ONTARIO SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY) 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

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

MOTION RECORD

GOWLING LAFLEUR HENDERSON LLP
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Solicitors for Mintz & Partners Limited 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

TO:

MCLEAN & KERR LLP

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Attention: Martin Sear telephone: 416-364-5371 facsimile: 416-366-8571

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AND TO:

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AND TO:

MINISTRY OF FINANCE, Insolvency Unit

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AND TO:

DEPARTMENT OF JUSTICE (CANADA)

Ontario Regional Office The Exchange Tower, Box 36 130 King Street West, Suite 3400 Toronto, Ontario M5X 1K6

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AND TO: MINISTRY OF HEALTH AND LONG-TERM CARE

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ONTARIO SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY) 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

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TAB 1

ONTARIO SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY) 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

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

NOTICE OF MOTION

MINTZ & PARTNERS LIMITED in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties (the "Assets") of each of Paragon Health Care Inc. ("Paragon"), Paragon Health Care (Ontario) Inc. ("Paragon Ontario") and 1508669 Ontario Limited ("1508669") (the "Receiver") will make a motion to the court on April 4, 2007 at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

THE PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an order, substantially in the form attached hereto as Schedule "A":

- abridging the time for and validating service of this notice of motion and the materials filed in support of this motion and dispensing with further service thereof;
- (b) approving the Receiver's actions and activities with respect to the receivership of Paragon, Paragon Ontario and 1508669;
- (c) approving the fees and disbursements of the Receiver and those of its counsel as set out in the First Report of the Receiver dated March 26, 2007 (the "First Report");
- (d) authorizing and directing the Receiver to distribute funds in the amount of \$200,000 held by the Receiver as proposed in the First Report; and
- 2. such further and other relief as counsel may request and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

- 1. Pursuant to an order of this court made on January 23, 2006 and effective 9:00 a.m. on January 24, 2006 (the "Appointment Order"), Mintz & Partners Limited was appointed as Interim Receiver and Receiver and Manager of the assets, undertakings and properties of Paragon, Paragon Ontario and 1508669 pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.1985, C. B-3 (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43 (the "CJA").
- 2. Peoples Trust Company ("Peoples") has valid and enforceable security against the property, assets and undertakings of Paragon and 1508669, including a charge/mortgage of land, dated August 14, 1995 and registered August 17, 1995 as instrument number RO699419 in favour of Sun Life Assurance Company of Canada for the principal amount of \$3,941,505 and assigned to Peoples by assignment of charge/mortgage of land dated June 13, 2000 and registered June 15, 2000 as instrument number RO768790, and related personal property security (the "West Park First Mortgage").

- 3. As of February 5, 2007, the outstanding balance of the West Park First Mortgage was \$2,841,983, including unpaid interest and late payment interest of \$288,982.
- 4. The Receiver seeks this court's authorization to distribute surplus funds which it now holds in its 1508669 trust account to Peoples as partial payment on account of interest arrears on the outstanding balance of the West Park First Mortgage.
- 5. The Receiver has operated the nursing home and retirement home businesses of Paragon and 1508669 in a prudent and sustainable manner since its appointment.
- 6. Sections 47 of the BIA.
- 7. Section 101 of the Courts of Justice Act (Ontario).
- 8. 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 of the Receiver dated March 26, 2007; and
- 2. such further and other evidence as counsel may advise and this Honourable Court may permit.

Date: March 30, 2007

GOWLING LAFLEUR HENDERSON LLP

Barristers & Solicitors
Suite 1600, 1 First Canadian Place
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Clifton P. Prophet (LSUC No. 34845K) Christine L. Bahrey (LSUC No. 52178T)

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Solicitors for Mintz & Partners Limited 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

TO: THE ATTACHED SERVICE LIST

SERVICE LIST

TO:

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Attention: Martin Sear

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Solicitors for Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and

1508669 Ontario Limited

AND TO:

SACK GOLDBLATT MITCHELL

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Attention: Michael Kainer / Doug LeFaive

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Solicitors for Service Employees Union International, CUPE and the Nurses and

Related Industries Pension Plan

AND TO:

MINISTRY OF FINANCE, Insolvency Unit

33 King Street West, 6th Floor

Oshawa, Ontario L1H 8H5

AND TO:

DEPARTMENT OF JUSTICE (CANADA)

Ontario Regional Office

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Toronto, Ontario M5X 1K6

Attention: Diane Winters

Tel: 416-973-3172

Fax: 416-973-0810

AND TO:

LANG MICHENER LLP

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Attention: Les Wittlin Tel: 416-360-8600 Fax: 416-365-1719

Independent Counsel to Mintz & Partners Limited

AND TO:

MINISTRY OF HEALTH AND LONG-TERM CARE 56 Wellsley Street West, $9^{\rm th}$ Floor

Toronto, Ontario M7A 2J9

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

ONTARIO SUPERIOR COURT OF JUSTICE

PROCEEDINGS COMMENCED AT TORONTO

NOTICE OF MOTION

GOWLING LAFLEUR HENDERSON LLP Barristers & Solicitors Suite 1600, 1 First Canadian Place 100 King Street West Toronto, Ontario M5X 1G5

Chifton P. Prophet (LSUC No. 34845K) Christine L. Bahrey (LSUC No. 52178T) Tel: (416) 862-7525 Fax: (416) 862-7661 Solicitors for Mintz & Partners Limited 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

TAB A

SCHEDULE "A" ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST

THE HONOURABLE)	WEDNESDAY, THE 4th DAY
	Ć	OF APRIL, 2007

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

ORDER

THIS MOTION made by Mintz & Partners Limited, 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, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Receiver and the Affidavits of Harry VanderLugt sworn March 26, 2007, Daniel Weisz sworn March 26, 2007 and Leslie Wittlin, sworn March 27, 2007, filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending.

- 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 First Report be and the same is hereby accepted and approved.
- THIS COURT ORDERS that the conduct of the Receiver, its related entities and agents to date, as detailed in the First Report, be and the same is hereby approved.
- 4. THIS COURT ORDERS that the Statements of Receipts and Disbursements of the Receiver as at February 28, 2007 in respect of Paragon, Paragon Ontario and 1508669 as set out in Appendices "H", "I" and "J" to the First Report, filed, be and the same are hereby accepted and approved.
- 5. **THIS COURT ORDERS** that the fees of the Receiver relating to the receivership of Paragon and 1508669 for the period ending December 31, 2006 in the amount of \$262,226.56 in respect of Paragon and \$99,630.41 in respect of 1508669, as set out in the Affidavit of Daniel Weisz dated March 26, 2007, filed, be and the same are hereby approved.

- 6. THIS COURT ORDERS that the fees and disbursements of Gowling Lafleur Henderson LLP, counsel to the Receiver, in the amount of \$39,758.47 in respect of Paragon and \$10,716.81 in respect of 1508669, as set out in the Affidavit of Harry VanderLugt dated March 26, 2007, filed, be and the same are hereby approved for the period ending December 31, 2006.
- 7. THIS COURT ORDERS that the fees and disbursements of Lang Mitchener LLP, independent counsel to the Receiver, in the amount of \$48,821.81 in respect of Paragon and \$15,041.96, as set out in the Affidavit of Leslie Wittlin dated March 27, 2007, filed, be and the same are hereby approved for the period ending March 21, 2007.
- 8. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute to Peoples Trust Company as partial payment on account of its secured claims against 1508669, the total sum of \$200,000 at this time.

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TAB 2

ONTARIO SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY) COMMERCIAL LIST

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. AND 1508669 ONTARIO LIMITED

Respondents

First Report to the Court of Mintz & Partners Limited, as Interim Receiver and Receiver and Manager of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited

INTRODUCTION

- 1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated January 23, 2006 (the "Appointment Order"), Mintz & Partners Limited ("MPL") was appointed as Interim Receiver and Receiver and Manager (the "Receiver") of all the assets, undertakings and property of Paragon Health Care Inc. ("Paragon"), Paragon Health Care (Ontario) Inc. ("Paragon Ontario") and 1508669 Ontario Limited ("1508669") (collectively, the "Companies") effective 9:00 am on January 24, 2006 (the "Appointment Date"). A copy of the Appointment Order is attached hereto as Appendix "A".
- Paragon's assets comprise the Casa Verde Health Centre, a 252-bed nursing home ("Casa Verde Nursing Home") and a 94-bed retirement home ("Casa Verde Retirement Home") (collectively, with Casa Verde Nursing Home, "Casa Verde") located at 3595 Keele Street, Toronto, Ontario. 1508669's assets comprise the West Park Health Centre ("West Park"), a 93-bed nursing home

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located at 103-111 Pelham Road, St. Catharines, Ontario (collectively, with Casa Verde, the "Homes" or "Facilities").

- 3. Paragon Ontario is a non-operating entity which employs certain nursing staff used by Casa Verde.
- 4. This First Report of the Receiver (the "Report") provides the Court with a summary of the Receiver's activities since the Appointment Date. Additionally, the purpose of this Report is to inform the Court and/or obtain approval of the following:
 - the Receiver's activities in taking possession of the assets of the Companies;
 - the Receiver's activities in operating the Homes since the Appointment Date to the date of this Report;
 - · operating results for the Homes;
 - a proposed distribution of \$200,000 to Peoples Trust Company ("Peoples"), the first secured creditor; and
 - 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 this Report, the Receiver has relied upon records of the Companies and unaudited financial information prepared by the Companies or Diversicare Canada Management Services Co., Inc. ("Diversicare"). The Receiver has not performed an audit or other verification of such information.
- 7. The Receiver has sought the advice of Gowling Lafleur Henderson LLP ("Gowlings"), counsel to Peoples, for general legal matters that have arisen in respect of the receiverships. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Lang Michener LLP ("Lang Michener").

First Report to the Court of Mintz & Partners Limited as Interim Receiver and Receiver and Manager of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited

March 26, 2007 Court File No. 06-CL-6233

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POSSESSION AND SECURITY

- 8. On January 24, 2006, the Receiver attended at both the Casa Verde and West Park locations. The Receiver was accompanied by representatives of the Ministry of Health and Long-Term Care (the "MOH") and Diversicare, who the Receiver retained to manage the day-to-day operations of the Homes. The Receiver initially met with each facility's Administrator to advise them of the Appointment Order. The Receiver then held rotating meetings with the Facilities' staff at each of the Homes to advise them of the Appointment Order and the Receiver's mandate. At those meetings, representatives of the MOH indicated that resident care standards were being maintained and confirmed that the MOH would continue to monitor the Homes to ensure that the Homes continued to meet the standard of care required by the MOH.
- 9. On January 24, 2006, the Receiver arranged for locks to be changed on key exterior and interior doors at each of the Facilities. Due to the nature of the Facilities' operations, the Receiver did not change the locks on all doors. Copies of the keys were provided to Diversicare who then distributed those keys to the appropriate staff who required access. The Receiver also arranged for the changing of the code to the keypad on the external doors.
- 10. On January 24, 2006, the Receiver made arrangements for Can-Am Appraiz Inc. to conduct an inventory of the fixed assets at each facility and provide an appraisal of same.
- 11. On January 24, 2006, the Receiver contacted the financial institutions at which the Companies' bank accounts were maintained and informed them of the receivership proceedings, provided them with a copy of the Appointment Order and requested that the Companies' accounts be frozen and that all funds in the accounts be forwarded to the Receiver. On February 2, 2006, the Receiver received \$55,181.19 from Royal Bank of Canada in respect of Paragon bank accounts, \$3,479.39 in respect of Paragon Ontario bank accounts and \$32,194.32 in respect of 1508669 bank accounts. On March 3, 2006, the Receiver received a further \$16,715.22 from TD Canada Trust in respect of Paragon bank accounts. The Receiver also took possession of blank cheques for the frozen accounts that were at the Facilities.
- 12. On January 24, 2006, the Receiver wrote to the Companies' insurance broker, Canada Brokerlink (Ontario) Inc. (the "**Insurer**"), informing it of the receiverships of the Companies and requesting that the Receiver be added as named insured and loss payee on the Companies' policies. The

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Insurer subsequently confirmed the addition of the Receiver to the Companies' policies. The Receiver later confirmed through Firstbrook Cassie Anderson, an insurance broker that specializes in insurance coverage for insolvent situations, that the Receiver's coverage through the Insurer was adequate.

- On January 24, 2006, the Receiver wrote to ADP Canada ("ADP"), the Companies' payroll service provider, informing it of the receiverships of the Companies and requested that ADP set up new payroll accounts in order to provide for a seamless continuance of payroll to the Companies' employees.
- 14. On February 3, 2006, the Receiver issued for each of the Companies the Notice of Receiver pursuant to section 245(1) (the "Notice") of the *Bankruptcy and Insolvency Act* to all unsecured creditors and forwarded the Report of Receiver pursuant to section 246(1) of the *Bankruptcy and Insolvency Act* ("BIA") ("Section 246(1) Report") to the Official Receiver. On November 28, 2006, the Receiver forwarded the Report of the Receiver pursuant to section 246(2) of the BIA ("Section 246(2) Report") for each of the Companies to the Official Receiver. Copies of the Notice, the Section 246(1) Report and the Section 246(2) Report for the Companies are attached hereto as Appendix "B".

MANAGEMENT OF THE HOMES

- 15. By agreement dated January 24, 2006 (the "Management Agreement"), the Receiver engaged Diversicare to act as day-to-day manager of Casa Verde and West Park on behalf of the Receiver. The Management Agreement was entered into with the concurrence of Peoples and Canada Mortgage and Housing Corporation ("CMHC") after receiving two proposals from companies to act as managers of the Homes. Diversicare has significant nursing home and retirement home experience as a manager and owner of nursing and retirement homes across Canada.
- Diversicare has assigned a regional manager to each home and engaged their internal specialists in nursing, dietary, administration, environmental, marketing and accounting to review and advise the Receiver on the operations of the Homes. Pursuant to the Management Agreement, Diversicare has prepared operational review reports on both Facilities and has prepared budgets for both facilities based on past operations at the Homes and their experience in the long-term care industry.

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- Diversicare maintains the accounting records for the Homes and provides the Receiver with monthly Operating Statements with comparisons to budget including a variance analysis. At the Receiver's request, Diversicare has also prepared cash flow forecasts for the Homes which are updated from time-to-time.
- Diversicare maintains the bank accounts for the Homes and reconciles the monthly bank statements. The Receiver reviews and co-signs all disbursements.

EMPLOYEES AND UNIONS

- 19. Prior to the date of the Appointment Order, the Receiver, through and in conjunction with Gowlings, contacted Sack Goldblatt Mitchell LLP ("Sack"), counsel for the following unions:
 - Service Employees International Union ("SEIU") Local 1.on, which represented the fulland part-time service employees employed by Casa Verde;
 - ii) SEIU Local 204, which represented the full and part time registered nurses employed by Paragon Ontario; and
 - iii) Canadian Union of Public Employees Local 1263 ("CUPE"), which represented all services employees at West Park. Local 1263 represents registered practical nurses, support services staff and health care aides at West Park.
- 20. The Receiver contacted SEIU and CUPE (collectively, the "Unions") to inform them of the impending receivership proceedings and to make arrangements satisfactory to Peoples and the Receiver that would limit the liability of the Receiver if the operations of the Facilities were to be continued by the Receiver. The Unions indicated that they would cooperate with the Receiver if the Receiver entered into an agreement essentially confirming that the Receiver recognized and would abide by substantially all of the terms of the collective agreements that were currently in place at both Casa Verde and West Park. In return, the Unions would agree that the Receiver would not be deemed to be a successor employer or related employer under any employment legislation and that the Unions would not assert claims for pre-filing defaults by the Companies except as specifically disclosed. Following extensive negotiations between the Receiver, Gowlings, Lang Michener and Sack, the Receiver entered into separate agreements with both Unions dated January 24, 2006 (the "Union Agreements").

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- 21. A condition of the Union Agreements was that the Receiver agreed to fund union dues arrears of \$13,150 and estimated pension fund contribution arrears of \$142,800 with respect to union employees at Casa Verde and estimated pension fund contribution arrears of \$46,400 with respect to union employees at West Park that were outstanding and unpaid as of the date of the Appointment Order, subject to a final reconciliation when a final accounting of outstanding amounts was available.
- 22. With respect to union dues arrears for West Park, the amount outstanding, if any, was unknown at the date of the Union Agreement but was to be subsequently calculated after a reconciliation was performed by CUPE and Diversicare. It was subsequently determined that no further amount was owing with respect to union dues arrears for West Park.
- 23. With respect to union dues arrears for Casa Verde, the actual amount of union dues arrears, after completion of the final reconciliation, was \$14,357, which amount was paid in March 2006 once the members ratified the Union Agreements. All pre-receivership union dues have now been paid.
- 24. The pension contribution arrears were funded in 8 equal monthly instalments for each Home commencing in February 2006 with the final payment made on September 1, 2006.
- 25. On October 11, 2006, counsel for the Unions wrote to counsel for the Receiver alleging that pension contributions arrears remained outstanding in the amount of \$46,207 for Casa Verde and \$11,797 for West Park. After further review, the Receiver determined that the claimed arrears were for penalties and interest in respect of unpaid pension contributions for the pre-Appointment period. The Receiver has questioned the validity of these charges and the matter remains unresolved with the Unions.
- A further condition of the Union Agreements was that the Receiver agreed to recognize wage rate increases that were included in Memoranda of Settlement as previously agreed to between the Unions and the Companies to the extent that those wage rate increases had not already been provided to the applicable union employees. In addition, the Receiver agreed that the wage rate increases would take effect as of the date of the Memoranda of Settlement such that the Receiver agreed, upon ratification of the Union Agreements by the Unions, to make lump sum payments to applicable employees. In April 2006, lump sum payments totalling \$38,709 were made in respect

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of retro pay for union employees of Casa Verde, of which \$31,492 related to the pre-receivership period. No retro pay amounts were required for union employees of West Park.

- As previously mentioned, the Receiver met with all of the employees of Casa Verde and West Park on January 24, 2006 to inform them of the receivership proceedings. These meetings with employees took place in the morning, afternoon and evening at each facility in order to accommodate all shifts at the Homes. At those meetings, the Receiver informed the employees that the Appointment Order and Ontario Law had the effect of terminating their employment with the Companies, however the Receiver indicated that it would engage all of the employees on a temporary basis to continue to work in the Homes. The Receiver informed those employees that were members of the Unions that it had entered into the Union Agreements and that their salaries and benefits would remain as they were prior to the receivership. For those non-union employees, the Receiver indicated that it would be entering into employment agreements with those employees on essentially the same terms (wages and benefits) as were in place prior to the receivership except that the employment agreements would be on a temporary basis. A sample copy of the letter provided to employees of Paragon and Paragon Ontario is attached herein as Appendix "C".
- 28. On our about February 9, 2006, the Receiver was informed that coverage for employee medical and dental expenses had been suspended by the Companies' insurance carrier, Desjardins Financial Security Life Assurance Company ("Desjardins") even though the Receiver had previously forwarded the February 2006 premiums to the broker, Automated Administration Services ("AAS"). Notwithstanding the Receiver putting Desjardins on notice that it was potentially violating paragraph 12 of the Appointment Order that required suppliers such as Desjardins to continue to supply insurance coverage, Desjardins was taking the position that coverage had terminated after two successive monthly premiums due November 1, 2005 and December 1, 2005 were unpaid. The total amount of unpaid premiums was \$131,730,75. After lengthy negotiations, the Receiver eventually reached a settlement with Desjardins whereby full coverage would be reinstated from the date of the Appointment Order forward and unpaid benefit claims from prior to the date of the Appointment Order ("Pre-Appointment Claims") would be processed by Desjardins but paid by the Receiver together with a 15% administrative processing fee to Desjardins, however outstanding pre-receivership premiums would not be paid. On or about March 9, 2006, employee benefit coverage was reinstated by Desjardins. As a result of the

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settlement, the Receiver paid \$96,687 to Desjardins on account of the Pre-Appointment Claims (including the administrative processing fee) which was approximately \$35,000 less that the unpaid pre-receivership premiums.

With respect to Casa Verde, upon the commencement of the receivership, the Receiver retained all 234 employees; 210 of which belonged to SEIU and 24 of whom were salaried employees. At that time, the occupancy for the Nursing Home was 67% and for the Retirement Home was 50%. Diviersicare, after having evaluated staffing levels relative to occupancy and workloads at Casa Verde, advised the Receiver that it would be appropriate to terminate 9 unionized positions and 2 salaried positions. The Receiver issued notices of layoff and bumping letters to both the affected employees and the Unions pursuant to the respective collective agreement. Subsequently, due to increased occupancy throughout the balance of 2006 and early 2007 due to renovations carried out by the Receiver to bring 38 unused beds in the 2 East Wing of Casa Verde back into service and improve the accommodations for 55 beds in the 1 East Wing of Casa Verde, the Receiver has increased occupancy to 82% as of February 28, 2007 resulting in the need to increase staffing levels to 231 union and 21 salaried employees.

RESIDENTS

- 30. Upon its appointment, the Receiver arranged meetings with the residents of both Homes and their families to inform them of the receivership and answer questions they may have regarding the receivership process and the Receiver's mandate. The Receiver arranged for Facilities' staff to telephone family members of each resident to inform them of the date and time of the meeting. The meeting for Casa Verde residents and their families was held during the evening of January 25, 2006 while the meeting for West Park residents and their families was held the evening of January 26, 2006. Representatives of the MOH and Diversicare also attended the meetings and addressed any questions and concerns raised. Also at these meetings, the Receiver distributed a letter to residents and their families providing further details on the receivership, a sample copy of the Paragon letter is attached hereto as **Appendix "D"**.
- 31. Since the date of the Appointment Order, the Receiver has not been contacted by any residents of the Homes or any family members expressing concerns.

First Report to the Court of Mintz & Partners Limited as Interim Receiver and Receiver and Manager of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited

March 26, 2007 Court File No. 06-CL-6233

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MINISTRY OF HEALTH AND LONG-TERM CARE

- Prior to the commencement of the receiverships, representatives of the Receiver, Gowlings, Lang Michener and Diversicare attended meetings, including conference calls with the MOH to discuss the proposed receiverships and any MOH issues or concerns therewith. At these meetings, the MOH wished to ensure that the appropriate standard of care was maintained during the transition phase of the receiverships and therefore indicated that they would have MOH staff present during the taking possession period and also at any meetings to be held with residents and staff.
- 33. At those meetings with residents and staff, MOH representatives indicated to residents and employees that from the MOH's perspective, there were no issues with the standard of care that was being provided to residents.
- 34. In late February 2006, the MOH commenced their annual inspections of both Casa Verde and West Park. Each inspection was completed in approximately one week for each facility.
- 35. For Casa Verde, from a compliance perspective, the Report of Unmet Standards or Criteria indicated that there were no unmet standards. From an environmental standpoint, the MOH identified four unmet "criteria" or "standards", all of which were subsequently rectified, and two areas of non-compliance, which the home addressed in a Compliance Plan which was accepted by the MOH. The dietary review identified five unmet criteria, all of which were subsequently addressed and corrected.
- 36. For West Park, the MOH identified "unmet standards" that involved insufficient lighting, a cold elevator, minor kitchen upgrades and exhaust fans, and insufficient resident room chairs. Diversicare has informed the Receiver that all of the MOH "unmet standards" have been addressed to the MOH's satisfaction.
- 37. In January 2007, the MOH completed their annual inspections for both Homes. For West Park, there were a few minor operation items cited which have been addressed. For Casa Verde, however, the MOH identified certain unmet standards and areas of non-compliance. At a meeting on February 6, 2007 with the Receiver and Diversicare, the MOH informed that it was placing the home under enforcement inspection for a period up to 90 days. The Receiver and Diversicare met again with the MOH on March 9, 2007 to discuss the results of the MOH's preliminary enforcement

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inspection review. Diversicare, in conjunction with Casa Verde's Administrator, have submitted a Compliance Plan to the MOH to address the areas of non-compliance, which the Receiver is closely monitoring. The Receiver has also confirmed that Diversicare will be supplying increased management resources to Casa Verde to address and rectify the areas of non-compliance.

38. Prior to the issuance of the Appointment Order, the MOH had been setting off certain amounts against the monthly funding otherwise due to the Homes to recover previous overfunding. While this occurred to a limited extent at West Park, the set off against the monthly payment for Casa Verde was significant per month and was contributing to Casa Verde's cash flow shortfall. Prior to the Appointment Date, the Receiver confirmed with the MOH that funding for the period up to the Appointment Date would still be subject to set-off, however, ongoing funding to the Receiver from the Appointment Date onward would not be subject to overfunding set-off. However, the Receiver determined that the initial post-receivership payments for the period January 24 to 31, 2006 were calculated incorrectly, resulting in a funding shortfall to the Receiver of approximately \$97,500 for Paragon and \$92,000 for 1508669. The MOH subsequently agreed with the Receiver's calculations and provided the Receiver with the funding shortfall in March 2006.

