the Contributions currently required by the applicable Participation Agreement.

The above paragraph and the paragraph in this section commencing with the words "in the event that" may not be amended without the written consent of the Craiglee Receiver/Bankruptcy Trustee. However, once the Craiglee Receiver/ Bankruptcy Trustee has been discharged no such consent shall be required prior to the amendment or elimination of these paragraphs on a prospective basis.

IN WITNESS WHEREOF the undersigned Chair, as authorized by the Trustees, has caused this Amendment Number 9 to be duly executed on behalf of the Board of Trustees of the Nursing Homes and Related Industries Pension Plan.

Signed, sealed and delivered at Markham, Ontario, this ___st day of April, 2009.

David Cheslock - Chair

SCHEDULE 'E'

SEIU UNION DUES

New Hires

A one-time deduction of a \$10.00 initiation fee for all bargaining unit employees hired after January 1, 2009. This initiation fee is to be remitted with the first remittance of union dues deducted from the wages of the newly hired bargaining unit member.

Full-time Dues

The dues deduction for full-time members is two hours of pay per month plus six cents (\$0.06) per hour for each regular hour worked and paid.

The six cents is not to be deducted from overtime hours; Statutory Holiday Pay if the employee is not working, Vacation Pay, Sub Plans, Weekly Indemnity or Long Term Disability Payments.

The six cents is to be deducted whenever the employee is being fully compensated by the Receiver; for example, paid union leave, paid bereavement leave, paid sick leave, of jury and witness duty paid by the Receiver.

Part-Time Dues

The dues deduction for part-time members is thirty-one (31) cents per hour for each hour worked.

Part-time monthly dues should not exceed the monthly maximum dues of a full-time member working the normal maximum hours. You may apply a bi-weekly maximum of one hour's pay plus \$4.87 if this will assist your payroll provider in instituting a maximum cap on part-time dues.

Minimum monthly dues are \$11.00 per member and this amount must be deducted. The Receiver does not have the right to alter or fail to fulfill this requirement.

Please forward all union dues in a timely fashion in accordance with the terms of the collective agreement to:

Secretary Treasurer
S.E.I.U., Local 1 Canada
2180 Steeles Avenue West, Suite 200
Concord, Ontario
L4K 2Z5

SCHEDULE "F"

PARTICIPATION AGREEMENT

BETWEEN:

**Deloitte & Touche Inc., in its capacity as
Interim Receiver and Receiver and Manager
of the property, assets and undertakings of
Craiglee Nursing Home Limited
and/or in its capacity as the Trustee in Bankruptcy
of the estate in bankruptcy
of Craiglee Nursing Home Limited
(hereinafter the "Receiver/Bankruptcy Trustee")**

OF THE FIRST PART

- and -

**The Trustees of the Nursing Homes and Related Industries Pension Plan
(hereinafter called the "Pension Plan Trustees")**

OF THE SECOND PART

In consideration of the Receiver/Bankruptcy Trustee making contributions to the Nursing Homes and Related Industries Pension Plan (the "Plan") in accordance with the Agreement between the Receiver/Bankruptcy Trustee and Service Employees International Union, Local 1.0n (the "Union") dated April __, 2009 (the "Agreement") and in consideration of the Trustees making benefits available to the Staff Members as defined in the Agreement, on whose behalf contributions are being made, the parties agree as follows:

The Receiver/Bankruptcy Trustee and the Staff Members shall, from and after the Insolvency Date as defined in the Agreement, make contributions to the Plan in accordance with the terms of the Agreement. If the Receiver/Bankruptcy Trustee fails to make the contributions as contemplated in the Agreement, the Trustees or Union may take action to collect such amounts owing pursuant to the Grievance and Arbitration Procedure described in the Agreement or in any other forum having jurisdiction to do so, including collection of interest, liquidated damages and costs in accordance with the provisions of this Participation Agreement and the Agreement and Declaration of Trust as restated on September 8, 2005, as amended (the "Declaration of Trust"), provided that for the purposes of section 6.11 of the Declaration of Trust, any arbitration shall be carried out in accordance with the Grievance and Arbitration Procedure described in the Agreement.

The Receiver/Bankruptcy Trustee acknowledges the right and obligation of the Trustees to administer the Plan and Fund and provide benefits in accordance with the Declaration of Trust and the Plan.

Notwithstanding the provisions of paragraph 2 of this Participation Agreement, the financial obligations of the Receiver/Bankruptcy Trustee shall in no event exceed the obligation to make contributions as set out in the Agreement, together with interest, damages and costs for which

the Receiver/Bankruptcy Trustee may be liable relating to a delinquency in making contributions to the Plan pursuant to the Declaration of Trust.

The Receiver/Bankruptcy Trustee has no obligations with respect to the Plan beyond the obligation to make contributions pursuant to the Agreement and the obligation to provide information to the Administrator (as defined in the Declaration of Trust) as contemplated by this Agreement. In the event that at any time the Plan does not have sufficient assets to permit continued payments under the Plan, nothing contained in the Agreement, the Plan, this Participation Agreement or the Declaration of Trust shall be construed as obligating the Receiver/Bankruptcy Trustee to make contributions other than contributions for which the Receiver/Bankruptcy Trustee is obligated by the Agreement. It is understood that there shall be no liability upon the Receiver/Bankruptcy Trustee, the Union or the Trustees to provide the benefits established by the Nursing Homes and Related Industries Pension Plan, if the Plan does not have sufficient assets to make such benefit payments and that the Trustees have the authority to amend benefits, if necessary or advisable.

The Trustees confirm that they are not imposing any terms and conditions on the Receiver/Bankruptcy Trustee under Section 2.03 of the Plan, other than applicable provisions of the Agreement.

It is agreed and understood by the Receiver/Bankruptcy Trustee, the Trustees and the Union that should the current pension legislation or regulations be changed so that the Receiver/Bankruptcy Trustee's obligation to contribute to the Plan exceeds the amount specified in the Agreement and the Participation Agreement, the parties shall take all steps that may be necessary to ensure that the Receiver/Bankruptcy Trustee's contribution obligation shall not exceed that which the Receiver/Bankruptcy Trustee would have under the Agreement if the Plan were a defined contribution plan.

The Trustees will provide to the Receiver/Bankruptcy Trustee a copy of the Declaration of Trust and the Plan and a copy of any subsequent amendments as they are made to the Declaration of Trust and the Plan including, without limitation, copies of and evidence of the filing with the Superintendent of Financial Services of Amendment No. __ to the Declaration of Trust effective April __, 2009 and Amendment No. __ to the Plan effective April __, 2009.

The Receiver/Bankruptcy Trustee agrees to provide to the Administrator (as defined in the Declaration of Trust), on a timely basis, all information required pursuant to the *Pension Benefits Act*, R.S.O. 1990, Ch. P-8, as amended, which the Administrator (as defined in the Declaration of Trust) may reasonably require in order to properly record and process pension contributions and pension benefits.

For further specificity, the information required for each Eligible Employee is as follows:

- i) To Be Provided at Commencement of Member's Participation
 - (a) Date of Hire
 - (b) Date of Birth
 - (c) Date of First Contribution
 - (d) Seniority List to include hours from date of hire to Receiver/Bankruptcy Trustee's fund entry date (for the purpose of calculating past service credit)
- ii) To Be Provided With Each Remittance
 - (a) Name
 - (b) Social Insurance Number
 - (c) Monthly Remittance
 - (d) Pensionable Earnings
 - (e) Year to Date Contributions
 - (f) Receiver/Bankruptcy Trustee portion of arrears owing due to error, or late enrolment by the Bankruptcy Trustee
- iii) To Be Provided Once and if Status Changes
 - (a) Full Address as provided to the Receiver/Bankruptcy Trustee
 - (b) Termination Date Where Applicable (MM/DD/YY)
 - (c) Gender
 - (d) Marital Status
- iv) To Be Annually but not later than December 1st
 - (a) Current complete address
 - (b) Details of all absences of members from the workplace due to an injury for which the member received Workplace Safety and Insurance Board benefits

Any additional information requests beyond that noted above may be provided, if possible by the Receiver/Bankruptcy Trustee at the expense of the Plan unless the employer is obligated by law to provide the information.

This Participation Agreement may be executed in any number of counterparts and is hereby consented to by the Receiver/Bankruptcy Trustee and the Pension Plan Trustees as evidenced by their signature.

EXHIBIT D

**NOTICE AND STATEMENT OF RECEIVER
(SECTION 245(1) AND 246(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT)**

**In the matter of the receivership of the property of
Craiglee Nursing Home Limited
(the "Company")**

This is Exhibit "A" referred to
in the Affidavit of Dany Litvack
Sworn before me this May day of 2009
A Commissioner, etc., Anna Koronacka, a Commissioner, etc.
Province of Ontario,
for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2011

Take notice that:

1. On the 28th day of April, 2009, the undersigned Deloitte & Touche Inc., was appointed Interim Receiver and Receiver and Manager in respect of all of the assets, undertakings and properties of the Company ("Receiver"), that are described below:

	Net Book Value (as at April 30, 2009 per internal financial statements)
Accounts Receivable	\$ 48,840
Land	416,339
Furniture, fixtures, equipment	1,169,479
Building	10,547,407
	<u>\$ 12,182,065</u>

The book values above may not be representative of the market or realizable value of the assets.

2. The undersigned became Receiver pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) pursuant to an application to the Court made by Desjardins Financial Security Life Assurance Company.
3. The undersigned commenced the exercise of its powers as Receiver on the 28th day of April, 2009.
4. The following information relates to the receivership.
 - a) Address of insolvent company: 102 Craiglee Drive
Scarborough, Ontario M1N 2M7
 - b) Principal line of business: Nursing Home
 - c) Amounts (approximate) owed by the Company to the creditors who appear to hold a security interest on the property described above ("Creditors having Security Interests") include:

Desjardins Financial Security Life Assurance Company (approximate balance as at March 31, 2009)	\$ 10,530,000
The Consumers' Waterheater Income Fund	7,499
Her Majesty the Queen as Represented by MOF	60,334
Canada Revenue Agency	unknown
Scotia Mortgage Corporation	unknown

- d) The list of creditors of the Company other than the Creditors having Security Interests and the amount owed to each creditor by the insolvent Company is attached as Appendix "A" (based on unaudited information provided by the Company).
- e) The current intended plan of the Receiver is operate the nursing home and to seek interested parties to purchase the Company's assets.

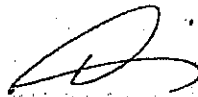
Contact person for the Receiver:

Deloitte & Touche Inc.
200-1 Concorde Gate
North York, Ontario M3C 4G4
Telephone: (416) 775-7284
Facsimile: (416) 601-6690
Attention: Jim Cook

Dated at Toronto this 6th day of May, 2009.

DELOITTE & TOUCHE INC.

In its capacity as Interim Receiver and Receiver and Manager
of all of the assets, undertakings and properties of
Craiglee Nursing Home Limited
and not in its personal capacity



Daniel Weisz, CA • CIRP, CIRP
Senior Vice President

Unsecured creditors of Craiglee Nursing Home Limited

<i>Editor Name</i>	<i>Amount</i>
Abell Pest-Control Inc.	\$ 725.01
Accreditation Canada	1,170.00
Accurate Repairs	1,165.30
Adoption Locksmiths Inc.	233.81
Afrodit Skloavos	203.04
Amsterdam Products	727.88
Ann Duncan	270.00
Arjo Canada Inc.	2,055.00
Argar Alli	991.29
Bell Canada	2.79
Bell & Gladys Scott	81.76
Bonnie Arnold	259.53
Canada Bread	1,096.97
Canada Revenue Agency	166,160.24
Canadian Council on Health Services Accreditation	4,445.01
Castle & Cooper Inc.	1,495.94
Chancetonburys Water Treatment	433.62
Chem-Chem Distributors	2,873.66
Cliffside Medical Inc.	4,626.00
CL HealthCare	1,415.00
Comfort Keepers	4,314.60
Compassionate Nursing Care Inc.	1,330.00
Complete Purchasing Services Inc.	556.54
Convergia Networks Inc.	27.31
Corporate Express	82.49
Crystal Aquatics	95.30
DaSolutions	36.16
Dawna Martin	467.90
Debbie Graham	70.49
Defacher Industries Inc.	367.45
Douglas McGrath	37.22
Dolab	2,200.16
Elizabeth A. Dyke (In Trust)	2,795.75
Elizabeth-Anne Wilson	20.70
Enbridge	58,817.11
Executive Business Listing	577.49
First Choice Service	375.95

Futurimed Health Care Products LLP	22,792.06
Garfunkle, Biderman	3,799.07
Grace Mutual	429.44
H. Henrich Landscaping, Inc.	15,461.25
Henry Hooker	1,188.63
Horwath Orenstem LLP	13,470.00
Hudson Plumbing Supplies Limited	279.21
Inantis	284.08
Interstate Capital Corp	15,570.01
Jeneve Campbell	476.04
Jodal Health Care Inc	55,474.92
John Low	647.49
Kaluzyna Moraszczuk	477.99
KCI Medical Canada, Inc	7,080.00
Kenneth Forbes	1,403.85
Louis MacIntosh	579.51
Manulife Financial	5,325.50
Marcia Ramsay	480.00
Marcus Lewis	753.24
Margot Hastbacka	707.33
Mark Thompson	200.77
McKenzie Financial	3,543.92
Med-It-Care	8,617.97
Meiling Li	1,055.15
Meldrum Meat Packers	4,057.45
Meyers Norris Penny LLP	43,833.83
Mills & Mills LLP	529.06
Ministry of Finance	2,727.24
Mirdza Berzins	21.15
Mr. Roller 2000 (2004) Inc.	780.83
Mrs. Shirin Shariff	46.42
Nancy Riccio	640.00
NIH Nursing Incorporated	540.00
Nursing Homes and Related Industries Pension Plan	61,931.52
Office of the Public Guardian & Trustee	5,709.05
Ontario Court of Justice	25,010.00
Ontario Laundry Systems Inc.	215.85
Ontario Long Term Care Association	5,762.35
Panorama Security Ltd	1,243.00
Pauline Allan	1,023.41
Pharmasystems	71.67
Positive Promotions, Inc.	362.96
Practical Medical Supply, inc	9,261.86

Praxair Canada Inc.	65.35
Protherm Ltd.	19,490.27
Provincial Legal Services	300.00
Purolator	47.27
Quality Life Services Inc.	5,264.55
Receiver General for Canada	156.80
Receiver General for Canada	538.02
Russell Allen	297.45
Sammons Preston Rolyan	34.56
Schindler Elevator Corporation	3,864.39
Scotiabank	2,462.00
Shedden+Kaner Architects	52,734.74
Sheila Szebo	1,611.01
Simplex Grinnell	4,916.63
SP&S Output Management	5,763.00
Specialty ET Services	1,524.00
Stanley Rosenfarb, B.A., LLB	12,552.76
Staples Business Depot	592.15
Stiericycle	307.65
Strickman Elliott	12,871.86
Summit Food Service Distributors	15,046.12
Sysco Food Services of Toronto	47,923.47
Technical Standards & Safety Authority	200.00
The Investigators Group	2,154.60
The Investigators Group	2,154.60
The Treasurer, City of Toronto	1,050.00
Therkin Manes Barristers & Solicitors	1,245.19
Toronto Star	355.74
Treasurer City of Toronto	19,256.16
Waste Management	1,373.36
Willow Publishing Co.	1,908.00
Winsham Fabrik Canada Ltd.	241.50
Wood Wyant	2,744.67
Workplace Safety & Insurance Board	87,287.74
Yellow Pages Group	241.50
Ylanda Recinto	292.95
Montgomery In-Home Care	55,303.34
Total	\$ 951,282.44

Note: Figures based on unaudited information as prepared by Craiglee Nursing Home Limited)

EXHIBIT J

Ministry of Health
and Long-Term Care

Health System Accountability and
Performance Division
Performance Improvement and
Compliance Branch
Toronto Service Area Office

55 St. Clair Avenue West, 8th Floor
Toronto ON M4V 2Y7
Telephone: (416) 327-7461
Fax: (416) 327-7603

Ministère de la Santé
et des Soins de longue durée

Division de la responsabilisation et de la
performance du système de santé
Direction de l'amélioration de la performance
et de la conformité
Bureau régional de services de Toronto

55, avenue St. Clair ouest, 8^e étage
Toronto ON M4V 2Y7
Téléphone : (416) 327-7461
Télécopieur : (416) 327-7603



October 31, 2008

Mr. Roy McDougall
President
Craiglee Nursing Home
102 Craiglee Drive
Scarborough ON M1N 2M7

Dear Mr. McDougall:

Re: Suspension of Admissions to Craiglee Nursing Home

I am writing to inform you that pursuant subsection 20.1(17) of the *Nursing Homes Act*, I have directed the designated placement co-ordinator, the Central East Community Care Access Centre (CCAC) to immediately cease authorizing admissions at Craiglee Nursing Home. The suspension of admissions will be in effect for a period of 30 days and is subject to the conditions set out in an addendum that will be sent to you shortly.

The ceasing of admissions is being directed due to continuing and recurring contraventions of the service agreement, the Act, and the regulations by the licensee. These contraventions include on-going and recurring non-compliance with regulatory requirements and standards and criteria set out in the *Long-Term Care Homes Program Manual*. The areas of non-compliance involve serious risk in the provision of safe resident care, programs and services at the home as found by Ministry inspectors.

The licensee is required to complete and submit to the Ministry a plan outlining corrective actions to address the areas of non-compliance. The plan should be forwarded to the attention of Carole Comeau, Manager, Ottawa Service Area Office (OSAO) by end of day on November 7, 2008.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the service agreement and/or the *Health Facilities Special Orders Act*.

.../2

We look forward to a strong commitment from Craiglee Nursing Home to achieve sustained compliance with Ministry requirements. If, prior to the end of the 30 day period, the Ministry is satisfied that Craiglee Nursing Home has achieved sustained compliance with Ministry requirements, I will consider whether to lift the suspension of admissions.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement at (613) 364-2250.

Sincerely,



Tim Burns

Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

Attachment.

- c: Ron Sapsford, A/Assistant Deputy Minister, Health Systems and Accountability Division
Sandy Knipfel, Senior Manager, Compliance & Enforcement
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Compliance
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

Ministry of Health and
Long-Term Care

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performance conformité

55, avenue St. Clair ouest, 8^e étage
Toronto ON M4V 2Y7

Téléphone: (416) 327-7461
Télécopieur: (416) 327-7603



April 9, 2009

Mr. Roy McDougall
President
Craiglee Nursing Home
102 Craiglee Drive
Scarborough ON M1N 2M7

Dear Mr. McDougall:

Re: Lifting Suspension of Admissions - Craiglee Nursing Home

This letter is further to my correspondence of March 31, 2009 which advised effective April 1, 2009 that I had directed the Central East Community Care Access Centre (CCAC) to continue to cease authorizing admissions to Craiglee Nursing Home for an additional 30 days.

This letter will serve to inform you that I have directed the CCAC to resume authorizing admissions to Craiglee Nursing Home effective April 14, 2009, on the basis set out below.

During a discussion with your daughter, representatives from Extendicare, Paul Miller, Compliance Advisor, and Carole Comeau, Manager, Ottawa Service Area Office on Thursday, April 9, 2009, it was agreed that admissions to the home will initially be limited to one for the week of April 14, 2009 and two per week for the next two weeks. By May 1, 2009, we will have further discussions with your team to determine the rate of future admissions.

The home remains subject to enforcement inspection. In the lifting of suspensions at this time, the Ministry acknowledges that some progress has been made by the home to address areas of significant risk to residents. The home is, of course, expected to continue corrective actions in relation to the areas of risk which are outlined in the addendum submitted on March 31, 2009. The Compliance Status Report should continue to be forwarded to the Ottawa Service Area Office every two (2) weeks. The next submission is due on April 24, 2009.

.../2

If you have any questions, please contact Carole Comeau, Manager, Ottawa Service Area Office at (613) 364-2251.

Sincerely,



Tim Burns
Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

- c. Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
- Karen Slater, Senior Manager, Compliance & Enforcement
- Carole Comeau, Manager, Ottawa Service Area Office
- Deborah Hammons, CEO, Central East LHIN
- Don Ford, Executive Director, Central East CCAC

Ministry of Health and
Long-Term Care

Health System Accountability and
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55, avenue St. Clair ouest, 8^e étage
Toronto ON M4V 2Y7

Téléphone: (416) 327-7461
Télécopieur: (416) 327-7603



May 1, 2009

Roy McDougall
Craiglee Nursing Home
102 Craiglee Drive
Scarborough ON M1N 2M7

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto ON M3C 4G4

Dear Mr. McDougall, Ms. Suma and Mr. Bricks:

Re: Craiglee Nursing Home

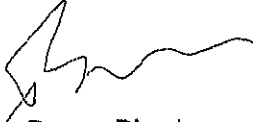
This letter is further to my correspondence of April 9, 2009 which advised effective April 14, 2009 that I had directed the Central East Community Care Access Centre (CCAC) to resume authorizing admissions to Craiglee Nursing Home at a rate not exceeding two (2) admissions per week. This admission schedule was to be reassessed by May 1, 2009.

Based on the results of inspections conducted over the last 2 weeks, and following a discussion on the morning of May 1, 2009 with the compliance team of the Ottawa Service Area Office (OSAO) as well as representatives of the home, Extendicare and Deloitte & Touche, it was agreed that admissions to the home would continue to be limited to two (2) per week for the next two weeks. By May 15, 2009, further discussions will be held with all of you to determine the rate of future admissions.

In addition, the compliance team of the OSAO informed you that the home remains subject to enforcement inspection for an additional period of 90 days, starting on May 1, 2009. During the last monitoring period, the Ministry did note progress made by the home to address some areas of risk to residents. However, the home is expected to continue corrective actions in relation to the areas of risk outlined in the attached addendum. The Compliance Status Report should continue to be forwarded to the Ottawa Service Area Office every two (2) weeks. The next submission is due on May 8, 2009.

If you have any questions, please contact Carole Comeau, Manager, Ottawa Service Area Office at (613) 364-2251.

Sincerely,



Tim Burns, Director
Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

- c. Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area Office
Diana Schell, Counsel, Legal Services Branch
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

Ministry of Health and
Long-Term Care

Ministère de la Santé
et des Soins de longue durée



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Téléphone: (416) 327-7461
Télécopieur: (416) 327-7603

ADDENDUM to Director's Letter of May 1, 2009

Re: Craiglee Nursing Home – Enforcement Monitoring

The inspections conducted by ministry staff of the Ottawa Service Area Office indicate that this long-term care home continues to present serious, prevalent and recurrent risk to residents. The key areas of risk and concern, as well as MOHLTC requirements related to these areas are outlined below.

1. Care not provided to residents in a manner consistent with their needs. In this regard, the following conditions must be met:
 - a. Ensure that each resident receives medications and treatment as ordered by the physician.
 - b. Ensure that residents at risk of developing skin problems are repositioned as needed.
 - c. Ensure that residents are bathed twice weekly with consideration given to their choice and preference in this regard.
 - d. Ensure that diagnostic tests are completed as ordered and results are communicated.
 - e. Ensure that medical services are available to residents in a timely manner, with a special focus on after-hours and on-call coverage.
2. Lack of safe and effective safeguards related to physical restraints. In this regard, the following conditions must be met:
 - a. Ensure that staff follow regulatory requirements and the standards and criteria set in the Long-Term Care Homes Program Manual related to the use of physical restraints, specifically in the areas of consent, assessment, physician orders, application and repositioning.
3. Lack of a comprehensive assessment on admission and on-going reassessments. In this regard the following conditions must be met:
 - a. Ensure that skin integrity is assessed on admission, 6 weeks post admission when resident identified at risk, upon return from hospital for an absence of greater than 24 hours, upon return from a leave of absence of greater than 24 hours and weekly when altered skin integrity is identified.

4. Lack of development and/or revision of resident care plans, so as to provide clear directions to staff providing care. In this regard, the following conditions must be met:
 - a. Ensure that care plans are developed upon admission to the home.
 - b. Ensure that care plans are reflective of each resident's current needs, include individualized interventions and provide clear directions to staff.
 - c. Ensure that care plans are revised when there is a change in condition and, at the very least, on a quarterly basis.
5. Nutritional care and food services do not meet Ministry requirements. In this regard the following conditions must be met:
 - a. Ensure that nutritional care is provided in accordance with assessed needs.
 - b. Ensure that all residents receive encouragement, supervision and assistance with food intake to promote his/her safety, comfort and independence in eating.
6. Lack of monitoring and evaluation in relation to environmental services. In this regard, the following conditions must be met:
 - a. Ensure there is an effective environmental services program that is organized to provide a safe, comfortable, clean, well-maintained environment for residents, staff and visitors and that meets Ministry requirements.
 - b. Ensure appropriate cleaning and preventative maintenance schedules and routines are implemented and followed throughout the home.
 - c. Ensure the home and equipment therein is maintained in a good state of repair, specifically related to resident furniture and bedding.
7. Lack of an effective quality and risk management program. In this regard, the following conditions must be met:
 - a. Ensure the quality and risk management program identifies and responds to actual and potential resident safety and security risks. Special attention is needed in relation to the safe storage of wheelchair footrests, effective window restrictors, safe storage and labelling of chemicals, and safe storage of medications- medication carts.
 - b. Ensure that staff participates in the facility-wide infection control program and are made aware of and practice measures to prevent and/or minimize the spread of infection.

- End of Addendum -

Ministry of Health and
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May 15, 2009

Roy McDougall
Craiglee Nursing Home
102 Craiglee Drive
Scarborough, ON M1N 2M7

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham, ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mr. McDougall, Ms. Suma and Mr. Bricks:

Re: Craiglee Nursing Home

This letter is further to Mr. Burns' letter of May 1, 2009 which confirmed the decision made in relation to the admission rate at Craiglee Nursing Home. This decision was to be reassessed by May 15, 2009.

Based on the results of an inspection conducted on May 14, 2009, Paul Miller, Compliance Advisor, and representatives of the home agreed that admissions to the home would continue to be limited to two (2) per week for the next two weeks. Further discussions will be held with you before the end of May 2009 to determine the rate of future admissions.

If you have any questions, please do not hesitate to call me at (613) 364-2251.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carole Comeau".

Carole Comeau
Manager, Ottawa Service Area Office

- c. Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
Tim Burns, Director, Performance Improvement and Compliance Branch
Karen Slater, Senior Manager, Compliance & Enforcement
Diana Schell, Counsel, Legal Services Branch
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

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May 29, 2009

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham, ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Ms. Suma and Mr. Bricks:

Re: Craiglee Nursing Home

This letter is further to my letter dated May 15, 2009 which confirmed the decision made in relation to the admission rate at Craiglee Nursing Home. This decision was to be reassessed by the end of May 2009.

Based on the results of an inspection that ended on May 29, 2009, I was informed that Paul Miller, Compliance Advisor, and representatives of Craiglee Nursing Home agreed that admissions to the home could be increased to three (3) per week for the next four weeks. Further discussions will be held with you before the end of June 2009 to determine the rate of future admissions.

If you have any questions, please do not hesitate to call me at (613) 364-2251.

Sincerely,

Carole Comeau
Manager, Ottawa Service Area Office

- c. Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
Tim Burns, Director, Performance Improvement and Compliance Branch
Karen Slater, Senior Manager, Compliance & Enforcement
Diana Schell, Counsel, Legal Services Branch
Deborah Hammons, CEO, Central East LHIN
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June 29, 2009

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham, ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Rob Cartagena
Administrator
Craiglee Nursing Home
102 Craiglee Drive
Scarborough ON M1N 2M7

Dear Mrs. Suma, Mr. Bricks and Mr. Cartagena:

Re: Enforcement Monitoring and Suspension of Admissions to Craiglee Nursing Home

I am writing to inform you that pursuant to subsection 20.1(17) of the *Nursing Homes Act*, I have directed the designated placement coordinator, the Central East Community Care Access Centre (CCAC) to cease authorizing admissions at Craiglee Nursing Home effective June 29, 2009. The suspension of admissions will be in effect for a period of 30 days and is subject to the conditions set out in the attached addendum.

The ceasing of admissions is being directed due to recurring contraventions of the Service Agreement, the Act, and the regulations. These contraventions include non-compliance with regulatory requirements and standards and criteria set out in the *Long-Term Care Homes Program Manual*. The areas of non-compliance involve serious risk in the provision of safe resident care, programs and services at the home as found by Ministry inspectors.

You are required to continue to complete and submit to the Ministry a plan outlining corrective actions to address the areas of non-compliance. As you know, the plan should be forwarded to the attention of Carole Comeau, Manager, Ottawa Service Area Office (OSAO) every 2 weeks.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the Service Agreement and/or the *Health Facilities Special Orders Act*.

We recognize Craiglee Nursing Home's commitment to achieve sustained compliance with Ministry requirements. If, prior to the end of the 30 day period, the Ministry is satisfied that Craiglee Nursing Home has achieved sustained compliance with Ministry requirements, I will consider whether to lift the suspension of admissions.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement at (613) 364-2250.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Burns', with a stylized flourish at the end.

Tim Burns
Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

Attachment.

c: Ken Deane, Assistant Deputy Minister, Health System Accountability and
Performance Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area Office
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

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ADDENDUM to Director's Letter of June 29, 2009

Re: Craiglee Nursing Home – Enforcement Monitoring and Cease of Admissions

The inspections conducted by ministry staff of the Ottawa Service Area Office indicate that this long-term care home continues to present serious, prevalent and recurrent risk to residents. The key areas of risk and concern, as well as MOHLTC requirements related to these areas are outlined below.

1. Care not provided to residents in a manner consistent with their needs. In this regard, the following conditions must be met:
 - a. Ensure that each resident receives medications and treatment as ordered by the physician, with a particular focus on the management of residents with diabetes.
 - b. Ensure that residents at risk of developing skin problems are repositioned as needed.
 - c. Ensure that residents are bathed twice weekly with consideration given to their choice and preference in this regard.
 - d. Ensure that diagnostic tests are completed as ordered and results are communicated.
 - e. Ensure that medical services are available to residents in a timely manner, with a special focus on after-hours and on-call coverage.
2. Lack of safe and effective safeguards related to physical restraints. In this regard, the following conditions must be met:
 - a. Ensure that staff follow regulatory requirements and the standards and criteria set in the Long-Term Care Homes Program Manual related to the use of physical restraints, specifically in the areas of consent, assessment, physician's orders, application and repositioning.
3. Lack of a comprehensive assessment on admission and on-going reassessments. In this regard the following conditions must be met:
 - a. Ensure that skin integrity is assessed on admission, 6 weeks post admission when resident identified at risk, upon return from hospital for an absence of greater than 24 hours, upon return from a leave of absence of greater than 24 hours and weekly when altered skin integrity is identified.

4. Lack of development and/or revision of resident care plans, so as to provide clear directions to staff providing care. In this regard, the following conditions must be met:
 - a. Ensure that care plans are developed upon admission to the home.
 - b. Ensure that care plans are reflective of each resident's current needs, include individualized interventions and provide clear directions to staff.
 - c. Ensure that care plans are revised when there is a change in condition and, at the very least, on a quarterly basis.
5. Nutritional care and food services do not meet Ministry requirements. In this regard the following conditions must be met:
 - a. Ensure that nutritional care is provided in accordance with assessed needs.
 - b. Ensure that all residents receive encouragement, supervision and assistance with food intake to promote his/her safety, comfort and independence in eating.
6. Lack of monitoring and evaluation in relation to environmental services. In this regard, the following conditions must be met:
 - a. Ensure there is an effective environmental services program that is organized to provide a safe, comfortable, clean, well-maintained environment for residents, staff and visitors and that meets Ministry requirements.
 - b. Ensure appropriate cleaning and preventative maintenance schedules and routines are implemented and followed throughout the home.
 - c. Ensure the home and equipment therein is maintained in a good state of repair, specifically related to resident furniture and bedding.
7. Lack of an effective quality and risk management program. In this regard, the following conditions must be met:
 - a. Ensure the quality and risk management program identifies and responds to actual and potential resident safety and security risks. Special attention is needed in relation to the safe storage of wheelchair footrests, effective window restrictors, safe storage and labelling of chemicals, and safe storage of medications- medication carts.
 - b. Ensure that staff participates in the facility-wide infection control program and are made aware of and practice measures to prevent and/or minimize the spread of infection.

- End of Addendum -

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July 28, 2009

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham, ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mrs. Suma and Mr. Bricks:

Re: Enforcement Monitoring and Suspension of Admissions to Craiglee Nursing Home

I am writing to inform you that pursuant to subsection 20.1(17) of the *Nursing Homes Act*, I have directed the designated placement coordinator, the Central East Community Care Access Centre (CCAC) to continue to cease authorizing admissions at Craiglee Nursing Home effective July 28, 2009. The suspension of admissions will be in effect for a period of 30 days and is subject to the conditions set out in the attached addendum.

The ceasing of admissions is being directed due to recurring contraventions of the Service Agreement, the Act, and the regulations. These contraventions include non-compliance with regulatory requirements and standards and criteria set out in the *Long-Term Care Homes Program Manual*. The areas of non-compliance involve serious risk in the provision of safe resident care, programs and services at the home as found by Ministry inspectors.

You are required to continue to complete and submit to the Ministry a plan outlining corrective actions to address the areas of non-compliance. As you know, the plan should be forwarded to the attention of Carole Comeau, Manager, Ottawa Service Area Office (OSAO) every 2 weeks.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the Service Agreement and/or the *Health Facilities Special Orders Act*.

We recognize Craiglee Nursing Home's commitment to achieve sustained compliance with Ministry requirements. If, prior to the end of the 30 day period, the Ministry is satisfied that Craiglee Nursing Home has achieved sustained compliance with Ministry requirements, I will consider whether to lift the suspension of admissions.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement at (613) 364-2250.

Sincerely,



Tim Burns
Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

Attachment.

- c: Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
- Karen Slater, Senior Manager, Compliance & Enforcement
- Carole Comeau, Manager, Ottawa Service Area Office
- Deborah Hammons, CEO, Central East LHIN
- Don Ford, Executive Director, Central East CCAC

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ADDENDUM to Director's Letter of July 28, 2009

Re: Craiglee Nursing Home – Enforcement Monitoring and Cease of Admissions

The inspections conducted by ministry staff of the Ottawa Service Area Office indicate that this long-term care home continues to present serious, prevalent and recurrent risk to residents. The key areas of risk and concern, as well as MOHLTC requirements related to these areas are outlined below.

1. **Care not provided to residents in a manner consistent with their needs. In this regard, the following conditions must be met:**
 - a. Ensure that each resident receives medications and treatment as ordered by the physician, with a particular focus on the management of residents with diabetes.
 - b. Ensure that residents at risk of developing skin problems are repositioned as needed.
 - c. Ensure that residents are bathed twice weekly with consideration given to their choice and preference in this regard.
 - d. Ensure that diagnostic tests are completed as ordered and results are communicated.
 - e. Ensure that medical services are available to residents in a timely manner, with a special focus on after-hours and on-call coverage.
2. **Lack of safe and effective safeguards related to physical restraints. In this regard, the following conditions must be met:**
 - a. Ensure that staff follow regulatory requirements and the standards and criteria set in the Long-Term Care Homes Program Manual related to the use of physical restraints, specifically in the areas of consent, assessment, physician' orders, application and repositioning.
3. **Lack of a comprehensive assessment on admission and on-going reassessments. In this regard the following conditions must be met:**
 - a. Ensure that skin integrity is assessed on admission, 6 weeks post admission when resident identified at risk, upon return from hospital for an absence of greater than 24 hours, upon return from a leave of absence of greater than 24 hours and weekly when altered skin integrity is identified.

4. **Lack of development and/or revision of resident care plans, so as to provide clear directions to staff providing care. In this regard, the following conditions must be met:**
 - a. Ensure that care plans are developed upon admission to the home.
 - b. Ensure that care plans are reflective of each resident's current needs, include individualized interventions and provide clear directions to staff.
 - c. Ensure that care plans are revised when there is a change in condition and, at the very least, on a quarterly basis.
5. **Nutritional care and food services do not meet Ministry requirements. In this regard the following conditions must be met:**
 - a. Ensure that nutritional care is provided in accordance with assessed needs.
 - b. Ensure that all residents receive encouragement, supervision and assistance with food intake to promote his/her safety, comfort and independence in eating.
6. **Lack of monitoring and evaluation in relation to environmental services. In this regard, the following conditions must be met:**
 - a. Ensure there is an effective environmental services program that is organized to provide a safe, comfortable, clean, well-maintained environment for residents, staff and visitors and that meets Ministry requirements.
 - b. Ensure appropriate cleaning and preventative maintenance schedules and routines are implemented and followed throughout the home.
 - c. Ensure the home and equipment therein is maintained in a good state of repair, specifically related to resident furniture and bedding.
7. **Lack of an effective quality and risk management program. In this regard, the following conditions must be met:**
 - 1) Ensure the quality and risk management program identifies and responds to actual and potential resident safety and security risks. Special attention is needed in relation to:
 - a) Management of identified, ongoing nursing staff shortages, directly impacting the ability of the home to effectively meet residents care needs.
 - b) The safe storage of wheelchair footrests.
 - c) Effective window restrictors.
 - d) Safe storage and labelling of chemicals.
 - e) Safe storage of medications- medication carts.
 - 2) Ensure that staff participates in the facility-wide infection control program and are made aware of and practice measures to prevent and/or minimize the spread of infection.
 - 3) Ensure there is a system in place to adequately identify, assess and monitor residents at risk of elopement including mechanisms to effectively reduce this risk.

