



Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)
JUSTICE MORAWETZ)
)
)

TUESDAY , THE 4TH DAY
OF SEPTEMBER, 2012

**IN THE MATTER OF AN APPLICATION UNDER
SECTION 47 (1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*
R.S.C. 1985, C.B-3**

**AND IN THE MATTER of SECTION 101 of *THE
COURTS of JUSTICE ACT*, R.S.O. 1990, C.C-43**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

DISTRIBUTION ORDER

THIS MOTION made by Deloitte & Touche Inc. ("**Deloitte**"), appointed as interim receiver and receiver and manager (the "**Receiver**") pursuant to section 101 of the *Courts of Justice Act*, without security, of the property, assets and undertaking of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") pursuant to the terms of the Order of the Honourable Mr. Justice Cumming dated January 23, 2006 and effective 9:00 a.m.

on January 24, 2006 (the “**Initial Order**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Eighth Report of the Receiver dated August 21, 2012 (the “**Eighth Report**”), filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending, although duly served as appears from the Affidavit of Service of Alma Cano, sworn August 28, 2012, filed,

1. **THIS COURT ORDERS** that service of the Notice of Motion and the Motion Record herein is hereby abridged, if necessary, and that this motion is properly returnable today and that service, including the form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.

2. **THIS COURT ORDERS** that the Eighth Report is hereby accepted and approved.

3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents to date, as detailed in the Eighth Report, be and the same is hereby approved.

4. **THIS COURT ORDERS** that the Receiver’s Interim Statements of Receipts and Disbursements for the period January 24, 2006 to August 3, 2012 in respect of Paragon, and Paragon Ontario as respectively set out in **Appendices “Q” and “R”** to the Eighth Report, filed, are hereby approved.

5. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute the sum of \$7,900,000.00 to Peoples Trust Company, as partial payment on account of its secured claims against Paragon.

ENTERED AT / INSÉRÉ À TORONTO
ON / BOOKING
LE / DANS LE REGISTRE NO.:

SEP 4 - 2012

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PEOPLES TRUST COMPANY

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

ONTARIO

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

(PROCEEDING COMMENCED AT TORONTO)

DISTRIBUTION ORDER

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Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited