

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE MORAWETZ

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THURSDAY, THE 20TH DAY
OF DECEMBER, 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

BETWEEN:

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 Ninth Report of the Receiver dated December 11, 2012 (the “**Ninth 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 Katie Parent, sworn December 12, 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 Ninth Report is hereby accepted and approved.

3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents from October 15, 2011 to December 10, 2012, as detailed in the Ninth Report, be and the same is hereby accepted and approved.

4. **THIS COURT ORDERS** that the Receiver’s Interim Statement of Receipts and Disbursements for the period January 24, 2006 to November 30, 2012 in respect of 1508669 as set out in **Appendix “K”** to the Ninth Report, filed, is hereby approved.

5. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to distribute the sum of \$2,250,000 to Peoples Trust Company from the trust account in respect of 1508669, as partial payment on account of its secured claims against 1508669.

6. **THIS COURT ORDERS** that, commencing six (6) months from the date of this Order, the Receiver is hereby authorized and directed to make distributions to Peoples

Trust Company from excess cash on hand from the Receiver's trust account in respect of 1508869.

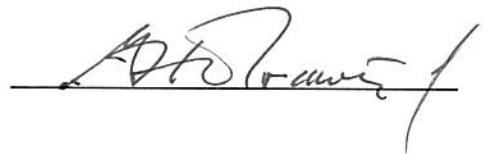
7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver relating to the receivership of Paragon and 1508669 for the period from July 1, 2011 to October 31, 2012 in the amount of \$255,076.33 in respect of Paragon and \$185,595.73 in respect of 1508669, as set out in the Affidavit of Daniel R. Weisz sworn December 7, 2012, filed, be and the same are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of Gowling Lafleur Henderson LLP, counsel to the Receiver, relating to the receivership of Paragon and 1508669 for the period June 1, 2011 to October 25, 2012 in the amount of \$78,133.34 in respect of Paragon and 1508669, as set out in the Affidavit of Clifton Prophet, sworn December 11, 2012, filed, be and the same are hereby approved

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



DEC 20 2012



Court File No.: 06-CL-6233

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

Gowling Lafleur Henderson LLP

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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