- End of Addendum -

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August 28, 2009

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham, ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mrs. Suma and Mr. Bricks:

Re: Admissions to Craiglee Nursing Home

This letter is further to a correspondence of July 28, 2009 which advised effective July 28, 2009 that the Central East Community Care Access Centre (CCAC) had been directed to continue to cease authorizing admissions to Craiglee Nursing Home for an additional 30 days. It will serve to inform you that the CCAC has now been directed to resume authorizing admissions to Craiglee Nursing Home effective August 28, 2009, on the basis set out below.

During a discussion with representatives from the home, Paul Miller, Compliance Advisor, and Carole Comeau, Manager, Ottawa Service Area Office on Friday, August 28, 2009, it was agreed that the rate of admissions will be 2 for the week of August 31, 2009, 2 for the week of September 7, 2009 and 3 per week the following weeks until full. As you know, the home currently has 42 vacancies.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the Service Agreement and/or the *Health Facilities Special Orders Act*.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement, at (613) 364-2250.

Sincerely,


for Tim Burns, Director.

Performance Improvement and Compliance Branch
Director under s.s. 3(2) Nursing Homes Act

c: Ken Deane, Assistant Deputy Minister, Health System Accountability and
Performance Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area Office
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

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October 30, 2009

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham, ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mrs. Suma and Mr. Bricks:

Re: Discharge from Enforcement Inspection – Craiglee Nursing Home

This letter will serve notice of the Ministry's decision to discharge Craiglee Nursing Home from Enforcement inspection and monitoring effective October 30, 2009. This decision has been made based on a review of inspection reports reflecting the outcome of the most recent inspections carried out at the home by Ministry compliance and enforcement inspection staff.

However, notwithstanding this decision and effective immediately, the home will be subject to a period of probation not less than ninety (90) days in duration. During this period, Craiglee Nursing Home must be able to demonstrate evidence of compliance with respect to the ongoing development and sustaining of a comprehensive coordinated home wide program of self-monitoring, evaluation and improvement as related to the provision of care, programs and services within the home.

Please note that it is no longer necessary to submit a Compliance Status report to the Ministry. In addition, decisions about the rate of admission can be made without prior consultation with compliance staff.

.../2

We acknowledge that significant progress has been made in addressing concerns and all members of your team are commended for their regard. However, please be advised that failure to meet expectations will cause the Ministry to exercise its rights under the *Homes Act*, the Service Agreement or otherwise to ensure compliance.

If you have any questions, please contact Carole Comeau, Compliance, Ottawa Service Area Office at (613) 364-22

Sincerely,



for Tim Burns, Director
Performance Improvement and Compliance Branch

- c. Ken Deane, Assistant Deputy Minister, Health System Performance Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAO
Rod Cartagena, Administrator, Craiglee Nursing

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January 14, 2010

Kathy Suma
Extendicare (Canada) Inc.
3000 Steeles Avenue East
Markham, ON L3R 9W2

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mrs. Suma and Mr. Bricks:

Re: Lifting Probationary Status – Craiglee Nursing Home

This letter is further to my correspondence of October 30, 2009, which advised effective October 30, 2009, Craiglee Nursing Home would be placed into Probationary Status for a period of 30 days.

This letter will confirm that Craiglee Nursing Home was removed from Probationary Status on January 14, 2010 and placed into Enforcement Monitoring effective that same day.

The home will continue to be subjected to unannounced enforcement inspection and monitoring activities by ministry staff. As discussed at the meeting with the home's management team and compliance staff on January 14, 2010, a targeted risk review will be conducted within the next 30 days to review the progress made by the home.

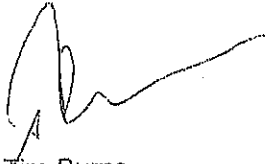
While the home is subject to enforcement inspection, any compliance status reports are to be forwarded to Carole Comeau, Manager, Ottawa Service Area Office (OSAO) every two (2) weeks with the first submission due by the end of the business day on January 28, 2010.

The home is advised that resolution of the identified non-compliance issues may result in the return of the home to regular compliance inspection status. However, failure to meet established expectations may result in sanctions being imposed during this enforcement inspection and monitoring period. The ministry may also exercise its rights pursuant to the Act, the Service Agreement or otherwise permitted by law and consider any available remedies within its jurisdiction if the home fails to meet the set expectations.

The home is advised that resolution of the identified non-compliance issues may result in the return of the home to regular compliance inspection status. However, failure to meet established expectations may result in sanctions being imposed during this enforcement inspection and monitoring period. The ministry may also exercise its rights pursuant to the Act, the Service Agreement or otherwise permitted by law and consider any available remedies within its jurisdiction if the home fails to meet the set expectations.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement, at (613) 364-2250.

Sincerely,



Tim Burns
Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

- c: Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area Office
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

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February 24, 2010

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mr. Bricks:

Re: Enforcement Status – Craiglee Nursing Home

This letter is further to my correspondence of January 14, 2010 which advised that Craiglee Nursing Home was placed into Enforcement Monitoring for a period of 30 days.

As discussed with Gary Loder on February 23, 2010, Craiglee Nursing Home will continue to be subjected to unannounced enforcement inspection and monitoring activities by ministry staff for an additional 90 days, effective February 14, 2010.

The home is advised that resolution of the identified non-compliance issues may result in the return of the home to regular compliance inspection status. However, failure to meet established expectations may result in sanctions being imposed during this enforcement inspection and monitoring period. The ministry may also exercise its rights pursuant to the Act, the Service Agreement or otherwise permitted by law and consider any available remedies within its jurisdiction if the home fails to meet the set expectations.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement, at (613) 364-2250.

Sincerely,

for Tim Burns
Director, Performance Improvement and Compliance Branch

- c: Ken Deane, Assistant Deputy Minister, Health System Accountability and
Performance Improvement Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area Office
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

Ministry of Health and
Long-Term Care

Health System Accountability and
Performance Division
Performance Improvement and
Compliance Branch

55 St. Clair Avenue West, 8th Floor
Toronto ON M4V 2Y7

Telephone: (416) 327-7461
Facsimile: (416) 327-7603

Ministère de la Santé
et des Soins de longue durée

Division de la responsabilisation
et de la performance du système de santé
Direction de l'amélioration de la
performance conformité

55, avenue St. Clair ouest, 8^e étage
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March 22, 2010

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mr. Bricks:

Re: Cessation of Admissions to Craiglee Nursing Home

I am writing to inform you that pursuant to subsection 20.1(17) of the *Nursing Homes Act* (the Act), I have directed the designated placement coordinator, the Central East Community Care Access Centre (CCAC) to cease authorizing admissions at Craiglee Nursing Home effective March 22, 2010. The suspension of admissions will be in effect for a period of 30 days and is subject to the conditions set out in the attached addendum.

The ceasing of admissions is being directed due to recurring contraventions of the Service Agreement, the Act, and the regulations. These contraventions include non-compliance with regulatory requirements and standards and criteria set out in the *Long-Term Care Homes Program Manual*. The areas of non-compliance involve serious risk in the provision of safe resident care, programs and services at the home as found by Ministry inspectors.


You are required to continue to complete and submit to the Ministry a plan outlining corrective actions to address the areas of non-compliance. As you know, the plan should be forwarded to the attention of Carole Comeau, Manager, Ottawa Service Area Office (OSAO) every 2 weeks.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the Service Agreement and/or the *Health Facilities Special Orders Act*.

We recognize Craiglee Nursing Home's commitment to achieve sustained compliance with Ministry requirements. If, prior to the end of the 30 day period, the Ministry is satisfied that Craiglee Nursing Home has achieved sustained compliance with Ministry requirements, I will consider whether to lift the suspension of admissions.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement at (613) 364-2250.

Sincerely,

 for Tim Burns

Tim Burns
Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

Attachment.

- c: Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area Office
Deborah Hammaris, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAG

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ADDENDUM to Director's Letter of March 22, 2010

Re: Craiglee Nursing Home - Cessation of Admissions

The inspections conducted by ministry staff of the Ottawa Service Area Office indicate that this long-term care home continues to present serious, prevalent and recurrent risk to residents. The key areas of risk and concern, as well as MOHLTC requirements related to these areas are outlined below.

1. Every resident has the right to be treated with dignity and respect and in a way that fully recognizes the resident's dignity and individuality and to be free from mental and physical abuse. In this regard, the following condition must be met:
 - a. Ensure that every resident is free from verbal and physical abuse.
2. Care not provided to residents in a manner consistent with their needs. In this regard, the following conditions must be met:
 - a. Ensure that each resident receives medications and treatment as ordered by the physician, with a particular focus on the management of residents with diabetes.
 - b. Ensure that residents at risk of developing skin problems are repositioned as needed.
 - c. Ensure that residents are bathed twice weekly with consideration given to their choice and preference in this regard.
 - d. Ensure that diagnostic tests are completed as ordered and results are communicated.
 - e. Ensure that medical services are available and sought in a timely manner, with a special focus on after-hours and on-call coverage.
3. Lack of safe and effective safeguards related to physical restraints. In this regard, the following conditions must be met:
 - a. Ensure that staff follow regulatory requirements and the standards and criteria set in the Long-Term Care Homes Program Manual related to the use of physical restraints, specifically in the areas of consent, assessment, physician orders, application and repositioning.
4. Lack of a comprehensive assessment on admission and on-going reassessments. In this regard the following conditions must be met:
 - a. Ensure that skin integrity is assessed on admission, 6 weeks post admission when resident identified at risk, upon return from hospital for an absence of greater than 24 hours, upon return from a leave of absence of greater than 24 hours and weekly when altered skin integrity is identified.

5. Lack of development and/or revision of resident care plans, so as to provide clear directions to staff providing care. In this regard, the following conditions must be met:
 - a. Ensure that care plans are developed upon admission to the home.
 - b. Ensure that care plans are reflective of each resident's current needs, include individualized interventions and provide clear directions to staff.
 - c. Ensure that care plans are revised when there is a change in condition and, at the very least, on a quarterly basis.
6. Nutritional care and food services do not meet Ministry requirements. In this regard the following conditions must be met:
 - a. Ensure that nutritional care is provided in accordance with assessed needs.
 - b. Ensure that all residents receive encouragement, supervision and assistance with food intake to promote his/her safety, comfort and independence in eating.
7. Lack of monitoring and evaluation in relation to environmental services. In this regard, the following conditions must be met:
 - a. Ensure there is an effective environmental services program that is organized to provide a safe, comfortable, clean, well-maintained environment for residents, staff and visitors and that meets Ministry requirements.
 - b. Ensure appropriate cleaning and preventative maintenance schedules and routines are implemented and followed throughout the home.
 - c. Ensure the home and equipment therein is maintained in a good state of repair, specifically related to resident furniture and bedding.
8. Lack of an effective quality and risk management program. In this regard, the following conditions must be met:
 - a. Ensure the quality and risk management program identifies and responds to actual and potential resident safety and security risks.
 - b. Ensure that staff participates in the facility-wide infection control program and are made aware of and practice measures to prevent and/or minimize the spread of infection.
 - c. Ensure there is a system in place to adequately identify, assess and monitor residents at risk of elopement including mechanisms to effectively reduce this risk.
 - d. Ensure that there is a system in place to adequately identify, assess and monitor residents exhibiting symptoms of agitation and/or anxiety.

- End of Addendum -

Ministry of Health and
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April 20, 2010

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mr. Bricks:

Re: Cessation of Admissions to Craiglee Nursing Home

I am writing to inform you that pursuant to subsection 20.1(17) of the *Nursing Homes Act* (the Act), I have directed the designated placement coordinator, the Central East Community Care Access Centre (CCAC) to continue to cease authorizing admissions at Craiglee Nursing Home effective April 20, 2010. The suspension of admissions will be in effect for a period of 30 days and is subject to the conditions set out in the attached addendum.

The ceasing of admissions is being directed due to recurring contraventions of the Service Agreement, the Act, and the regulations. These contraventions include non-compliance with regulatory requirements and standards and criteria set out in the *Long-Term Care Homes Program Manual*. The areas of non-compliance involve serious risk in the provision of safe resident care, programs and services at the home as found by Ministry inspectors.

You are required to continue to complete and submit to the Ministry a plan outlining corrective actions to address the areas of non-compliance. As you know, the plan should be forwarded to the attention of Carole Comeau, Manager, Ottawa Service Area Office (OSAO) every 2 weeks.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the Service Agreement and/or the *Health Facilities Special Orders Act*.

We recognize Craiglee Nursing Home's commitment to achieve sustained compliance with Ministry requirements. If, prior to the end of the 30 day period, the Ministry is satisfied that Craiglee Nursing Home has achieved sustained compliance with Ministry requirements, I will consider whether to lift the suspension of admissions.

If you have any questions, please contact Carole Comeau, Manager, Ottawa Service Area office at (613) 364-2251.

Sincerely,



for Tim Burns
Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*

Attachment.

