

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

COLLEGE OF OPTOMETRISTS OF ONTARIO

Applicant

– and –

**SHS OPTICAL LTD., DUNDURN OPTICAL LTD. and
JOHN DOE, all carrying business under the name of
GREAT GLASSES; JOANNE MARIE BERGEZ and
BRUCE BERGEZ**

Respondents

– and –

COLLEGE OF OPTICIANS OF ONTARIO

Intervenor

– and –

THE ATTORNEY GENERAL FOR ONTARIO

Intervenor

SECOND REPORT TO THE COURT OF THE RECEIVER

September 24, 2010

INTRODUCTION

1. Pursuant to an Order of The Honourable Justice Turnbull dated July 2, 2010 (the "**Appointment Order**"), Deloitte & Touche Inc. was appointed as receiver (the "**Receiver**"), without security, in respect of (i) the assets, undertakings and properties of Bruce Bergez, Joanne Marie Bergez, SHS Optical Ltd. and Dundurn Optical Ltd. (the "**Debtors**") acquired for or used in relation to the optical business, including all proceeds thereof, and (ii) the assets, undertakings and properties situated at the locations listed on Schedule "A" to the Appointment Order (the "**Locations**") and acquired for or used in relation to the optical business, including all proceeds thereof (collectively, the "**Property**"). A copy of the Appointment Order is included as **Appendix A** to this report.
2. The role of the Receiver under the Appointment Order is limited. The Appointment Order provides that, except as expressly directed, the Receiver shall not take possession or control of the Property, shall not manage or operate the businesses and shall not take over the employment of the employees. Rather, the Appointment Order directs the Receiver to take possession of certain equipment, and to investigate on and report to the Court in respect of the businesses and the Property. More specifically, the Receiver was directed to:
 - a) take possession of the eye testing and related equipment that forms part of the Property (the "**Equipment**"), including but not limited to any Eye Logic System equipment, and store the Equipment pending further order of the Court;
 - b) review and report to the Court upon the Property and the optical business carried on by the Debtors or carried on at the Locations (the "**Businesses**"); and
 - c) make copies of any computer disks relating to the Property or the Businesses (the "**Computer Records**") and store the Computer Records pending further order of the Court.

3. The Appointment Order also authorizes the Receiver to review and, if appropriate, consent to any proposed disbursements or dispositions of Property, other than a sale of inventory in the ordinary course of business, to be made by the Debtors or the businesses operated at the Locations.
4. Pursuant to the direction of the Court, the Receiver was required to report on its findings in respect of the Property and the Businesses for a hearing on August 23, 2010. Accordingly, the Receiver filed with this Honourable Court its First Report to the Court of the Receiver, dated August 13, 2010, (the “**First Report**”) and the Receiver filed with this Honourable Court its Supplemental Report to the First Report, dated August 20, 2010 (the “**Supplemental Report**”).¹
5. On August 23, 2010, this Honourable Court made three orders (collectively referred to as the “**August 23rd Orders**”)¹:
 - a) the “**Amendment Order**”: approving the activities of the Receiver to August 12, 2010, approving the fees and disbursements of the Receiver and its counsel, Borden Ladner Gervais LLP (“BLG”), to July 31, 2010, and varying paragraph 2 of the Appointment Order to no longer direct the Receiver to make copies of Computer Records, but to provide the Receiver with the authority to do so, if the Receiver considers it appropriate and necessary;
 - b) the “**Equipment Removal Order**”: directing Eyelogic Systems Inc. (“**ESI**”) and the Great Glasses store operators (the “**Store Operators**”) to, at their own expense, take immediate custody and possession of certain of the assets in the Receiver’s possession, referred to in the Equipment Removal Order as the ESI Equipment (“**ESI Equipment**”) and the Detached Equipment (“**Detached Equipment**”); and

¹ The First Report, Supplemental Report and other documents pertinent to these proceedings, are available on the Receiver’s website at www.deloitte.com/ca/great-glasses.

- c) the “**Appleby Order**”: varying the Appointment Order by deleting from Schedule “A” to the Appointment Order the premises municipally known as 2180 Itabashi Way in Burlington, Ontario.

PURPOSE

- 6. The purpose of this second report of the Receiver (the “**Second Report**”) is to:
 - a) update the Court on the Receiver’s activities from August 13, 2010 to September 22, 2010;
 - b) report on the closure of the Great Glasses stores located at 1250 Steeles Avenue East in Milton, Ontario (the “**Milton Store**”) and at 1025 Plains Road East, in Burlington, Ontario (the “**Plains Road Store**”);
 - c) report on the removal of the ESI Equipment and Detached Equipment, pursuant to the Equipment Removal Order, and to report on the assets currently remaining in the Receiver’s possession;
 - d) report on the Receiver’s involvement in this Honourable Court’s request on August 23, 2010 that Bruce Bergez characterize the disbursements made from the accounts of Ontario Optical Development Corporation, OODC Holdings and O.O.D.C. Holdings Co. (collectively referred to as the “**OODC Entities**”);
 - e) report on expressions of interest received by the Receiver for certain assets of the Debtors;
 - f) report on the Receiver’s correspondence with Bruce Bergez from August 23, 2010 to September 22, 2010;
 - g) report on the status of the receivership proceedings and the principal matters which remain outstanding;

- h) seek an Order of this Honourable Court approving the Second Report and the Receiver's activities from August 13, 2010 to September 22, 2010;
- i) seek an Order of this Honourable Court approving the fees and disbursements of the Receiver and those of its counsel, BLG, up to September 15, 2010;
- j) seek the advice and direction of this Honourable Court as to whether the Receiver should consent to the termination of the leases for the Milton Store and the Plains Road Store, which have been left unoccupied; and
- k) seek the advice and direction of this Honourable Court on whether the Receiver may consent to the disposition of certain equipment abandoned by one of the Store Operators in exchange for a credit against outstanding storage charges.