ASSETS OF THE COMPANIES

- 39. According to Paragon's unaudited trial balance for the year ended December 31, 2005, the assets of Paragon consist of cash in the bank, accounts receivable from certain residents of Casa Verde, food and supply inventory and the land and building including the equipment, furniture and fixtures located therein. In addition, Paragon is the beneficial owner of 252 nursing home bed licences.
- 40. According to Paragon Ontario's unaudited trial balance at December 31, 2005, the assets of Paragon Ontario consist of cash in the bank. According to 1508669's unaudited trial balance for the year ended December 31, 2005, the assets of 1508669 consist of cash in the bank, accounts receivable from certain tenants of West Park, food and supply inventory and the land and building, including the equipment, furniture and fixtures therein and 101 nursing home bed licences, of which eight of the licences are currently being held in abeyance as that facility does not have sufficient rooms to utilize these licences.
- 41. In order to assist the Receiver in assessing any offers for the assets of the Companies, the Receiver engaged Healthtrust Canada ("Healthtrust") and McKenzie, Ray, Heron, & Edwardh

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("McKenzie"), two valuation firms which specialize in senior housing and healthcare real estate valuation, to prepare appraisals for both properties. McKenzie is expected to submit its appraisal in March 2007. HealthTrust, on the otherhand, informed the Receiver that while it has completed its field work and assessment of the property, it cannot complete its appraisal of the property until the Long-Term Care Act, proposed legislation which apparently will provide for revised licensing standards for nursing homes including a possible time limit on nursing home licenses, is clarified and/or enacted. At the request of Peoples and CMHC, the Receiver has delayed its marketing program for the Homes until it receives the aforementioned appraisals, at which point the Receiver intends to apply to the Court to seek approval of the Receiver's marketing program.

CAPITAL IMPROVEMENTS TO THE FACILITIES

- 42. Upon taking possession of the assets of the Companies, at the Receiver's request, Diversicare undertook an operational review of the Facilities which included an analysis of the physical plant. Diversicare's initial assessment indicated that the roofs at both Facilities required repair. With the Receiver's authorization, Diversicare engaged Garland Canada Inc. ("Garland") to inspect the roofs and advise as to the condition and the estimated cost of any necessary repairs. Garland provided Roof Inspection Reports which indicated that significant repairs were required at both Facilities. Garland estimated the cost of the roof repairs for Casa Verde to be \$631,000 which would occur in three phases over a three year period. The estimated cost for 2006 was \$280,200. For West Park, Garland estimated the cost of the roof repairs to be \$191,000 which would occur in two phases over a two year period.
- 43. The Receiver authorized Diversicare to solicit 5 quotes for the first phase of the repairs to the roof at Casa Verde based on the specifications provided by Garland. With the agreement of Peoples and CMHC, the Receiver authorized Diversicare to proceed to have Specified Roofing Contractors Inc. carry out the first phase of the roof repair. This work was completed in the summer and fall of 2006 at a cost of approximately \$270,000. The second phase of the roof repair was tendered in January 2007 and the tender of Crawford Roofing Corporation at \$222,600 was accepted by the Receiver. The repair work commenced in February 2007 and should be completed in late spring 2007.
- 44. The Receiver also authorized Diversicare to solicit 5 quotes for the repairs to the roof at West Park based on the specifications provided by Garland. With the agreement of Peoples and CMHC, the

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Receiver authorized Diverisicare to proceed to have Aggressive Metals Inc. carry out the first phase of the roof repair. This work was completed in the summer of 2006 at a cost of approximately \$120,000. The second phase of roof repairs, estimated to cost approximately \$100,000, will be put out for tender in the spring of 2007.

- 45. In its operational review of Casa Verde, Diversicare indicated that the HVAC system was not functioning properly and required significant repairs. After completion of a quotation process and with the approval of Peoples and CMHC, the repairs were completed in the spring of 2006 at a cost of approximately \$56,000.
- 46. Diversicare further identified that there was a lack of sufficient furniture in certain areas of Casa Verde and that certain of the furniture was of poor quality and required replacement. The Receiver directed Diversicare to conduct a tender process for the required furniture which resulted in the purchase of approximately \$81,500 of beds, chairs, couches and other miscellaneous furniture pieces.
- Also in its operational review of Casa Verde, Diversicare indicated that the deteriorated physical condition in the 1 East Wing and 2 East Wing of Casa Verde was inhibiting the Facility's ability to attract and retain residents in these areas. These areas were characterized by painted cinderblock walls and deteriorated tile floors. Diversicare suggested that certain physical improvements to these areas, such as installing drywall over the cinderblock and carpeting over the tile floors, would greatly improve the appearance of these areas and facilitate the Receiver's objective of increasing occupancy in the Home in advance of a marketing and sales process. After the completion of a tender process and with the approval of Peoples and CMHC, the 2 East Wing renovations were completed in September 2006 at a cost of approximately \$19,000 for new carpeting. The renovations of the 1 East Wing commenced in October 2006 and are scheduled to be completed in late March 2007 at an approximate cost of \$68,000.
- 48. The MOH, in its audit of West Park in February 2006, indicated that, in addition to the roof deficiency, there were deficiencies with certain windows in the Facility, in that the seals on these windows were no longer sufficient such that they were prone to causing drafts in certain of the rooms. After the completion of a tender process and with the approval of the Receiver, Peoples and CMHC, Boston Windows was engaged to complete the work at an approximate cost of

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- \$72,000. As of the date of this Report, substantially all the windows have been installed with the balance to be completed by the end of March 2007.
- 49. In total, since the Appointment Date, the Receiver has to date expended \$353,974 for capital additions in Casa Verde Nursing Home, \$74,607 in Casa Verde Retirement Home and \$205,249 for West Park.

OPERATIONAL RESULTS

- 50. At the Appointment Date, the occupancy at Casa Verde Nursing Home was 168 beds (67%) and 47 beds (50%) for Casa Verde Retirement Home. As of February 28, 2007, occupancy has increased to 208 beds (82%) in Casa Verde Nursing Home and 52 beds (56%) in Casa Verde Retirement Home. The increase in occupancy can be attributed to the following:
 - a general decrease in available beds in competitor nursing and retirement homes in the North Toronto area;
 - a more concerted marketing campaign by Casa Verde, including marketing of the local Community Care Access Centre which places new applicants in homes;
 - the creation of model suites for a better presentation to potential residents; and
 - improved appearance of Casa Verde through repairs and maintenance authorized by the Receiver and effected through Diversicare.
- 51. Occupancy at West Park has remained relatively consistent at an average rate of approximately 97% since the Appointment Date.
- 52. Attached hereto as **Appendix "E"** is an operating statement summary for Casa Verde Nursing Home for the period January 24, 2006 to December 31, 2006 (the "Results Period"). Casa Verde Nursing Home has generated positive net operating income (before consideration of interest, depreciation and capital expenditures) of \$611,041 over the Results Period. Monthly results at Casa Verde Nursing Home are showing an upward trend due to the positive impact of increased occupancy commencing in July 2006. It is anticipated that results will continue on the same trend

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for 2007 once the renovations to 1 East Wing are completed and all 252 rooms are available for occupancy.

- Attached hereto as **Appendix "F"** is an operating statement summary for Casa Verde Retirement Home for the Results Period. Casa Verde Retirement Home experienced a net operating loss of \$227,450 (before consideration of interest, depreciation and capital expenditures) over the Results Period as a result of occupancy levels in the 50% range from the Appointment Date to May 31, 2006. Since June 1, 2006, occupancy has been on an upward trend, reaching almost 65% by the end of August 2006, resulting in lower monthly net operating losses. It is anticipated that lower monthly net operating losses will continue in 2007 as improved occupancy is expected, however significantly increased occupancy is required before Casa Verde Retirement Home can generate an operating profit.
- 54. Attached hereto as **Appendix "G"** is an operating statement summary for West Park for the Results Period. Consistently strong occupancy at West Park has generated positive net operating income of \$403,413 (before consideration of interest, depreciation and capital expenditures) over the Results Period which is anticipated to continue in 2007.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

- Attached hereto as **Appendix "H"**, "I" and "J" are the Receiver's Interim Statements of Receipts and Disbursements for the period January 24, 2006 to February 28, 2007 (the "**R&D**") for each of Paragon, Paragon Ontario and 1508669, respectively. These statements reflect transactions through the Receiver's accounts and do not reflect the receipts and disbursements of the operating accounts managed by Diversicare for the Receiver, which are maintained on an accrual basis and are reflected in the aforementioned operating statement summaries.
- On the 22nd day of each month, MOH funding is deposited into the Receiver's trust account, the amount of which is based on the census at the Homes and is fairly consistent month to month. Each month, Diversicare provides the Receiver with a cash flow forecast for the Homes and a funding request to meet the Homes' cash flow requirements. The Receiver provides the requisite funding to Diversicare and holds the balance in its trust account.

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57. As set out in the R&D's, the current cash balances as at February 28, 2007 in respect of each of the Companies is as follows:

Company	Cash Balance
Paragon	\$ 404,834
Paragon Ontario	3,603
1508669	307,524
Total	\$ 715,961

As discussed below, Peoples is seeking to distribute a portion of the cash being held in the Receiver's 1508669 trust account. Peoples is not seeking a distribution of any of the funds in the Receiver's Paragon trust account as these funds may be required to fund capital expenditures at Casa Verde in order fulfil the Compliance Plan for the Home.

58. Diversicare's operating accounts contain the following cash balances as at February 28, 2007:

Facility	Cash Balance
Casa Verde Health Centre	\$ 494,575
Casa Verde Retirement Home	222,729
West Park	434,643
Total	\$ 1,151,947

Diversicare maintains sufficient cash balances for working capital purposes. The balances in Diversicare's accounts are relatively higher at February 28, 2007 as funding was received by Diversicare from the Receiver on or about February 23, 2007, which funding is required to fund operations at the Homes until March 22, 2007 when the next month's funding from the MOH is available.

RECEIVER'S CERTIFICATES

59. In order to meet its payroll obligations during the first two weeks of the receiverships, the Receiver issued the following Receiver Certificates:

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- i) Receiver Certificate #1 issued January 24, 2006 to Peoples in respect of 1508669 in the amount of \$102,273.42;
- ii) Receiver Certificate #2 issued January 30, 2006 to Peoples in respect of Paragon Ontario in the amount of \$72,000; and
- iii) Receiver Certificate #3 issued January 30, 2006 to Peoples in respect of Paragon in the amount of \$193,000.

In each of the cases above, the proceeds from the Receiver Certificates were paid directly by Peoples Trust to ADP payroll service in order to fund payroll. As of the date of this Report, Receiver Certificate #1 has been repaid while Receiver Certificates #2 and #3 remain outstanding and will be repaid as soon as practical from surplus cash flow.

PROPOSED DISTRIBUTION TO PEOPLES TRUST

- 60. As indicated above, the Receiver has approximately \$307,000 in cash in its 1508669 trust account.
- With respect to the property, assets and undertaking of 1508669 and the business of West Park, Peoples holds the security described in **Appendix "K"**, including the charge/mortgage of land, dated August 14, 1995 and registered August 17, 1995 as instrument number RO699419 in favour of Sun Life Assurance Company of Canada for the principal amount of \$3,941,505 and assigned to Peoples by assignment of charge/mortgage of land dated June 13, 2000 and registered June 15, 2000 as instrument number RO768790, and related personal property security (the "**West Park First Mortgage**").
- 62. The Receiver received an opinion from Lang Michener dated March 8, 2007 that under the laws of Ontario, the various securities held by Peoples, including the West Park First Mortgage, constitute legal, valid and binding obligations of 1508669, enforceable against 1508669 by Peoples in accordance with their terms, and create, in favour of Peoples, valid security interests, mortgages and charges in and over the property, assets and undertaking in which 1508669 has rights, securing payment and performance of the obligations secured thereby.

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- 63. **Appendix "L"** lists the various financing statements filed under the *Personal Property Security Act* (Ontario) in respect of the security interest of Peoples.
- 64. The Receiver has received a similar security opinion in respect of the secured indebtedness owing to Peoples by Paragon.
- As of February 5, 2007, the outstanding balance under the West Park First Mortgage is \$2,841,983, which includes interest and late payment interest of \$288,982. Peoples has informed the Receiver that it would like to receive payment against interest arrears should there be sufficient excess cash flow that is not required to operate West Park.
- 66. The Receiver has determined that \$200,000 would be an appropriate amount to distribute to Peoples as partial payment against interest arrears under the West Park First Mortgage and is seeking the Court's approval for same.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

- 67. The Receiver's fees for services rendered for the period January 24, 2006 to January 31, 2007 are particularized in the Affidavit of Daniel R. Weisz, sworn March 26, 2007 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$262,226.56 in respect of Paragon and \$99,630.41 in respect of 1508669.
- 68. The fees and disbursements of Lang Michener LLP ("Lang Michener"), the Receiver's independent counsel, for the period January 24, 2006 to March 21, 2007 are particularized in the Affidavit of Leslie Wittlin, sworn March 27, 2007 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$48,821.81 in respect of Paragon and \$15,041.96 in respect of 1508669.
- 69. The fees and disbursements of Gowling Lafleur Henderson LLP ("Gowlings"), counsel for Peoples Trust, in respect of work performed for the Receiver, for the period January 24, 2006 to December 31, 2006 are particularized in the Affidavit of Harry VanderLugt, sworn March 26, 2007 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$39,758.47 in respect of Paragon and \$10,716.81 in respect of 1508669.

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- 70. The Receiver has reviewed the invoices of Lang Michener and Gowlings and finds the work performed and charges to be appropriate and reasonable.
- 71. The Receiver has sought and received the approval of Peoples prior to taking interim draws against the fees of the Receiver, Gowlings and Lang Michener.
- 72. 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 Gowlings and Lang Michener as discussed above.

RECEIVER'S REQUEST TO THE COURT

- 73. The Receiver is respectively seeking an order approving the following:
 - i) the actions and activities of the Receiver from the Appointment Date to March 26, 2007;
 - ii) a distribution to Peoples in the amount of \$200,000 for payment against the arrears on the first mortgage on 1508669; and
 - the fees for services rendered of the Receiver for the period to January 31, 2007, the fees and disbursements of Lang Michener for the period to March 21, 2007 and the fees and disbursements of Gowlings for the period to December 31, 2006.

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All of which is respectfully submitted to this Honourable Court.

DATED this 26th day of March, 2007.

MINTZ & PARTNERS LIMITED

Interim Receiver and Receiver and Manager of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited

witz Flactons Limited

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

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

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TAB A

APPENDIX A

See attached.

ONTARIO

SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY)

COMMERCIAL LIST

THE HONOURABLE)	MONDAY, THE 23 rd DAY
)	
JUSTICE CUMMING	.)	OF JANUARY, 2006



PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

APPLICATION UNDER section 47 of Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, and under section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43

ORDER

THIS MOTION, 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 Mintz & Partners Limited ("Mintz") as interim receiver and receiver and

manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Paragon Health Care Inc. ("Paragon") and 1508669 Ontario Limited ("150 Ontario") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the affidavit of James Dysart sworn January 13, 2006 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and the Respondents, 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 service of Carla Clarizia sworn January 17, 2006 (the "Affidavit of Service") and on reading the consent of Mintz to act as the Receiver,

SERVICE AND AMENDMENT

- 1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this motion is properly returnable today, service upon those parties described in the Affidavit of Service is hereby validated and any further service of the Notice of Application and Application Record is hereby dispensed with.
- 2. **THIS COURT ORDERS** that Paragon Health Care (Ontario) Inc. ("Paragon Ontario") be added as a respondent to these proceedings.

APPOINTMENT

3. THIS COURT ORDERS that pursuant to section 47(1) of BIA and section 101 of the CJA, effective 9:00 a.m. Eastern Standard Time January 24, 2006, Mintz is hereby appointed Receiver, without security, of all of the current and future assets, undertakings and properties of Paragon, 150 Ontario and Paragon Ontario (collectively, the "Debtors"), 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

- 4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtors, 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 Debtors;
 - (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, Diversicare Canada Management Services Co., Inc., or such other third party operator as the Receiver may in its discretion designate (the "Manager");
 - to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors and to collect any payments or subsidies from the Ontario Ministry of Health and Long Term Care (the "MOH") and any municipalities, provided, however, that notwithstanding anything herein contained, 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") and related policy (and which amounts will be subject to MOH review and reconciliation as provided for by applicable law);
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- to undertake such repairs and improvements to the Property as the Receiver may, in its discretion, deem appropriate or the MOH may require;
- (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;
- (I) 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 Debtors, the Property or the Receiver, and to

settle or compromise any such proceedings, including, without limitation, any grievances or other labour disputes. 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 \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; 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 secured and unsecured creditors of the Debtors and their advisors 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 or all 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 Debtors;
- (s) to enter into arrangements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors and the power to lend money to or indemnify any such trustee, such trustee borrowings or indemnity not to exceed \$25,000 unless otherwise increased by this Court;
- (t) to vote any shares and exercise any rights which the Debtors may have as shareholder and to otherwise deal with all securities, warrants or other interests held by the Debtors, for its benefit; 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, including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents and shareholders, any other persons acting on their instructions or behalf including, without limitation, any accountants

or legal counsel, 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 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, other than documents or information which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

- 6. THIS COURT ORDERS that all Persons shall deliver to the Receiver all of the Debtors' books, documents, securities, contracts, orders, corporate and accounting records and all computer records, computer programs, computer tapes, computer disks, data storage media and programs containing any such information, and any other papers, records and information of any kind of the Debtors relating thereto in their possession or control (the foregoing, collectively, the "Records"), and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver access to and use of accounting, computer, software and physical facilities relating thereto.
- 7. 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 obtain access 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,

without limiting the generality of the foregoing, 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

8. **THIS COURT ORDERS** that no proceeding, enforcement process, or extrajudicial proceeding in any court or other tribunal (each, a "Proceeding"), shall be
commenced or continued against the Receiver or any person engaged by the
Receiver, including the Manager, except with the written consent of the Receiver
or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors 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 Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

- 10. **THIS COURT ORDERS** that all rights and remedies against the Debtors or affecting the Property are hereby stayed and suspended pending written consent of the Receiver or leave of this Court, provided, however, that nothing in this paragraph or this Order shall:
 - empower the Receiver or the Debtors to carry on any business which the
 Debtors are not lawfully entitled to carry on;
 - (b) 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, and, for greater certainty, this Order shall not be construed so as to prohibit,

restrain, impede or in any way interfere with the MOH, the Director under the NHA, or employees or agents of the MOH (collectively, the "Minister") in exercising any jurisdiction, duty, power, or authority granted under the NHA or the *Health Facilities Special Orders Act*, R.S.O. 1990, c. H.5, as amended, without further order of this Court or the written consent of the Receiver (including, without limitation, the right to suspend a licence, to take control of a home, or to terminate a service agreement), where it has been determined by the Minister to be necessary to protect the health, safety and welfare of residents, and any such exercise by the Minister shall not in any way diminish or derogate from the protections against liabilities afforded to the Receiver under this Order, or under the provision of the BIA, or at law or equity; or,

(c) prevent the filing of any registration to preserve a security interest or a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors 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 Debtors are hereby restrained until further Order of this Court from discontinuing, failing to honour renewal rights on reasonable terms, 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 Debtors' 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 Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver ("Receipts") 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

- 14. THIS COURT ORDERS that the Receiver shall not be liable for any non-unionized employee-related liabilities, including, without limitation, 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.
- 15. THIS COURT ORDERS that the Receiver shall not be liable for any unionized employee-related liabilities, including, without limitation, wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than in accordance with the terms of the agreements appended as to the Supplementary Affidavit of James Dysart (the "Labour Agreements"), which Mintz is hereby authorized to execute in its capacity as Receiver and, if applicable, Trustee in Bankruptcy, and, for greater certainty, leave shall not be granted to any person, pursuant to s. 215 of the BIA, to commence proceedings against the Receiver or, if applicable, the Trustee in Bankruptcy, in respect of matters forming the subject matter of the Labour Agreements, other than in accordance with the terms thereof.
- 16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canadian 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 Debtors, 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 or obligate the Receiver to occupy or to take control, care, charge, occupation, possession or management of any of the Property which may be environmentally contaminated, or a pollutant or a contaminant, or cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other legislation, statute, regulation or rule of law or equity 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 the Receiver shall promptly advise the Ontario Ministry of the Environment of any obvious or known environmental condition existing on or in any of the Property in accordance with applicable Environmental Legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including (subject to the approval of the Court) the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the normal rates and charges of the Receiver and its counsel (the "Receiver's Operating Costs"), 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, including, without limitation, the security interest of Peoples Trust Company (the "Receiver's Charge").
- 19. 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 referred to a judge of the Commercial List of the Ontario Superior Court of Justice.
- 20. 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

21. 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.

- 22. **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.
- 23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Appendix "C"** hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
- 24. 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.

LIMITATION ON THE RECEIVER'S LIABILITY

- 25. THIS COURT ORDERS that the liability that the Receiver may incur as a result of its appointment or as a result of the performance of its duties hereunder other than the Receiver's Operating Costs or any liability arising as a result of its gross negligence or wilful misconduct (the "Receiver's Liabilities"), shall be limited in the aggregate to the Net Realizable Value of the Property. The Net Realizable Value of the Property shall be the proceeds realized in cash from the disposition of the Property after the Receiver's Operating Costs, including monies borrowed hereunder, have been paid.
- 26. **THIS COURT ORDERS** that the Receiver's Liabilities shall form a charge on the Net Realizable Value of the Property (the "Receiver's Liability Charge") subordinate to the Receiver's Charge and the Receiver's Borrowings Charge.

GENERAL

27. **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.

- 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 or elsewhere 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 motion, up to and including entry and service of this Order, as provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis.
- 31. **THIS COURT ORDERS** that any interested party may apply to this Court, within 30 days of mailing to them of a copy of this Order, to vary or amend this Order on 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.

JOSEPH P VAN TASSEL REGISTRAR

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

JAN 2 4 2006

PER/PAR:

APPENDIX "A"

SERVICE LIST

TO:

PARAGON HEALTH CARE INC.

3595 Keele Street Toronto, Ontario M3J 1M7

.....

Attention: Gerald Harquail, President

AND TO:

1508669 ONTARIO LIMITED

103-111 Pelham Road St. Catherines, Ontario

L2S 1S9

Attention: Gerald Harquail, President

AND TO:

SACK GOLDBLATT MITCHELL

Suite 1130, Box 180 20 Dundas St. W. Toronto, Ontario M5G 2G8

Attention: Michael Kainer

Tel: (416) 977-6070 Fax: (416) 591-7333

Solicitors for Service Employees International Union, Local 1.on,

Canadian Union of Public Employees and its Local 1263 and the Nursing

Homes and Related Industries Pension Plan

AND TO:

MINISTRY OF FINANCE, Insolvency Unit

33 King Street West, 6th Floor

Oshawa, Ontario

L1H 8H5

AND TO: DEPARTMENT OF JUSTICE (CANADA)

Ontario Regional Office

The Exchange Tower, Box 36 130 King Street West, Suite 3400

Toronto, Ontario

M5X 1K6

Attention: Diane Winters

Tel: (416) 973-3172 Fax: (416) 973-0810

AND TO: LANG MICHENER LLP

BCE Place, P.O. Box 747 Suite 2500, 181 Bay Street

Toronto, Ontario

M5J 2T7

Attention: Les Wittlin Tel: (416) 360-8600 Fax: (416) 365-1719

Solicitors for Mintz & Partners Limited

AND TO: Ginette Harquail

c/o Paragon Health Care Inc.

3595 Keele Street Toronto, Ontario

M3J 1M7

AND TO: MINISTRY OF HEALTH AND LONG TERM CARE

56 Wellsley Street West, 9th Floor

Toronto, Ontario

M7A 2J9

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

AND TO: CAPPELLACCI DAROZA LLP

462 Wellington Street West, Suite 500

Toronto, Ontario

M5V 1E3

Attention: Ernest J. Cappellacci

Tel: 416-955-9500 Fax: 416-955-9503

Solicitors for Diversicare

APPENDIX "B"

LEGAL DESCRIPTIONS OF PROPERTY

Part Lot 17, Concession 3, W.Y.S., Township of York, designated as Part 1, Plan 64R-9597, City of Toronto, Property Identifier Number 10181-0039(LT), municipally known as 3595 Keele Street, Toronto, Ontario.

Lots 814-819 and 857-861, TP Plan 94 Grantham, City of St. Catharines, Property Identifier Number 46172-0268(LT) municipally known as 103-111 Pelham Road, St. Catharines, Ontario and Lots 738-739, TP Plan 94, Grantham, City of St. Catharines, Property Identifier Number 46172-0309(LT), municipally known as 34-36 Whitworth Street, St. Catharines, Ontario.

APPENDIX "C"

RECEIVER CERTIFICATE

CERTIFICATE NO.
AMOUNT \$
1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of [DEBTOR'S NAME] appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the day of, 2006 (the "Order") made in an action (the "Action") having Court file number 06-CL, 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, expenses and liabilities.
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	, 2006.
	[RECEIVER'S NAME], solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity
	Per:
	Name:
	Title:

TOR_LAW\ 6220395\1

TOR_LAW\ 621077\1

Court File No.: 06-CL-6233 APPLICATION UNDER section 47 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, and under section 101 of the Courts of Justice PROCEEDING COMMENCED AT TORONTO PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED SUPERIOR COURT OF JUSTICE GOWLING LAFLEUR HENDERSON LLP Massimo C. Starnino (LSUC # 41048G) Tel: (416) 862-3630 Fax: (416) 863-3630 Solicitors for Peoples Trust Company Respondents Suite 1600, 1 First Canadian Place Barristers and Solicitors (Commercial List) 100 King Street West TORONTO, Ontario ONTARIO ORDER M5X 1G5 PEOPLES TRUST COMPANY Act, R.S.O. 1990, c. C.43 BETWEEN: Applicant

TAB B

APPENDIX B

See attached.

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

BANKRUPTCY AND INSOLVENCY ACT

Tel: 416-391-2900 Fax: 416-644-4303

Notice of Receiver

Web site: www.mintzca.com

Subsection 245(1)

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

Paragon Health Care Inc./Soins de Sante Paragon Inc.