- c: Ken Deane, Assistant Deputy Minister, Health System Accountability and Performance Division
Karen Slater, Senior Manager, Compliance & Enforcement
Carole Comeau, Manager, Ottawa Service Area Office
Deborah Hammons, CEO, Central East LHIN
Don Ford, Executive Director, Central East CCAC

**Ministry of Health and
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ADDENDUM to Director's Letter of April 20, 2010

Re: Craiglee Nursing Home - Cessation of Admissions

The inspections conducted by ministry staff of the Ottawa Service Area Office indicate that this long-term care home continues to present serious, prevalent and recurrent risk to residents. The key areas of risk and concern, as well as MOHLTC requirements related to these areas are outlined below.

- 1. Every resident has the right to be treated with dignity and respect and in a way that fully recognizes the resident's dignity and individuality and to be free from mental and physical abuse. In this regard, the following condition must be met:**
 - a. Ensure that every resident is free from verbal and physical abuse.
- 2. Care not provided to residents in a manner consistent with their needs. In this regard, the following conditions must be met:**
 - a. Ensure that each resident receives medications and treatment as ordered by the physician, with a particular focus on the management of residents with constipation.
 - b. Ensure that residents at risk of developing skin problems are repositioned as needed.
 - c. Ensure that residents are bathed twice weekly with consideration given to their choice and preference in this regard.
 - d. Ensure that diagnostic tests are completed as ordered and results are communicated.
 - e. Ensure that medical services are available and sought in a timely manner, with a special focus on after-hours and on-call coverage.
- 3. Lack of safe and effective safeguards related to physical restraints. In this regard, the following conditions must be met:**
 - a. Ensure that staff follow regulatory requirements and the standards and criteria set in the Long-Term Care Homes Program Manual related to the use of physical restraints, specifically in the areas of consent, assessment, physician' orders, application and repositioning and medication administration.
- 4. Lack of a comprehensive assessment on admission and on-going reassessments. In this regard the following conditions must be met:**
 - a. Ensure that skin integrity is assessed on admission, 6 weeks post admission when resident identified at risk, upon return from hospital for an absence of greater than 24 hours, upon return from a leave of absence of greater than 24 hours and weekly when altered skin integrity is identified.

5. **Lack of development and/or revision of resident care plans, so as to provide clear directions to staff providing care. In this regard, the following conditions must be met:**
 - a. Ensure that care plans are developed upon admission to the home.
 - b. Ensure that care plans are reflective of each resident's current needs, include individualized interventions and provide clear directions to staff.
 - c. Ensure that care plans are revised when there is a change in condition and, at the very least, on a quarterly basis.
6. **Nutritional care and food services do not meet Ministry requirements. In this regard the following conditions must be met:**
 - a. Ensure that nutritional care is provided in accordance with assessed needs.
 - b. Ensure that all residents receive encouragement, supervision and assistance with food intake to promote his/her safety, comfort and independence in eating.
7. **Lack of monitoring and evaluation in relation to environmental services. In this regard, the following conditions must be met:**
 - a. Ensure there is an effective environmental services program that is organized to provide a safe, comfortable, clean, well-maintained environment for residents, staff and visitors and that meets Ministry requirements.
 - b. Ensure appropriate cleaning and preventative maintenance schedules and routines are implemented and followed throughout the home.
 - c. Ensure the home and equipment therein is maintained in a good state of repair, specifically related to resident furniture and bedding.
8. **Lack of an effective quality and risk management program. In this regard, the following conditions must be met:**
 - a. Ensure the quality and risk management program identifies and responds to actual and potential resident safety and security risks.
 - b. Ensure that staffs participate in the facility-wide infection control program and are made aware of and practice measures to prevent and/or minimize the spread of infection.
 - c. Ensure there is a system in place to adequately identify, assess and monitor residents at risk of constipation including mechanisms to effectively reduce this risk and that all staff are made aware of and practice measures to prevent and/or minimize the risk associated with constipation.
 - d. Ensure that there is a system in place to adequately identify, assess and monitor residents diagnostic tests
 - e. Ensure that there is a system in place to adequately identify, assess and monitor residents exhibiting symptoms of agitation and/or anxiety.

- End of Addendum -

**Ministry of Health
and Long-Term Care**

Health System Accountability and
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Télécopieur : (416) 327-7603



May 20, 2010

Hartley Bricks
Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto, ON M3C 4G4

Dear Mr. Bricks:

Re: Admissions to Craiglee Nursing Home

This letter is further to a correspondence of April 20, 2010, which advised effective April 20, 2010 that the Central East Community Access Centre (CCAC) had been directed to continue to cease authorizing admissions to Craiglee Nursing Home for an additional 30 days. It will serve to inform you that the CCAC has now been directed to resume authorizing admissions to Craiglee Nursing Home effective May 20, 2010, on the basis set out below.

During a discussion with representatives from the home, Lynda Brown, Compliance Advisor, and Carole Comeau, Manager, Ottawa Service Area Office on Wednesday, May 20, 2010, it was agreed that the rate of admissions will be for 1 for the week of May 24, 2010, 1 for the week of May 31, 2010 and 2 per week the following weeks until full. As you know, the home currently has 40 vacancies.

The Ministry will continue to conduct inspections of the care, programs and services provided at the home. Further conditions may be imposed if other areas of non-compliance are found. Failure to meet the conditions set out in the addendum, and any other conditions that are imposed may lead the Ministry to pursue further action under the Act, the Service Agreement and/or the Health Facilities Special Orders Act.

If you have any questions, please contact Karen Slater, Senior Manager, Compliance and Enforcement, at (613) 364-2250.

Sincerely,

A handwritten signature in dark ink, appearing to read "Tim Burns".

for
Tim Burns
Director, Performance Improvement and Compliance Branch
Director under s.s. 3(2) *Nursing Homes Act*



Ontario

Ministry of Health and Long-Term Care
Ministère de la Santé et des Soins de longue durée

Areas of Non-Compliance
Secteurs de non-conformité

Ottawa Service Area Office
Performance Improvement and Compliance Branch
Health System Accountability and Performance Division
347 Preston Street, 4th Floor
Ottawa ON K1S 3J4

Telephone: (613) 569-5602
Facsimile: (613) 569-9670

Bureau régional de services d'Ottawa
Direction de l'amélioration de la performance et de la conformité
Division de la responsabilisation et de la performance du système de santé
347, rue Preston, 4^{ème} étage
Sudbury ON P3B 6A5

Téléphone: (613) 569-5602
Télécopieur: (613) 569-9670

Date : June 9 & 10, 2010

Long-Term Care Home/Établissement de soins de longue durée :
Craiglee Nursing Home

Address/Adresse :
102 Craiglee Drive, Scarborough, ON, M1N 2M7

Name and title of Divisions representative/Nom et fonction du (de la) représentant(e) des Divisions :
Lynda Brown, Compliance Advisor

Type of review/Genre d'inspection

- | | | |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <input type="checkbox"/> Annual
Annuelle | <input type="checkbox"/> Complaint Investigation
Enquête à la suite d'une plainte | <input type="checkbox"/> Post-sale
Postérieure à la vente |
| <input type="checkbox"/> Follow-up
Suivi | <input type="checkbox"/> Complaint Investigation follow-up
Suivi d'une enquête à la suite d'une plainte | <input type="checkbox"/> Pre-license
Préalable à la délivrance du permis |
| <input type="checkbox"/> Referral
d'un(e) conseiller(ère) | <input type="checkbox"/> Pre-sale
labile à la vente | <input checked="" type="checkbox"/> Other (specify) Enforcement Monitoring
écrlsez) |

The following are areas of non-compliance with:

- ☒ Nursing Homes Act and Regulation
☐ Homes for the Aged and Rest Homes Act
and Regulation
☐ Charitable Institutions Act and Regulation

Voici les secteurs de non-conformité à:

- ☐ la Loi sur les maisons de soins infirmiers, et les règlements y afférents
☐ la Loi sur les foyers pour personnes âgées et les maisons de repos, et les
règlements y afférents
☐ la Loi sur les établissements de bienfaisance, et les règlements y afférents

A plan of corrective action to reach compliance must be sent
to the Ministry of Health no later than seven days from the
date of this inspection.

Veillez envoyer le plan de mesures correctives pour atteindre la conformité
au ministère de la Santé dans les sept jours suivant la date de la présente
inspection.

Section no. Section n°	Summary statement of Areas of Non-Compliance Sommaire des infractions (secteurs de non-conformité)	Date for corrective action Date de la mesure correcti
	The purpose of this inspection was to conduct a monitoring inspection related to previously identified Areas of Non-Compliance, subsequent to the home being placed into Enforcement on January 14, 2010 by the Ministry of Health and Long Term Care in accordance with the authority granted to the Director under the Act by Section 20.1 (17) of the Nursing Home Act.	

Received for the Home by/Reçu pour l'établissement par

Angie King

Signature of Health System Accountability and Performance representative / Signature du (de la)
représentant(e) des Division de la responsabilisation et de la performance du système de santé

Lynda Brown

Original: Health System Accountability and Performance Division
Original: Division de la responsabilisation et de la performance du système de santé

Copy: Long-Term Care Home
Copie: Établissement de soins de longue durée

Page 1 of 3



There are no new Areas of Non-Compliance issued as a result of this visit.

The following Areas of non-Compliance remain outstanding:

NHA, R.S.O. 1990, Chapter N.7 Section 2 (2) 1

Every licensee shall ensure that the following rights of residents are fully respected and promoted:

Every resident has the right to be treated with dignity and respect and in a way that fully recognizes the resident's dignity and individuality and to be free from mental and physical abuse.

R.R.O. 1990, Reg.832, Section 5 (2)

Every nursing home shall be maintained at all times as to be free from anything that might be hazardous to the health or safety of the residents.

The following Areas of Non-Compliance remain outstanding with additional examples as noted:

NHA, R.S.O. 1990, Chapter N.7, Section 2(2)(2)

Every resident has the right to be properly sheltered, fed, clothed, groomed and cared for in a manner consistent with his or her need.

This section is contravened as evidenced by:

A dependent, cognitively impaired resident at high risk for frequent falls did not receive nursing care related to monitoring and ensuring a safe environment for the month of March, April, May and June 2010.

A dependent, cognitively impaired resident at risk for complications related to head injury, did not indicate physician was notified of changes in condition for 3 consecutive days from May 30-June 2, 2010 as per the homes protocol for head injury.

NHA, R.S.O. Chapter N.7, Section 20.10 (a)(b)(c)

A licensee of a nursing home shall ensure that,

(a) the requirements of each resident of the nursing home are assessed on an ongoing basis :

(b) a plan of care is developed for each resident to meet the resident's requirements ;

(c) the plan of care is revised as necessary when the resident's requirements change;

This section is contravened as evidenced by:

A dependent, cognitively impaired resident at high risk for frequent falls did not demonstrate that the plan of care was revised to indicate interventions as per the falls prevention protocol (frequency of monitoring, toileting and bed alarm). The resident also did not receive interventions as per the plan of care resulting in a fall.

A dependent, cognitively impaired resident at risk for falls and infection did not demonstrate that the physician was notified of ineffective medication from June 4 to June 9, 2010 and the resident continued to receive the ineffective medication.

Received for the Home by/Reçu pour l'établissement par

Angie Perry

Signature of Health System Accountability and Performance Division representative / Signature du (de) représentant(e) des Divisions de la responsabilisation et de la performance du système de santé

Lynnda Brown

Original: Health System Accountability and Performance Division
Original: Divisions des de la responsabilisation et de la performance du système de santé

Copy: Long-Term Care Home
Copie: Établissement de soins de longue durée

Page 2 of 3



Ontario

Ministry of Health and Long-Term Care
Ministère de la Santé et des Soins de longue durée

Areas of Non-Compliance
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Télécopieur: (613) 569-9670

NHA, R.S.O. Chapter N.7 s. 20.11

A licensee of a nursing home shall ensure that a quality management system is developed and implemented for monitoring, evaluating and improving the quality of the accommodation, care, services, programs and goods provided to the residents of the nursing home.

This section is contravened as evidenced by:

The current quality management program was confirmed to be ineffective to ensure monitoring and documentation is completed as per the homes policy related to falls prevention and head injury routine.

The current nursing practice did not demonstrate necessary interventions related to changes in condition related to head injury routine.

Received for the Home by/Reçu pour l'établissement par

Signature of Health System Accountability and Performance representative / Signature du (de la) représentant(e) des Division de la responsabilisation et de la performance du système de santé

Original: Health System Accountability and Performance Division
Original: Division de la responsabilisation et de la performance du système de santé

Copy: Long-Term Care Home
Copie: Établissement de soins de longue durée

Page 3 of 3

EXHIBIT K

10:00 A.M.