TERMS OF REFERENCE

- 7. In preparing this Second Report, the Receiver has relied upon records and information provided by a number of parties and/or their counsel, including but not limited to: the Debtors, the Store Operators, former "franchisees", certain financial institutions, certain landlords of the Locations, the Attorney General, the College of Opticians of Ontario (the "Opticians"), the College of Optometrists of Ontario (the "Optometrists") and ESI. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of such information contained in this Second Report. The Receiver notes that additional information may be brought to the attention of the Receiver after the date of this report, which information could have an impact on certain of the Receiver's findings set out herein.
- 8. 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.
- 9. The terms 'franchisee' and 'store operator' are used in this report to describe the owners/operators of the businesses operated at the Locations. The use of these terms is

for convenience only, and does not reflect the Receiver's opinion on the existence and legitimacy of any franchise arrangements that may or may not exist in respect of these parties. The use of the plural form of 'franchisees' or 'store operators' in this report is intended to refer to more than one store operator, but unless the report expressly provides otherwise, such references are not intended to refer to all of the store operators.

10. The Receiver has sought the advice of BLG for general legal matters that have arisen in respect of the receivership.

THE RECEIVER'S ACTIVITIES

11. In preparing its Second Report and in performing its duties as directed under the Appointment Order and the August 23rd Orders, the Receiver has been engaged in a number of activities since August 13, 2010, including but not limited to:
 - a) Preparing the Supplemental Report;
 - b) Corresponding with Canada Revenue Agency ("CRA") regarding Ontario Optical Development Corporation and the Debtors, and directing the CRA's attention to particular provisions in the Appointment Order;
 - c) Attending in Court on August 23, 2010 to address any questions of the Court in respect of the First Report and Supplemental Report;
 - d) Corresponding with the landlords of the premises occupied by the Store Operators to advise them of the Appointment Order. In the case of the Milton Store and the Plains Road Store the Receiver also took steps to confirm that the stores operating at those locations had closed and discussed with the landlords for those stores, through counsel, the status of the leases;
 - e) Corresponding with ESI and the Store Operators regarding the removal of the ESI Equipment and the Detached Equipment from the Storage Facility pursuant to the Equipment Removal Order and supervising the removal of those assets;

- f) Providing Bruce Bergez with banking documentation in the Receiver's possession in respect of the OODC Entities pursuant to his request;
- g) Exchanging correspondence with Bruce Bergez regarding various other matters relating to the administration of the receivership; and
- h) Engaging in various discussions and correspondence with parties in connection with the receivership.

STORE CLOSURES AND LEASES

Milton Store Closure

- 12. By e-mail dated August 25, 2010, Bruce Bergez informed the Receiver that the Milton Store (Store #5 on Schedule "A" to the Appointment Order") had been closed. On the same day, the Receiver communicated by e-mail with the Milton Store representative, Ms. Ashley Haughen, to confirm the closure of the store and to ascertain the whereabouts of the inventory, equipment and any other assets located therein.
- 13. On August 26, 2010, the Receiver attended at the Milton Store during operating hours to confirm the closure of the location and noted that a sign had been posted on the front door stating that the Milton Great Glasses store had been temporarily closed and outstanding orders had been sent to the Oakville store.
- 14. Ms. Haughen responded to the Receiver's e-mail on August 26, 2010 and informed the Receiver that (i) the Milton Store was closed as sales levels were insufficient to continue paying for fixed and other costs, (ii) an optician could not be retained and that she did not want to continue operating the store without one, (iii) all store employees had resigned, (iv) what was left of the frame inventories had been left at the store, (v) she had taken all the equipment with her, (vi) only half the monthly rent had been paid for July 2010 and no rent payment had been made for August 2010, and (vii) her intention was to keep the equipment in her possession until October 1, 2010, when a "decision is made", and that at that time, depending on the decision, she would hand the equipment to the Receiver or

sell it. Ms. Haughen also requested for tax purposes the return of certain documentation pertaining to the Milton Store in the possession of the Receiver.

15. On August 27, 2010 and again on September 8, 2010 BLG wrote to Ms. Haughen to advise her that since the Milton Store had been closed, any disbursement or disposition of Property would be considered out of the ordinary course of business by the Receiver and would be subject to paragraph 21 of the Appointment Order. In its letter of September 8, 2010, BLG requested that Ms. Haughen provide her personal contact information, as only her e-mail address was known, as well as a detailed list of the equipment from the Milton Store, a description of the remaining inventory at the Milton Store and its estimated cost value, and a list of the inventory and equipment that she had given, sold or otherwise transferred to the Debtors since July 2, 2010.
16. On August 30, 2010, the Receiver also wrote to Ms. Haughen requesting that she provide a delivery address for the return of the Milton Store documentation.
17. On September 9, 2010, Ms. Haughen responded to BLG's letters and provided her contact details and an inventory of the equipment in her possession, which she indicated is currently located at her residence. She advised that the approximate cost value of the inventory left at the Milton Store was \$900. She also advised she had not given, sold or transferred any inventory or equipment to the Debtors since July 2, 2010 and asked the Receiver to deliver the Milton Store records in its possession to the Great Glasses store located at 50 Dundurn Street in Hamilton, Ontario (store #3 on Schedule "A" to the Appointment Order).
18. On September 1, 2010, the Receiver received a copy of a letter from the Milton Store landlord (the "**Milton Landlord**") addressed to SHS Optical Ltd. o/a Great Glasses and to Bruce Bergez. The letter advised of an alleged default under the lease dated May 31, 2005, as between First Milton Shopping Centres Limited, SHS Optical Ltd. and Bruce Bergez (the "**Lease**") and advised that if SHS Optical Ltd. did not remedy the alleged default under the Lease by September 13, 2010, it was the Milton Landlord's intention to proceed with any remedies it may have under the Lease.

19. On September 8, 2010, BLG wrote to the Milton Landlord, bringing to its attention the receivership proceedings and the Appointment Order and noting that pursuant to paragraph 8 of the Appointment Order, the exercise of all rights and remedies against the Debtors or the businesses operated at the Locations in relation to the Property is stayed and suspended except with the written consent of the Receiver or leave of the Court. BLG's letter further advised that the Receiver was of the view that it should not consent to the exercise of any remedies under the Lease, absent further direction of the Court.
20. On September 15, 2010, BLG was contacted by counsel to the Milton Landlord requesting certain information in connection with the October 1, 2010 hearing. That information was provided by BLG on September 22, 2010.