Take notice that

1. On the 24th day of January, 2006 at 9:00 am, the undersigned, Mintz & Partners Limited ("MPL"), became a Receiver (the "Receiver") in respect of the property of Paragon Health Care Inc./Soins de Sante Paragon Inc. ("Paragon") o/a Casa Verde Health Centre by virtue of being appointed by an Order made on January 23, 2006 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) as Interim Receiver and Receiver and Manager of the assets of Paragon, an insolvent corporation, including the assets described below:

> Book Value as at December 31, 2005 per trial balance of Paragon

a) b) c) d) e) f) g) h)	cash funds held in trust accounts receivable inventory land & building furniture & equipment licenses goodwill	\$	26,094 155,786 404,518 11,027 7,060,647 414,781 480,000 875,180
n)	goodwill	_	875,180
i)	other assets		150,702

\$ 9,578,735

all included in the property, assets and undertaking of Paragon.

- 2. The undersigned became a Receiver in respect of the property described above by virtue of being appointed by an Order made by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) (the "Court Order").
- 3. The undersigned took possession or control of the property described above at 9:00 am on the 24th day of January, 2006 pursuant to the Court Order.
- 4. The following information relates to the receivership:

(a) Address of insolvent corporation:

3595 Keele Street

Toronto, Ontario, M3J 1M7

(b) Principal line of business:

Nursing Home & Retirement Home

(c) Location of business:

Casa Verde Health Centre

3595 Keele Street

Toronto, Ontario, M3J 1M7





(d) Amounts owed by the insolvent person to each creditor who holds a security on the property described above:

Peoples Trust Company	\$ 11,754,316
The Bank of Nova Scotia	Unknown
Teletech Financial Corporation	Unknown
MTC Leasing Inc.	Unknown
Ford Credit Canada Leasing Company	Unknown
GMAC Leaseco Limited	Unknown

- (e) The list of other creditors of the insolvent person and the amount owed to each creditor and the total amount due by the insolvent person is attached as Schedule A hereto.
- (f) The intended plan of action of the Receiver is to operate the facility with a view to a sale of Paragon's assets on a going concern basis.
- (g) Contact person for Receiver:

Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3B 3N6

Attention: Mr. Hartley Bricks, MBA, CA-CIRP,

Vice-President Tel: (416) 644-4431 Fax: (416) 644-4303

DATED at North York, Ontario, this 3rd day of February, 2006.

MINTZ & PARTNERS LIMITED

Court-Appointed Interim Receiver and Receiver and Manager of Paragon Health Care Inc./Soins de Sante Paragon Inc.

Per:

Hartley Bricks, MBA, CA•CIRP Vice President

::ODMA\PCDOCS\MINTZ\222257\1

Mintz & Partners Limited

February 9, 2006

MINTZ & PARTNERS LIMITED IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O $\tilde{}$ PARAGON HEALTH CARE INC.

OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO Mailing List

Page: 1

Sec	ured	
1	FORD CREDIT CANADA LEASING COMPA	NY Unknown
2	GMAC LEASECO LIMITED	Unknown
3	MTC LEASING INC.	Unknown
4	PEOPLES TRUST COMPANY	11,754,316.00
5	TELETECH FINANCIAL CORPORATION	Unknown
6	THE BANK OF NOVA SCOTIA	Unknown
_	ecured	Total - Secured 11,754,316.00
7		Unknown
8	407-ETR	350.26
9	A.V. ACE STAINLESS STEEL	305.33
10	A1 GREASE TRAP SERVICE	342.40
11	AATEL COMMUNICATIONS	Unknown
12	ABBOTT LABORATORIES LIMITED	11,102.48
13	ABSORB-PLUS	3,012.11
14	ALL JUICE COMPANY	Unknown
15	AUTOMATED ADMIN SERVICES INC.	52,760.66
16	BCE EMERGIS	64.55
17	BELL CANADA	1,778.39
18	BELL CANADA	143.98
19	BELL INTERNET	132.39
20	BELL MOBILITY	4.78
21	BHM MEDICAL INC.	73,388.57
22	BLANEY MCMURTRY	4,701.05
23	BUSINESS DEPOT	645.90
24	CAMPIONE RESTAURANT SUPPLY INC.	1,283.77
25	CANADIAN COUNCIL ON HSA	2,964.77
26	CANADIAN MEDICAL LABORATORIES	990.00
27	CHIN RADIO	Unknown
28	CIT FINANCIAL LTD.	860.72
29	CITICAPITAL TECHNOLOGY FINANCE	1,207.77
30	CITY OF TORONTO (NORTH YORK)	12,705.74
31	COINAMATIC	2,678.62
32	CROWN INDUSTRIAL ROOFING	267.50
33	CRYSTAL ICE MFG. CO.	600.00
34	DANONE WATERS OF CANADA	Unknown
35	DAVID ORAVEC (EMPLOYEE)	479.14
36	DE HAVILAND HARDWARE LTD	508.50
37	DEMPSTER'S T6249 (CENTRAL BAK)	2,049.17
38	DOVER (THYSSEN DOVER ELEVATOR)	10,087.86
39	DR. J. H. P. MAIN	22.24
40	ECOLAB LIMITED	7,519.29
41	EDWARDS	167.99
42		. Unknown
43	ENBRIDGE HOME SERVICES	4,010.94
44	FASKEN MARTINEAU DU MOULIN LLP	28,501.31
45		11,846.18
46	GFS CANADA INC.	7,958.73
	. GINO'S MEAT MARKET	Unknown
48	GIRONE CONCRETE & PAVING CO.	5,793.25

February 9, 2006

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O PARAGON HEALTH CARE INC.

OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO Mailing List

							··································
49					·		557.02
50						, ,	960.73
51	GRANT R. SAUDER	•					Unknown
52	HELEN ALEMANY (EMPLOYEE)						37.16
53	HELP'S HERE				•		Unknown
54	HOLLISTER LIMITED						220.80
55	HOME DEPOT						3,081.52
56	HOSPITAL SPECIAL NEEDS INC.		•			-	39.42
57	HOWARD HISCOX & ASSOCIATES INC.						1,015.74
58	HRD KITCHEN SERVICES LTD.					•	456.68
59	INLINE FIBERGLASS LTD.	•					1,230.50
60	KCI MEDICAL CANADA INC.					•	31,838.00
61	KEELE-SHEPPARD DRUGS						47.00
	L.A. LIVERSIDGE & ASSOC. LTD.	•			•		2,940.34
63							603.58
64						•	580.00
65	MCLANRAY ENVIROMEDICS CONSULT.					•	4,137.00
66	MCLEAN & KERR						5,106.80
67	MEDICAL MART						17,315.26
68	MEDICAL PHARMACY						2,912.48
69	MILANO FOODS					•	Unknown.:
70	MINISTER OF FINANCE					:	1,695.20
71	NATREL (ONTARIO) INC.						2,810.44
							845.56
73	NIGHT LIGHT INC.				•		1,112.80
74	NINA D'AVERSA BAKERY LTD						1,042.00
75	NORTH WEST SERVICES CENTRE LTD.						326.31
76	OLYMPIC DUST CONTROL					•	241.31
77	ONTARIO LONG TERM CARE ASSOCIATE						109.19
78	OPTIMUM C HEALTH CARE SERVICES						2,080.50
79	PARMACK ELECTRIC SUPPLY LTD.						1,408.78
80	PASTA VARONE						Unknown
81	PAUL BUTLER						235.00
82	PHYLLIS CAVALLINI				٠,		175.00
83	PROFESSIONAL SERVICES PAM				4		4,602.78
84	PUROLATER COURIER LTD.						173.44
85	R.G. HENDERSON & SON LTD.	•					
86	RBC INSURANCE COMPANY					×	708.37
87	REDIBOW PACKAGING						701.86
88	REVENUE CANADA	*		-			2,067.93
89	REVY HOME CENTRES INC.						91.27
90	RICHMOND FIRE SYSTEMS LTD.						-72.33
	ROGERS CABLESYSTEM						1,347.97
91	ROGERS WIRELESS INC.						361.31
92			•				716.39
- 93	RONA						3,885.60
94	RTA ELECTRIC MOTOR CORPORATION						1,053.40
95	SARA LEE COFFEE & TEA				•		6,154.05
96	SARA PULLA						175.59
	SCHOMBERG SHEET METAL LTD.						Unknown
98	SEACORESEAFOOD INC.						Unknown
99	SETON						346.07

MINTZ & PARTNERS LIMITED

February 9, 2006

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O PARAGON HEALTH CARE INC.

OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO Mailing List

	Number of Creditors Printed = 123 12,245,400.84
Rullingt of orealtors printed - 120	491,084.84
123 ZEP Number of creditors printed = 123	Total - Unsecured
122 YORK DISPOSAL SERVICE LTD.	3,683.95
121 WINSHAM FABRIK CANADA LTD.	3,676.75
120 TOSHIBA BUSINESS SOLUTIONS	2,189.89
119 TORONTO STAR	321.31
118 TORONTO PUBLIC HEALTH	85.50
117 TORONTO PAVEMENT MARKING SERVICES	294.25
116 TORONTO FIRE SERVICES	2,100.00
115 THERMOPATCH CANADA INC.	205.43
114 TATANGELO WHOLESALE LTD.	3,252.34
113 T. H. E. MEDICAL	11.95
112 STRANO SYSCO FOODSERVICE	30,401.27
111 STRAIGHTLINE	6,304,44
110 STERICYCLE	643.44
109 STEMAR REFRIDGERATION	1,789.98
108 STARPACK PAPER COMPANY	21,881,40
107 ST. WILFRID'S PARISH	250.00
106 SPECIALTY ET SERVICES	1,417.50
105 SPARKLE WINDOW CLEANING LTD.	1,863.94
104 SOLID IMAGE INC.	467.09
103 SMITH, NIXON & COMPANY	50,743.51
102 SIMPLEX GRINNELL	171.70
101 SIEMENS BUILDING TECHNOLOGIES	288.90
100 SHELLX COURIER	153,60

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

Tel: 416-391-2900

Fax: 416-644-4303

Web site: www.mintzca.com

BANKRUPTCY AND INSOLVENCY ACT

Report of Receiver
Subsection 246 (1)

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

Paragon Health Care Inc./Soins de Sante Paragon Inc. ("Paragon")

Take notice that

- Attached as Schedule A hereto is a creditors' list which includes the names of each creditor of Paragon, the amount owed to each creditor and the total amount owing to the creditors of Paragon as at January 23, 2006.
- 2. The following is a list of the assets in the possession or under the control of Mintz & Partners Limited (the "Receiver") and the estimated book value of each asset as at December 31, 2005:

Book Value as at December 31, 2005 per trial balance

a)	cash	\$	26.094
b)	funds held in trust	•	155,786
c)	accounts receivable		404,518
d)	inventory		11,027
e)	land & building		7,060,647
f)	furniture & equipment		414,781
g)	licenses		480,000
h)	goodwill		875,180
i)	other assets		150,702
		•	

\$_9,578,735

all included in the property, assets and undertaking of Paragon.

3. The intended plan of action of the Receiver is to operate the facility with a view to a sale of Paragon's assets on a going concern basis.

DATED at North York, Ontario, this 3rd day of February, 2006.

MINTZ & PARTNERS LIMITED

Court-Appointed Interim Receiver and Receiver and Manager of Paragon Health Care Inc./Soins de Sante Paragon Inc.

Per

Hartley Bricks, MBA, CA•CIRP

Vice President

100 MDMAIPCDOCS/MINTZ/219659/1

A member of Collins Barrow Canada and Moores Rowland International, associations of independent accounting firms throughout the world February 9, 2006

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O PARAGON HEALTH CARE INC.

OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO Mailing List

Schedule A

Page: 1

Sec	cured ·	•	
1	FORD CREDIT CANADA LEASING COMPANY		Unknown
2	GMAC LEASECO LIMITED		Unknown
3	MTC LEASING INC.		Unknown :
4	PEOPLES TRUST COMPANY		54,316.00
5	TELETECH FINANCIAL CORPORATION		Unknown
6	THE BANK OF NOVA SCOTIA		Unknown
_	secured	=	54,316.00
7			Unknown
8	407-ETR		350.26
9	A.V. ACE STAINLESS STEEL		305.33
10	A1 GREASE TRAP SERVICE		342.40
11	AATEL COMMUNICATIONS	1	Unknown
12	LABORATORIES LIMITER		11,102.48
13	ABSORB-PLUS	•	3,012.11
14	ALL BURGE COMPANY		Unknown
	AUTOMATED ADMIN SERVICES INC.		
15	BCE EMERGIS	·	52,760.66
16	BELL CANADA		64.55
17	BELL CANADA		1,778.39
18	BELL INTERNET		143.98
19	BELL MOBILITY		132,39
20	BHM MEDICAL INC.	7	4.78
21	BLANEY MCMURTRY		3,388.57
22	BUSINESS DEPOT		4,701.05
23	CAMPIONE RESTAURANT SUPPLY INC.		645.90
24	CANADIAN COUNCIL ON HSA	·	1,283.77
25	CANADIAN MEDICAL LABORATORIES		2,964.77
26		· · · · · · · · · · · · · · · · · · ·	990.00
27	CHIN RADIO	· .	Jnknown
28	CIT FINANCIAL LTD. CITICAPITAL TECHNOLOGY FINANCE		860.72
29			1,207.77
30	CITY OF TORONTO (NORTH YORK)	· · · · · · · · · · · · · · · · · · ·	2,705.74
31	COINAMATIC		2,678.62
32	CROWN INDUSTRIAL ROOFING		267.50
33	CRYSTAL ICE MFG. CO.		600.00
34	DANONE WATERS OF CANADA	u vita di kacamatan	Inknown
35	DAVID ORAVEC (EMPLOYEE)		479.14
36	DE HAVILAND HARDWARE LTD		508.50
37	DEMPSTER'S T6249 (CENTRAL BAK)		2,049.17
38	DOVER (THYSSEN DOVER ELEVATOR)	- The Control of the	0,087.86
39	DR. J. H. P. MAIN		22.24
40	ECOLAB LIMITED	7	7,519.29
41	EDWARDS		167.99
42	EL POPULAR	U	Inknown
43	ENBRIDGE HOME SERVICES		1,010.94
44	FASKEN MARTINEAU DU MOULIN LLP	, · 28	3,501.31
45	FUTUREMED		1,846.18
46	GFS CANADA INC.		7,958.73
47	GINO'S MEAT MARKET	· . U	nknown
48	GIRONE CONCRETE & PAVING CO.		5,793.25

MINTZ & PARTNERS LIMITED

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O PARAGON HEALTH CARE INC.

OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO Mailing List

Page: 2

		<u> </u>
49	GMAC OF CANADA LIMITED	557.02
50	GRAND & TOY	960.73
51	GRANT R. SAUDER	Unknown.
52	HELEN ALEMANY (EMPLOYEE)	37.16
53	HELP'S HERE	Unknown
54	HOLLISTER LIMITED	220.80
55	HOME DEPOT	3,081.52
56	HOSPITAL SPECIAL NEEDS INC.	39.42
57	HOWARD HISCOX & ASSOCIATES INC.	1,015.74
58	HRD KITCHEN SERVICES LTD.	456.68
59	INLINE FIBERGLASS LTD.	1,230.50
60	KCI MEDICAL CANADA INC.	31,838.00
61	KEELE-SHEPPARD DRUGS	47.00
62	L.A. LIVERSIDGE & ASSOC. LTD.	2,940.34
63	LINDA BAYLY (EMPLOYEE)	603.58
64	M.P. METCALF	580.00
65	MCLANRAY ENVIROMEDICS CONSULT.	4,137.00
66	MCLEAN & KERR	5,106.80
67	MEDICAL MART	17,315.26
68	MEDICAL PHARMACY	2,912.48
69	MILANO FOODS	
70	MINISTER OF FINANCE	1,695.20
71	NATREL (ONTARIO) INC.	2,810.44
72	NELLA CUTLERY	845.56
	NIGHT LIGHT INC.	1,112.80:
74	NINA D'AVERSA BAKERY LTD	1,042.00
75	NORTH WEST SERVICES CENTRE LTD.	326,31
76	OLYMPIC DUST CONTROL	241.31
77	ONTARIO LONG TERM CARE ASSOCIATE	109.19
78	OPTIMUM C HEALTH CARE SERVICES	2,080.50
79	PARMACK ELECTRIC SUPPLY LTD.	1,408.78
80	PASTA VARONE	Unknown
81	PAUL BUTLER	235.00
82	PHYLLIS CAVALLINI	175.00
83	PROFESSIONAL SERVICES PAM	4;602,78
84	PUROLATER COURIER LTD.	173.44
85	R.G. HENDERSON & SON LTD.	.708.37
86	RBC INSURANCE COMPANY	701.86
87	REDIBOW PACKAGING	2,067.93
88	REVENUE CANADA	91.27
89	REVY HOME CENTRES INC.	-72.33
90	RICHMOND FIRE SYSTEMS LTD.	1,347.97
91	ROGERS CABLESYSTEM	361.31
92	ROGERS WIRELESS INC.	716.39
93	RONA	3,885.60
94	RTA ELECTRIC MOTOR CORPORATION	1,053.40
95	SARA LEE COFFEE & TEA	6,154.05
96	SARA PULLA	175.59
97	SCHOMBERG SHEET METAL LTD.	Unknown
98	SEACORESEAFOOD INC.	Ünknown
99	SETON	346.07
	·	1040.07

MINTZ & PARTNERS LIMITED

February 9, 2006

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O PARAGON HEALTH CARE INC.

OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO Mailing List

Page; 3

	Number of Creditors Printed = 123	12,245,400.84
Number of creditors printed = 123	Total - Unsecured	491,084.84
123 ZEP		174.54
122 YORK DISPOSAL SERVICE LTD.	•	3,683.95
121 WINSHAM FABRIK CANADA LTD.		3,676,75
120 TOSHIBA BUSINESS SOLUTIONS		2,189.89
119 TORONTO STAR		321.31
118 TORONTO PUBLIC HEALTH	·	85.50
117 TORONTO PAVEMENT MARKING SERVICES		294.25
116 TORONTO FIRE SERVICES	4	2,100.00
115 THERMOPATCH CANADA INC.		205.43
114 TATANGELO WHOLESALE LTD.		3,252.34
113 T. H. E. MEDICAL		11.95
112 STRANO SYSCO FOODSERVICE	•	30,401.27
111 STRAIGHTLINE		6,304.44
110 STERICYCLE		643.44
109 STEMAR REFRIDGERATION	•	1.789.98
108 STARPACK PAPER COMPANY		21,881.40
107 ST. WILFRID'S PARISH		250.00
106 SPECIALTY ET SERVICES		1,417.50
105 SPARKLE WINDOW CLEANING LTD.		1,863.94
104 SOLID IMAGE INC.		467.09
103 SMITH, NIXON & COMPANY		50.743.51
102 SIMPLEX GRINNELL		171.70
101 SIEMENS BUILDING TECHNOLOGIES	•	288.90
100 SHELLX COURIER		153.60

BANKRUPTCY AND INSOLVENCY ACT

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

Report of Receiver

Subsection 246 (2)

T. 416.391.2900 E 416.644.4303

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF Web site: www.mintzca.com

Paragon Health Care Inc./Soins de Sante Paragon Inc. ("Paragon")

Take notice that

1. On the 24th day of January, 2006 at 9:00 am, the undersigned, Mintz & Partners Limited ("MPL"), became a Receiver (the "Receiver") in respect of the property of Paragon Health Care Inc./Soins de Sante Paragon Inc. ("Paragon") o/a Casa Verde Health Centre by virtue of being appointed by an Order made on January 23, 2006 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) as Interim Receiver and Receiver and Manager of the assets of Paragon, an insolvent corporation, including the assets described below:

> **Book Value as at** December 31, 2005 per trial balance of Paragon

a)	cash	\$	26.094
b)	funds held in trust	•	155,786
c)	accounts receivable		404,518
d)	inventory		11,027
e)	land & building		7,060,647
f)	furniture & equipment	•	414,781
g)	licenses		480,000
h)	goodwill		875,180
i)	other assets		150,702
		_	

\$ 9,578,735

all included in the property, assets and undertaking of Paragon.

- 3. The Receiver and Manager took possession and control of the assets subject to the security.
- The Receiver and Manager continues to operate Paragon with a view to a sale of Paragon's assets on a going concern basis.
- 5. Attached as Appendix "A" is the Receiver and Manager's Interim Statement of Receipts and Disbursements for the period January 23, 2006 to September 30, 2006.

DATED at North York, Ontario, this 28th day of November, 2006.

MINTZ & PARTNERS LIMITED

Court-Appointed Interim Receiver and Receiver and Manager of Paragon Health Care Inc./Soins de Sante Paragon Inc.

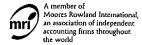
Per:

Hartley Bricks, MBA, CA•CIRP, CIRP

Vice President

AK/

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Paragon Health Care Inc. Interim Statement of Receipts and Disbursements for the Period January 24, 2006 to September 30, 2006

RECEIPTS	
Ministry of Health funding	\$ 5,771,929
Funding from Secured Creditor	193,000
Cash in bank	71,896
Interest	7,231
	\$ 6,044,057
DISBURSEMENTS	
Advances to Casa Verde Nursing Home	4,490,149
Advances to Casa Verde Retirement Home	680,000
Payroll service	193,000
Receiver's fees	190,664
Legal fees	67,500
GST paid	18,083
Appraisal fees	5,000
Security	3,424
Consulting fees	1,795
Courier	1,394
Travel expenses	388
Postage	280
Telephone	163
Photocopies	150
Fees paid to Official Receiver	· 70
·	\$ 5,652,059
Surplus/(Deficit)	\$ 391,997

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

Tel: 416-391-2900 Fax: 416-644-4303

Web site: www.mintzca.com

BANKRUPTCY AND INSOLVENCY ACT

Notice and Statement of the Receiver

Subsection 245 (1)

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

1508669 Ontario Limited

Take notice that

1. On the 24th day of January, 2006 at 9:00 am, the undersigned, Mintz & Partners Limited ("MPL"), became a Receiver (the "Receiver") in respect of the property of 1508669 Ontario Limited ("1508669") o/a West Park Health Centre by virtue of being appointed by an Order made on January 23, 2006 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) as Interim Receiver and Receiver and Manager of the assets of 1508669, an insolvent corporation, including the assets described below:

> Book Value as at December 31, 2005 per trial balance of 1508669

·a)	cash	\$	14,303
b)	funds held in trust	·	3,231
c)	accounts receivable		62,462
d)	inventory		17,000
e)	land & building		1,898,879
f)	furniture & equipment		297,475
g)	licenses		1,818,000
h)	other assets		164,539

\$ 4,275,889

all included in the property, assets and undertaking of 1508669.

- The undersigned became a Receiver in respect of the property described above by virtue of 2. being appointed by an Order made on January 23, 2006 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) (the "Court Order").
- The undersigned took possession or control of the property described above at 9:00 am on the 3. 24th day of January, 2006 pursuant to the Court Order.
- The following information relates to the receivership:

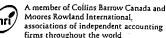
(a) Address of insolvent corporation: 3595 Keele Street

Toronto, Ontario, M3J 1M7

(b) Principal line of business: **Nursing Home**

Sheneeza Majeed NARAINI SUNICHURA, a Commissioner, etc., City of Toronto, for Mintz & Partners Limited, Trustee in Bankruptcy. Expires January 31, 2009.







(c) Location of business:

West Park Health Centre 103 Pelham Road St. Catharines, Ontario

(d) Amounts owed by the insolvent person to each creditor who holds a security on the property described above;

Peoples Trust Company MTC Leasing Inc.

\$ 2,970,963 Unknown

- (e) The list of other creditors of the insolvent person and the amount owed to each creditor and the total amount due by the insolvent person is attached as Schedule A hereto.
- (f) The intended plan of action of the Receiver is to operate the facility with a view to a sale of 1508669's assets on a going concern basis.
- (g) Contact person for Receiver:

Mintz & Partners Limited

1 Concorde Gate

Suite 200

North York, Ontario

M3B 3N6

Attention: Mr. Hartley Bricks, MBA, CA•CIRP,

Vice President Tel: (416) 644-4431 Fax: (416) 644-4303

DATED at North York, Ontario, this 3rd day of February, 2006.