COUNSEL SLIP

COURT FILE NO: 09-CL-8156

DATE: MAY 11, 09

TITLE OF DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE v CRAIG LEE
PROCEEDING: NURSING HOME

NO. ON LIST: 6

COUNSEL FOR:
PLAINTIFF(S): Domenico Magliaro for
APPLICANT(S):
PETITIONER(S): Desjardins

PHONE/FAX NO:

416 593-2961 (T)
416-593-5437 (F)

COUNSEL FOR:
DEFENDANT(S): William MacLachlan
RESPONDENT(S): Crown Civil

(416) 326-4082
Fax (416) 326-4181

May 11/09..

Adjourned in current to June 16/09
for 2 hours — on terms agreed to
by parties — Receiver not to borrow
in excess of \$100,000 up to May 25/09
without further order of the Court

W. MacLachlan

EXHIBIT L

Ministry of Health
and Long-Term Care

Health System Accountability and
Performance Division
Performance Improvement and
Compliance Branch

55 St. Clair Avenue West, 8th Floor
Toronto ON M4V 2Y7
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OCMS Log: HLTC2980DRC-2009-1743

June 8, 2009

Sent Via Fax and Courier

Deloitte & Touche
1 Concorde Gate, Suite 200
Toronto ON M3C 4G4

Attention: Hartley Bricks

Dear Mr. Bricks:

RE: Craglee Nursing Home -- Licence Number 2503

This letter is your notice that the Ministry of Health and Long-Term Care will conduct a financial inspection of the above named home pursuant to the authority provided by section 24 of the Nursing Homes Act, R.S.O. 1990, Chap. N.7. The period under review is January 1, 2007 to the present. The audit will be conducted by Finucci Watters, who will contact you with respect to the start date.

Pursuant to subsections 24(4) and 24(5) of the Nursing Homes Act, please ensure that the following records and other documents, in their entirety, relating to above named home, are available for inspection on the day and at the location noted above. If the records are stored elsewhere, please advise us.

All financial information is to be provided for the period stated above unless otherwise specified, including the following:

- Electronic version of General Ledger
- Trial Balance
- Payroll records
- GST returns
- Access to invoices and receipts
- Loan agreements and statements
- Bank statements, cancelled cheques and bank reconciliation.

.../2

- 2 -

- Resident documentation (e.g. date of arrival/exit; number of residents on a monthly basis (subject to privacy issues))
- Accounts receivable and accounts payable listings and sub-ledgers plus list of vendors
- Internal financials prepared on a monthly basis plus any documentation sent to MOHLTC for funding/claims
- Reconciliations of claims/advances as prepared by Craiglee Nursing Home

Please note that the Nursing Homes Act requires the licensee to obtain and produce any of the above records/documents that are not located on the premises of the home; that the records must be produced in readable form; and, that the ministry inspector is authorized to remove the record/documents from the home in order to copy them.

Please also note that it is an offence under the Nursing Homes Act to hinder, obstruct, interfere with, or otherwise impede, an inspector conducting an inspection pursuant to section 24 of the Nursing Homes Act.

We may remove the records and documents relevant to the inspection and will provide you with a receipt for the same, pursuant to subsection 24(4) (g) of the Nursing Homes Act. We will advise if additional records or information are required during the course of the inspection.

Yours truly,



Tim Burns, Director
Performance Improvement and Compliance Branch
Director under s.s. 3(2) Nursing Homes Act

EXHIBIT M

Ministry of the
Attorney General

Crown Law Office
Civil Law

720 Bay Street
8th Floor
Toronto ON M5G 2K1

William R. MacLarkey
Counsel

Tel/Tél: (416) 326-4082
Fax/Télec.: (416) 326-4181
Email: william.maclarkey@ontario.ca

Ministère du
Procureur général

Bureau des avocats
de la Couronne Droit civil

720 rue Bay
8^e étage
Toronto ON M5G 2K1



October 2, 2009

VIA FACSIMILE: (416) 601-6690

Hartley Bricks, Vice President, Financial Services
Deloitte & Touche Inc.
1 Concorde Gate
Suite 200
North York, ON M3C 4G4.

Dear Mr. Bricks:

RE: Craiglee Nursing Homes Ltd.

We write further to our meeting with you on August 19, 2009. At the meeting, you provided us with an Income Statement for the period ended June 30, 2009, a Budget Summary from May to December 2009, and an Interim Statement of Receipts and Disbursements from April 28, 2009 – July 31, 2009.

Our review of these documents has generated some additional questions and issues, set out below:

1. Does the Receiver have a view regarding the optimal number of beds that the home can accommodate?
2. Are there any additional pressures - financial, patient care, capital, recruitment, etc. - being faced by the home? Are there any pressures that are not being met, or will not be met?
3. If the Ministry adjusted the monthly subsidy to reflect actual occupancy levels, would such an adjustment have an impact on the stability of the home and the quality of resident care?
4. We understand that the monthly over-funding by the Ministry since May 2009 has been put in an account and not accessed to date. Please confirm.

- Does the Receiver have any plans for these funds going forward?
- What would be the implications, if any, of recovery of these overpayments commencing in January 2010?

We propose a meeting to discuss the above. In order to effectively address these issues, it would be very useful if we were provided in advance of the meeting with financial statements as of August 31, 2009, which include the following:

- Statement of Financial Position (Balance Sheet)
- Statement of Operations (Revenues/Expenses)
- Statement of Changes in Net Assets
- Statement of Cash Flows

It would be helpful if the above statements included notations regarding:

- Receivables
- Payables
- Capital Assets
- Debt, including the mortgage
- Contracts
- One-time restructuring or capital related costs
- Lease commitments
- Pension Plan
- Any other contingent liabilities and/or guarantees

In addition, our client requires an updated, full monthly budget through to March 31, 2010 (Ministry year end) which forecasts an estimated net surplus/deficit position for the home.

We look forward to hearing from you. Do not hesitate to contact us with any questions you have.

Yours very truly,



William R. MacLarkey

Cc: Leonard Marsello, Crown Law-Civil
Justin Peffer, MOHLTC
Chandike Tennakoon, Financial Management Branch, MOHLTC
Paul Barker, Central LHIN

October 20, 2009

Mr. William R. MacLarkey, Counsel
Ministry of the Attorney General,
Crown Law Office, Civil Law
720 Bay Street, 8th Floor
Toronto, Ontario
M5G 2K1

Deloitte & Touche Inc.
1 Concorde Gate
Suite 200
Toronto ON M3C 4G4
Canada

Tel: 416-775-7326
Fax: 416-601-6690
www.deloitte.ca

Dear Sirs,

Craiglee Nursing Home Limited ("Craiglee" or the "Home") – Receivership

We acknowledge receipt of your letter dated October 2, 2009 regarding certain additional questions and issues you have regarding Craiglee.

We are responding to your questions/issues in the order in which they are referred to in your letter:

1. As of October 9, 2009, the Home's census was 138. Craiglee has a capacity of 169 beds, which would be the optimal number of beds. The Home is currently accepting up to three new residents per week. However, due to attrition, the net increase per week tends to be approximately two residents. It is our intention for the Home to be at or near full occupancy by mid-February 2010. We are also in the process of engaging Extendicare Canada Inc. ("Extendicare") to provide the Receiver with an analysis of the cost/benefit of converting the Class "C" area of the Home to Class "A". Depending on the decisions that may be made based on that analysis, there may be a change in the optimal capacity of the Home.
2. The most significant "pressure" faced by Craiglee is remaining in enforcement proceedings that were imposed prior to the receivership by the Ministry of Health and Long Term Care. ("MOH") in the fall of 2008. Upon the Receiver's appointment on April 28, 2009, the Receiver and Extendicare assumed the task of working with Craiglee's staff to have the facility be in compliance with the MOH's standards of patient care. Great strides have been made in Craiglee's delivery of care, the results of which are evidenced by the recent favourable MOH compliance reviews. Craiglee has also undertaken a significant recruitment program in order to increase its staff complement and replace employees who resigned or were terminated. The Receiver continues to work with Extendicare to ensure that all "pressures" are dealt with appropriately and that the Home continues to deliver the MOH's standards of care.
3. If the MOH adjusted the monthly subsidy to reflect actual occupancy, the funding at times would not be sufficient to meet the operating expenditures of the Home since many of the Home's costs are fixed in nature. If the MOH monthly funding was reduced, the Receiver would eventually be required to borrow funds by issuing Receiver's Certificates to make up the shortfall between the MOH funding and the Home's expenses until such time as Craiglee attained sufficient occupancy to be self-sustaining.
4. The monthly funding from the MOH is deposited into the Receiver's bank account, opened in respect of Craiglee. From time to time, a portion of that monthly funding is transferred to an

operating account maintained by Extendicare (on which the Receiver is a signatory) in order to fund Craiglee's operating costs. Since the date of the receivership, Craiglee's expenses have exceeded the funding that would be available based on the Home's actual occupancy. As a result, the Receiver has forwarded to the Home a portion of the MOH over-funding that will likely be subject to MOH claw back ("Additional Funds"). Use of the Additional Funds has been required in order to deal with:

- i) repairs and maintenance and capital expenditures that were required at the commencement of the receivership to deal with deficiencies at the Home;
- ii) employee costs to maintain a near full complement of staff in anticipation of returning to full occupancy; and
- iii) Receiver's fees and legal fees.

Eventually, should the MOH claw back the Additional Funds from future monthly funding, the Receiver will likely have to borrow funds by issuing Receiver's Certificates in order for the Receiver to be in a position to continue to operate the Home with temporary reduced monthly MOH funding until the claw back of the Additional Funds has been completed.

Further to your request, we enclose Craiglee's Financial Statement Package for the month ending August 31, 2009. The majority of the information you have requested is included in the package. We will endeavour to provide you with any requested information not included in the package once it has been provided to us. Extendicare is currently preparing an operating budget for the next fiscal year ending December 31, 2010 which we will provide to you after the Receiver has approved the budget.

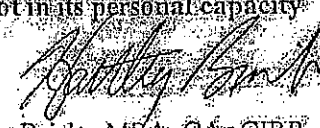
With respect to your request to convene a meeting to discuss questions and issues you have raised in your letter, we are available to meet and discuss these issues further at your convenience.

In the interim, please contact us should you have any additional questions or require any further information.

Yours very truly,

DELOITTE & TOUCHE INC.
in its capacity as Interim Receiver
and Receiver and Manager of
Craiglee Nursing Home Limited,
and not in its personal capacity

Per:


Hartley Bricks, MBA, CA, CIRP
Vice President

Encl.

cc: Steven Martin, Desjardins Financial Security
Eric Golden, Blaney McMurtry LLP

EXHIBIT N



EXPECT THE BEST

September 21, 2009

DELIVERED

Mr. Michael McDougall
9 Vanbrugh Avenue
Toronto ON M1N 3S8

Dear Sir:

Re: Desjardins Financial Security Life Assurance Company & Craiglee Nursing
Home Limited ("Craiglee")

We enclose a copy of the Demand for Particulars of Tenancy Agreement in relation to 9
Vanbrugh Avenue, Toronto, Ontario, the Notice of Rental Attornment and the Notice to
Tenants.

If you have any questions in relation to the above please contact me at (416) 593- 3927.

Yours very truly,

Blaney McMurtry LLP

Eric Golden
EG/mc
Encl.

2 Queen Street East
Suite 1500
Toronto, Canada M5C 3G5
416.593.1221 TEL
416.593.5437 FAX
www.blaney.com

Eric Golden
416.593.3927
egolden@blaney.com

DEMAND FOR PARTICULARS OF TENANCY AGREEMENT

TO: Michael McDougall
9 Vanbrugh Avenue
Toronto, ON M1N 3S8

AND TO: Craiglee Nursing Home Limited
1790 Rosebank Drive
Pickering, ON L1V 1P6

Attention: Roy McDougall, Celia McDougall and Doris McDougall

UNDER section 50(2) of **THE MORTGAGES ACT**, the Tenants and the Owner are each required to produce a copy of any written tenancy agreement for the Mortgaged Property or any part of the Mortgaged Property forthwith to the Mortgagee at the address set out below. Whether or not a written tenancy agreement exists, the Tenants and Owner are each hereby required to provide to the Mortgagee at the address provided below, particulars of every tenancy agreement including the following:

1. The date that you first occupied the premises;
2. How much you pay for rent each month;
3. The due date for each rent payment;
4. Details of any prepaid rent, including last month's rent;

Dated at Toronto, Ontario, September 21, 2009

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**
by its Lawyers

Blaney, McMurtry LLP
Barristers and Solicitors
2 Queen Street East
Suite 1500
Toronto, ON M5C 3G5

Attention: Eric Golden
(416) 593-3927 (tel)
(416) 593-5437 (fax)

NOTICE TO TENANTS

TO: Michael McDougall
9 Vanbrugh Avenue
Toronto, ON M1N 3S8

The attached Notice of Rental Attornment is being served on you by **DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY** the mortgage lender because the owner of the property known municipally as 9 Vanbrugh Avenue, Toronto, Ontario M1N 3S8 has failed to make payment to the mortgage lender as required by the mortgage.