Plains Road Store Closure

21. By e-mail dated September 12, 2010, Bruce Bergez informed the Receiver that the Plains Road Store (Store #1 on Schedule "A" to the Appointment Order") had also been closed. On September 13, 2010, BLG wrote to Aird & Berlis LLP ("Aird & Berlis"), counsel to the Plains Road Store operator, Ms. Carla Arsenault, in order to confirm the store closure and to obtain information in connection therewith. BLG received a reply from Aird & Berlis advising that effective September 3, 2010, its retainer for the Plains Road Store had been terminated. As a result, BLG wrote to Ms. Arsenault directly, requesting information similar to that requested of Ms. Haughen.
22. Ms. Arsenault responded to BLG's correspondence on September 13, 2010 and informed the Receiver that (i) the Plains Road Store was closed as she was unable to financially sustain its existence, (ii) the equipment and inventory of the store were in her possession pending further instructions of the Receiver or the Court, and (iii) rent had not been paid since July 2, 2010.
23. On September 13, 2010, BLG wrote to Ms. Arsenault to advise her that since the Plains Road Store had been closed, any disbursement or disposition of Property would be considered out of the ordinary course of business by the Receiver and would be subject to paragraph 21 of the Appointment Order. In its letter, BLG requested that Ms. Arsenault provide her personal contact information, including address and phone number, as well as

a detailed list of the equipment from the Plains Road Store, a description of the remaining inventory at the Plains Road Store and its estimated cost value and a list of the inventory and equipment that she had given, sold or otherwise transferred to the Debtors since July 2, 2010.

24. On September 14, 2010, Ms. Arsenault responded to BLG's letter and provided her contact details and a description of the inventory and equipment in her possession. She also advised she had not given any assets from the Plains Road Store to the Debtors or to anyone else.
25. On September 16, 2010, in light of the recent store closures, BLG wrote to the landlords for the fourteen active businesses at the addresses indicated on the leases, the landlord for the Plains Road Store and counsel to the landlord of the Milton Store, advising them of the Appointment Order and noting the stay provisions thereof. Subsequently, BLG was contacted by the property manager for the Plains Road Store by email dated September 20, 2010, confirming the closure of the store and demanding payment of rent arrears in the amount of \$19,290.77.

Request for Advice and Direction Regarding the Leases

26. As noted in the Receiver's First Report, the Receiver had previously engaged Oberfeld Snowcap Inc. ("Snowcap"), an independent leasing consultant, to provide the Receiver with an estimate of the value of the leases held in the name of SHS Optical Ltd. and Bruce Bergez. Snowcap advised that (i) the values of the leases were not significant, based on the existing rents, and (ii) the use clauses in the leases restricted any possible purchaser from operating anything but an eye glass store. There is also a lack of exclusivity in many cases which further limits the value of the leases to an assignee.
27. Based on the information received from Snowcap, the Receiver concluded that the value of the leases was essentially nil, except that the leases might have some value to the Store Operators, who do not appear to have any written basis for occupying the Locations where their stores are situated.

28. In the case of stores which have closed business, including the Milton Store and the Plains Road Store, it appears unlikely that the Store Operators will be interested in acquiring the leases for their premises. Furthermore, although the Receiver has obtained some unsolicited expressions of interest from parties who may be interested in acquiring the Milton Store, the Receiver has concluded, as outlined in greater detail later in this Report, that it would not be appropriate to pursue such a sale in light of the cost and the low probability of successfully closing such a transaction. Accordingly, it is the Receiver's view that the value of the leases for the Milton Store and the Plains Road Store are negligible.
29. If there is no intention that the Receiver should conduct a sale process in respect of some or all of the Property, the Receiver is of the view that it would be appropriate to consent to the termination of the leases for the closed stores by their respective landlords. The Receiver seeks the advice and direction of this Honourable Court as to whether it should consent to the termination of the leases for the closed premises at this time.

EQUIPMENT REMOVAL

30. Subsequent to the date of the Equipment Removal Order, the Receiver engaged in discussions with the Storage Facility to work out arrangements for the removal of the ESI Equipment and the Detached Equipment. On August 25, 2010, the Receiver wrote to ESI and the Store Operators requesting that they make arrangements to remove their respective equipment on September 3, 2010.
31. On September 3, 2010, the Receiver attended at the Storage Facility to observe the removal of the subject assets and to respond to any questions put to the Receiver. ESI and all but one Store Operator made satisfactory arrangements to remove their equipment from the Storage Facility. The Store Operator of the Location at 2180 Itabashi Way in Burlington, Ontario, which location was removed from the Appointment Order pursuant to the Appleby Order, subsequently abandoned the Detached Equipment for that location in the Storage Facility. The Storage Facility has since corresponded with the Receiver to

confirm its acceptance of that abandoned equipment and that the Receiver has no further obligations to the Storage Facility in respect of that equipment.

32. The Receiver continues to be in possession of the Detached Equipment from the Milton Store, which is now closed. In addition, the Receiver is in possession of certain other eye testing and related equipment, such as autolensometers and pupilometers, obtained from some of the Locations.
33. Based on discussions relating to the removal of the Detached Equipment, the Receiver understands that the Detached Equipment from the Milton Store may be worth up to \$3,000. However, the Receiver is of the view that the cost of soliciting interest in and effecting a sale of the Detached Equipment could exceed \$3,000, and that it would not be commercially reasonable to pursue such a sale. Accordingly, the Receiver has negotiated a disposition of the Detached Equipment from the Milton Store to the Storage Facility in return for a \$500 credit to be applied against storage fees payable to the Storage Facility.
34. The Receiver is seeking the advice and direction of this Honourable Court as to whether it may consent to the proposed disposition of the Detached Equipment to the Storage Facility as described above.

CHARACTERIZATION OF DISBURSEMENTS FROM THE ACCOUNTS OF THE OODC ENTITIES

35. By e-mail dated August 24, 2010, Bruce Bergez requested a meeting with the Receiver to review and characterize the disbursements from the OODC Entities, pursuant to the direction of the Honourable Justice Turnbull.
36. On August 26, 2010, the Receiver responded to Mr. Bergez that the Receiver's understanding of the Court's direction was that it was to provide all banking documentation in its possession pertaining to the OODC Entities to Mr. Bergez. The Receiver further advised Mr. Bergez of the Receiver's view that, for reasons expressed at the hearing, namely the costs that would be incurred, the Receiver's participation in the

review and categorization of the payments/debits would not be appropriate at that time, however, the Receiver would be pleased to meet with Mr. Bergez after he completed his analysis and categorization of the information to discuss the results of that analysis.

37. The Receiver contacted the account signatories for each of Ontario Optical Development Corporation, OODC Holdings and O.O.D.C. Holdings Co. to obtain their consent to the release of the banking documentation in the Receiver's possession to Mr. Bergez. After receipt of consents from each of the account signatories, on August 30, 2010, the Receiver provided Mr. Bergez with copies of the documentation in its possession at that time.
38. On September 7, 2010, the Receiver received from Bank of Montreal bank statements for Ontario Optical Development Corporation for the months of January 2006 to November 2006 and January 2007 to January 2009. On that same day, the Receiver corresponded with Bruce Bergez to advise him of the receipt of this information and ask whether he required copies of that documentation for his review and characterization of the disbursements from that account. Mr. Bergez enquired as to whether copies of the cancelled cheques were attached to the bank statements, to which the Receiver replied that they were not.
39. On September 23, 2010, the Receiver received from Bruce Bergez a schedule summarizing on a monthly basis, from August 9, 2006 to July 20, 2010, receipts and disbursements from the OODC Entities' accounts referred to in the First Report (the **"Disbursements Schedule"**). At the August 23 hearing, the Receiver was not directed by this Honourable Court to review the information to be compiled by Bruce Bergez. Accordingly, the Receiver does not intend to review in detail the Disbursements Schedule provided, however, it will review the Disbursements Schedule on a preliminary basis and provide comments to Bruce Bergez. The Receiver anticipates that Bruce Bergez will file the Disbursements Schedule with this Honourable Court prior to the hearing on October 1, 2010.

EXPRESSIONS OF INTEREST IN "GREAT GLASSES"

40. The powers afforded to the Receiver in the Appointment Order do not include offering for sale the assets of the Debtors.
41. The Receiver has received varying degrees of unsolicited expressions of interest from four parties, who are not parties to these proceedings, for the leases, franchise agreements and/or any other assets of Great Glasses that may be for sale. The Receiver has had informal discussions with these parties, two of which have confirmed their interest in writing. One of the interested parties is only interested in the lease for one of the unoccupied stores.
42. In the First Report the Receiver advised that the sale of any available assets of the Great Glasses chain may be problematic and that realizations, if any, are likely to be minimal:

"88. From the information collected by the Receiver to date, the major business assets of the Debtors appear to consist of essentially three assets: the real property leases for the Locations for which the Debtors are tenant, the potential franchise rights in favour of Ontario Optical Development Corp., OODC Holdings and O.O.D.C. Holdings Co., and the trade name "Great Glasses". Each of these assets is likely to be problematic to sell, and the Receiver is of the view that a sale of all or part of the Businesses or Property is not feasible at this time for the reasons set out below.

89. First, SHS Optical Ltd. and Bruce Bergez are the holders of seventeen leases in respect of the Locations presently in operation. As noted above, the Receiver has obtained an independent appraisal of the equity in those leases which has indicated their value to be essentially nil. However, notwithstanding the appraisal, the leases may be of value to the store operators, who do not appear to have any written basis for occupying the Locations where their stores are situated.

90. Second, Ontario Optical Development Corp., OODC Holdings and O.O.D.C. Holdings Co. (and by extension the Debtors) may be the holders of certain formal or informal franchise rights in relation to the businesses operated at the Locations. The Receiver notes that few of these arrangements are in writing and that of the written franchise agreements that the Receiver has reviewed, many have expired. As a result, it is not clear that a potential purchaser would be able to enforce any of the franchise arrangements against the store operators, which makes this asset speculative and difficult to sell.

91. Third, a search of the Canadian Trade-Mark Database reveals that the "Great Glasses" name is not registered as a trade-mark. Accordingly, it is not clear whether the name can be sold, and whether there is any value in the name even if it can be sold given the recent publicity which the Great Glasses litigation has engendered. Many store operators have expressed to the Receiver concerns about this publicity in the context of difficulties experienced in hiring opticians to work at their stores.

92. Finally, given the information provided to the Receiver by the store operators to support their positions that the businesses operated at the Locations are independent businesses, it may not be appropriate to attempt to sell the Property owned by those businesses in the context of these proceedings. Accordingly, the Receiver does not express a view on whether those assets could be sold at this time."

The Receiver has not changed its views in this regard.

43. The Receiver estimates that the professional fees and disbursements that would be incurred to conduct a sales process would range between \$25,000 and \$50,000. While the Receiver cannot definitively say, absent a sales process, that a purchaser would not come forward to make an offer for the Debtors' assets relating to the optical business, there is a very distinct possibility, for the reasons outlined above, that the costs that would be incurred to conduct a sales process would negate any potential return.
44. The Receiver further understands that discussions are taking place between the Attorney General, certain Store Operators, the Optometrists and the Opticians to attempt to resolve the outstanding issues between those parties. The Receiver expects that if those conversations are successful, the parties may request that one or more leases be transferred from SHS Optical Ltd. and/or Bruce Bergez to the Store Operators. As such, sale of the leases to a third party may not be appropriate at this time.
45. Based on the foregoing, the Receiver does not intend to recommend to this Honourable Court that a sale process be conducted by the Receiver.

DISCUSSIONS/CORRESPONDENCE WITH BRUCE BERGEZ

46. Since August 23, 2010, the Receiver has received correspondence from Bruce Bergez relating to a number of matters including (i) the Debtors' possible intention to file assignments in bankruptcy; (ii) the categorization of disbursements made by the OODC Entities; (iii) issues Mr. Bergez identified as being "unresolved" for which he requested the assistance/direction of the Receiver; (iv) the positions taken by CRA in regards to its assessments of certain of the Debtors; (v) the closure of the Milton Store and the Plains Road Store; (vi) the cessation of payments of royalties by the Store Operators; (vii)

correspondence Mr. Bergez received from certain landlords; (viii) the litigation between Mrs. Bergez and Workplace Safety and Insurance Board; and (ix) a statement of claim served on Joanne Marie Bergez by Royal Bank of Canada.

47. The Receiver has responded to this correspondence and, where the Receiver has deemed it appropriate or necessary to preserve the Property, it has taken steps to advise third parties of the Appointment Order.
48. The correspondence of Mr. Bergez concerning "unresolved issues" was copied to this Honourable Court. The response of the Receiver was not copied to this Honourable Court, but is included as **Appendix B** to this report.
49. While the Receiver has not provided details of the other correspondence mentioned above in this report, the Receiver will provide such details if this Honourable Court so requests.

STATUS OF THE RECEIVERSHIP PROCEEDINGS

50. Pursuant to the Appointment Order, the Receiver was directed to:
 - a) take possession of the Equipment and store it pending further order of the Court;
 - b) review and report to the Court upon the Property and the Businesses; and
 - c) make copies of the Computer Records where appropriate or necessary.
51. The Receiver notes that as of September 22, 2010 it has made substantial progress towards the completion of these three directions:
 - a) pursuant to the Equipment Removal Order, much of the Equipment has been returned to ESI and the Store Operators. The Receiver remains in possession of the equipment from the Milton Store, for which it has outlined in this Second Report a method of disposition, and certain residual eye testing equipment belonging to the Store Operators. As noted above, the Receiver considers it

unlikely that any significant proceeds can be realized from the sale of the equipment remaining in its possession;

- b) in its First Report and Supplemental Report, the Receiver reported on the Property and the Business as per paragraph 2(b) of the Appointment Order. With the possible exception of commenting on the characterization by Bruce Bergez of the disbursements of the OODC Entities, the Receiver does not believe it would be appropriate to incur the cost of further investigating or elaborating on any particular aspect of the Property or Businesses; and
- c) Pursuant to the Amendment Order, the Receiver is only required to copy the Computer Records to the extent appropriate or necessary. As reported in the First Report, the Receiver does not consider it necessary or appropriate to copy any further Computer Records, based on its review of the types of information stored on the Computer Records it has collected to date.

52. As a result of the foregoing, and subject to making arrangements for outstanding matters, including those identified above, the Receiver is of the view that it may be appropriate for it to apply to this Honourable Court for its discharge in the near future.

RELIEF REQUESTED BY THE RECEIVER

Approval of Fees and Activities

53. The Receiver's fees for services rendered for the period from August 1, 2010 to September 15, 2010 are particularized in the Affidavit of Daniel R. Weisz, sworn September 24, 2010 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$127,614.66 including applicable taxes and disbursements of \$18,442.00 made by the Receiver.
54. The fees and disbursements of BLG, the Receiver's independent counsel, for the period from August 1, 2010 to September 15, 2010 are particularized in the Affidavit of Roger

Jaipargas, sworn September 24, 2010 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$93,771.14.

55. The Receiver has reviewed the invoices of BLG and finds the work performed and charges to be appropriate and reasonable.
56. Copies of the Receiver's and BLG's accounts up to September 15, 2010 have been forwarded to the Attorney General.
57. The Receiver is herein seeking the Court's approval of its activities up to September 22, 2010 and the fees and disbursements as set out above.

Advice and Direction of the Court

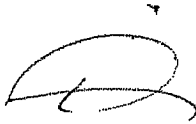
58. The Receiver seeks the advice and direction of this Honourable Court in respect of whether the Receiver should consent to the termination of the leases for the Milton Store and the Plains Road Store, which stores have closed. Based on the Receiver's view that the premises leases have no value except possibly to the Store Operators, and based on the Receiver's conclusion that it does not intend to recommend a sale process in respect of the Property, the Receiver recommends that it be directed to consent to the termination of the leases for the stores which have closed.
59. The Receiver also seeks the advice and direction of this Honourable Court in respect of whether it may consent to the proposed disposition of the Detached Equipment from the Milton Store to the Storage Facility in exchange for a \$500 credit to be applied against outstanding storage fees. Based on the Receiver's conclusion that it would not be cost beneficial to recommend a sale process in respect of the Detached Equipment from the Milton Store, and because the Store Operator for the Milton Store appears to have otherwise abandoned that equipment, the Receiver recommends that it be directed to consent to the proposed disposition.

All of which is respectfully submitted to this Honourable Court.

DATED this 24th day of September, 2010.

DELOITTE & TOUCHE INC.

solely in its capacity as Receiver of
certain assets, undertakings and properties of
SHS Optical Ltd., Dundurn Optical Ltd. and John Doe
all carrying on business under the name of Great Glasses
and not in its personal capacity

A handwritten signature in black ink, appearing to be 'D. Weisz', with a stylized flourish at the end.

Daniel R. Weisz, CA•CIRP, CIRP

Senior Vice President

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Exhibits

Court File No. 05-18863

ONTARIO

SUPERIOR COURT OF JUSTICE

THE HONOURABLE MR.

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FRIDAY, THE 2ND DAY

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JUSTICE TURNBULL

)

JULY OF , 2010

COLLEGE OF OPTOMETRISTS OF ONTARIO

Applicant

- and -

SHS OPTICAL LTD., DUNDURN OPTICAL LTD. and
JOHN DOE, all carrying business under the name of
GREAT GLASSES; JOANNE MARIE BERGEZ and
BRUCE BERGEZ

Respondents

- and -

COLLEGE OF OPTICIANS OF ONTARIO

Intervenor

- and -

THE ATTORNEY GENERAL FOR ONTARIO

Intervenor

ORDER

THIS MOTION made by the Attorney General for the Province of Ontario (the "AGO"), for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, (the "CJA") appointing Deloitte & Touche Inc. ("Deloitte") as receiver (in such capacities, the "Receiver") without security, of certain assets, undertakings and properties of Great Glasses, Bruce Bergez, Joanne Marie Bergez, SHS Optical Ltd., Dundurn Optical Ltd. (the

"Debtors") and also certain assets, undertakings and properties situated at the locations listed on Schedule "A" hereto (the "Locations"), acquired for or used in relation to an optical business, was heard this day at 45 Main St. East, Hamilton, Ontario.