MINTZ & PARTNERS LIMITED Court-Appointed Interim Receiver and Receiver and Manager of 1508669 Ontario Limited

Dar:

Hartley Bricks, MBA, CA•CIRP

Vice President

::ODMA\PCDOCS\MINTZ\219659\1



48 NIAGAPA GLASS

MINTZ & PARTNERS LIMITED

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O 1508669 ONTARIO LIMITED O/A WEST PARK

Mailing List

	Mailing List		
Secured		•	٠.
ATOLEASING INC	•	Unk	nown
PEOPLES TRUST COMPANY		2,970,9	63.0C
2 PEOPLES TROST COMM THY	T-1-1	- Secured 2,970,9	63.0
3 AATEL COMMUNICATIONS INC.	10tal	- Securea	57. 93
AFELL PEST CONTROL INC.	٠.		10.64
5 ALL IN ONE CLEANING			00.92
		· · · · · · · · · · · · · · · · · · ·	nowr
6 ATLAS LIGHTING 7 AUTOMATED ADMINISTRATION SERVICE	•	34.1	50.38
7 AUTOMATED ADMINISTRATION CENTRE		•	00.00
8 B&TTEXTILE FINISHERS	. •		37.30
9 BASS ASSOCIATES LIMITED			34.60
10 BEATTIES BASICS			36.47
11 BELL CANADA			47.00
12 BHM MEDICAL INC.			14.00
13 BILL DAVIS		•	72.49
14 CAN COUNCIL HEALTH-ACCREDITATI			36.88
15 CANADA REVENUE AGENCY			00.00
16 CANADIAN SOC OF NUTRITION MGN			01.39
17 CANADIAN TIRE		·	48.58
18 CANADIAN WASTE MANAGEMENT		· ·	48.00
19 CLIFF SENNUCK	•		63,34
20 CORPORATE CHEMICALS & EQUIP		·	94.3
21 CORROL TECHNOLOGIES			52.53
22 CREATIVE OFFSET			53.7
23 DEMPSTER'S / CANADA BREAD		and the second s	08.0
24 ECOLAB LIMITED		24,6	
25 ENBRIDGE GAS			46.5:
26 ENBRIDGE GAS - HADDON HALL		·	24.4
27 FIRE CONTROL NIAGARA			61.8
28 FUTUREMED HEALTH CARE PRODUCTS			60.5
29 GOLDEN HORSESHOE SERVICE-SUPPLY			
30 GRANT R. SAUDER ARCHITECT			24.0
31 HARCO CO. LTD.			08.7
32 HOBART FOOD EQUIPMENT GROUP			89.3
33 HOME DEPOT		and the second s	74.4
34 HOTEL DIEU		Small 22 Mg	3,4
35 HOUWARD HISCOX		Echrica	80.6
36 JEWAL INTERNATIONAL		1111 3 200	01.7
37 KCI MEDICAL CANADA INC.		NARAINI SUNICHURA a commissioner, etc. 14,6 City of Toronto, for Mintz & Partners Limited,	
38 KELLY McNAUGHTON		Trustee in Bankruptcy.	65.6
39 KONE INC.			69.8
40 LINCOLN COLLECTION AGENCY		•	28.1
41 MCCNAB DISTRIBUTION LTD		2,5	96.5
42 MCLEAN & KERR LLP		3,9	5 9.0
43 MDS LABORATORY SERVICES		1,2	90.0
44 MEDICAL MART		6,4	16.8
WILLIAM THE MEDICAL SHOPLY		9	91.1
ALDES LINC		29	60.1
ABELO COM		7	18.7
47 NAMELABELS.COM			95.4

Page:

495.4

MINTZ & PARTNERS LIMITED

=ebruary 9, 2006

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O 1508669 ONTARIO LIMITED O/A WEST PARK

Mailing List

67 Page:

	NIAGARA RESTAURANT SUPPLY					212.29
	ONTARIO MULTIFAITH COUNCIL		•			45.90
50	ONTRAK SERVICES INC.					414.09
51	PENINSULA FOOD & POULTRY DIST					345,58
52	PETER CHEATLEY					-48.15
53	PETTY CASH ·				•	1,936.24
54	POSITIVE PROMOTIONS INC.					301.96
55	PUBLIC HEALTH					33.00
56	PUROLATOR COURIER					45.3
57	QUALITY HEALTHCARE SERVICES					0.40
58	REMPEL REFRIGERATION					435,49
59	RESIDENT REFUNDS WEST PART			•		2,818.92
60	RICOH CANADA INC.					2,065.59
61	ROTO-ROOTER PLUMBERS					1,653.60
62	SHOPPERS DRUG MART					469.0
63	SHOPPERS HOME HEALTH CARE				-	53.5
64	SMITH NIXON & COMPANY					57,134.7
65 66	ST. CATHARINES HYDRO UTILITY					4,839.3
67	ST. CATHARINES WATER RATES			•		7,393.5
68	STERICYCLE CANADA					4.3
69	SYSCO FOODSERVICE OF ONTARIO					13,785.4
70	TEXTILE PRODUCTS LTD	,		•		2,695.1
71	THE ST. CATHARINES STANDARD					534.7
72	TYCO SIMPLEX GRINNELL					171.7
73	AND THE OAL BANKENANCE				٠.	786.4
74	· ····································		•			597.1
75	LANGE CONTRACTOR					516.0
76	ON BERDING					473.6
	mber of creditors printed = 76		Total - Unsecured			262,678.
	·	•	Number of Creditors	Printed = 76		3,233,641.
			THE STATE OF STREET			

200 - 1 Concorde Gate North York, ON M3C 4C4

BANKRUPTCY AND INSOLVENCY ACT

Report of Receiver

Subsection 246 (1)

Tel: 416-391-2900 Fax: 416-644-4303

Web site: www.mintzca.com

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

1508669 Ontario Limited ("1508669")

Take notice that

- Attached as Schedule A hereto is a creditors' list which includes the names of each creditor of 1508669, the amount owed to each creditor and the total amount owing to the creditors of 1508669 as at January 23, 2006.
- 2. The following is a list of the assets in the possession or under the control of Mintz & Partners Limited (the "Receiver") and the estimated book value of each asset as at December 31, 2005:

Book Value as at December 31, 2005 per trial balance of 1508669

a)	cash	\$	14.303
b)	funds held in trust		3,231
c)	accounts receivable		62,462
d)	inventory		17,000
e)	land & building	1,8	98,879
f)	furniture & equipment		97,475
g)	licenses	1,8	18,000
h)	other assets	1	64,539

\$ 4,275,889

all included in the property, assets and undertaking of 1508669.

3. The intended plan of action of the Receiver is to operate the facility with a view to a sale of 1508669's assets on a going concern basis.

DATED at North York, Ontario, this 3rd day of February, 2006.

MINTZ & PARTNERS LIMITED
Court-Appointed Interim Receiver and Receiver and Manager of
1508669 Ontario Limited

Per:

Hartley Bricks, MBA, CA•CIRP

Vice President

00 HOMAIPCDOCSIMINTZI21965911

mri

A member of Collins Barrow Canada and Moores Rowland International, associations of independent accounting firms throughout the world

Schedule A

MINTZ & PARTNERS LIMITED

February 9, 2006

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O 1508669 ONTARIO LIMITED O/A WEST PARK

Mailing List

Secu	ırad		
	MTC LEASING INC.		Unknown
-	PEOPLES TRUST COMPANY	•	2,970,963.00
_			2,970,963.00
	ecured	Total - Secured	1,057.93
	AATEL COMMUNICATIONS INC.		
	ABELL PEST CONTROL INC.	•	110.64
	ALL IN ONE CLEANING		1,600.92
	ATLAS LIGHTING		Unknown
	AUTOMATED ADMINISTRATION SERVICE		34,150.38
	B & T TEXTILE FINISHERS		500.00
	BASS ASSOCIATES LIMITED		2,137.30
	BEATTIES BASICS	•	1,234.60
	BELL CANADA		436.47
	BHM MEDICAL INC.		19,447.00
	BILL DAVIS		214.00
	CAN COUNCIL HEALTH-ACCREDITATI		1,472.49
	CANADA REVENUE AGENCY		136.88
	CANADIAN SOC OF NUTRITION MGN		100.00
	CANADIAN TIRE		601.39
	CANADIAN WASTE MANAGEMENT		48.58
19	CLIFF SENNUCK	•	2,848.00
20	CORPORATE CHEMICALS & EQUIP		3,163.34
21	CORROL TECHNOLOGIES		894.35
22	CREATIVE OFFSET		552,53
23	DEMPSTER'S / CANADA BREAD		1,053.74
24	ECOLAB LIMITED		3,208.01
25	ENBRIDGE GAS		24,610.87
26	ENBRIDGE GAS - HADDON HALL		446.52
27	FIRE CONTROL NIAGARA		524.47
28	FUTUREMED HEALTH CARE PRODUCTS		14,061.87
29	GOLDEN HORSESHOE SERVICE-SUPPLY		2,660.52
30	GRANT R. SAUDER ARCHITECT		1,124.00
31	HARCO CO. LTD.		208.73
32	HOBART FOOD EQUIPMENT GROUP		289.38
33	HOME DEPOT		3,174.44
	HOTEL DIEU		3.44
	HOUWARD HISCOX		6,880.64
36	JEWAL INTERNATIONAL		-601.75
37	KCI MEDICAL CANADA INC.		14,619.30
38	KELLY McNAUGHTON		265.60
39	KONE INC.		3,869.83
40	LINCOLN COLLECTION AGENCY		28.10
41	MCCNAB DISTRIBUTION LTD	·	2,596.58
	MCLEAN & KERR LLP	· · · · · · · · · · · · · · · · · · ·	3,959.00
	MDS LABORATORY SERVICES		1,290.00
-44	MEDICAL MART		6,416.89
45	MINISTRY OF HEALTH MEDICAL SUPPLY		91.13
46	MODERN LANDFILL INC.	**************************************	260.11
47	NAMELABELS.COM		718.75
			496.48
	-		

MINTZ & PARTNERS LIMITED

February 9, 2006

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY O 1508669 ONTARIO LIMITED O/A WEST PARK Mailing List

7() Page: 2

		······································	
49	NIAGARA RESTAURANT SUPPLY		212.29
50	ONTARIO MULTIFAITH COUNCIL		45.90
51	ONTRAK SERVICES INC.		414.09
52	PENINSULA FOOD & POULTRY DIST		345.58
53	PETER CHEATLEY		-48.15
54	PETTY CASH		1,936.24
55	POSITIVE PROMOTIONS INC.		301.96
56	PUBLIC HEALTH	•	33.00
57	PUROLATOR COURIER		45.31
58	QUALITY HEALTHCARE SERVICES		0.40
59	REMPEL REFRIGERATION		435.49
60	RESIDENT REFUNDS WEST PART		2,818.92
61	RICOH CANADA INC.		2,065.59
62	ROTO-ROOTER PLUMBERS		1,653.60
63	SHOPPERS DRUG MART		469.04
64	SHOPPERS HOME HEALTH CARE		53.50
65	SMITH NIXON & COMPANY		57,134.75
66	ST. CATHARINES HYDRO UTILITY		4,839.32
67	ST. CATHARINES WATER RATES		7,393.52
68	STERICYCLE CANADA		4.31
69	SYSCO FOODSERVICE OF ONTARIO		13,785.41
70	TEXTILE PRODUCTS LTD		2,695,14
71	THE ST. CATHARINES STANDARD		534.74
72	TYCO SIMPLEX GRINNELL		171.70
73	UNVERSAL MAINTENANCE		786.45
74	VAXXINE.COM		597.13
75	VON FOODCARE		516.00
76		•	473.61
Nun	nber of creditors printed = 76	Total - Unsecured	262,678.29
		· · · · · · · · · · · · · · · · · · ·	

Number of Creditors Printed = 76

BANKRUPTCY AND INSOLVENCY ACT

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

Report of Receiver

Subsection 246 (2)

T. 416.391.2900 F. 416.644.4303

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF Web site: www.mintzca.com

1508669 Ontario Limited o/a West Park("1508669")

Take notice that

1. On the 24th day of January, 2006 at 9:00 am, the undersigned, Mintz & Partners Limited ("MPL"), became a Receiver (the "Receiver") in respect of the property of 1508669 Ontario Limited ("1508669") o/a West Park Health Centre by virtue of being appointed by an Order made on January 23, 2006 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) as Interim Receiver and Receiver and Manager of the assets of 1508669, an insolvent corporation, including the assets described below:

> Book Value as at December 31, 2005 per trial balance of 1508669

a)	cash	\$	14,303
b)	funds held in trust		3,231
c)	accounts receivable		62,462
d)	inventory		17,000
e)	land & building		1,898,879
f)	furniture & equipment		297,475
g)	licenses		1,818,000
h)	other assets		164,539
		<u>\$</u>	4,275,889

all included in the property, assets and undertaking of 1508669.

- 3. The Receiver continues to operate the facility with a view to a sale of 1508669's assets on a going concern basis.
- 4. The Receiver's Statement of Receipts and Disbursements for the period January 24, 2006 to September 30, 2006 is attached as Appendix "A".

DATED at North York, Ontario, this 28th day of November, 2006.

MINTZ & PARTNERS LIMITED Court-Appointed Interim Receiver and Receiver and Manager of 1508669 Ontario Limited

Per:

Hartley Bricks, MBA/CA•CIRP, CIRP

Vice President

AK/

::ODMA\PCDOCS\MINTZ\281135\1

This office is an independently owned and operated member of the Collins Barrow National Cooperative Incorporated. The Collins Barrow trademarks are



1508669 Ontario Limited Interim Statement of Receipts and Disbursements for the Period January 24, 2006 to September 30, 2006

RECEIPTS	
Ministry of Health funding	\$ 2,655,885
Funding from secured creditor	102,273
Cash in bank	32,194
Interest	8,952
Misc. refunds	2,320
	\$ 2,801,624
DISBURSEMENTS	0.005.404
Advances to West Park Nursing Home	2,085,161
Reimbursement to secured creditor	106,958
Payroll service	102,273
Receiver's fees	60,455
Legal fees	11,088
GST paid	5,198
Appraisal fees	2,500
Security	2,406
Consulting fees	998
Courier	254
Travel expenses	294
Postage	254
Telephone	250
Photocopies	125
Fees paid to Official Receiver	70_
	\$ 2,378,284
Surplus/(Deficit)	\$ 423,341
ourplus/(Delicit)	Ψ 120,011

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

BANKRUPTCY AND INSOLVENCY ACT

Tel: 416-391-2900 Fax: 416-644-4303

Web site: www.mintzca.com

Notice of Receiver

Subsection 245(1)

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

Paragon Health Care (Ontario) Inc.

Take notice that

1. On the 24th day of January, 2006 at 9:00 am, the undersigned, Mintz & Partners Limited ("MPL"), became a Receiver (the "Receiver") in respect of the property of Paragon Health Care (Ontario) Inc. ("Paragon Ontario") by virtue of being appointed by an Order made on January 23, 2006 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) as Interim Receiver and Receiver and Manager of the assets of Paragon Ontario, an insolvent corporation, including the assets described below:

> **Book Value as at** December 31, 2005 per trial balance of Paragon Ontario

a) cash

210,921

all included in the property, assets and undertaking of Paragon Ontario.

- 2. The undersigned became a Receiver in respect of the property described above by virtue of being appointed by an Order made by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) (the "Court Order").
- 3. The undersigned took possession or control of the property described above at 9:00 am on the 24th day of January, 2006 pursuant to the Court Order.
- 4. The following information relates to the receivership:

(a) Address of insolvent corporation:

3595 Keele Street

Toronto, Ontario, M3J 1M7

(b) Principal line of business:

Employer of nurses for Paragon Health Care Inc. o/a

Casa Verde Health Centre ("Casa Verde"), a nursing

home

(c) Location of business:

3595 Keele Street

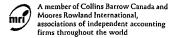
Toronto, Ontario, M3J 1M7

(d) Amounts owed by the insolvent person to each creditor who holds a security on the property described above:

Ford Credit Canada Leasing Company

Unknown





(e) The list of other creditors of the insolvent person and the amount owed to each creditor and the total amount due by the insolvent person is as follows:

> Workplace Safety and Insurance Board Smith, Nixon LLP

\$ 364.825 9,256

(f) The intended plan of action of the Receiver is to continue the operation of Paragon Ontario pending the sale of the assets of Casa Verde.

(g) Contact person for Receiver:

Mintz & Partners Limited

1 Concorde Gate

Suite 200

North York, Ontario

M3B 3N6

Attention: Mr. Hartley Bricks, MBA, CA•CIRP,

Vice-President Tel: (416) 644-4431 Fax: (416) 644-4303

DATED at North York, Ontario, this 3rd day of February, 2006.

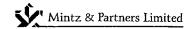
MINTZ & PARTNERS LIMITED Court-Appointed Interim Receiver and Receiver and Manager of

Paragon Health Care (Ontario) Inc.

Hartley Bricks, MBA, CA•CIRP

Vice President

::ODMA\PCDOCS\MINTZ\223245\1



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

Tel: 416-391-2900 Fax: 416-644-4303

Web site: www.mintzca.com

BANKRUPTCY AND INSOLVENCY ACT

Report of Receiver

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

Paragon Health Care (Ontario) Inc. ("Paragon Ontario")

Take notice that

 Listed below is a creditors' list which includes the names of each creditor of Paragon Ontario, the amount owed to each creditor and the total amount owing to the creditors of Paragon Ontario as at January 23, 2006.

> Ford Credit Canada Leasing Company Workplace Safety and Insurance Board Smith, Nixon LLP

\$ Unknown 364,825 9,256 \$ 374,081

2. The following is a list of the assets in the possession or under the control of Mintz & Partners Limited (the "Receiver") and the estimated book value of each asset as at December 31, 2005:

Book Value as at December 31, 2005 per trial balance of Paragon Ontario

a) cash

\$ 210,921

all included in the property, assets and undertaking of Paragon Ontario.

The intended plan of action of the Receiver is to continue the operations of Paragon Ontario pending a sale of the assets of Paragon Health Care Inc. o/a Casa Verde Health Centre.

DATED at North York, Ontario, this 3rd day of February, 2006.

MINTZ & PARTNERS LIMITED

Court-Appointed Interim Receiver and Receiver and Manager of Paragon Health Care (Ontario) Inc.

Per

Hartley Bricks, MBA, CA•CIRP

Vice President

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

T. 416.391.2900 F. 416.644.4303

Web site: www.mintzca.com

BANKRUPTCY AND INSOLVENCY ACT

Report of Receiver

Subsection 246 (2)

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF

Paragon Health Care (Ontario) Inc. ("Paragon Ontario")

Take notice that

1. On the 24th day of January, 2006 at 9:00 am, the undersigned, Mintz & Partners Limited ("MPL"), became a Receiver (the "Receiver") in respect of the property of Paragon Health Care (Ontario) Inc. ("Paragon Ontario") by virtue of being appointed by an Order made on January 23, 2006 by the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice (Commercial List) as Interim Receiver and Receiver and Manager of the assets of Paragon Ontario, an insolvent corporation, including the assets described below:

Book Value as at December 31, 2005 per trial balance of Paragon Ontario

a) cash

\$<u>210,921</u>

all included in the property, assets and undertaking of Paragon Ontario.

- 2. The Receiver continues to operate of Paragon Ontario pending a sale of the assets of Paragon Health Care Inc. o/a Casa Verde Health Centre.
- 3. Attached as Appendix "A" is the Receiver's Statement of Receipts and Disbursements for the period January 24, 2006 to September 30, 2006.

DATED at North York, Ontario, this 28th day of November, 2006.

MINTZ & PARTNERS LIMITED Court-Appointed Interim Receiver and Receiver and Manager of Paragon Health Care (Ontario) Inc.

Per

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

AΚ

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TAB C

APPENDIX C

See attached.

January 24, 2006

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

To: All Employees of Paragon Health Care Inc. & Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre and the Independent Living Centre

Tel: 416-391-2900 Fax: 416-644-4303 Web site: www.mintzca.com

Dear Employee

Paragon Health Care Inc. & Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") - Receivership

Please be advised that on January 23, 2006, the Ontario Superior Court of Justice issued an order (the "Court Order") appointing, effective 9:00 a.m. January 24, 2006, Mintz & Partners Limited as Interim Receiver and Receiver and Manager (the "Receiver") of the assets, property and undertaking of Casa Verde.

The Receiver is continuing to manage and operate Casa Verde with a view to marketing the Casa Verde facility for sale on a going concern basis.

The issuance of the Court Order has the effect of terminating your employment with Casa Verde effective as at the time of the Court Order, that is, on January 24, 2006. However, the Receiver, in its capacity as Receiver and not in its personal capacity, will retain your services on a temporary basis. For employees who are members of the Service Employees International Union, Local 1.on (the "Union"), the Receiver entered into an agreement with the Union ("Union Agreement") to continue your employment and has agreed to abide by the terms of the Collective Agreements during the receivership (except for those provisions dealing with severance pay, termination pay or pay in lieu of notice and to the extent that Collective Agreements are modified by the Union Agreement). Union employees can contact their local union representative to obtain further information regarding the Union Agreement. For non-union employees, the Receiver will be providing you with a letter of employment in the next few days that will set out the terms of your employment by the Receiver going forward.

The Receiver has retained Diversicare Canada Management Services Co., Inc. ("Diversicare") as its agent to manage the facility on its behalf. Representatives of Diversicare are available to answer any questions you may have.

We thank you in advance for your assistance and cooperation in maintaining the proper level of care for Casa Verde's residents and for working with the Receiver in the continued operation of the facility and the marketing of the facility for sale.

In the meantime, should you have any questions or require further information, please do not hesitate to contact the undersigned.

Yours very truly,

MINTZ & PARTNERS LIMITED Court-Appointed Interim Receiver and Receiver and Manager of Paragon Health Care Inc. & Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre

Hartley Bricks, MBA, CA•CIRP Vice-President

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TAB D

APPENDIX D

See attached.

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

January 24, 2006

Tel: 416-391-2900 Fax: 416-644-4303 Web site: www.mintzca.com

To the Residents of Casa Verde Health Centre Nursing Home and Independent Living Centre

Dear Resident

Paragon Health Care Inc. o/a Casa Verde Health Centre ("Casa Verde") – Receivership

We are writing to advise you that on January 23, 2006, the Ontario Superior Court of Justice issued an Order appointing Mintz & Partners Limited as Interim Receiver and Receiver and Manager of Casa Verde (the "Receiver") effective 9:00 a.m. on January 24, 2006.

The Receiver is continuing to manage and operate Casa Verde with a view to marketing the facility for sale on a going concern basis.

The Receiver has retained Diversicare Canada Management Services Co., Inc. ("Diversicare") as its agent to manage the Casa Verde facility on its behalf. Representatives of Diversicare are available to answer any questions you may have.

The Receiver has scheduled a meeting for Wednesday, January 25, 2006 at 6:30 p.m. in the Casa Verde Retirement Centre, 1st Floor Dining Room for Casa Verde residents and their families to provide an update on the status of Casa Verde and address any questions.

In the meantime, should you have any questions or require further information, please do not hesitate to contact the undersigned.

Yours very truly,

MINTZ & PARTNERS LIMITED

Court-Appointed Interim Receiver and Receiver and Manager of
Paragon Health Care Inc. o/a Casa Verde Health Centre

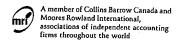
Per

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

DRW/ap

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TAB E

APPENDIX E

See attached.

Paragon Health Care Inc. Operating Statement for the period January 24, 2006 to December 31, 2006

Casa Verde Nursing Home

	YTD December 31 2006	
Revenue		
Ministry of Health revenue	\$	6,289,274
Resident revenue		2,518,852
Ancillary revenue		21,531
Total Revenue	\$	8,829,657
Operating Expenses		
Salaries, wages & benefits	\$	5,997,059
Food and supplies		732,266
General & administration		713,466
Realty, business & capital taxes		411,185
Repairs & maintenance		136,922
Utilities		227,718
Total Expenses	\$	8,218,616
Net Operating Income	\$	611,041

TAB F

APPENDIX F

See attached.

Paragon Health Care Inc. Operating Statement for the period January 24, 2006 to December 31, 2006

Casa Verde Retirement Home

	YTD December 31 2006	
Revenue		
Resident suites revenue	\$	1,202,515
Other service revenue		8,124
Ancillary revenue		8,347
Total Revenue	\$	1,218,986
Operating Expenses	•	
Salaries, wages & benefits	\$	920,000
Food and supplies		149,919
General & administration		216,685
Realty, business & capital taxes		41,238
Repairs & maintenance		42,823
Utilities		75,771
Total Expenses	\$	1,446,436
Net Operating Income (Loss)	\$	(227,450)

TAB G

APPENDIX G

See attached.

1508669 Ontario Limited Operating Statement for the period January 24, 2006 to December 31, 2006

West Park Health Centre

	-	YTD
	December 31,	
		2006
Revenue		
Ministry of Health revenue	\$	3,200,172
Resident revenue		1,370,058
Ancillary revenue		9,334
Total Revenue	\$	4,579,564
Operating Expenses		
Salaries, wages & benefits	\$	2,984,795
Food and supplies		440,601
General & administration		306,844
Realty, business & capital taxes		179,337
Repairs & maintenance		120,873
Utilities		143,701
Total Expenses	\$	4,176,151
Net Operating Income	\$	403,413

TAB H

APPENDIX H

See attached.

IN THE MATTER OF THE RECEIVERSHIP OF PARAGON HEALTH CARE INC./SOINS DE SANTE PARAGON INC.

Receiver's Interim Statement of Receipts and Disbursements for the period January 23, 2006 to February 28, 2007

Receipts

Ministry of Health Funding	\$ 8,715,221
2. Cash in bank	71,896
3. Interest earned	 12,687
4. Total receipts	\$ 8,799,804
Disbursements	
5. Funding to Casa Verde Nursing Home	\$ 6,890,149
6. Funding to Casa Verde Retirement Home	1,150,000
7. Receiver fees	245,571
8. Legal fees	73,672
9. GST	21,806
10. Appraisal fees	5,000
11. Security	3,424
12. Courier	2,069
13. Consulting fees	1,795
14. Travel expenses	567
15. Telephone	336
16. Postage	280
17. Photocopies	231
18. Filing fee	70
19. Total disbursements	\$ 8,394,970
20. Balance on Hand	\$ 404,834

TAB I

APPENDIX I

See attached.

IN THE MATTER OF THE RECEIVERSHIP OF PARAGON HEALTH CARE (ONTARIO) INC.

Receiver's Interim Statement of Receipts and Disbursements for the period January 23, 2006 to February 28, 2007

Receipts

1. Cash in bank	. \$	3,479
2. Interest earned		194
3. Total receipts	\$	3,673
Disbursements		
4. Filing fee	\$	70
5. Total disbursements	\$	70
6. Balance on Hand	<u> </u>	3,603

TAB J

APPENDIX J

See attached.