The mortgage lender has the right to require you to pay your rents and other amounts payable by you under your lease (collectively, the "Rents") to it at the address and telephone number which appears in the Notice of Rental Attornment.

Any Rents now owing and due by you to the landlord must be paid to **DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY** now, and all future Rents must be paid by you to **DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY** in accordance with the terms of your lease, tenancy or other occupation agreement with the landlord or any person acting under the landlord's behalf until further written notice from the mortgage lender or this law firm.

If you have any questions, you should contact the undersigned or **DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY** in all cases.

DATED at Toronto, Ontario, September 21, 2009

BLANEY McMURTRY LLP
Barristers & Solicitors
2 Queen Street East
Suite 1500
Toronto, ON M5C 3G5

Attention: Eric Golden
(416) 593-3927 (tel)
(416) 593-5437 (fax)

NOTICE OF RENTAL ATTORNMENT

TO: Michael McDougall
9 Vanbrugh Avenue
Toronto, ON M1N 3S8

TAKE NOTICE that **DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY** is the Second Mortgagee (the "Mortgagee") of the property municipally known as 9 Vanburgh Avenue, Toronto, Ontario M1N 3S8 (the "Property") by a mortgage registered on title to the Property in the Land titles Division of the Toronto Registry Office (No. 66) on or about February 20, 2009 as Instrument No. AT2015651 (the "Mortgage").

AND TAKE NOTICE that under the terms of the Mortgage, upon default of payment by the owner of the Property, or other breach of the covenants contained in the Mortgage, the Mortgagee may, at such time as it deems necessary and without the concurrence of any person and as it may deem expedient:

- (a) enter upon the Property;
- (b) lease the Property or portions thereof;
- (c) collect the rents; and
- (d) manage the Property.

AND TAKE NOTICE that the owner of the Property has defaulted on one or more payments due under the Mortgage and/or has otherwise committed a breach of one or more covenants under the Mortgage and such default or breach continues.

THEREFORE TAKE NOTICE that the Mortgagee hereby requires you to:

1. attorn to the Mortgagee any and all rents due and payable by you now and in the future;
2. pay the said rents, until otherwise directed in writing by the Mortgagee, directly to the Mortgagee, at the address set out below; and,
3. make no further payments for rents now due or in the future payable to Craiglee Nursing Home Limited, its respective successors, agents, assigns **OR ANY OTHER PERSONS OR CORPORATIONS WHATSOEVER OTHER THAN THE MORTGAGEE.**

AND TAKE FURTHER NOTICE THAT THE MORTGAGEE SHALL HOLD YOU RESPONSIBLE FOR ANY NON-COMPLIANCE WITH THE PROVISIONS AND REQUIREMENTS OF THIS NOTICE.

DATED at Toronto, Ontario, the 21st day of September, 2009.

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

by its lawyers

BLANEY McMURTRY LLP

Barristers & Solicitors

2 Queen Street East

Suite 1500

Toronto, ON M5C3G5

Attention: Eric Golden

(416) 593-3927 (tel)

(416) 593-5437 (fax)

Please make your rental payment directly to the Mortgagee, at the following address:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

c/o Deloitte & Touche Inc.

1 Concorde Gate

Suite 200

Toronto, ON M3C 4G4

Attention: Hartley Bricks

(416) 775-7326 (Tel)

(416) 601-6690 (Fax)

September 21, 2009

DELIVERED

Mr. Michael McDougall
9 Vanbrugh Avenue
Toronto ON M1N 3S8

Dear Sir:

Re: Desjardins Financial Security Life Assurance Company & Craiglee Nursing Home Limited ("Craiglee")

We enclose a copy of the Demand for Particulars of Tenancy Agreement in relation to 9 Vanbrugh Avenue, Toronto, Ontario, the Notice of Rental Attornment and the Notice to Tenants.

Eric Golden
416.593.3927
egolden@blaney.com

If you have any questions in relation to the above please contact me at (416) 593- 3927.

Yours very truly,

Blaney McMurtry LLP

Eric Golden
EG/mc
Encl.

EXHIBIT O



EXPECT THE BEST

September 30, 2009

DELIVERED

Mr. Michael McDougall
9 Vanbrugh Avenue
Toronto ON M1N 3S8

Dear Mr. McDougall:

Re: Desjardins Financial Security Life Assurance Company & Craiglee Nursing Home Limited - 9 Vanbrugh

I confirm our conversation of September 29, 2009, wherein you advised me that you have been residing at 9 Vanbrugh with your family for approximately 15 years, that you vacated these premises approximately two months ago, that you and your family still have personal belongings at these premises and that all of these belongings will be removed by October 15, 2009. There is no lease documentation, and you and your family have been residing at 9 Vanbrugh over the years under different "arrangements".

The Receiver will move to secure 9 Vanbrugh on October 16, 2009. If the personal belongings have not been removed by that date, the Receiver will arrange to have them itemized, packaged and placed in storage. However, you will be responsible for indemnifying the Receiver for these costs as a pre-condition of the belongings being returned to you.

If you have any questions, please contact me.

Yours very truly,

Blaney McMurtry LLP

Eric Golden

EG/la

bc. Hartley Bricks

EXHIBIT P

IN: - A Family Library

FOR THE 12 MONTHS ENDED APRIL 30, 2010

[illegible]

CURRENT MONTH										YEAR-TO-DATE									
ACTUAL	PRD	BUDGET	PRD	\$ VAR	PRD VAR	% VAR				ACTUAL	PRD	BUDGET	PRD	\$ VAR	PRD VAR	% VAR			
8,513		10,186		(1,673)			EARNED RESIDENT DAYS			49,183		53,295		(4,112)					
ACCOMMODATION																			
\$ 574,085	\$ 67.44	\$ 581,943	\$ 57.13	\$ (7,859)	\$ 10.30	-1.4%	GOVT. RESIDENT FUNDING			\$ 3,509,956	\$ 71.37	\$ 3,471,706	\$ 65.14	\$ 38,250	\$ 6.22	1.1%			
\$ 4,673	\$ 0.55	\$ 5,840	\$ 0.57	\$ (1,167)	\$ (0.02)	-20.0%	REV - SEM PRIVATE DIFF.			\$ 25,997	\$ 0.53	\$ 31,147	\$ 0.58	\$ (5,150)	\$ (0.06)	-16.5%			
\$ 18,898	\$ 2.20	\$ 27,575	\$ 2.69	\$ (8,678)	\$ (0.49)	-31.7%	REV - PRIVATE DIFF.			\$ 114,088	\$ 2.32	\$ 149,468	\$ 2.80	\$ (35,379)	\$ (0.48)	-23.7%			
\$ 56,907	\$ 6.68	\$ (680)	\$ (0.07)	\$ 57,587	\$ 6.75	-999.8%	DEFERRED FOOD REVENUE			\$ (1,629)	\$ (0.03)	\$ (48,428)	\$ (0.91)	\$ 46,799	\$ 0.88	-96.6%			
\$ (157,252)	\$ (18.47)	\$ (4,570)	\$ (0.45)	\$ (152,882)	\$ (18.02)	999.8%	OA OCCUPANCY CLAWBACK			\$ (709,961)	\$ (14.44)	\$ (326,124)	\$ (6.12)	\$ (383,837)	\$ (8.32)	117.7%			
\$ 11,578	\$ 1.37	\$ 11,619	\$ 1.14	\$ 58	\$ 0.23	0.5%	PAY EQUITY FUNDING			\$ 70,367	\$ 1.43	\$ 69,128	\$ 1.24	\$ 4,239	\$ 0.19	6.4%			
\$ 3,402	\$ 0.40	\$ 1,729	\$ 0.17	\$ 1,673	\$ 0.23	96.8%	ACCREDITATION FUNDING			\$ 20,523	\$ 0.42	\$ 13,864	\$ 0.26	\$ 6,660	\$ 0.16	50.2%			
\$ 28,407	\$ 3.34	\$ 10,585	\$ 1.04	\$ 17,822	\$ 2.30	188.4%	STRUCTURAL COMPLIANCE FUNDING			\$ 66,362	\$ 1.35	\$ 63,509	\$ 1.19	\$ 2,853	\$ 0.16	4.5%			
\$ 54,566	\$ 6.41	\$ 54,002	\$ 5.30	\$ 564	\$ 1.11	1.1%	TAX FUNDING			\$ 322,039	\$ 6.55	\$ 321,923	\$ 6.04	\$ 116	\$ 0.51	0.0%			
\$ 47,220	\$ 5.55	\$ 23,610	\$ 2.32	\$ 23,610	\$ 3.23	100.0%	OTHER GOVT. FUNDING			\$ 285,649	\$ 5.81	\$ 94,440	\$ 1.77	\$ 191,209	\$ 4.04	202.5%			
\$ 762	\$ 0.09	\$ 900	\$ 0.09	\$ (138)	\$ 0.00	-15.3%	ANCILLARY REVENUE			\$ 2,666	\$ 0.05	\$ 5,800	\$ 0.11	\$ (3,114)	\$ (0.05)	-53.7%			
\$ 643,164	\$ 75.55	\$ 712,353	\$ 69.93	\$ (69,189)	\$ 5.62	-9.7%	TOTAL ACCOMMODATION REVENUE			\$ 3,706,096	\$ 75.35	\$ 3,843,232	\$ 72.11	\$ (137,134)	\$ 3.24	-3.6%			
\$ 41,737	\$ 4.90	\$ 36,906	\$ 3.62	\$ (4,831)	\$ (1.28)	-13.1%	WAGES - ADMIN			\$ 233,713	\$ 4.75	\$ 217,034	\$ 4.07	\$ (16,679)	\$ (0.68)	-7.7%			
\$ 104,868	\$ 12.32	\$ 92,664	\$ 9.10	\$ (12,205)	\$ (3.22)	-13.2%	WAGES - DIETARY			\$ 665,299	\$ 11.49	\$ 535,594	\$ 10.05	\$ (129,705)	\$ (1.44)	-5.5%			
\$ 61,182	\$ 7.19	\$ 64,680	\$ 6.35	\$ 3,497	\$ (0.84)	5.4%	WAGES - HOUSEKEEPING			\$ 319,709	\$ 6.50	\$ 373,663	\$ 7.01	\$ 54,153	\$ 0.51	14.5%			
\$ 10,608	\$ 1.25	\$ 21,003	\$ 2.06	\$ 10,395	\$ 0.82	49.5%	WAGES - LAUNDRY			\$ 110,573	\$ 2.25	\$ 127,298	\$ 2.39	\$ 16,726	\$ 0.14	13.1%			
\$ 32,724	\$ 3.84	\$ 8,759	\$ 0.86	\$ (23,965)	\$ (2.98)	-273.6%	WAGES - MAINTENANCE			\$ 171,793	\$ 3.49	\$ 45,414	\$ 0.85	\$ (126,379)	\$ (2.64)	-278.3%			
\$ 251,119	\$ 29.50	\$ 224,011	\$ 21.99	\$ (27,109)	\$ (7.51)	-12.1%	TOTAL WAGES			\$ 1,401,088	\$ 28.49	\$ 1,299,203	\$ 24.38	\$ (101,884)	\$ (4.11)	-7.8%			
\$ 36,441	\$ 4.28	\$ 33,696	\$ 3.31	\$ (2,744)	\$ (0.97)	-8.1%	BENEFITS			\$ 198,198	\$ 4.03	\$ 204,910	\$ 3.84	\$ 6,712	\$ (0.18)	3.3%			
\$ 12,500	\$ 1.47	\$ 12,730	\$ 1.25	\$ 230	\$ (0.22)	1.8%	UTILITIES - FUEL			\$ 68,876	\$ 1.40	\$ 80,580	\$ 1.51	\$ 11,704	\$ 0.11	14.5%			
\$ 15,181	\$ 1.78	\$ 19,022	\$ 1.87	\$ 3,841	\$ 0.08	20.2%	UTILITIES - HYDRO			\$ 102,848	\$ 2.09	\$ 115,439	\$ 2.17	\$ 12,591	\$ 0.07	10.9%			
\$ 5,989	\$ 0.70	\$ 7,218	\$ 0.71	\$ 1,219	\$ 0.00	16.9%	UTILITIES - WATER			\$ 37,061	\$ 0.75	\$ 40,776	\$ 0.77	\$ 3,715	\$ 0.01	9.1%			
\$ 79,731	\$ 9.37	\$ 74,679	\$ 7.33	\$ (5,052)	\$ (2.03)	-6.5%	FOOD			\$ 407,354	\$ 8.28	\$ 400,840	\$ 7.52	\$ (6,513)	\$ (0.76)	-1.6%			
\$ 1,131	\$ 0.13	\$ 17,203	\$ 1.69	\$ 16,072	\$ 1.56	93.4%	SUPPLIES			\$ 96,261	\$ 1.96	\$ 88,282	\$ 1.66	\$ (7,979)	\$ (0.30)	-9.0%			
\$ 18,739	\$ 2.20	\$ 8,892	\$ 0.87	\$ (9,847)	\$ (1.33)	-110.7%	REPAIRS & MAINTENANCE			\$ 133,921	\$ 2.72	\$ 44,133	\$ 0.83	\$ (89,788)	\$ (1.89)	-203.4%			
\$ 11,423	\$ 1.34	\$ 16,367	\$ 1.61	\$ 4,944	\$ 0.26	30.2%	MAINTENANCE CONTRACTS			\$ 56,592	\$ 1.15	\$ 105,149	\$ 1.97	\$ 48,557	\$ 0.82	46.2%			
\$ 62,286	\$ 7.32	\$ 63,532	\$ 6.24	\$ 1,245	\$ (1.08)	2.0%	REALTY TAX			\$ 376,100	\$ 7.65	\$ 376,733	\$ 7.11	\$ 2,633	\$ (0.54)	0.7%			
\$ 1,789	\$ 0.21	\$ 3,804	\$ 0.37	\$ 2,015	\$ 0.16	53.0%	INSURANCE			\$ 23,537	\$ 0.48	\$ 23,277	\$ 0.44	\$ (260)	\$ (0.04)	-1.1%			
\$ 21,107	\$ 2.48	\$ 14,917	\$ 1.46	\$ (6,189)	\$ (1.01)	-41.5%	OTHER G&A COSTS			\$ 72,345	\$ 1.47	\$ 82,811	\$ 1.55	\$ 10,466	\$ 0.08	12.6%			
\$ 26,093	\$ 3.07	\$ -	\$ -	\$ (26,093)	\$ (3.07)		NON OPERATING COSTS			\$ 116,062	\$ 2.36	\$ -	\$ -	\$ (116,062)	\$ (2.36)				
\$ 292,418	\$ 34.35	\$ 272,059	\$ 26.71	\$ (20,359)	\$ (7.64)	-7.5%	TOTAL OTHER EXPENSE			\$ 1,689,155	\$ 34.34	\$ 1,564,939	\$ 29.36	\$ (124,216)	\$ (4.98)	-7.9%			
\$ 543,538	\$ 63.85	\$ 496,070	\$ 48.70	\$ (47,468)	\$ (15.15)	-9.6%	TOTAL ACCOMMODATION EXPENSE			\$ 3,090,243	\$ 62.83	\$ 2,864,143	\$ 53.74	\$ (226,100)	\$ (9.09)	-7.9%			
\$ 99,627	\$ 11.70	\$ 216,283	\$ 21.23	\$ (116,656)	\$ (9.53)	-53.9%	NET ACCOMMODATION INCOME			\$ 615,865	\$ 12.52	\$ 979,090	\$ 18.37	\$ (363,225)	\$ (5.85)	-37.1%			