ON READING the Motion Record of the Applicant, College of Optometrists of Ontario, the Motion Record of the Intervenor, College of Opticians of Ontario, the Motion Record of the Intervenor, Her Majesty the Queen in right of Ontario as represented by the Attorney General ("HMQ"), the affidavit of Bruce Bergez sworn May 20, 2010, the Reply affidavits of the College of Optometrists of Ontario, and the affidavit of Glenna Thompson sworn May 25, 2010 filed by the College of Optometrists of Ontario, and on hearing the submissions of counsel for the College of Optometrists of Ontario, the College of Opticians of Ontario, HMQ, and on hearing the submissions of Bruce Bergez on his own behalf and on behalf of Joanne Bergez, no one appearing for any other party although duly served as appears from the affidavits of service filed, and on reading the Consent of Deloitte to act as Receiver,

APPOINTMENT

1. THIS COURT ORDERS that pursuant to section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, in respect of (i) the assets, undertakings and properties of the Debtors acquired for or used in relation to the optical business, including all proceeds thereof, and (ii) whether or not the Debtors are the owners thereof or have an interest therein, the assets, undertakings and properties situated at the Locations and acquired for or used in relation to the optical business, including all proceeds thereof, (collectively, the "Property") for the purpose of and to the extent authorized by the balance of this Order. For greater certainty, (i) except as expressly provided for in this Order, the Receiver shall not take possession or control of the Property, and (ii) the Receiver shall not carry on, manage or operate the business of the Debtors, the businesses operated at the Locations or the businesses of other persons in respect of the Property without further order of the Court.

RECEIVER'S POWERS

2. THIS COURT ORDERS that the Receiver is hereby empowered and authorized (and in respect of subparagraphs 2(a), (b) and (c) the Receiver is also directed):

- (a) to take possession (directly or through an agent or agents) of the eye testing and related equipment that forms part of the Property (the "Equipment"), including but not limited to any Eye Logic System equipment, and store the Equipment pending further order of the Court;
- (b) to review and report to the Court upon the Property and the optical business carried on by the Debtors or carried on at the Locations (the "Business") including, without limitation:
 - (i) the activities of the Business and the employees of the Business from the date of this Order;
 - (ii) the nature of the Property and the Business;
 - (iii) the estimated realizable value of the Property;
 - (iv) the Debtors' liabilities in relation to the Business;
 - (v) persons having or claiming an interest in the Business or the Property or claiming against the Debtors and the quantum and nature of those claims;
 - (vi) whether the Business or the Property can be sold (whether en bloc or on a piecemeal basis) and, if so, any recommendations concerning the method or methods of sale;
 - (vii) whether the Debtors are meeting their obligations in the ordinary course of business; and
 - (viii) the potential for recovery of any liabilities owed by the Debtors to the Minister of Finance of Ontario under any prior Order of the Court.

- (c) to make copies of any computer disks relating to the Property or the Business (the "Computer Records") and store the Computer Records pending further order of the Court;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, security personnel, and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to review and, if appropriate, consent to any proposed disbursement or disposition of Property, other than a sale of inventory in the ordinary course of business, to be made by the Debtors or the businesses operated at the Locations and to take such steps as in the opinion of the Receiver are necessary or appropriate in relation thereto, and to advise any banks or financial institutions where the Debtors or the businesses operated at the Locations have bank accounts (the "Banks") of the Receiver's power to review and, if appropriate, to consent to any proposed disbursement or disposition of Property, other than a sale of inventory in the ordinary course of business, including but not limited to serving a copy of this Order on any such Banks;
- (f) to report to, meet with and discuss with such 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; and
- (g) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. THIS COURT ORDERS that (i) the Debtors and the owners of the businesses operated at the Locations, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, (iii) Joanne Marie Bergez and Bruce Bergez, and (iv) 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 or Equipment in such Person's possession or control, shall grant immediate and continued access to the Property or Equipment to the Receiver and shall co-operate with and shall provide such information and documents as the Receiver requests relating to the Property, the Equipment or the Business.

4. 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 Debtors or relating to the business or affairs of the businesses operated at the Locations, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 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.

5. 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

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

NO PROCEEDINGS AGAINST THE EQUIPMENT

7. THIS COURT ORDERS that no Proceeding against or in respect of the Equipment shall be commenced or continued except with leave of this Court and any and all Proceedings currently under way against or in respect of the Equipment are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

8. THIS COURT ORDERS that all rights and remedies against the Debtors or against the businesses operated at the Locations in relation to the Property, 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 this stay and suspension does not (i) exempt the Receiver, the Debtors or the businesses operated at the Locations from compliance with statutory or regulatory provisions relating to health, safety or the environment, (ii) prevent the filing of any registration to preserve or perfect a security interest, or (iii) prevent the registration of a claim for lien.

NO INTERFERENCE

9. 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 Debtors or the businesses operated at the Locations in respect of the Business or the Property as a consequence of the making of this Order or any action taken pursuant to this Order, without the written consent of the Receiver or leave of this Court.

EMPLOYEES

10. THIS COURT ORDERS that all the employees of the Debtors shall remain the employees of each such Debtor and all the employees of the businesses operated at the Locations shall remain the employees of each such business. The Receiver shall not be liable for any employee-related liabilities or statutory obligations, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, or any successor employer liabilities.

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

12. 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.

RECEIVER'S ACCOUNTS AND CHARGE

13. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and as security for payment of any other obligations incurred by the Receiver in acting in that capacity (including for payment of goods or services supplied to or to be supplied to the Receiver) and that the Receiver's Charge 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.

14. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their 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 Ontario Superior Court of Justice.

15. 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 standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements (including for payment of goods or services supplied to or to be supplied to the Receiver) when and as approved by this Court.

16. THIS COURT ORDERS that to the extent the Receiver's fees and disbursements (including for payment of goods or services supplied to or to be supplied to the Receiver) are not paid out of the Property, they shall be paid by Her Majesty the Queen in right of Ontario out of the Consolidated Revenue Fund.

FUNDING OF THE RECEIVERSHIP

17. 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 \$500,000 (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.

18. 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.

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

20. 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.

RECEIVER'S REVIEW OF PROPOSED DISBURSEMENTS OR DISPOSITIONS OF PROPERTY

21. THIS COURT ORDERS that the Debtors and the managers of the businesses operated at the Locations, if not the Debtors, shall provide the Receiver with the details of any proposed disbursement or disposition of Property, other than a sale of inventory in the ordinary course of business, ("Disposition") and shall obtain the written consent of the Receiver before making any

such proposed disbursement or Disposition. The Receiver shall withhold its consent to any proposed disbursement or Disposition which, in the discretion of the Receiver, is a disbursement or Disposition out of the ordinary course of business or which is contrary to any other provision of this Order.

REPORTING

22. THIS COURT ORDERS that the Receiver shall report to the Court forthwith in the event that the Receiver determines that any of the Debtors or any of the businesses operated at the Locations have failed or refused to comply with this Order.

GENERAL

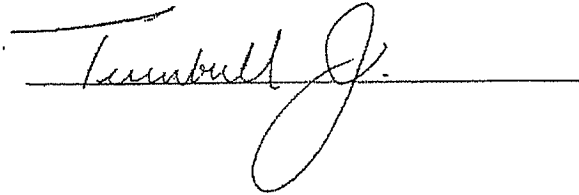
23. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

24. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of any or all of the Debtors or the businesses operated at the Locations, if not the Debtors.

25. 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.

26. 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

A handwritten signature in cursive script, appearing to read "Turnbull J.", is written over a horizontal line.

SCHEDULE "A"

1. 1025 Plains Road, Burlington, Ontario.
2. 1550 Upper James Street, Hamilton, Ontario.
3. 50 Dundurn Street South, Hamilton, Ontario.
4. 119 Osler Drive, Unit 7, Dundas, Ontario.
5. 1250 Steeles Avenue East, Milton, Ontario.
6. 300 King George Road, Brantford, Ontario.
7. 2180 Itabashi Way, Burlington, Ontario.
8. 220 North Service Road, Oakville, Ontario.
9. 95 Saginaw Parkway, Unit 6, Cambridge, Ontario.
10. 125 Queensway, Etobicoke, Ontario.
11. 132 Front Street East, Toronto, Ontario.
12. 808 York Mills Road, Toronto, Ontario.
13. 26-17 Worthington Avenue, Brampton, Ontario.
14. 393 Danforth Avenue, Toronto, Ontario.
15. 1070 Major Mackenzie Drive East, Richmond Hill, Ontario.
16. 20-9200 Bathurst Street, Thornhill, Ontario.
17. 285 Geneva Street, St. Catharines, Ontario.
18. 565 Woodlawn Road West, Guelph, Ontario.
19. 1865 Lakeshore Road West, Mississauga, Ontario.
20. 1319 Commissionaires Road, London, Ontario.

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte & Touche Inc., the receiver (the "Receiver") in respect of (i) the assets, undertakings and properties of Great Glasses, Bruce Bergez, Joanne Marie Bergez, SHS Optical Ltd., Dundurn Optical Ltd. acquired for or used in relation to the optical business, including all proceeds thereof, and (ii) whether or not the Debtors are the owners thereof or have an interest therein, the assets, undertakings and properties situated at the locations listed on Schedule "1" hereto and acquired for or used in relation to the optical business, including all proceeds thereof (collectively, the "Property"), appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the • day of •, 2010 (the "Order") made in an action having Court file number 05-18863, 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, in priority to the security interests of any other person but subordinate to the Receiver's Charge.

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 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 _____, 20__.

Deloitte & Touche Inc., solely in its capacity as
Receiver of the Property, and not in its personal
capacity

Per: _____

Name:

Title:

SCHEDULE "1"

to the Receiver's Certificate

1. 1025 Plains Road, Burlington, Ontario.
2. 1550 Upper James Street, Hamilton, Ontario.
3. 50 Dundurn Street South, Hamilton, Ontario.
4. 119 Osler Drive, Unit 7, Dundas, Ontario.
5. 1250 Steeles Avenue East, Milton, Ontario.
6. 300 King George Road, Brantford, Ontario.
7. 2180 Itabashi Way, Burlington, Ontario.
8. 220 North Service Road, Oakville, Ontario.
9. 95 Saginaw Parkway, Unit 6, Cambridge, Ontario.
10. 125 Queensway, Etobicoke, Ontario.
11. 132 Front Street East, Toronto, Ontario.
12. 808 York Mills Road, Toronto, Ontario.
13. 26-17 Worthington Avenue, Brampton, Ontario.
14. 393 Danforth Avenue, Toronto, Ontario.
15. 1070 Major Mackenzie Drive East, Richmond Hill, Ontario.
16. 20-9200 Bathurst Street, Thornhill, Ontario.
17. 285 Geneva Street, St. Catharines, Ontario.
18. 565 Woodlawn Road West, Guelph, Ontario.
19. 1865 Lakeshore Road West, Mississauga, Ontario.
20. 1319 Commissionaires Road, London, Ontario.

COLLEGE OF
OPTOMETRISTS OF
ONTARIO

- and -

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DUNDURN OPTICAL
LTD. and JOHN DOE,
all carrying business
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GREAT GLASSES;
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- and -

COLLEGE OF
OPTICIANS OF
ONTARIO

- and -

THE ATTORNEY GENERAL FOR
ONTARIO

Applicant

Respondents

Intervenor

Intervenor

ONTARIO
SUPERIOR COURT OF JUSTICE

CONSENT TO ACT AS
RECEIVER

ATTORNEY GENERAL FOR
ONTARIO

Crown Law Office- Civil
720 Bay Street, 8th Floor
Toronto, ON M5G 2K1

Leonard Marsello

LSUC #23795S

Tel: (416) 326-4939

William MacLarkey

LSUC #49842P

Tel: (416) 326-4082

Fax: (416) 326-4181

Solicitors for the Attorney General for
Ontario

B



BORDEN
LADNER
GERVAIS

September 10, 2010

Delivered by Email

Mr. Bruce Bergez
286 York Road
Dundas, Ontario
L9H 6L8

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MICHAEL MACNAUGHTON
direct tel.: (416) 367-6646
direct fax: (416) 682-2837
e-mail: mmacnaughton@blgcanada.com

Dear Mr. Bergez:

Re: In the Matter of the Court-appointed Receivership of Great Glasses, SHS
Optical Ltd., Dundurn Optical Ltd., Joanne Marie Bergez and Bruce
Bergez (the "Debtors")

[Court File No.: 05-18863]

We are in receipt of your letter to Deloitte & Touche Inc., in its capacity as Court-appointed receiver (the "Receiver") of the Debtors, dated September 2, 2010, in which you raise four matters. A copy of your letter is enclosed herewith.