IN THE MATTER OF THE RECEIVERSHIP OF 1508669 ONTARIO LIMITED

Receiver's Interim Statement of Receipts and Disbursements for the period January 23, 2006 to February 28, 2007

Receipts

1. Ministry of Health Funding	•	
Receiver's certificates	\$,,
2. Cash in bank		102,273
		32,194
3. Interest earned		15,114
Miscellaneous refunds		2,367
5. Total receipts	\$	4,369,617
Disbursements		
6. Funding to West Park Health Centre	\$	3,827,434
Repayment of Receivers' Certificate		106,958
8. Receiver fees		93,451
9. Legal fees		19,204
10. GST		7,678
11. Appraisal fees		2,500
12. Security		2,406
13. Courier		299
14. Consulting fees		998
15. Travel expenses		
16. Telephone		294
17. Postage		350
18. Photocopies		276
19. Filing fee		175
·		70
20. Total disbursements	\$	4,062,093
21. Balance on Hand	\$	307,524

TAB K

APPENDIX K

SECURITY DOCUMENTS IN FAVOUR OF PEOPLES

The following is a list of securities held by Peoples, directly or by way of assignment, as security for the indebtedness, liabilities and obligations of 1508669 to Peoples.

Securities made directly to Peoples by 1508669 (formerly 759592 Ontario Inc. ("759592"))

- 1. Guarantee and Postponement of Claim dated June 7, 2000 for the full liability of Paragon under the \$3,400,000 loan made by Peoples to Paragon.
- 2. A Demand Debenture dated June 7, 2000 registered June 13, 2000 as instrument no. RO768692 charging the lands and premises known municipally as 34-36 Whitworth Street and 103-111 Pelham Road, St. Catherines, Ontario (the "St. Catherines Properties") in the face amount of \$3,400,000 given in support of the Guarantee and Postponement of Claim referred to in item 6 above.
- 3. General Assignment of Rents dated June 7, 2000 registered June 13, 2000 as instrument no. RO768693 charging St. Catherines Properties.
- 4. Assignment of Licences and Contracts dated June 7, 2000 to secure all indebtedness under the Guarantee and Postponement of Claim referred to in item 6 above.
- 5. Assignment of Insurance dated June 7, 2000 to secure all indebtedness under the Guarantee and Postponement of Claim referred to in item 6 above.
- 6. General Security Agreement (site specific) dated June 12, 2000 to secure all indebtedness.
- 7. Assignment of Licence and Contracts dated June 12, 2000 to secure all indebtedness.
- 8. Assignment of Insurance, undated, to secure all indebtedness.

Securities held by way of assignment to Peoples by 1508669 (formerly 759592)

- 9. Charge/Mortgage of Land dated August 14, 1995 registered August 17, 1995 as instrument no. RO699419 in favour of Sun Life Assurance Company of Canada ("Sun Life") charging the St. Catherines Properties securing the face amount of \$3,941,505, assigned by Assignment of Charge/Mortgage of Land dated June 13, 2000 registered June 15, 2000 as instrument no. RO768790.
- 10. General Assignment of Rents dated August 14, 1995 registered August 17, 1995 as instrument no. RO699420 in favour of Sun Life charging the St. Catherines

Properties, assigned by Assignment of Assignment of Rents dated June 13, 2000 registered June 15, 2000 as instrument no. RO768791.

11. General Security Agreement dated August 14, 1995 to Sun Life to secure all indebtedness of 1508669, assigned by Assignment dated June, 2000.

Note: Peoples obtained a general assignment of security documents from Sun Life dated June, 2000 when it took over its loan position.

TAB L

APPENDIX L

PERSONAL PROPERTY SECURITY ACT REGISTRATIONS

Debtor:

1508669 Ontario Limited

Secured Party:

Peoples Trust Company (assignment from original secured

party, Sun Life Assurance Company of Canada)

File No.:

058874481

Registration No.:

20000627 1122 7085 0581

Financing Change Statement: 20000627 1146 7085 0587 (Renewal for 10 years) Financing Change Statement: 20000808 1159 7085 0619 (Renewal for 11 years)

Collateral Classification:

Inventory, Equipment, Accounts, Other

Note:

Transfer covers twenty one nursing home bed licences.

Debtor:

1508669 Ontario Limited Peoples Trust Company

Secured Party: File No.:

863222931

Collateral Classification:

Inventory, Equipment, Accounts, Other

Collateral Description:

Property used in connection with, situate at or arising

from the ownership, development, use or disposition of 34-

36 Whitworth Street and 103-111 Pelham Road, St.

Catherines Ontario.

Debtor:

1508669 Ontario Limited

Secured Party:

Peoples Trust Company

File No.:

862342632

Collateral Classification:

Inventory, Equipment, Accounts, Other

Note:

Registration includes comments to the effect that the name 759592 Ontario Inc. was changed to 1508669 Ontario

Limited resulting from statutory amalgamation.

Debtors:

1508669 Ontario Limited

Gerald M. Harquail

Secured Party:

Peoples Trust Company

File No.:

862342677

Collateral Classification:

Accounts, Other

Collateral Description:

Assignment of accounts owing Paragon Health Care Inc.

and assignment of choses in action and other claims which debtor has against Paragon Health Care Inc./Soins de Sante

Paragon Inc.

TOR_LAW\ 6543946\2

TAB 3

ONTARIO SUPERIOR COURT OF JUSTICE (Commercial List)

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC., 1508669 ONTARIO LIMITED and PARAGON HEALTH CARE (ONTARIO) INC.

Respondent

AFFIDAVIT OF DANIEL R. WEISZ (Sworn March 26, 2007)

I, DANIEL R. WEISZ, of the City of Vaughan, in the Province of Ontario, MAKE OATH AND SAY:

- 1. I am a Senior Vice President of Mintz & Partners Limited ("MPL"), the court appointed interim receiver and receiver and manager (the "Receiver") of Paragon Health Care Inc. ("Paragon"), Paragon Health Care (Ontario) Inc. ("Paragon Ontario") and 1508669 Ontario Limited ("1508669"). 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 Paragon and Paragon Ontario.
- 3. Attached hereto as **Exhibit "B"** is a summary of the accounts issued by the Receiver for 1508669.
- 4. Attached hereto as **Exhibit "C"** are true copies of the accounts of the Receiver with respect to Paragon and Paragon Ontario, 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.

- 5. Attached hereto as **Exhibit "D"** are true copies of the accounts of the Receiver with respect to 1508669, 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.
- 6. Based on my review of both the Paragon and Paragon Ontario, and 1508669 accounts and my personal knowledge of this matter, the Paragon and Paragon Ontario, and 1508669 accounts represent a fair and accurate description of the services provided and the amounts charged by the Receiver.
- 7. 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 March 2672007

Commissioner for Taking Affidavits

Daniel R. Weisz

::ODMA\PCDOCS\MINTZ\311385\1

NARAINI SUNICHURA, a Commissioner, etc., City of Toronto, for Mintz & Partners Limited, Trustee in Bankruptcy. Expires January 31, 2009.

TAB A

This is Exhibit " A referred to in the addictable of DAMICL WEIS'S Sworn before the this 26 th day of A Commissionsh size, 2007

NARAINI SUNICHURA, a Commissioner, etc., City of Toronto, for Mintz & Partners Limited, Trustee in Bankruptcy. Expires January 31, 2009.

Exhibit "A"

Summary of Invoices Issued by the Receiver for Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc.

Invoice Date	Invoice Period		Amount of Invoice (including GST)	
February 21, 2006	Period ending February 10, 2006	\$	78,631.62	
May 5, 2006	February 11, 2006 to April 15, 2006		36,058.84	
July 19, 2006	April 16, 2006 to June 15, 2006		49,824.77	
September 25, 2006	June 16, 2006 to August 15, 2006		39,509.38	
November 16, 2006	August 16, 2006 to September 30, 2006		19,169.57	
December 7, 2006	October 1, 2006 to November 30, 2006		33,206.09	
February 26, 2007	December 1, 2006 to January 31, 2007		5,826.29	
		<u>\$_2</u>	<u> 262,226.56</u>	

TAB B

This is Exhibit B referred to in the Alfidavit of DANIEL WEIS Sworn before me this 2007 day of A Commissioner, etc.,

IAGAINI SUNICHURA, a Commissioner, etc., Jity of Toronto, for Mintz & Partners Limited, Trustee in Bankruptcy. Expires January 31, 2009.

Exhibit "B"

Summary of Invoices Issued by the Receiver for 1508669 Ontario Limited

Invoice Date	Invoice Period	Amount of Invoice (including GST)	
February 28, 2006	Period ending February 10, 2006	\$ 22,933.84	
April 30, 2006	February 11, 2006 to April 15, 2006	11,306.23	
July 20, 2006	April 16, 2006 to June 15, 2006	14,740.89	
September 25, 2006	June 16, 2006 to August 15, 2006	15,673.16	
November 22, 2006	August 16, 2006 to September 30, 2006	14,318.48	
December 20, 2006	October 1, 2006 to November 30, 2006	17,292.31	
February 26, 2007	December 1, 2006 to January 31, 2007	3,365.50	
		<u>\$ 99,630.41</u>	

TAB C

This is Exhibit "	'C'	referred to
in the Affidavit of		et cuelse
Sworn before me		GTC day of
MARCIT A Commissioner	()	U

NARAINI SUNICHURA, a Commissioner, etc., City of Toronto, for Mintz & Partners Limited, Trustee in Bankruptcy. Expires January 31, 2009.

200 - 1 Concorde Gate North York, ON M3C 4C4

Invoice Date: 02/21/2006 Invoice No.: 01/462 Client No.: 19617.CDR03

Fax: 416-644-4303
Web site: www.mintzca.com

Tel: 416-391-2900

Paragon Health Care Inc. o/a Casa Verde Health Centre and Paragon Health Care (Ontario) Inc. c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

INVOICE #1

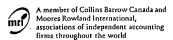
Paragon Health Care Inc. o/a Casa Verde Health Centre ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending February 10, 2006, including:

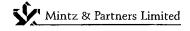
- Review on January 4, 2006 of the Company's insurance certificate and forward comments to Mr.
 C. Prophet of Gowling, Lafleur, Henderson LLP ("Gowlings").
- Telephone discussion on January 5, 2005 with Mr. L. Wittlin of Lang Michener LLP with respect to the status of the Company.
- Prepare for and attend on January 6, 2006 at a meeting at the offices of Gowlings to discuss the pending application to the Court for the appointment of the Receiver and Manager and matters relating thereto.
- Telephone discussion on January 9, 2006 with Mr. P. Richardson of Diversicare Canada Management Services Co., Inc. ("Diversicare") and request form of Management Agreement.
- Review on January 10, 2006 of the draft Management Agreement forwarded by Diversicare.
- Telephone discussion on January 10, 2006 with Ms. R. Shiwram of Canada Brokerlink regarding insurance coverage in respect of nursing homes on a no-names basis.
- Meeting on January 11, 2006 with Mr. Wittlin to review cash-flow projections prior to the meeting with Peoples Trust Company ("Peoples").
- Preparation for and attendance at Gowlings' office on January 11, 2006 to meet with Messrs. M. Starnino and H. VanderLugt of Gowlings, Mr. J. Dysart of Peoples and by conference call, Messrs. Battley and Mallich from Peoples.
- Attendance on January 11, 2006 on a conference call with the aforementioned individuals and Mr. L. Doraty of Canada Mortgage and Housing Corporation ("CMHC").

Telephone discussion on January 12, 2006 with Mr. Richardson with respect to various matters.





- Preparation for and attendance at Gowlings on January 12, 2006 to meet with Mr. VanderLugt prior to the conference call with the Ontario Ministry of Health and Long Term Care ("Ministry").
- Attendance on January 12, 2006 upon a conference call with Mr. VanderLugt and various representatives of the Ministry.
- Review on January 12, 2006 of the terms of the proposed Management Agreement including discussions with Mr. VanderLugt in respect of same.
- Review on January 12, 2006 of the draft form of Court Order in respect of the appointment of the Receiver.
- Telephone discussion on January 12, 2006 with Mr. H. Kapadia of the Company with respect to employee and supplier information.
- Preparation for and attendance at a meeting on January 13, 2006 at Gowlings with representatives of Diversicare, Gowlings, Lang Michener, Sack Goldblatt Mitchell ("Sack"), counsel to the Service Employees International Union, Local 1.on (the "SEIU") and Canadian Union of Public Employees, Local 1263 ("CUPE") together with representatives of CUPE and SEIU with respect to the status of the Company and the pending application to the Court for the appointment of a Receiver.
- Review on January 15, 2006 of the draft Management Agreement and the proposed agreement with the aforementioned unions.
- Telephone discussion on January 16, 2006 with Messrs. Wittlin and Starnino with respect to the proposed agreement with the unions.
- Attendance upon a telephone conference call on January 16, 2006 with Messrs. VanderLugt and Wittlin with respect to the terms of the Management Agreement and the proposed agreement with the Ministry.
- Review on January 16, 2006 of the amended Management Agreement.
- Telephone discussion on January 16, 2006 with Mr. VanderLugt with respect to comments on the amended Management Agreement.
- Attendance upon a conference call on January 16, 2006 with Messrs. Starnino and Wittlin with respect to the terms of the settlement agreement with the unions.
- Review on January 16, 2006 of the results of the report pursuant to the Personal Property Security Act.
- Attendance upon the preparation of correspondence to the Company's banks, residents, employees and suppliers, to be used upon the appointment of the Receiver.
- Preparation for and participate on a conference call on January 17, 2006 with representatives of Gowlings, the Ministry, Peoples and Lang Michener to discuss the proposed receivership, timing, communication, property management including subsequent discussions with representatives of Gowlings and Lang Michener.



- Telephone discussion on January 17, 2006 with Mr. Richardson with respect to his comments on the proposed Management Agreement.
- Preparation on January 17, 2006 of the proposed communication plan to be circulated to the Ministry.
- Preparation for and attendance at Gowlings on January 18, 2006 to discuss the pending
 application to the Court and to prepare for a meeting with representatives of Diversicare to
 discuss the terms of the proposed Management Agreement.
- Meeting on January 18, 2006 with representatives of Diversicare, Gowlings and Lang Michener to discuss the terms of the Management Agreement.
- Attendance upon a conference call on January 18, 2006 with representatives of Gowlings, Lang Michener, Diversicare and the Ministry to discuss the communication plan and other issues.
- Review on January 18, 2006 of amended union Settlement Agreements.
- Review on January 19, 2006 of an updated draft Management Agreement including telephone discussions with Messrs. VanderLugt and Wittlin with respect to same.
- Telephone discussion on January 19, 2006 with Mr. T. Burns of the Ministry with respect to status of the Ministry funding to the Company.
- Review on January 19, 2006 of the proposed amendment to the Order requested by the Ministry including discussion with Mr. Wittlin with respect to same.
- Telephone discussion on January 19, 2006 with Messrs. Starnino and Prophet with respect to outstanding payroll related amounts including obtaining information from the Company with respect to same.
- Revise on January 19, 2006 the communications plan and forward same to the Ministry for its comments.
- Telephone discussion on January 19, 2006 with Mr. Wittlin with respect to the status of the timing for obtaining the Court Order appointing the Receiver.
- Telephone discussion on January 19, 2006 with Mr. L. Weinberg of Canam Appraiz ("Canam") to arrange for an inventory and appraisal.
- Attendance upon the preparation of documentation to be used to file an assignment of bankruptcy as contemplated in the draft Court Order.
- Telephone discussion on January 20, 2006 with Mr. Wittlin with respect to the undertaking requested by Diversicare.
- Attendance upon a discussion with Ms. P. Chan of Diversicare with respect to banking issues.



- Preparation for and attendance at Gowlings on January 20, 2006 and meet with Messrs. Wittlin, Starnino, Prophet and VanderLugt with respect to finalizing the form of Court Order and Management Agreement.
- Attendance upon a conference call on January 20, 2006 with Mr. D. Lefaive of Sack with respect
 to changes required to the union Settlement Agreements.
- Review and execute on January 20, 2006 of the Consent to act as Receiver.
- Telephone discussion of January 20, 2006 with Mr. Prophet with respect to the amount owing in respect of pension plan contribution arrears.
- Review on January 20, 2006 of the updated Management Agreement and revised Court Order.
- Attendance on January 20, 2006 to revisions to the communication plan.
- Telephone discussion on January 20, 2006 with Mr. Kapadia with respect to pension arrears, union arrears, payroll timing and other issues.
- Telephone discussion on January 20, 2006 with Mr. Prophet with respect to amounts owing in respect of pension plan contribution arrears.
- Telephone discussion on January 20, 2006 with various representatives of Diversicare with respect to possession, accounting and banking issues.
- Attendance upon discussions on January 20, 2006 with Canada Brokerlink with respect to insurance coverage required during the period of the receivership.
- Review on January 22, 2006 of the Notice of Motion issued by Gowlings including Management Agreement, union Settlement Agreements, draft Court Order contained therein.
- Preparation for and attendance on January 23, 2006 at Court in connection with the application for the appointment of the Receiver.
- Attendance upon finalizing various matters in connection with taking of possession including finalizing correspondence to the employees and residents and the communication plan.
- Attendance at a meeting on January 23, 2006 with Ms. M. Diamond of the Ministry and various representatives of the Diversicare to discuss taking possession and the communication plan.
- Telephone discussion on January 23, 2006 with Mr. Mallich with respect to the funding of payroll.
- Telephone discussion on January 23, 2006 with Mr. Weinberg with respect to the timing of the inventory count and appraisal.
- Forwarding on January 23, 2006 of a letter to employees to Mr. Kainer of Sack.
- Attendance on January 24, 2006 at the Company's premises to effect possession including various meetings with management and employees to inform them of the receivership.

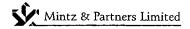


- Meeting on January 24, 2006 with Mr. Harquail of the Company with respect to his position as a result of the receivership.
- Attendance on January 24, 2006 to the changing of locks to the premises.
- Meeting on January 24, 2006 with Mr. Weinberg to arrange for the inventory and appraisal of the assets.
- Telephone discussion on January 24, 2006 with Mr. Mallich with respect to the required funding of payroll.
- Telephone discussion on January 24, 2006 with Mr. Prophet with respect to the letters to be issued to the employees.
- Attendance at the Company at 11:00 p.m. on January 24, 2006 to meet with employees working the late shift.
- Attendance on January 24, 2006 upon the exchange of e-mails with the Ministry in response to its funding status report.
- Finalize on January 24, 2006 of various correspondence to banks, the insurance broker, residents and ADP Canada Inc. in connection with the appointment of the Receiver.
- Telephone discussion on January 24, 2006 with Mr. Burns with respect to the status of funding by the Ministry.
- Telephone discussions on January 24, 2006 with Messrs. Wittlin and Prophet on the status of the receivership.
- Preparation for and attendance at Gowlings on January 24, 2006 to discuss the letter to be
 issued to the employees, the union Settlement Agreements and execute same, the Management
 Agreement and execute same, the agreement with the Ministry and execute same including
 meeting with Messrs. Prophet and VanderLugt to discuss various issues.
- Preparation for and attendance at the Company in the evening of January 25, 2006 to meet with
 the residents and their families to discuss the appointment of the Receiver and answer questions
 regarding the ongoing operation of the facility and the receivership process.
- Correspondence on January 25, 2006 with Ms. H. Svetik of the Ministry to set up new accounts in connection with the receivership including preparation of forms in connection with establishing direct deposit of Ministry funding.
- Telephone discussion on January 25, 2006 with Ms. Chan to discuss banking and supplier issues.
- Attendance upon a discussion on January 26, 2006 with Mr. Prophet with respect to the status of various matters including draft letters.
- Attendance on January 26, 2006 upon the preparation of Receiver's Certificate #1 in connection with the advance received from Peoples.

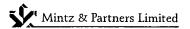


- Review on January 27, 2006 of the form of letter to be issued to non-Union employees including the assignment form prepared by Gowlings and discussion with Mr. Prophet in respect of same.
- Discussion on January 27, 2006 with Mr. Kapadia with respect to the 2004 Long Term Care Home annual audit ("LTC Report") including discussions with Mr. Burns with respect to same.
- Correspondence on January 27, 2006 to the Ministry to request an extension for the time to file the LTC Report.
- Telephone discussion on January 27, 2006 with Ms. Chan to discuss banking and payroll issues.
- Discussion on January 27, 2006 with Ms. Christie of Diversicare with respect to various operation issues.
- Review on January 28, 2006 of a revised draft of a letter to be issued to non-union employees.
- Attendance on January 30, 2006 at Lang Michener to review and execute the document to effect registration on title to the Company's property.
- Telephone discussion on January 30, 2006 with TD Canada Trust with respect to the status of the freezing of the Company's bank accounts and the forwarding of funds to the Receiver.
- Telephone discussion on January 30, 2006 with Mr. Kapadia with respect to payroll and other issues including discussion with Ms. Chan with respect to same.
- Preparation on January 30, 2006 of correspondence to Mr. Mallich regarding the funding of payroll.
- Preparation on January 30, 2006 of correspondence to the Ministry regarding information required to commence funding by the Ministry.
- Preparation on January 30, 2006 of correspondence to Gowlings regarding issues relating to benefits provided to employees.
- Review on January 30, 2006 of correspondence from Ms. Christie with respect to various
 operational issues and response to same.
- Telephone discussion on January 30, 2006 with Mr. Kapadia with respect to payments to the auditor in order to finalize the 2004 annual report.
- Review on January 31, 2006 of a draft letter prepared by Diversicare to be provided to new employees and forward same to Gowlings for comments.
- Review on January 31, 2006 of correspondence from Ms. Chan with respect to contributions to the pension plan including discussions with Ms. Chan with respect to same.
- Telephone discussion on January 31, 2006 with Mr. Prophet with respect to various matters including the meeting with the insurance company scheduled for February 1, 2006, assignment of wage claim, pension payments and deductions from employees.

- Preparation and mailing of the Notice and Statement of Receiver pursuant to Sections 245 and 246 of the Bankruptcy and Insolvency Act.
- Telephone discussion on January 31, 2006 with a representative of Crystal Ice with respect to its unsecured claim.
- Telephone discussion on January 31, 2006 with Mr. Harquail with respect to a leased vehicle and insurance coverage and preparation of correspondence in respect of same.
- Telephone discussion on January 31, 2006 with Ms. Chan regarding pension and payroll issues.
- Telephone discussion on January 31, 2006 with Ms. Christie with respect to various insurance issues.
- Telephone discussion on February 1, 2006 with Mr. Prophet with respect to the status of grievances and the union Settlement Agreements.
- Telephone discussion on February 2, 2006 with respect to the letter Gowlings proposed to issue to the Financial Services Commission of Ontario.
- Telephone discussion on February 2, 2006 with Mr. Wittlin with respect to the status of the receivership.
- Telephone discussion on February 2, 2006 with Mr. Prophet with respect to his comments on the letter to be issued to new employees.
- Telephone discussion on February 2, 2006 with a representative of Straightline Property
 Maintenance with respect to the appointment of the Receiver and the requirement to continue to
 perform under the contract.
- Telephone discussion on February 2, 2006 with Mr. I. Adler of Automated Administration Services ("AAS") with respect to the employee benefit plan premiums.
- Telephone discussion on February 3, 2006 with Mr. Weinberg with respect to the status of the inventory and appraisal.
- Telephone discussion on February 3, 2006 with Ms. Walton, Ms. Christie and Mr. Jeffery of Diversicare with respect to employee-related issues.
- Telephone discussion on February 3, 2006 with Ms. Chan with respect to banking matters.
- Telephone discussion on February 7, 2006 with Mr. C. Lawrence of CMHC with respect to CMHC's request to conduct a site visit including discussions with Diversicare in respect of same.
- Complete on February 7, 2006 of various banking information and return same to Diversicare.
- Attendance upon correspondence on February 7, 2006 with Ms. Chan with respect to banking and suppliers matters.
- Review on February 8, 2006 of correspondence received from Ford Credit.



- Preparation on February 8, 2006 of correspondence to Ford Credit releasing interest in the vehicle.
- Review on February 8, 2006 of the interim bill of costs of Lang Michener.
- Telephone discussion on February 8, 2006 with Mr. Mallich with respect to the status of the receivership administration.
- Review on February 9, 2006 of disbursements proposed to be made by Diversicare and approval
 of same.
- Attendance upon discussions with various creditors on February 9, 2006 with respect to the receivership.
- Telephone discussion on February 9, 2006 with Ms. Dunston of the Ontario Ministry of Finance with respect to the 2004 revenue occupancy report due on February 10, 2006 including discussions with Mr. Kapadia with respect to same.
- Access on February 9, 2006 of an online Ministry of Health website in connection with reports for Casa Verde and review of same.
- Discussion on February 9, 2006 with Laura of York Disposal Services with respect to continuation of service.
- Telephone discussion on February 9, 2006 with Mr. Mallich with respect to the Phase 1 Environmental Report to be obtained.
- Telephone discussion on February 9, 2006 with Messrs. Prophet and Starnino with respect to the execution of the Participation Agreement.
- Telephone discussion on February 10, 2006 with Ms. Chan regarding various banking and disbursements issues.
- Telephone discussion on February 10, 2006 with Mr. Adler regarding re-activation of benefit coverage.
- Review and execution on February 10, 2006 of an agreement with ADP Canada regarding payroll services.
- Telephone discussion on February 10, 2006 with Ms. Chan with respect to benefit and disbursements information.
- Review on February 10, 2006 of correspondence from Mr. Starnino with respect to benefits including discussions with Mr. Starnino in respect of same.
- Review on February 10, 2006 of an e-mail from Mr. Starnino with respect to various union issues including attendance upon discussion with Mr. Starnino in respect of same.
- Preparation for and attendance at Gowlings on February 10, 2006 to execute the Participation Agreement.



- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of the Company, including all meetings/discussions, telephone
 attendances, written correspondence, verbal and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total fees
Fees			
Daniel R. Weisz, CA, CIRP, Senior Vice President	64.3	\$ 475	\$ 30,542.50
Hartley Bricks, MBA, CA, CIRP, Vice President	97.9	380	37,202.00
Winston Ng, CA, Senior Accountant	18.0	265	4,770.00
Edith Sehrbrock, Staff Technician	0.5	140	70.00
Anna Koroneos, Estate Administrator	8.6	105	903.00
Total fees	<u>189.3</u>		\$ 73,487.50
Add: GST			5,144.12
Total balance due			<u>\$ 78,631.62</u>

This is a professional statement of account due upon receipt.

Daniel R. Weisz, CA, CIRP Senior Vice President

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\225601\1

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

Invoice Date:

05/05/2006

Invoice No.:

104020

Client No.:

19617.CDR03

Tel: 416-391-2900

Fax: 416-644-4303

Web site: www.mintzca.com

Paragon Health Care Inc. o/a Casa Verde Health Centre and Paragon Health Care (Ontario) Inc. c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

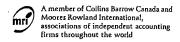
INVOICE #2

Paragon Health Care Inc. o/a Casa Verde Health Centre ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending February 11, 2006 to April 15, 2006, including:

- Telephone discussion on February 13, 2006 with Mr. Cliff Prophet of Gowling, Lafleur, Henderson LLP ("Gowlings") regarding meeting at Casa Verde with CMHC.
- Review on February 13, 2006 of draft releases from Gowlings to be executed by the union/pension plan trustees.
- Preparation on February 13, 2006 of correspondence to Gowlings regarding Group Insurance Plan Policies.
- Telephone discussion on February 13, 2006 with Ms. Paige Chan of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding accounts receivable reconciliation and status of Phase 1 Report.
- Telephone discussion on February 13, 2006 with Ms. Chan regarding payroll wire transfers, employee benefits status and other issues.
- Preparation on February 13, 2006 of correspondence to Mr. Prophet regarding resident refunds.
- Telephone discussion on February 13, 2006 with Ms. Millie Christie of Diversicare regarding occupancy, facility and staffing issues.
- Meeting on February 13, 2006 at Casa Verde with Mr. Larry Doraty and Mr. Carl Lawrence of CMHC to tour facility and discuss various issues related to the Receivership.
- Review on February 14, 2006 of Gowlings comments on draft correspondence to Desjardins Financial Security ("Desjardins").
- Review on February 14, 2006 of updated documents regarding releases from pension plan trustees.
- Review on February 14, 2006 of Diversicare Phase 1 Report.



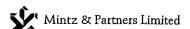


- Telephone discussion on February 14, 2006 with Ms. Chan regarding employee benefits and other issues.
- Preparation on February 14, 2006 of correspondence to Desjardins regarding benefits coverage.
- Telephone discussion on February 14, 2006 with Mr. Robert Defillipo regarding dishonoured refund cheque.
- Telephone discussion on February 14, 2006 with Ms. Chan regarding benefit coverage and insurance premium payments.
- Review on February 14, 2006 of correspondence from Ms. Christie regarding Ministry of Health ("MOH") funding and insurance premiums and respond to same.
- Telephone discussion on February 15, 2006 with Mr. M. Mallich of Peoples Trust Company regarding Diversicare Phase I Report and status of environmental report to be sent to the Receiver.
- Review on February 15, 2006 of reconciliation sent by MOH relating to funding for the postreceivership portion of January 2006.
- Review on February 15, 2006 of correspondence from Gowlings regarding comments on correspondence to Desjardins and finalize letter.
- Telephone discussion on February 16, 2006 with Mr. Prophet and Mr. Max Starnino of Gowlings regarding insurance and benefits issues.
- Telephone discussion on February 16, 2006 with Elaine of Casa Verde regarding benefits claims for pre-receivership period and telephone discussion with Ms. Chan regarding same.
- Review on February 16, 2006 of MOH Funding Calculations for January and February payments.
- Telephone discussion on February 16, 2006 with Ms. Lise Falanga of Desjardins regarding benefits payments and coverage issues.
- Preparation on February 16, 2006 of correspondence to Desjardins and Automated Administrative Services ("AAS") regarding January 24 – 31 employee benefit premium payments and coverage.
- Telephone discussion on February 16, 2006 with Mr. Starnino regarding benefits and Desjardins' request to speak with the Receiver's counsel.
- Telephone discussion on February 16, 2006 with Ms. Chan regarding disbursements and other matters.
- Telephone discussion on February 17, 2006 with Rocky of Casa Verde regarding obtaining a copy of group benefits policy/contract.
- Telephone discussion on February 17, 2006 with supplier regarding stay of proceedings on prereceivership amounts.
- Review on February 17, 2006 of agreement with SEIU and preparation of correspondence to Diversicare regarding same.

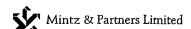
- Review on February 17, 2006 of MOH funding calculations for January, prepare revised calculations and provide to Diversicare for review.
- Telephone discussion on February 17, 2006 with Mr. Prophet regarding benefits coverage and obtaining a copy of the policy/contract for court materials and discussion with insurance coverage regarding CAFO.
- Telephone discussion on February 17, 2006 with Ms. Chan regarding status of benefits claims coverage.
- Message on February 17, 2006 to Ms. Sandra Hoyle of Automated regarding status of tabulation of quantum of unpaid claims for pre-receivership period.
- Telephone discussion on February 17, 2006 with Citi Capital regarding Appointment Order.
- Telephone discussion on February 20, 2006 with Ms. Rameena Shiwram of Canada Brokerlink regarding status of premium installment contract with CAFO and insurance coverage and discussion with Mr. Prophet regarding same.
- Preparation for and attendance on February 20, 2006 at a meeting with Ms. A. Walton and Ms.
 Christie of Diversicare to discuss Diversicare's Phase 1 Report.
- Telephone discussion on February 20, 2006 with Shawn of RBC Insurance regarding status of long-term disability coverage for six employees.
- Telephone discussion on February 20, 2006 with Ms. Chan regarding her review of MOH funding reconciliation.
- Telephone discussion on February 21, 2006 with Mr. Prophet regarding insurance coverage, CAFO and payment of premiums.
- Correspondence on February 22, 2006 to Diversicare regarding Rogers Wireless disbursement.
- Review on February 22, 2006 of correspondence from Heenan Blaike regarding PPSA registration of BMS and forward same to Gowlings for review.
- Telephone discussion on February 22, 2006 with Mr. Mallich regarding the status of various issues.
- Review on February 22, 2006 of correspondence from Diversicare regarding layoff notices.
- Telephone discussion on February 22, 2006 with Ms. Christie regarding MOH visits and timing for receipt of revised deficiency list.
- Review on February 22, 2006 of correspondence from Desjardins and draft correspondence to Mr. Prophet regarding same.
- Telephone discussion on February 22, 2006 with Mr. Haren Kapadia regarding MOH matters, request from Mr. Gerald Harquail regarding 2005 operating results and other matters.
- Telephone discussion on February 23, 2006 with Mr. Prophet regarding layoff notice issues, benefits coverage, and post-filing PPSA registration by a supplier and review of correspondence regarding same.

- Telephone discussion on February 23, 2006 with Ms. Chan regarding disbursements and funding information.
- Telephone discussion on February 23, 2006 with Mr. Peter Pliszka of Fasken Martineau
 DuMoulin LLP regarding status of receivership and prospect of recovery for unsecured creditors.
- Review on February 24, 2006 of correspondence from Mr. Prophet.
- Review on February 24, 2006 of correspondence from Gowlings regarding union agreement matters.
- Review on February 24, 2006 of correspondence from MOH regarding reconciliation of January funding.
- Preparation on February 27, 2006 of correspondence to Mr. Mallich regarding quotations for Phase 1 ESA update for Casa Verde.
- Preparation on February 27, 2006 of correspondence to Ms. Chan regarding resident refund issue.
- Telephone discussion on February 27, 2006 with Mr. Prophet regarding accounting issues.
- Review and respond on February 27, 2006 to various correspondence from Diversicare regarding disbursements.
- Review on February 28, 2006 of correspondence from Ms. Chan and execute bank transfer.
- Preparation on February 28, 2006 of correspondence regarding resident refunds.
- Telephone discussion on March 1, 2006 with representative of CITI Capital regarding status of post receivership payments.
- Telephone discussion on March 1, 2006 with Ms. Chan regarding ADP funding and other matters.
- Review on March 1, 2006 of correspondence from Diversicare regarding BHM Medical PPSA registration and agreements pertaining to same.
- Attendance on a conference call on March 2, 2006 with Mr. Don Jeffrey, Ms. Chan and Mr. Prophet regarding labour relations issues.
- Telephone discussion on March 2, 2006 with Mr. Kapadia regarding various issues involved with operations and employees.
- Telephone discussion on March 3, 2006 with Mr. Harquail regarding availability of 2005 operating statements and projections and tour of premises by interested party.
- Telephone discussion on March 6, 2006 with Mr. Harquail regarding status of 2005 financial information and protocol for providing further information.
- Telephone discussion on March 7, 2006 with MOH regarding purchasing from government pharmacy.
- Telephone discussion on March 7, 2006 with Mr. Harry Vanderlugt of Gowlings regarding status of refinancing by Mr. Harquail and his request for information on the facilities.

- Review on March 7, 2006 of correspondence from Desjardins and telephone discussion with Mr.
 Prophet regarding same.
- Messages on March 8, 2006 to/from Ms. Sandra Houston of Risk Check regarding timing for visit for environmental site assessment, message to Mr. Kapadia regarding same.
- Preparation for and attendance on March 8, 2006 at a conference call with Mr. Mallich, Mr. L. Wittlin of Lang Michener LLP, Mr. Prophet and Mr. VanderLugt to discuss the status of the receivership.
- Preparation on March 8, 2006 of correspondence to Diversicare regarding approval to make certain repairs and purchases.
- Review on March 13, 2006 of benefit and union correspondence.
- Telephone discussion on March 14, 2006 with Ms. Christie regarding Doctor on Call forms.
- Telephone discussion on March 14, 2006 with Tessie of MOH regarding Doctor on Call application forms and ARR forms.
- Review on March 14, 2006 of Benefit Entitlement Agreements and provide comments to Diversicare.
- Review on March 16, 2006 of correspondence from Mr. Ian Adler of AAS and respond to same regarding benefits coverage.
- Telephone discussion on March 17, 2006 with Ms. Christine Fortin of Bell Canada regarding Court Order and stay of proceedings with respect to arrears.
- Correspondence on March 17, 2006 from Ms. Christie regarding meeting to discuss operational review.
- Correspondence on March 17, 2006 from Mr. Edward Leung of Diversicare regarding payroll.
- E-mail on March 20, 2006 to Lang Michener LLP regarding renewal of property registrations.
- Telephone discussion on March 21, 2006 with Mr. Prophet regarding capital expenditures under MOH funding, benefits coverage and other issues.
- Review on March 22, 2006 of Diversicare Operational Review Report, review and execute payroll disbursement.
- Telephone discussion on March 23, 2006 with Mr. Kapadia regarding Fire Marshall visit and requirement to provide fire code analysis report.
- Meeting on March 23, 2006 with Ms. Christie and Mr. E. Hall of Diversicare to review status of its reports and status of homes.
- Telephone discussion on March 24, 2006 with Ms. Chan regarding payroll issues.
- Telephone discussion on March 24, 2006 with Mr. Adler regarding invoicing and coverage issues.
- Preparation on March 28, 2006 of correspondence to Mr. Mallich regarding Diversicare Operation Reviews and reconciliation of account balances.



- Telephone discussion on March 28, 2006 with Ms. Christie regarding status of revisions to budget.
- Review on March 30, 2006 of correspondence from Bell Canada regarding outstanding payments, review correspondence from Diversicare and respond to Bell Canada.
- Preparation on March 30, 2006 of correspondence to Peoples Trust regarding Diversicare Phase II Reports.
- Telephone discussion on April 3, 2006 with Mr. Mallich regarding providing a copy of Diversicare's Operational Review Reports to CMHC and correspondence to Diversicare regarding same.
- Review on April 5, 2006 of correspondence from Mr. Prophet regarding layoff notices, and prepare correspondence to Ms. Christie regarding same.
- Review on April 7, 2006 of proposed layoff letters to employees and discuss same with Mr. John Illingworth of Gowlings.
- Preparation on April 7, 2006 of correspondence to Mr. Mallich regarding correspondence to CMHC.
- Preparation on April 7, 2006 of correspondence to Diversicare regarding letter received from the MOH regarding High Intensity Needs.
- Telephone discussion on April 7, 2006 with Ms. T. Rolston of Peoples Trust regarding Resident Trust Funds.
- Telephone discussion on April 10, 2006 with Mr. Prophet regarding status of layoffs and sales process to offer the Company's assets for sale.
- Preparation on April 10, 2006 of correspondence to Mr. Prophet regarding status of benefits coverage with Desjardins.
- Preparation on April 10, 2006 of correspondence to Mr. Mallich regarding resident trust accounts.
- Telephone discussion on April 10, 2006 with Mr. Jeffery regarding status of letter to Union and letters to employees.
- Telephone discussion on April 11, 2006 with Mr. Prophet regarding enquiry of Mr. D. LeFaive of Sack Goldblatt Mitchell, Counsel to the Union.
- Telephone discussion on April 11, 2006 with Mr. Harquail regarding status of his request for information.
- Preparation for and attendance on April 13, 2006 on a conference call with Mr. Prophet to discuss various matters.
- Telephone discussion on April 13, 2006 with Mr. Kapadia regarding status of accumulation of information requested by Mr. Harquail and discussion with Mr. Harquail regarding same.
- Review and sign cheques prepared by Diversicare for operational expenses.



- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of the Company, including all meetings/discussions, telephone
 attendances, written correspondence, review and execution of disbursements, verbal and written
 reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members		Hours	Hourly Rates	Total Fees
Fees				
Bryan A. Tannenbaum, FCA, CA·CIRP, FCIRP, President		0.2	\$ 475.00	\$ 95.00
Daniel R. Weisz, CA, CIRP, Senior Vice President		20.4	475.00	9,690.00
Hartley Bricks, MBA, CA, CIRP, Vice President		58.6	380.00	22,268.00
Adam Sherman, MBA, Manager		0.1	275.00	27.50
: Antoinette Pereira, Administrative Assistant		1.2	80.00	96.00
Sheneeza Majeed, Administrative Assistant		8.0	80.00	64.00
Edith Sehrbrock, Staff	Technician	<u>4.7</u>	140.00	658.00
Total fees		<u>86.0</u>		\$ 32,898.50
Add Disbursements:	Courier		\$ 684.85	
. •	Telephone and facsimile		25.00	
	Photocopies		50.00	
	Parking		41.50	801.35
Total fees and disbursements				\$ 33,699.85
Add: GST				2,358.99
Total balance due				<u>\$ 36,058.84</u>

This invoice is due upon presentation.

Daniel R. Weisz, CA, CIRP Senior Vice President

GST#: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\235913\1

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

T. 416.391.2900 F. 416.644.4303

Web site: www.mintzca.com

Invoice Date: 07/19/2006 Invoice No.: 106411 Client No.: 19617.CDR03

Paragon Health Care Inc. o/a Casa Verde Health Centre and Paragon Health Care (Ontario) Inc. c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

INVOICE #3

Paragon Health Care Inc. o/a Casa Verde Health Centre ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending April 16, 2006 to June 15, 2006, including:

- Review on April 16, 2006 of correspondence from Mr. Gerald Harquail regarding timing for providing financial information and respond to same.
- Review on April 17, 2006 of correspondence from Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding employee layoffs and respond to same.
- Review on April 18, 2006 of correspondence from Mr. Don Jeffery of Diversicare regarding grievance matters.
- Telephone discussion on April 18, 2006 with Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding Union issues and layoffs.
- Review on April 18, 2006 of letters for the layoff of certain employees and execute same.
- Attendance at a meeting on April 18, 2006 with Mr. Haren Kapadia at Casa Verde to review financial information prepared for Mr. Harquail and discussion of employee matters.
- Discussion on April 18, 2006 with Ms. Millie Christie of Diversicare regarding timing of layoff notices and other employee matters.
- Review on April 18, 2006 of correspondence from Diversicare regarding updated budgets.
- Preparation on April 18, 2006 of correspondence to Mr. Harry Vanderlugt of Gowlings regarding status of fulfilling Mr. Harquail's information request.
- Preparation on April 19, 2006 of correspondence to Mr. Edward Leung of Diversicare regarding employee health benefit payments.
- Review on April 19, 2006 of ADP contract and discuss same with Ms. Paige Chan of Diversicare.
- Telephone discussion on April 19, 2006 with Mr. Kapadia regarding roofing report.



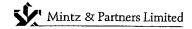
- Telephone discussion on April 19, 2006 with Mr. Vanderlugt regarding provision of information to Mr. Harquail.
- Review on April 19, 2006 of E.O.E. Minolta Konica lease documents and execute same.
- Preparation on April 19, 2006 of materials for meeting with Canada Mortgage and Housing Corporation ("CMHC") and Peoples Trust.
- Preparation on April 20, 2006 of report to CMHC regarding the Receiver's recommendations on Diversicare's Operational Review and the marketing and sale process.
- Preparation on April 20, 2006 of correspondence to Mr. Leung regarding cashflow forecast for 2006.
- Preparation for and attendance on April 21, 2006 at a meeting with Mr. Larry Doraty and Mr. Carl Lawrence of CMHC and Mr. Martin Mallich of Peoples Trust Company (by conference call) regarding status of various issues and Diversicare's Operational Review.
- Preparation on April 21, 2006 of correspondence to Diversicare regarding the Receiver's goforward mandate and actions to be implemented by Diversicare.
- Preparation and review on April 24, 2006 of various correspondence with Diversicare regarding retro pay, layoff notices and other matters.
- Review on April 24, 2006 of correspondence from Mr. Leung regarding funding matters.
- Preparation on April 25, 2006 of correspondence for employee layoffs and forward same to Diversicare.
- Telephone discussion on April 25, 2006 with Mr. Carlos Perez regarding amounts owed to his mother, a hairdresser at Casa Verde.
- Review on April 25, 2006 of the 2004 Annual Report for Casa Verde and execute same.
- Telephone discussion on April 25, 2006 with Mr. Kapadia regarding the 2004 Annual Report for Casa Verde and employee issues.
- Preparation of correspondence on April 25, 2006 to Ms. Ursula Dunston of the Ministry of Health ("MOH") regarding the 2004 Annual Report.
- Telephone discussion on April 26, 2006 with Mr. Doug Dorey of Valco Consultants regarding quotation for appraisal of Casa Verde and correspondence to Mr. Lawrence regarding same.
- Telephone discussion on April 28, 2006 with Mr. Kapadia regarding information requested by Mr. Harquail and other matters.
- Telephone discussion on April 28, 2006 with Ms. Christie regarding engineering report for the tender for the roof.
- Review and respond on May 1, 2006 to correspondence from Mr. Harquail and Mr. Vanderlugt regarding further information required by Mr. Harquail.
- Telephone discussion on May 2, 2006 with Mr. Kapadia regarding information requested by Mr. Harquail and timing to complete.



- Various correspondence on May 4, 2006 with Diversicare regarding budget matters.
- Preparation on May 4, 2006 of correspondence to Mr. Jeffrey regarding approval to represent the Receiver at grievance meetings.
- Telephone discussion on May 8, 2006 with Mr. Kapadia regarding status of information requested by Mr. Harquail.
- Review on May 8, 2006 of revised budget and discuss same with Mr. Leung.
- Review on May 8, 2006 of information prepared by Mr. Kapadia for Mr. Harquail.
- Preparation of correspondence on May 9, 2006 to Mr. Harquail regarding January 2006 operating statements.
- Preparation and attendance on May 12, 2006 at Casa Verde for a meeting with Mr. Kapadia regarding various issues.
- Review of files and preparation on May 14, 2006 of correspondence to Diversicare regarding High Intensity Needs funding.
- Preliminary review on May 15, 2006 of February Operating Statement and forward same to Mr. Mallich.
- Telephone discussion on May 18, 2006 with Mr. Leung regarding variance analysis for the February Operating Statement.
- Review and respond on May 18, 2006 to Peoples regarding funding from MOH.
- Telephone discussion on May 18, 2006 with Mr. Kapadia regarding a photocopier lease.
- Review and revise on May 18, 2006 of offer of employment for the Director of Care position and forward to Gowlings for comments.
- Telephone discussion on May 18, 2006 with Mr. Prophet regarding disclaiming photocopier lease.
- Telephone discussion on May 18, 2006 with Mr. Howard Hiscox regarding timing for completion of appraisals and outstanding information requirements.
- Preparation on May 18, 2006 of correspondence to Peoples regarding variance analysis for February Operating Statement.
- Preparation on May 18, 2006 of correspondence regarding roof tenders and forward to Peoples and CMHC with recommendations.
- Telephone discussion on May 19, 2006 with Mr. Lawrence regarding roof tender correspondence.
- Review on May 25, 2006 of offer of employment regarding Director of Care position, discussion with Mr. Prophet and Ms. Christie regarding same, finalize and issue letter.
- Correspondence on May 28 and 29, 2006 with Mr. Leung regarding status of the March Operating Statement.



- Telephone discussion on May 29, 2006 with Ms. Anne Walton of Diversicare regarding strategic options for Casa Verde.
- Review on May 29, 2006 of correspondence from Mr. Harquail and respond to same.
- Telephone discussion on May 29, 2006 with Mr. Jeffery regarding offer letter for Director of Care and other employment matters.
- Preparation on May 29, 2006 of correspondence to Mr. Harquail regarding February and March Operating Statements.
- Correspondence on May 30, 2006 with Diversicare regarding offer of employment letter and provide revised version of same to Diversicare.
- Preparation and review on May 31, 2006 of various correspondence with Mr. Leung regarding payroll matters.
- Preparation on June 1, 2006 of correspondence to Diversicare regarding RBI Insurance Premiums.
- Preparation on June 1, 2006 of correspondence to Mr. Leung regarding RBC Insurance.
- Correspondence on June 2 and 5, 2006 regarding timing for meeting with Peoples, Diversicare and the Receiver.
- Review on June 5, 2006 of correspondence from Mr. Victor Fonseca of Romspen Investment Corporation regarding financial information for Mr. Harquail.
- Review on June 6. 2006 of correspondence from Mr. Martin Sear, Counsel to Mr. Harquail, and prepare correspondence to Mr. Vanderlugt regarding same.
- Correspondence on June 6, 2006 with Mr. Kapadia regarding 2006 operating budget.
- Telephone discussion on June 7, 2006 with Mr. Kapadia regarding information request for Mr. Harquail.
- Preparation on June 7 & 9, 2006 of correspondence to Mr. Harquail regarding the status of the financial information request.
- Review on June 7, 2006 of the March Operating Statement and discussion with Mr. Leung regarding same and prepare correspondence to Peoples regarding same.
- Preparation for and attendance on June 8, 2006 at a meeting with Peoples Trust and Diversicare to discuss Operating Statements and possible courses of action.
- Preparation on June 9, 2006 of correspondence with Mr. Kapadia regarding photocopier lease.
- Preparation on June 9 and 12, 2006 of correspondence to Diversicare regarding information required to be prepared to consider possible courses of action.
- Telephone discussion on June 15, 2006 with Ms. Christine Fonti of Bell Canada regarding status of receivership.
- Telephone discussion on June 15, 2006 with Mr. Kapadia regarding Physician on-call funding and review of records regarding same.



- Preparation of correspondence on June 15, 2006 to Mr. Leung regarding various accounting matters.
- Preparation of correspondence on June 15, 2006 to Jean Gillis of Altus Derbyshire regarding property tax appeal for the properties.
- Telephone discussion on June 15, 2006 with Mr. Prophet regarding Union grievance issue and the Union's request for the Receiver to be bound.
- Commence preparation of Confidential Information Memorandum for Casa Verde.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of Paragon and Paragon Ontario, including all meetings/discussions,
 telephone attendances, written correspondence, review and execution of disbursements, verbal
 and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates		Total Fees
Fees				
Daniel R. Weisz, CA, CIRP, Senior Vice President	6.7	\$ 475.00	\$	3,182.50
Hartley Bricks, MBA, CA, CIRP, Vice President	113.7	380.00		43,206.00
Edith Sehrbrock, Staff Technician	<u>4.4</u>	140.00		616.00
Total fees	<u>124.8</u>		\$	47,004.50
Add: GST			_	2,820.27
Total balance due			\$	49,824.77

Daniel R. Weisz, CA, CIRP Senior Vice President

GST #: 13188 5782 RT0001

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T. 416.391.2900 F. 416.644.4303

Web site: www.mintzca.com

Invoice Date: 09/25/2006 Invoice No.: 107521 Client No.: 19617.CDR03

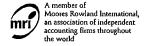
Paragon Health Care Inc. o/a Casa Verde Health Centre and Paragon Health Care (Ontario) Inc. c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

INVOICE #4

Paragon Health Care Inc. o/a Casa Verde Health Centre ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending June 16, 2006 to August 15, 2006, including:

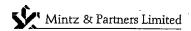
- Telephone discussion on June 16, 2006 with Mr. Haren Kapadia at Casa Verde regarding information required by Mr. Gerald Harquail's appraiser.
- Correspondence on June 16, 2006 from Mr. Don Jeffery of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding a grievance issue with the Service Employees International Union (the "SEIU").
- Correspondence on June 19, 2006 from Ms. Anne Walton regarding the status of analysis of strategic options.
- Correspondence on June 19, 2006 with Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding the Receiver's position to not be bound by SEIU OHIP Premium grievance.
- E-mail on June 20, 2006 from Mr. Jeffrey regarding quantification of OHIP issue and forward same to Mr. Prophet.
- Preparation on June 20, 2006 of correspondence to Mr. Martin Mallich of Peoples Trust Company ("Peoples") regarding SEIU OHIP Premium grievance and correspondence with Mr. Prophet regarding same.
- Preparation on June 20, 2006 of correspondence to Altus Derbyshire ("Altus") regarding property tax review.
- Correspondence on June 22, 2006 from Ms. Walton regarding strategic options.
- Review on June 22, 2006 of cash flow in connection with funding for Casa Verde.
- Correspondence on June 22, 2006 with Ms. Millie Christie of Diversicare regarding a Ministry of Health ("MOH") information request.