EXHIBIT Q

IN THE MATTER OF THE RECEIVERSHIP OF
CRAIGLEE NURSING HOME LIMITED

**Receiver's Interim Statement of Receipts and Disbursements
for the period April 28, 2009 to July 15, 2010**

Receipts

1. Ministry of Health Funding	\$ 9,114,460
2. Cash in bank	604,990
3. Receipts from Public Guardian & Trustee	44,606
4. Insurance refunds	245
5. Interest	289
6. Total receipts	<u>\$ 9,764,590</u>

Disbursements

7. Funding to Craiglee Nursing Home	\$ 7,822,718
8. Receiver fees	320,342
9. Legal fees	119,972
10. GST	22,127
11. Operating costs for 9 Vanbrugh	12,970
12. Bank charges	1,834
13. Postage and courier	484
14. Travel expenses	223
15. Telephone	205
16. Photocopies	93
17. Filing fee	70
18. Total disbursements	<u>\$ 8,301,038</u>
19. Excess of receipts over disbursements	<u>\$ 1,463,552</u>

Notes:

1. The above does not include amounts currently maintained in Craiglee's operating accounts as funded by the Receiver to be used for operations.

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

AFFIDAVIT OF HARTLEY M. BRICKS
(Sworn July 30, 2010)

I, Hartley M. Bricks, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am a Vice-President of Deloitte & Touche Inc., the court appointed interim receiver and receiver and manager (the "**Receiver**") of the assets, undertakings and properties of Craiglee Nursing Home Limited ("**Craiglee**"). As such, I have personal knowledge of the matters to which I hereinafter refer.
2. Attached hereto as **Exhibit "A"** is a summary of the accounts issued by the Receiver for Craiglee.
3. Attached hereto as **Exhibit "B"** are true copies of the accounts of the Receiver with respect to Craiglee, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. I confirm that these accounts accurately reflect the services provided by the Receiver in this proceeding.

4. Based on my review of the Craiglee accounts and my personal knowledge of this matter, the Craiglee accounts represent a fair and accurate description of the services provided and the amounts charged by the Receiver.

5. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and for no other or improper purpose.

SWORN before me at the City of
Toronto, in the Province of Ontario, on
July 30, 2010



Commissioner for Taking Affidavits

Daniel Raphael Welsz, a Commissioner, etc.,
Province of Ontario,
for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2011.

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)
)
)



HARTLEY M. BRICKS

Exhibit "A"

Summary of Invoices Issued by the Receiver for
Craiglee Nursing Home Limited

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including GST)</u>
June 3, 2009	April 1, 2009 to May 15, 2009	\$ 98,756.18
August 31, 2009	May 16, 2009 to July 31, 2009	91,210.35
October 19, 2009	August 1, 2009 to September 30, 2009	44,053.80
December 10, 2009	October 1, 2009 to October 31, 2009	19,627.13
January 25, 2010	November 1, 2009 to November 30, 2009	10,718.40
February 25, 2010	December 1, 2009 to January 31, 2010	26,418.00
April 27, 2010	February 1, 2010 to March 31, 2010	24,092.78
May 10, 2010	June 26, 2009 to March 9, 2010	21,000.00
July 15, 2010	April 1, 2010 to May 31, 2010	34,610.63
		<u>\$ 370,487.27</u>

TAB 4

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION
47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,
c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

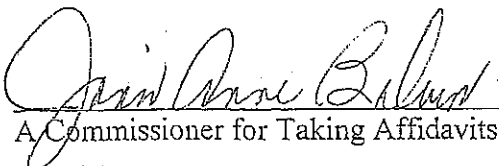
AFFIDAVIT OF CHAD KOPACH
(Sworn August 11, 2010)

I, **CHAD KOPACH**, of the City of Toronto, in the Province of Ontario, **MAKE**
OATH AND SAY AS FOLLOWS:

1. I am a partner with Blaney McMurtry LLP ("**Blaneys**"), counsel for the applicant, Desjardins Financial Security Life Assurance Company ("**Desjardins**"). As such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and where so stated, I verily believe it to be true.

2. Attached hereto and marked as Exhibits "A", "B", "C", "D", "E", "F", "G" and "H" respectively to this affidavit are copies of the accounts rendered by Blaneys to the Receiver for legal fees and disbursements dated July 27, 2009, July 31, 2009, August 31, 2009, October 31, 2009, January 31, 2010, March 31, 2010, April 14, 2010, and June 30, 2010, for the period from February 26, 2009 to and including June 29, 2010.
3. A total of approximately 245 hours were expended by me, William Anderson, Eric Golden, Chris McClelland, Dom Magisano, Shawn Wolfson, Brett Tkatch, and various law clerks during the period noted above in performing legal services relating to the Receivership.
4. I verily believe that the hourly billing rates, outlined in detail in each of the Accounts at Exhibits "A" to "H" inclusive are in the range of normal average hourly rates charged by legal counsel for services rendered in relation to engagements similar to Blaneys' engagement as counsel for Desjardins.
5. This affidavit is sworn in connection with a motion for an Order of this Honourable Court to, among other things, approve Blaneys' fees and disbursements.

SWORN BEFORE ME at
the City of Toronto,
in the Province of Ontario,
this 11TH day of August, 2010


A Commissioner for Taking Affidavits

Janis Anne Balvers, a Commissioner, etc.,
City of Toronto, for Blaney McMurtry LLP, Barristers
and Solicitors. Expires March 18, 2012.


CHAD KOPACH

**DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
LIMITED**

Applicant

and **CRAIGLEE NURSING HOME**

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding Commenced at **TORONTO**

AFFIDAVIT OF CHAD KOPACH
(Sworn August 11, 2010)

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Applicant

TAB 5

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

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

Applicant

CRAIGLEE NURSING HOME LIMITED

Respondent

**AFFIDAVIT OF CLIFTON PROPHET
(Sworn July 13th, 2010)**

I, **CLIFTON PROPHET**, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY:


1. I am a partner in the law firm of Gowling Lafleur Henderson LLP ("**Gowlings**"). I am the billing professional for billings related to Gowlings' retainer Deloitte & Touche Inc. ("**Deloitte**") in relation to Craiglee Nursing Home Limited ("**Craiglee**") as such have personal knowledge of the matters that I hereinafter depose.
2. Pursuant to an Order of the Honourable Mr. Justice Campbell dated April 28, 2009 (the "**Appointment Order**"), Deloitte was appointed as interim receiver and receiver and manager (the "**Receiver**") of Craiglee.

3. Gowlings has provided services and incurred disbursements in relation to the receivership of Craiglee for the period from April 15, 2009 to June 30, 2010, as described in the Legal Costs Summary and the detailed invoices for Gowlings, all of which are attached hereto as **Exhibit "A"** (the "**Gowlings Dockets**"). The Gowlings Dockets have been redacted where they reference information subject to privilege.

4. Based on my review of the Gowlings Dockets and my personal knowledge of this matter, the Gowlings Dockets represent a fair and accurate description of the services provided and the amounts charged by Gowlings.

5. I swear this affidavit in support of a motion for, among other things, approval of the Receiver's fees and disbursements and those of its counsel and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, on July 13th,
2010.



Commissioner for Taking Affidavits

ROBIN D. WALKER



Clifton Prophet

THIS IS **EXHIBIT "A"** TO THE
AFFIDAVIT OF CLIFTON PROPHET,
SWORN BEFORE ME ON JULY 13th, 2010

A handwritten signature in black ink, appearing to read "Rich Daulton". The signature is written in a cursive, somewhat stylized font. The first part "Rich" is more compact, while "Daulton" is more spread out with a long horizontal stroke for the 'a'.

A Commissioner for Taking Affidavits

LEGAL COSTS SUMMARY

LAWYER		YEAR OF CALL		HOURLY RATE (2009)	
Clifton P. Prophet – Toronto		1993		\$700.00	
E. Patrick Shea - Toronto		1997		\$575.00	
Lella J. Burden Nixon – Toronto		2005		\$390.00	
Andrea Brigneti – Toronto		2008		\$310.00	
Michael Lay – Toronto		Conveyancer / Law Clerk		\$250.00	
Jean Misurec – Toronto		Corporate Law Clerk		\$205.00	
Hilary Chancey – Toronto		Corporate Searcher		\$205.00	
SUMMARY OF ACCOUNTS					
No.	Date of Account	Fees	Disbursements	GST	Total
1.	June 29, 2009	\$23,383.50	\$686.80	\$1,203.52	\$25,273.82
2.	December 31, 2009	\$287.50	\$0.00	\$14.38	\$301.88
TOTAL		\$25,575.70			
Average Hourly Rate – (before GST)		Total fees (before GST): \$23,671.00 ÷ Total hours: 47.2 = \$501.51			

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY

- and - CRAIGLEE NURSING HOME LIMITED

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)
(PROCEEDING COMMENCED AT TORONTO)

AFFIDAVIT OF CLIFTON PROPHET
(Sworn July 13th, 2010)

GOWLING LAFLEUR HENDERSON LLP
Barristers and Solicitors
Suite 1600, 1 First Canadian Place
Toronto, Ontario
M5X 1G5

Clifton P. Prophet, LSUC #34845K
E. Patrick Shea, LSUC # 39655K

Telephone: (416) 862-3509 / (416) 369-7399
Facsimile: (416) 862-7661

Solicitors for Deloitte & Touche Inc., in its capacity
as interim receiver and receiver and receiver and
manager of Craiglee Nursing Home Limited

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY and

CRAIGLEE NURSING HOME LIMITED

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceeding Commenced at **TORONTO**

MOTION RECORD

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Applicant