In connection with the possible bankruptcy of one or more of the Debtors, we confirm that the Receiver is of the view that it should not agree to act as the Trustee in Bankruptcy of the Debtors at this time. Whether or not certain obligations of the Debtors may be dischargeable in a bankruptcy is a function of section 178 of the *Bankruptcy and Insolvency Act*, its interpretation and application. In its correspondence of August 27, 2010, the Receiver had noted this as something you may wish to discuss with your potential trustee or independent legal counsel.

Counsel to the Receiver was contacted by counsel for one of the store operators and has had a general discussion concerning the leases for two store locations. The Receiver notes that any assignment of the leases would be a "disposition of Property" subject to paragraph 21 of the Order of The Honourable Mr. Justice Turnbull, dated July 2, 2010, (the "Order") and cannot be made without the prior written consent of the Receiver. If you, the store operators and the other affected stakeholders arrive at an agreement in respect of one or more of the leases and you wish to assign them, kindly provide any assignment agreements and related documentation to the Receiver for its review prior to execution.

The Receiver does not have any comment on the third matter raised in your letter.

CALGARY • MONTREAL • OTTAWA • TORONTO • VANCOUVER • WATERLOO REGION



BORDEN
LADNER
GERVAIS

Finally, we note that the Order applies to certain Property (as defined therein). The writs of seizure and sale may have a wider or different scope. We do not believe that the Order affects the binding nature of writs of seizure and sale.

Yours truly,

Michael MacNaughton

Encl.

cc: Daniel Weisz, Deloitte & Touche Inc.

Leonard Marsello, Ministry of the Attorney General

September 2, 2010

Deloitte & Touche
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1
Via email

-and

Attorney General of Ontario
720 Bay Street
Toronto, Ontario
M5G 2K1
Via email

Re: Receivership of Great Glasses, Court File 05-18863

Attn: Daniel Weisz & Leonard Marsello

In an effort to properly unwind our affairs prior to October 1, 2010 I wish to inform the Receiver and the Court of four issues that have arisen that create ambiguity, issues that I hope can be discussed and clarified prior to the release of any final decision on sentence.

1. On or about August 25th I wrote to Deloitte asking them to act as the bankruptcy trustee for both Joanne and myself. By reply email Deloitte indicated that despite paragraph 24 of the Order, they would not act on our behalf as they felt this action would conflict with their impartiality as an officer of the Court. Deloitte also suggested that certain liabilities may not be discharged. Ambiguity is created inasmuch as the largest debt, the previous fines for civil contempt, if one relies on paragraphs [36] and [37] of *Lessard v. The Queen*, 2001 CanLII 60 (T.C.C.) should be vacated upon an assignment under the BIA. This issue requires judicial finality or consent.
2. On or about August 31st I was contacted by counsel for the franchisees with respect to transferring the Leases. In conjunction with this request and upon reflection of Justice Turnbull's question posed on August 23rd about the Leases, my feeling was that his honour's question was an indirect request to assign the Leases, something which would be seen to be in the best interest of all parties. Accordingly, I gave permission to counsel for the franchisees to initiate the process and to date, their counsel has written to the receiver for clarification on how to best proceed. No further correspondence has occurred as of today's date. However, it has since been suggested by a well meaning friend that I may not have had the right to consent to this request pursuant to paragraph 9 of the Order and that assigning the leases may not be in the best interest of all parties. The basis for this suggestion is that we then would have no ability to make restorative payments for the fines moving forward without maintaining a nexus to Great Glasses, depending of course on the outcome of the decision above.
3. A review of Mr. Justice Crane's decision suggests that should the fine not be paid within 14 days, warrants of committal should be issued. In the event that the final decision on sentence includes a period of committal is the fine expunged in lieu of incarceration? The answer to this question

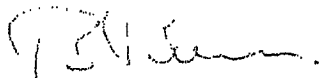
dictates the process by which we unwind our affairs and dovetails with the two issues above and requires judicial finality or consent.

4. On August 23rd, I rose to seek guidance from the Court with respect to the home and whether or not it was captured by the Receiver's Order and if my memory is correct, Justice Turnbull indicated that the house was not part of the Order and no opposing counsel rose to challenge this. However, the Attorney General has confirmed that a writ has been registered against the property of Joanne and Bruce Bergez and it has been suggested by others that any proceeds from the sale of the home would be used to satisfy any writs, whether registered by any party to this proceeding. However, this would appear to conflict with paragraph 1 of the Receiver's Order which is to include only the proceeds used in relation to the optical business. Again this requires judicial finality or consent.

Given that it goes without saying that we should try to complete all matters before October 1 as I expect that my movements will be constrained from that day forward, is it possible that we correspond or in the alternative meet in advance of October 1 to resolve these issues so that we can put a plan before the Court on that date ending this proceeding in totality.

It is in the best interest of all parties that we reach a final conclusion to this matter.

Yours truly,



Bruce Bergez

Cc:
Ontario Superior Court of Justice
45 Main Street East
Hamilton, Ontario
L8N 2B7
Via Xpresspost
Attn: Hon. Justice Turnbull

COLLEGE OF
OPTOMETRISTS
OF ONTARIO

-and-
SHS OPTICAL LTD., DUNDURN
OPTICAL LTD. and JOHN DOE, all
carrying on business under the name
of GREAT GLASSES; JOANNE
MARIE BERGEZ and BRUCE
BERGEZ

-and-
COLLEGE OF
OPTICIANS
OF ONTARIO

-and-
THE ATTORNEY
GENERAL FOR ONTARIO

Applicant

Intervenor

Intervenor

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDINGS COMMENCED AT HAMILTON

**SECOND REPORT TO THE COURT
OF THE RECEIVER
(September 24, 2010)**

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