- Review of e-mail on June 22, 2006 from Mr. L. Wittlin of Lang Michener LLP regarding possible government refunds available.
- Preparation for and attendance on June 23, 2006 at a meeting with Ms. Christie and Diversicare staff regarding issues involved with conversion of retirement home to nursing home.
- Review on June 23, 2006 of property tax assessment agreement.
- Review on June 26, 2006 of April operating results and correspondence with Mr. Edward Leung
 of Diversicare and Mr. Mallich regarding same.
- Telephone discussion on June 26, 2006 with Mr. Howard Hiscox regarding status of appraisals.
- Correspondence on June 27, 2006 with Automated Administrative Services ("AAS") regarding premium payments.
- Telephone discussion on June 28, 2006 with Ms. Walton regarding conference call to discuss assumptions for preparation of financial projections for strategic option analysis.
- Preparation on June 28, 2006 of correspondence to Peoples regarding the status of various issues.
- Telephone discussion on June 28, 2006 with Mr. Kapadia regarding employee and Union information and funding breakdown.
- Discussion on June 28, 2006 with Ms. Walton, Mr. Leung, Ms. Christie, Mr. Eric Hall and Ms.
 Paige Chan of Diversicare regarding assumptions for strategic options analysis.
- Review on June 29, 2006 of information provide by Mr. Kapadia.
- Review on July 4, 2006 of correspondence from Ms. Christie regarding telephone system.
- Review on July 5, 2006 of correspondence from MOH regarding High Intensity Needs information request and discuss same with Ms. Christie.
- Review on July 5, 2006 of correspondence from Altus regarding preliminary property tax assessment review.
- Telephone discussion on July 5, 2006 with Ms. Jean Gillis of Altus and prepare correspondence to Peoples regarding same.
- Review on July 5, 2006 of capital expenditure request for re-opening 2 East and discuss same with Ms. Christie.
- Correspondence on July 6, 2006 with Mr. Jim Dysart of Peoples regarding engaging Altus for property tax appeal.
- Preparation on July 6, 2006 of correspondence and analysis regarding re-opening 2 East.
- Preparation on July 7, 2006 of analysis regarding 2 East Wing and discussion with Mr. Kapadia regarding same.
- Telephone discussion on July 10, 2006 with Mr. Don Jeffery of Diversicare regarding Director of Care position and mechanism for hiring.



- Review on July 11, 2006 of correspondence from Mr. Harquail regarding request for Monthly Payment Notice and forward same to Mr. Harquail.
- Review on July 12, 2006 of correspondence from Mr. Jeffrey regarding the Director of Care position.
- Telephone discussion on July 12, 2006 with Mr. Prophet regarding the Director of Care position to be hired by Diversicare.
- Various correspondences on July 14, 2006 with Mr. Mallich regarding renovations to 1 East Wing Wing.
- Telephone discussion on July 14, 2006 with Mr. Prophet regarding his review of the CIM and other issues.
- Telephone discussion on July 14, 2006 with Mr. Hiscox regarding the status of appraisals.
- Telephone discussion on July 17, 2006 with Ms. Christie regarding furniture quotes and timing for receipt of strategic analysis.
- Review on July 18, 2006 of strategic options analysis prepared by Diversicare and attendance at a meeting at Casa Verde with Ms. Christie regarding same.
- Preparation on July 18, 2006 of condensed financial statements for Peoples.
- Preparation on July 20, 2006 of analysis on the proposal to potentially restructure Casa Verde.
- Telephone discussion on July 24, 2006 with Ms. Christie regarding timing for receipt of third appraisal for furniture for 2 East Wing and occupancy of retirement home.
- Preparation on July 25, 2006 of letter to Peoples regarding proposal to potentially restructure Casa Verde.
- Review on July 25, 2006 of correspondence from AAS regarding reconciliation of pre-filing insurance claims.
- Preparation on July 25, 2006 of correspondence to Peoples regarding tenders for the purchase of furniture to reopen 2 East Wing.
- Correspondence on July 26, 2006 with Diversicare regarding authorization to proceed with renovations of 2 East Wing.
- Review on July 27, 2006 of May Operating Statement and preparation of summary for Diversicare.
- Telephone discussion on August 1, 2006 with Mr. Leung regarding May Operating Statement variance analysis.
- Preparation on August 1, 2006 of correspondence to Peoples regarding May Operating Statements and variance analysis.
- Telephone discussion on August 2, 2006 with Mr. Hiscox regarding status of appraisals and prepare correspondence to Mr. Mallich regarding same.



- Telephone discussion on August 3, 2006 with Mr. Kapadia regarding temperature issues at home and purchase of air conditioners.
- Telephone discussion on August 9, 2006 with Mr. Kapadia regarding 2005 audit and status of renovation of 2 East Wing.
- Telephone discussion on August 10, 2006 with Mr. Kapadia regarding various issues, review and execute various disbursements.
- Telephone discussion on August 15, 2006 with Mr. Hiscox regarding status of appraisal.
- Commence preparation of First Report to the Court.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of Paragon and Paragon Ontario, including all meetings/discussions,
 telephone attendances, written correspondence, review and execution of disbursements, verbal
 and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total Fees
Fees			
Daniel R. Weisz, CA, CIRP, Senior Vice President	5.8	\$ 475.00	\$ 2,755.00
Hartley Bricks, MBA, CA, CIRP, Vice President	89.4	380.00	33,972.00
Edith Sehrbrock, Staff Technician	3.9	140.00	546.00
Total fees	<u>99.1</u>		\$ 37,273.00
Add: GST			2,236.38
Total balance due			\$ 39,509.38

Daniel R. Weisz, CA, CIRP Senior Vice President

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\269840\1

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Web site: www.mintzca.com

Invoice Date: 11/16/2006 Invoice No.: 108687 Client No.: 19617.CDR03

Paragon Health Care Inc. o/a Casa Verde Health Centre and Paragon Health Care (Ontario) Inc. c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

INVOICE #5

Paragon Health Care Inc. o/a Casa Verde Health Centre ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

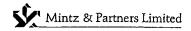
To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending August 16, 2006 to September 30, 2006, including:

- Preparation for and attendance on August 16, 2006 at a conference call with Mr. Martin Mallich
 and Mr. Jim Dysart of Peoples Trust Company ("Peoples") to discuss the Receiver's proposed
 marketing program and the status of the appraisals.
- Review on August 18, 2006 of correspondence from Ms. Anne Walton of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding the Director of Care position.
- Review and respond on August 18, 2006 to correspondence from Mr. Ian Adler of Automotive Administrative Services ("AAS") regarding premium payments.
- Execute on August 21, 2006 of Addendum to Management Agreement and e-mail to Ms. Walton
 of Diversicare.
- Preparation on August 21 and 22, 2006 of correspondence to Peoples regarding bed licence matters.
- Preparation on August 22, 2006 of correspondence to Mr. Edward Leung of Diversicare regarding benefit premium payments.
- Telephone discussion on August 22, 2006 with Mr. Haren Kapadia at Casa Verde regarding the status of various issues.
- Various correspondences on August 23, 2006 with Peoples with respect to loan amounts, Receiver's certificates and occupancy levels.
- Review on August 24, 2006 of correspondence from Diversicare regarding occupancy levels.
- Review on August 28, 2006 of correspondence from Mr. Martin Sear regarding property tax bills and respond to same.

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an association of independent
accounting firms throughout
the world

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- Review and respond on August 29, 2006 to correspondence from Diversicare regarding purchase of floor scrubber.
- Attendance at a meeting on September 5, 2006 with Mr. Richard Webb and Mr. Blair Zaristsky of Smith Nixon & Co. LLP ("Smith Nixon") and Mr. Kapadia to discuss financial statement and annual report audits, and preparation of correspondence to Peoples regarding same.
- Review on September 5, 2006 of correspondence regarding the purchase of a floor cleaner from Wood Wyant and execute disbursement regarding same.
- Preparation on September 6, 2006 of correspondence to Ms. Ursula Dunston of Ministry of Health ("MOH") regarding timing for submission of 2005 Annual Report.
- Preparation on September 6, 2006 of correspondence to Peoples regarding June Operating Statements.
- Review on September 7, 2006 of correspondence from MOH on Occupancy Based Funding ("OBF") and forward same to Diversicare.
- Telephone discussion on September 9, 2006 with Ms. Millie Christie of Diversicare regarding the status of 2 East renovations at Casa Verde.
- Review on September 11, 2006 of various correspondences from MOH.
- Review on September 11, 2006 of correspondence from Diversicare and respond to same.
- Telephone discussion on September 14, 2006 with Ms. Paige Chan regarding wire transfer set up with Royal Bank of Canada ("RBC").
- Review on September 14, 2006 of a union grievance, Diversicare's position on same, and prepare correspondence to Peoples regarding same.
- Review on September 15, 2006 of fee quote from Smith Nixon and preparation of correspondence to Peoples regarding same, subsequent telephone discussion with Mr. Kapadia.
- Preparation on September 15, 2006 of correspondence to Diversicare regarding water arrears.
- Telephone discussion on September 18, 2006 with Mr. Howard Hiscox regarding the status of the appraisals and estimated date of completion.
- Telephone discussion on September 18, 2006 with Mr. Webb of Smith Nixon regarding timing for audit of MOH Annual Report and fee cap.
- Telephone discussion on September 21, 2006 with Ms. Lesard of Canada Revenue Agency ("CRA") regarding scheduling an audit for pre-receivership source deductions.
- Preparation on September 25, 2006 of correspondence to Smith Nixon regarding audit retainer.
- Review on September 25 and 26, 2006 of July Operating Statements and preparation of summary for Peoples.
- Correspondence on September 26, 2006 to Mr. Hiscox regarding timing of appraisals and correspondence with Mr. Martin Mallich of Peoples regarding same.



- Telephone discussion on September 26, 2006 with Mr. Leung of Diversicare regarding payroll and July Operating Statements.
- Telephone discussion on September 26, 2006 with Mr. Larry Doraty of Canada Mortgage and Housing Corporation ("CMHC") regarding bed licenses.
- Telephone discussion on September 27, 2006 with Mr. Leung regarding a wire transfer and approve of same.
- Telephone discussion on September 27, 2006 with Mr. Leung regarding capital additions and provide same to Mr. Hiscox.
- Telephone discussions on September 28, 2006 with Ms. Christie regarding status of various matters and 1 East renovations at Casa Verde.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of Paragon and Paragon Ontario, including all meetings/discussions,
 telephone attendances, written correspondence, review and execution of disbursements, verbal
 and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total Fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	2.3	\$ 475.00	\$ 1,092.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	43.5	380.00	16,530.00
Edith Sehrbrock, Staff Technician	3.3	140.00	462.00
Total fees	<u>49.1</u>		\$ 18,084.50
Add: GST			1,085.07
Total balance due			<u>\$ 19,169.57</u>

Daniel R. Weisz, CA•CIRP, CIRP

Senior Vice President

GST# 13188 5782 RT0001

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Web site: www.mintzca.com

Invoice Date: 12/07/2006 Invoice No.: 109253 Client No.: 19617.CDR03

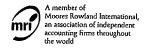
Paragon Health Care Inc. o/a Casa Verde Health Centre and Paragon Health Care (Ontario) Inc. c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

INVOICE #6

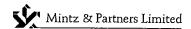
Paragon Health Care Inc. o/a Casa Verde Health Centre ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending October 1, 2006 to November 30, 2006, including:

- Attendance on October 3, 2006 at Casa Verde to review renovations completed to date and discuss proposed renovations of 1 East, including discussions with Mr. Haren Kapadia of Casa Verde and Ms. Millie Christie of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding same.
- Review on October 3, 2006 of correspondence from Peoples Trust Company ("Peoples") regarding Trust Accounts.
- Review on October 4, 2006 of Long-Term Care legislation and send correspondence to Peoples regarding same.
- Review correspondence on October 5, 2006 from Mr. Martin Mallich of Peoples regarding verbal appraisal amounts and timing, message to Mr. Howard Hiscox regarding same, and preparation of correspondence to Mr. Mallich regarding same.
- Telephone discussion on October 6, 2006 with Mr. Hiscox regarding status of appraisals and correspondence to Mr. Mallich regarding same.
- Telephone discussion on October 11, 2006 with Mr. Kapadia and Ms. Christie regarding renovations to 1 East.
- Preparation on October 11, 2006 of correspondence to Peoples regarding renovations to 1 East and various correspondence regarding same.
- Review on October 12, 2006 of correspondence from Mr. Michael Kainer of Sack Goldblatt Mitchell LLP, counsel for SEIU, regarding pension contribution arrears and forward same to Diversicare.
- Review on October 13, 2006 of correspondence from Ms. Paige Chan of Diversicare regarding pension arrears.



- Review of correspondence on October 16, 2006 from Ms. Christie regarding proposal process for 1 East and forward same to Mr. Mallich.
- Telephone discussion on October 16, 2006 with Mr. Kapadia regarding various issues including occupancy, and correspondence to Mr. Mallich regarding same.
- Various telephone discussions on October 20, 2006 with Mr. Kapadia regarding Trust accounts, Canada Revenue Agency ("CRA") audit and other matters.
- Telephone discussion on October 20, 2006 with Dino Deluca of CRA regarding timing for payroll audit.
- Review on October 20, 2006 of correspondence from Diversicare regarding the status of capital expenditures.
- Review on October 23, 2006 of cash flow request from Diversicare and prepare funding disbursement.
- Correspondence on October 26, 2006 with Mr. Edward Leung of Diversicare regarding August Operating Statements.
- Various correspondences on October 30, 2006 with Peoples regarding status of appraisals and other matters.
- Preparation for Peoples of a summary of August operating results.
- Telephone discussion on October 30, 2006 with Mr. Hiscox regarding status of appraisals and preparation of correspondence to Peoples regarding same.
- Preparation on October 31, 2006 of correspondence to the City of Toronto (the "City") regarding water charges.
- Various correspondences and telephone discussions on November 1, 2006 with Mr. Cliff Prophet
 of Gowling Lafleur Henderson LLP ("Gowlings") regarding appraisals and marketing program.
- Review on November 3, 2006 of responses regarding queries from Diversicare.
- Telephone discussion on November 9, 2006 with Mr. Kapadia regarding application for short term beds.
- Correspondence on November 13, 2006 from Diversicare regarding union matters.
- Telephone discussion on November 14, 2006 with Mr. Jim Dysart of Peoples regarding name of second appraiser and subsequent telephone discussion with Mr. Grant Edward of MacKenzie, Ray, Heron & Edwardh ("MacKenzie") regarding timing for appraisal.
- Preparation for Peoples of a summary of September operating results.
- Telephone discussion on November 15, 2006 with Mr. Kapadia regarding second appraisal and other matters.
- Preparation on November 16, 2006 of Interim Statement of Receipts and Disbursements.
- Telephone discussion on November 17, 2006 with Mr. John Davies of MacKenzie regarding proposal to prepare an appraisal for Case Verde.



- Correspondence on November 20, 2006 with Mr. Mallich regarding possible of timing for application to court.
- Correspondence on November 24, 2006 with Mr. Davies regarding engagement letter for appraisal.
- Telephone discussion on November 24, 2006 with Mr. Kapadia regarding status at home and various other matters.
- Preparation of Reports pursuant to Section 246 (2) of the Bankruptcy and Insolvency Act S.246 (2) notices.
- Work on the Receiver's First Report to Court and associated materials.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of Paragon and Paragon Ontario, including all meetings/discussions,
 telephone attendances, written correspondence, review and execution of disbursements, verbal
 and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total Fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	4.3	\$ 495.00	\$ 2,128.50
Hartley Bricks, MBA, CA∙CIRP, CIRP, Vice President	67.3	415.00	27,929.50
Anna Koroneos, Estate Administrator	4.5	145.00	652.50
Edith Sehrbrock, Staff Technician	4.4	140.00	616.00
Total fees	<u>_80.5</u>		\$ 31,326.50
Add: GST			1,879.59
Total balance due			<u>\$ 33,206.09</u>

Daniel R. Weisz, CA•CIRP, CIRP

Senior Vice President

GST# 13188 5782 RT0001

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T. 416.391.2900 F. 416.644.4303

Web site: www.mintzca.com

Invoice Date: 02/26/2007 Invoice No.: 110700 Client No.: 19617.CDR03

Paragon Health Care Inc. o/a Casa Verde Health Centre and Paragon Health Care (Ontario) Inc.
c/o Mintz & Partners Limited
1 Concorde Gate
Suite 200
North York, Ontario
M3C 4G4

INVOICE #7

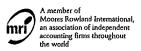
PARAGON HEALTH CARE INC. O/A CASA VERDE HEALTH CENTRE ("PARAGON") AND PARAGON HEALTH CARE (ONTARIO) INC. ("PARAGON ONTARIO") - RECEIVERSHIP

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending December 1, 2006 to January 31, 2007, including:

- Telephone discussion on December 2, 2006 with Mr. Haren Kapadia of Casa Verde regarding corporation tax notices.
- Telephone discussion on December 8, 2006 with Mr. Kapadia regarding status of various issues and information for appraiser.
- Review on December 19, 2006 of October Operating Statement and preparation of summary for Peoples Trust Company ("Peoples").
- Preparation on December 20, 2006 of summary analysis of October operating results.
- Separate telephone discussions on December 20, 2006 with Mr. Howard Hiscox of Health Trust Canada and Mr. John Davies of MacKenzie, Ray, Heron & Edwardh ("MacKenzie") regarding status of appraisals.
- Correspondence on December 20, 2006 with Mr. Martin Mallich of Peoples regarding status of various issues.
- Telephone discussion on December 21, 2006 with Ms. Millie Christie of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding the status of the 2007 budget.
- Telephone discussion on January 2, 2007 with Mr. Kapadia regarding various issues.
- Telephone discussion on January 5, 2007 with Mr. Hiscox regarding status of appraisals and other matters.
- Telephone conference call on January 8, 2007 with Mr. Mallich regarding status of appraisals.
- Review on January 11, 2007 of correspondence from Mr. Davies and forward same to Mr. Mallich.







- Preparation of correspondence on January 11, 2007 to Mr. Hiscox regarding status of his written update on the status of his appraisal.
- Review on January 15, 2007 of correspondence from Mr. Hiscox regarding status of appraisal and forward same to Mr. Mallich.
- Telephone discussion on January 22, 2007 with Mr. Kapadia regarding meeting with the Ministry of Health and Long-Term Care.
- Telephone conference call on January 22, 2007 with Ms. Christie and Mr. Kapadia regarding the Ministry of Health ("MOH") audit and preparation of correspondence to Mr. Mallich regarding same.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of Paragon and Paragon Ontario, including all meetings/discussions,
 telephone attendances, written correspondence, review and execution of disbursements, verbal
 and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total Fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	2.4	\$ 495.00	\$ 1,188.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	9.1	415.00	3,776.50
Edith Sehrbrock, Staff Technician	3.8	140.00	532.00
Total fees	<u> 15.3</u>		\$ 5,496.50
Add: GST			329.79
Total balance due			<u>\$ 5,826.29</u>

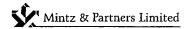
Daniel R. Weisz, CA•CIRP, CIRP Senior Vice President

GST# 13188 5782 RT0001

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TAB D

This is Exhibit " "referred to in the Affidavit of DANIGE WETS?

Sworn before me this 26th day of

A Commissioner, etc., LUS

NARAINI SUNICHURA, a Commissioner, etc., City of Toronto, for Mintz & Partners Limited, Trustee in Bankruptcy. Expires January 31, 2009.

Invoice Date:

02/28/2006 101579

Invoice No.: Client No.:

101579 19617.CDR04 Tel: 416-391-2900

Fax: 416-644-4303

Web site: www.mintzca.com

1508669 Ontario Limited o/a West Park Health Centre c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

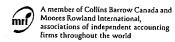
INVOICE #1

1508669 Ontario Limited o/a West Park Health Centre ("1508669" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre for the period ending February 10, 2006, including:

- Review on January 4, 2006 of the Company's insurance certificate and forward comments to Mr.
 C. Prophet of Gowling, Lafleur, Henderson LLP ("Gowlings").
- Telephone discussion on January 5, 2005 with Mr. L. Wittlin of Lang Michener LLP with respect to the status of the Company.
- Prepare for and attend on January 6, 2006 at a meeting at the offices of Gowlings to discuss the
 pending application to the Court for the appointment of the Receiver and Manager and matters
 relating thereto.
- Telephone discussion on January 9, 2006 with Mr. P. Richardson of Diversicare Canada Management Services Co., Inc. ("Diversicare") and request form of Management Agreement.
- Review on January 10, 2006 of the draft Management Agreement forwarded by Diversicare.
- Telephone discussion on January 10, 2006 with Ms. R. Shiwram of Canada Brokerlink regarding insurance coverage in respect of nursing homes on a no-names basis.
- Meeting on January 11, 2006 with Mr. Wittlin to review cash-flow projections prior to the meeting with Peoples Trust Company ("Peoples").
- Preparation for and attendance at Gowlings' office on January 11, 2006 to meet with Messrs. M. Starnino and H. VanderLugt of Gowlings, Mr. J. Dysart of Peoples and by conference call, Messrs. Battley and Mallich from Peoples.
- Attendance on January 11, 2006 on a conference call with the aforementioned individuals and Mr. L. Doraty of Canada Mortgage and Housing Corporation ("CMHC").
 - Telephone discussion on January 12, 2006 with Mr. Richardson with respect to various matters.





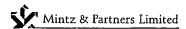
- Preparation for and attendance at Gowlings on January 12, 2006 to meet with Mr. VanderLugt prior to the conference call with the Ontario Ministry of Health and Long Term Care ("Ministry").
- Attendance on January 12, 2006 upon a conference call with Mr. VanderLugt and various representatives of the Ministry.
- Review on January 12, 2006 of the terms of the proposed Management Agreement including discussions with Mr. VanderLugt in respect of same.
- Review on January 12, 2006 of the draft form of Court Order in respect of the appointment of the Receiver.
- Telephone discussion on January 12, 2006 with Mr. H. Kapadia of the Company with respect to employee and supplier information.
- Preparation for and attendance at a meeting on January 13, 2006 at Gowlings with
 representatives of Diversicare, Gowlings, Lang Michener, Sack Goldblatt Mitchell ("Sack"),
 counsel to the Service Employees International Union, Local 1.on (the "SEIU") and Canadian
 Union of Public Employees, Local 1263 ("CUPE") together with representatives of CUPE and
 SEIU with respect to the status of the Company and the pending application to the Court for the
 appointment of a Receiver.
- Review on January 15, 2006 of the draft Management Agreement and the proposed agreement with the aforementioned unions.
- Telephone discussion on January 16, 2006 with Messrs. Wittlin and Starnino with respect to the proposed union Settlement Agreements.
- Attendance upon a telephone conference call on January 16, 2006 with Messrs. VanderLugt and Wittlin with respect to the terms of the Management Agreement and the proposed agreement with the Ministry.
- Review on January 16, 2006 of the amended Management Agreement.
- Telephone discussion on January 16, 2006 with Mr. VanderLugt with respect to comments on the amended Management Agreement.
- Attendance upon a conference call on January 16, 2006 with Messrs. Starnino and Wittlin with respect to the terms of the settlement agreement with the unions.
- Review on January 16, 2006 of the results of the report pursuant to the Personal Property Security Act.
- Attendance upon the preparation of correspondence to the Company's banks, residents, employees and suppliers, to be used upon the appointment of the Receiver.
- Preparation for and participate on a conference call on January 17, 2006 with representatives of Gowlings, the Ministry, Peoples and Lang Michener to discuss the proposed receivership, timing, communication, property management including subsequent discussions with representatives of Gowlings and Lang Michener.



- Telephone discussion on January 17, 2006 with Mr. Richardson with respect to his comments on the proposed Management Agreement.
- Preparation on January 17, 2006 of the proposed communication plan to be circulated to the Ministry.
- Preparation for and attendance at Gowlings on January 18, 2006 to discuss the pending application to the Court and to prepare for a meeting with representatives of Diversicare to discuss the terms of the proposed Management Agreement.
- Meeting on January 18, 2006 with representatives of Diversicare, Gowlings and Lang Michener to discuss the terms of the Management Agreement.
- Attendance upon a conference call on January 18, 2006 with representatives of Gowlings, Lang Michener, Diversicare and the Ministry to discuss the communication plan and other issues.
- Review on January 18, 2006 of amended union Settlement Agreements.
- Review on January 19, 2006 of an updated draft Management Agreement including telephone discussions with Messrs. VanderLugt and Wittlin with respect to same.
- Telephone discussion on January 19, 2006 with Mr. T. Burns of the Ministry with respect to status of the Ministry funding to the Company.
- Review on January 19, 2006 of the proposed amendment to the Order requested by the Ministry including discussion with Mr. Wittlin with respect to same.
- Telephone discussion on January 19, 2006 with Messrs. Starnino and Prophet with respect to outstanding payroll related amounts including obtaining information from the Company with respect to same.
- Revise on January 19, 2006 the communications plan and forward same to the Ministry for its comments.
- Telephone discussion on January 19, 2006 with Mr. Wittlin with respect to the status of the timing for obtaining the Court Order appointing the Receiver.
- Telephone discussion on January 19, 2006 with Mr. L. Weinberg of Canam Appraiz ("Canam") to arrange for an inventory and appraisal.
- Attendance upon the preparation of documentation to be used to file an assignment of bankruptcy as contemplated in the draft Court Order.
- Telephone discussion on January 20, 2006 with Mr. Wittlin with respect to the undertaking requested by Diversicare.
- Attendance upon a discussion with Ms. P. Chan of Diversicare with respect to banking issues.



- Preparation for and attendance at Gowlings on January 20, 2006 and meet with Messrs. Wittlin, Starnino, Prophet and VanderLugt with respect to finalizing the form of Court Order and Management Agreement.
- Attendance upon a conference call on January 20, 2006 with Mr. D. Lefaive of Sack with respect
 to changes required to the union Settlement Agreements.
- Review and execute on January 20, 2006 of the Consent to act as Receiver.
- Telephone discussion of January 20, 2006 with Mr. Prophet with respect to the amount owing in respect of pension plan contribution arrears.
- Review on January 20, 2006 of the updated Management Agreement and revised Court Order.
- Attendance on January 20, 2006 to revisions to the communication plan.
- Telephone discussion on January 20, 2006 with Mr. Kapadia with respect to pension arrears, union arrears, payroll timing and other issues.
- Telephone discussion on January 20, 2006 with Mr. Prophet with respect to amounts owing in respect of pension plan contribution arrears.
- Telephone discussion on January 20, 2006 with various representatives of Diversicare with respect to possession, accounting and banking issues.
- Attendance upon discussions on January 20, 2006 with Canada Brokerlink with respect to insurance coverage required during the period of the receivership.
- Review on January 22, 2006 of the Notice of Motion issued by Gowlings including Management Agreement, union Settlement Agreements, draft Court Order contained therein.
- Preparation for and attendance on January 23, 2006 at Court in connection with the application for the appointment of the Receiver.
- Attendance upon finalizing various matters in connection with taking of possession including finalizing correspondence to the employees and residents and the communication plan.
- Telephone discussion on January 23, 2006 with Mr. Weinberg with respect to the timing of the inventory count and appraisal.
- Forwarding on January 23, 2006 of a letter to employees to Mr. Kainer of Sack.
- Attendance on January 23, 2006 at the Comfort Inn at St. Catharines to meet with representatives of the Ministry and Diversicare to discuss various receivership issues and taking possession.
- Attendance on January 24, 2006 at the Company's premises to effect possession including various meetings with management and employees to inform them of the receivership.
- Attendance on January 24, 2006 to the changing of locks to the premises.



- Meeting on January 24, 2006 with Mr. Weinberg to arrange for the inventory and appraisal of the assets.
- Telephone discussion on January 24, 2006 with Mr. Mallich with respect to the required funding of payroll.
- Telephone discussion on January 24, 2006 with Mr. Prophet with respect to the letters to be issued to the employees.
- Attendance on January 24, 2006 upon the exchange of e-mails with the Ministry in response to its funding status report.
- Finalize on January 24, 2006 of various correspondence to banks, the insurance broker, residents and ADP Canada Inc. in connection with the appointment of the Receiver.
- Telephone discussion on January 24, 2006 with Mr. Burns with respect to the status of funding by the Ministry.
- Telephone discussions on January 24, 2006 with Messrs. Wittlin and Prophet on the status of the receivership.
- Preparation for and attendance at Gowlings on January 24, 2006 to discuss the letter to be
 issued to the employees, the union Settlement Agreements and execute same, the Management
 Agreement and execute same, the agreement with the Ministry and execute same including
 meeting with Messrs. Prophet and VanderLugt to discuss various issues.
- Correspondence on January 25, 2006 with Ms. H. Svetik of the Ministry to set up new accounts in connection with the receivership including preparation of forms in connection with establishing direct deposit of Ministry funding.
- Telephone discussion on January 25, 2006 with Ms. Chan to discuss banking and supplier issues.
- Attendance upon a discussion on January 26, 2006 with Mr. Prophet with respect to the status of various matters including draft letters.
- Attendance on January 26, 2006 upon the preparation of Receiver's Certificate #1 in connection with the advance received from Peoples.
- Telephone discussion on January 26, 2006 with Mr. Hall of Diversicare re employee grievances and settlement meeting with the union scheduled for February 2, 2006 and other matters in connection with same.
- Review on January 27, 2006 of the form of letter to be issued to non-Union employees including the assignment form prepared by Gowlings and discussion with Mr. Prophet in respect of same.
- Discussion on January 27, 2006 with Mr. Kapadia with respect to the 2004 Long Term Care Home annual audit ("LTC Report") including discussions with Mr. Burns with respect to same.



- Correspondence on January 27, 2006 to the Ministry to request an extension for the time to file the LTC Report.
- Telephone discussion on January 27, 2006 with Ms. Chan to discuss banking and payroll issues.
- Review on January 28, 2006 of a revised draft of a letter to be issued to non-union employees.
- Attendance on January 30, 2006 at Lang Michener to review and execute the document to effect registration on title to the Company's property.
- Telephone discussion on January 30, 2006 with TD Canada Trust with respect to the status of the freezing of the Company's bank accounts and the forwarding of funds to the Receiver.
- Telephone discussion on January 30, 2006 with Mr. Kapadia with respect to payroll and other issues including discussion with Ms. Chan with respect to same.
- Preparation on January 30, 2006 of correspondence to the Ministry regarding information required to commence funding by the Ministry.
- Preparation on January 30, 2006 of correspondence to Gowlings regarding issues relating to benefits provided to employees.
- Telephone discussion on January 30, 2006 with Mr. Kapadia with respect to payments to the auditor in order to finalize the 2004 annual report.
- Review on January 31, 2006 of a draft letter prepared by Diversicare to be provided to new employees and forward same to Gowlings for comments.
- Review on January 31, 2006 of correspondence from Ms. Chan with respect to contributions to the pension plan including discussions with Ms. Chan with respect to same.
- Telephone discussion on January 31, 2006 with Mr. Prophet with respect to various matters
 including the meeting with the insurance company scheduled for February 1, 2006, assignment
 of wage claim, pension payments and deductions from employees.
- Preparation and mailing of the Notice and Statement of Receiver pursuant to Sections 245 and 246 of the Bankruptcy and Insolvency Act.
- Telephone discussion on January 31, 2006 with Ms. Chan regarding pension and payroll issues.
- Telephone discussion on January 31, 2006 with Ms. Christie with respect to various insurance issues.
- Telephone discussion on February 1, 2006 with Mr. Prophet with respect to the status of grievances and the union Settlement Agreements.
- Telephone discussion on February 2, 2006 with respect to the letter Gowlings proposed to issue to the Financial Services Commission of Ontario.



- Telephone discussion on February 2, 2006 with Mr. Wittlin with respect to the status of the receivership.
- Telephone discussion on February 2, 2006 with Mr. Prophet with respect to his comments on the letter to be issued to new employees.
- Telephone discussion on February 2, 2006 with Mr. I. Adler of Automated Administration Services ("AAS") with respect to the employee benefit plan premiums.
- Telephone discussion on February 3, 2006 with Mr. Weinberg with respect to the status of the inventory and appraisal.
- Telephone discussion on February 3, 2006 with Ms. Walton, Ms. Christie and Mr. Jeffery of Diversicare with respect to employee-related issues.
- Telephone discussion on February 3, 2006 with Ms. Chan with respect to banking matters.
- Telephone discussion on February 7, 2006 with Mr. C. Lawrence of CMHC with respect to CMHC's request to conduct a site visit including discussions with Diversicare in respect of same.
- Complete on February 7, 2006 of various banking information and return same to Diversicare.
- Attendance upon correspondence on February 7, 2006 with Ms. Chan with respect to banking and suppliers matters.
- Discussion on February 7, 2006 with Tony of Atlas Lighting re continued supply of product.
- Review on February 8, 2006 of the interim bill of costs of Lang Michener.
- Telephone discussion on February 8, 2006 with Mr. Mallich with respect to the status of the receivership administration.
- Review on February 9, 2006 of disbursements proposed to be made by Diversicare and approval
 of same.
- Telephone discussion on February 9, 2006 with Ms. Dunston of the Ontario Ministry of Finance with respect to the 2004 revenue occupancy report due on February 10, 2006 including discussions with Mr. Kapadia with respect to same.
- Telephone discussion on February 9, 2006 with Mr. Mallich with respect to the Phase 1 Environmental Report to be obtained.
- Telephone discussion on February 9, 2006 with Messrs. Prophet and Starnino with respect to the execution of the Participation Agreement.
- Various discussions on February 9, 2006 with West Park employee regarding suspension of benefit claim by the benefits provider including discussion with Ms. Chan re same and preparation of correspondence to AAS.



- Telephone discussion on February 10, 2006 with Niagara Restaurant Supply regarding continued supply and payment for same.
- Review on February 10, 2006 of Ministry funding including preparation of disbursements of funds to Diversicare.
- Telephone discussion on February 10, 2006 with Ms. Chan regarding various banking and disbursements issues.
- Telephone discussion on February 10, 2006 with Mr. Adler regarding re-activation of benefit coverage.
- Review and execution on February 10, 2006 of an agreement with ADP Canada regarding payroll services.
- Telephone discussion on February 10, 2006 with Ms. Chan with respect to benefit and disbursements information.
- Review on February 10, 2006 of correspondence from Mr. Starnino with respect to benefits including discussions with Mr. Starnino in respect of same.
- Review on February 10, 2006 of an e-mail from Mr. Starnino with respect to various union issues including attendance upon discussion with Mr. Starnino in respect of same.
- Preparation for and attendance at Gowlings on February 10, 2006 to execute the Participation Agreement.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of the Company, including all meetings/discussions, telephone
 attendances, written correspondence, verbal and written reporting to facilitate the foregoing.



A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total fees
Fees	٠		
Daniel R. Weisz, CA, CIRP, Senior Vice President	12.4	\$ 475	\$ 5,890.00
Hartley Bricks, MBA, CA, CIRP, Vice President	13.2	380	5,016.00
Adam Sherman, MBA, Manager	29.8	340	10,132.00
Edith Sehrbrock, Staff Technician	1.1	140	154.00
Anna Koroneos, Estate Administrator	_2.3	105	241.50
Total fees	<u>58.8</u>		\$ 21,433.50
Add: GST			1,500.34
Total balance due			\$ 22,933.84

This is a professional statement of account due upon receipt.

Daniel R. Weisz, CA, CIRP Senior Vice President

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\227159\1

Invoice Date:

04/30/2006

Invoice No.: Client No.:

104010 19617.CDR04 Tel: 416-391-2900

Fax: 416-644-4303

Web site: www.mintzca.com

1508669 Ontario Limited o/a West Park Health Centre c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

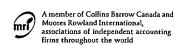
INVOICE #2

1508669 Ontario Limited o/a West Park Health Centre ("1508669" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre for the period February 11, 2006 to April 15, 2006, including:

- Review on February 13, 2006 of correspondence from GHS Services Inc. and prepare response to same.
- Review on February 13, 2006 of correspondence from Waste Management and respond to same.
- Review draft releases on February 13, 2006 of undertakings from Gowlings to be executed by union/pension plan.
- Review on February 14, 2006 of correspondence from Mr. Eric Hall of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding grievance matters with CUPE.
- Review updated documents on February 14, 2006 regarding releases from pension plan trustee.
- Review on February 14, 2006 of Diversicare Phase 1 Report, and preparation of correspondence to Peoples regarding same.
- Telephone discussion on February 14, 2006 with G&T Textiles regarding creditor listing.
- Telephone discussion on February 14, 2006 with Mr. Frank Hilton of CUPE regarding the status
 of the suspension of benefits payments.
- Telephone discussion on February 14, 2006 with Ms. Paige Chan of Diversicare regarding her discussions with Automated Administrative Services ("AAS").
- Preparation on February 16, 2006 of correspondence to Mr. Hall of Diversicare regarding status of employee benefits coverage.





- Review on February 17, 2006 of Ministry of Health ("MOH") funding calculations for January, prepare and revise calculations and provide to Diversicare for review.
- Review on February 17, 2006 of CUPE agreement and preparation of correspondence to Diversicare regarding same.
- Telephone discussion on February 20, 2006 with Leslie Hartsman of Namelabels.com regarding nature of receivership proceedings.
- Prepare for and attend on February 20, 2006 a meeting with Ms. M. Christie, Ms. A. Walton and Mr. Hall of Diversicare to discuss Phase 1 Reports and status of the receivership.
- Review on February 21, 2006 of correspondence to Mr. Sidney Joseph of AiMS Consulting regarding proposal to update Phase 1 report in respect of West Park.
- Preparation on February 27, 2006 of correspondence to Mr. Mallich regarding quotation for Phase 1 ESA update for West Park.
- Review on February 27, 2006 of correspondence from Quality Health Care regarding payment terms and forward same to Diversicare.
- Review on February 28, 2006 of correspondence from Mr. Hall regarding repairs required to roof and approval of same.
- Attendance on a conference call on March 2, 2006 with Mr. Don Jeffrey and Ms. Chan of Diversicare and Mr. Cliff Prophet of Gowlings regarding labour relations issues.
- Return message on March 3, 2006 to Mr. Gerald Harquail.
- Telephone discussion on March 3, 2006 with Mr. Harquail regarding his request for information as required by his appraiser.
- Review and respond on March 6, 2006 to correspondence from Pam Smith, employee at West Park, regarding benefits coverage.
- Review on March 8, 2006 of draft amending agreement to management agreement with Diversicare.
- Preparation on March 8, 2006 of correspondence to Diversicare regarding approval to make certain repairs and purchases.
- Prepare for and attend on March 8, 2006 on a conference call with Mr. Mallich, Mr. Prophet, Mr. H. VanderLugt of Gowlings and Mr. L. Wittlin of Lang Michener LLP on the status of the receivership.
- Preparation on March 10, 2006 of correspondence regarding MOH deficiencies.

- Telephone discussion on March 13, 2006 with Mr. Haren Kapadia regarding information requested by Mr. Harquail.
- Preparation on March 13, 2006 of correspondence to Mr. Harquail regarding timing for satisfying information requested by his appraiser.
- Review on March 14, 2006 of correspondence, telephone discussion with Mr. Hall regarding various issues.
- Review on March 16, 2006 of correspondence from Mr. Ian Adler of AAS and respond to same regarding benefits coverage.
- Review on March 23, 2006 of Diversicare's Operating Report for West Park and attendance at a meeting with Eric Hall to discuss same.
- Preparation on March 28, 2006 of correspondence to Mr. Mallich regarding Diversicare Operational Reviews.
- Preparation on March 30, 2006 of correspondence to Bell Canada regarding outstanding payments, review correspondence from Diversicare and respond to Bell Canada.
- Preparation on March 30, 2006 of correspondence to Peoples Trust regarding Diversicare Phase II Reports.
- Review on April 5, 2006 of unsolicited offer from a party for West Park and discuss same with Mr. Prophet.
- Preparation on April 5, 2006 of correspondence to the offeror regarding it's unsolicited offer to purchase West Park.
- Preparation for and attendance on April 10, 2006 on a conference all with Mr. Prophet regarding various issues.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver and Receiver and Manager of the Company, including all meetings/discussions, telephone attendances, written correspondence, verbal and written reporting to facilitate the foregoing.

A detailed summary of time is as follows:

Team Members		Hours	Hourly Rates	Total fees
Fees			etre de 1000 100 mayor en que de los frendesigles en principal que	in determination of the first statement to the statement of the statement
Daniel R. Weisz, CA, C	CIRP, Senior Vice President	5.5	\$ 475.00	\$ 2,612.50
Hartley Bricks, MBA, C	A, CIRP, Vice President	19.2	380.00	7,296.00
Edith Sehrbrock, Staff	Technician	3.0	140.00	420.00
Total fees		<u>_27.7</u>		\$ 10,328.50
Add Disbursements:	Courier		\$ 65.97	
	Postage		22.10	
	Telephone and facsimile		100.00	
	Photocopies		50.00	238.07
Total fees and disburs	sements			\$ 10,566.57
Add: GST				739.66
Total balance due				<u>\$ 11,306.23</u>

This invoice is due upon presentation.

Daniel R. Weisz, CA, CIRP Senior Vice President

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\235394\1

T. 416.391.2900 E. 416.644.4303

Web site: www.mintzca.com

Invoice Date: 07/20/2006 Invoice No.: 106409 Client No.: 19617.CDR04

1508669 Ontario Limited o/a West Park Health Centre c/o Mintz & Partners Limited
1 Concorde Gate
Suite 200
North York, Ontario
M3C 4G4

INVOICE #3

1508669 Ontario Limited o/a West Park Health Centre ("1508669" or the "Company") - Receivership

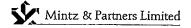
To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre for the period April 16, 2006 to June 15, 2006, including:

- Review on April 16, 2006 of correspondence from Mr. Gerald Harquail regarding timing for providing financial information and respond to same.
- Preparation on April 17, 2006 of correspondence to Mr. Eric Hall of Diversicare regarding insurance matters.
- Attendance at a meeting on April 18, 2006 with Mr. Haren Kapadia to review financial information prepared for Mr. Harquail.
- Preparation on April 19, 2006 of a confidentiality agreement and forward to Mr. Harquail.
- Telephone discussion on April 19, 2006 with Mr. Harry Vanderlugt of Gowlings regarding provision of information to Mr. Harquail.
- Preparation on April 19, 2006 of materials for meeting with Canada Mortgage and Housing Corporation ("CMHC") and Peoples Trust.
- Preparation on April 20, 2006 of report to CMHC regarding the Receiver's recommendations on Diversicare's Operational Review and the marketing and sale process.
- Preparation on April 20, 2006 of correspondence to Mr. Edward Leung regarding the cashflow forecast for 2006.
- Preparation for and attendance on April 21, 2006 for a meeting with Mr. Larry Doraty and Mr. Carl Lawrence of CMHC and Mr. Martin Mallich of Peoples Trust Company (by conference call) regarding status of various issues and Diversicare's Operational Review.
- Preparation on April 21, 2006 of correspondence to Diversicare regarding the Receiver's goforward mandate and actions to be implemented by Diversicare.
- Telephone discussion on April 21, 2006 with Ms. Diana Christiansen regarding information on the potential sale of West Park.

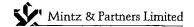
A member of Moores Rowland International, an association of independent accounting firms throughout the world

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- Review on April 24, 2006 of correspondence from Mr. Leung regarding funding matters.
- Telephone discussion on April 26, 2006 with Mr. Doug Dorey of Valco Consultants regarding quotation for appraisal of West Park and correspondence to Mr. Lawrence regarding same.
- Telephone discussion on April 26, 2006 with Mr. Hall regarding tender process for windows and benefit coverage issues.
- Correspondence on May 1, 2006 from Mr. Hall regarding roofing tender, discussion with Mr. Hall regarding same, discussion with Mr. Lawrence regarding same.
- Review and respond on May 1, 2006 to correspondence from Mr. Harquail and Mr. Vanderlugt regarding further information required by Mr. Harquail.
- Telephone discussion on May 2, 2006 with Mr. Kapadia regarding information requested by Mr. Harquail and timing to complete.
- Various correspondence on May 4, 2006 with Diversicare regarding budget matters.
- Preparation on May 4, 2006 of correspondence to Mr. Jeffrey regarding approval to represent the Receiver at grievance meetings.
- Telephone discussion on May 8, 2006 with Mr. Kapadia regarding status of information requested by Mr. Harquail.
- Review on May 8, 2006 of revised budget and discuss same with Mr. Leung.
- Review on May 8, 2006 of information prepared by Mr. Kapadia for Mr. Harquail.
- Preparation of correspondence on May 9, 2006 to Mr. Harquail regarding January 2006 Operating Statement.
- Preliminary review on May 15, 2006 of February Operating Statement and forward same to Mr. Mallich.
- Telephone discussion on May 18, 2006 with Mr. Leung regarding variance analysis for the February Operating Statement.
- Review and respond on May 18, 2006 to Peoples regarding funding from the Ministry of Health ("MOH").
- Telephone discussion on May 18, 2006 with Mr. Howard Hiscox regarding timing for completion of appraisals and outstanding information requirements.
- Preparation on May 18, 2006 of correspondence to Peoples regarding variance analysis for February Operating Statement.
- Review on May 18, 2006 of roof tender analysis and forward to Peoples and CMHC with recommendations.
- Correspondence on May 18, 2006 from Mr. Hall regarding employee letters for non-union staff.



- Correspondence on May 28 and 29, 2006 with Mr. Leung regarding status of the March Operating Statement.
- Telephone discussion on June 1, 2006 with Mr. Jim Dysart of Peoples regarding operating results at West Park and request to organize a meeting with Diversicare.
- Telephone discussion on June 1, 2006 with Ms. Anne Walton of Diversicare regarding meeting with Peoples Trust.
- Correspondence on June 2 and 5, 2006 regarding timing for meeting with Peoples, Diversicare and the Receiver.
- Review on June 5, 2006 of correspondence from Mr. Victor Fonseca of Romspen Investment Corporation regarding financial information required by Mr. Harquail.
- Review on June 6. 2006 of correspondence from Mr. Martin Sear, Counsel to Mr. Harquail, and prepare correspondence to Mr. Vanderlugt regarding same.
- Correspondence on June 6, 2006 with Mr. Kapadia regarding 2006 operating budget.
- Telephone discussion on June 7, 2006 with Mr. Kapadia regarding information requested by Mr. Harquail.
- Preparation on June 7 & 9, 2006 of correspondence to Mr. Harquail regarding the status of the financial information.
- Review on June 7, 2006 of the March Operating Statement and discussion with Mr. Leung regarding same and prepare correspondence to Peoples regarding same.
- Preparation for and attendance on June 8, 2006 at a meeting at Peoples offices with Mr. Dysart, Mr. Mallich (by conference call), Ms. Paige Chan, Mr. Leung, Ms. Walton and Mr. Hall to discuss performance of West Park and possible courses of action.
- Preparation on June 9 and 12, 2006 of correspondence to Diversicare regarding possible courses of action.
- Preparation of correspondence on June 15, 2006 to Mr. Leung regarding various accounting matters.
- Preparation of correspondence on June 15, 2006 to Jean Gillis of Altus Derbyshire regarding property tax appeal for the properties.
- Commence preparation of Confidential Information Memorandum for West Park.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of 1508669, including all meetings/discussions, telephone
 attendances, written correspondence, review and execution of disbursements, verbal and written
 reporting to facilitate the foregoing.



A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total fees
Fees			
Daniel R. Weisz, CA, CIRP, Senior Vice President	3.1	\$ 475.00	\$ 1,472.50
Hartley Bricks, MBA, CA, CIRP, Vice President	31.2	380.00	11,856.00
Edith Sehrbrock, Staff Technician	3.9	140.00	546.00
Sheneeza Majeed, Administrative Assistant	0.4	80.00	32.00
Total fees	<u>38.6</u>		\$ 13,906.50
Add: GST			834.39
Total balance due			<u>\$ 14,740.89</u>

This invoice is due upon presentation.

Daniel R. Weisz, CA, CIRP Senior Vice President

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\258574\1

T. 416.391.2900 F. 416.644.4303

Web site: www.mintzca.com

Invoice Date: 09/25/2006 Invoice No.: 107562 Client No.: 19617.CDR04

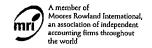
1508669 Ontario Limited o/a West Park Health Centre c/o Mintz & Partners Limited
1 Concorde Gate
Suite 200
North York, Ontario
M3C 4G4

INVOICE #4

1508669 Ontario Limited o/a West Park Health Centre ("1508669" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre for the period June 16, 2006 to August 15, 2006, including:

- Telephone discussion on June 16, 2006 with Mr. Haren Kapadia regarding information required by Mr. Gerald Harquail's appraiser.
- Telephone discussion on June 19, 2006 with Ms. Anne Walton of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding the status of analysis of strategic options.
- Preparation on June 20, 2006 of correspondence to Altus Derbyshire ("Altus") regarding property tax review.
- Review on June 23, 2006 of property tax assessment agreement.
- Review on June 26, 2006 of April operating results and correspondence with Mr. Edward Leung of Diversicare regarding same.
- Telephone discussion on June 26, 2006 with Mr. Howard Hiscox regarding timing of appraisals.
- Telephone discussion on June 28, 2006 with Mr. Doug Dorey of Valco Consultants ("Valco") regarding inspection of West Park, discussion with Mr. Eric Hall of Diversicare regarding same.
- Telephone discussion on June 28, 2006 with Ms. Walton regarding conference call to discuss assumptions for preparation of financial projections for strategic option analysis.
- Preparation on June 28, 2006 of correspondence to Peoples Trust Company ("Peoples") regarding the status of various issues.
- Discussion on June 28, 2006 with Ms. Walton, Mr. Leung, Ms. Christie, Mr. Eric Hall and Ms. Paige Chan of Diversicare regarding assumptions for strategic options analysis.
- Review on July 5, 2006 of correspondence from Altus regarding preliminary property tax assessment review.



- Telephone discussion on July 5, 2006 with Ms. Jean Gillis of Altus and prepare correspondence to Peoples regarding same.
- Correspondence on July 6, 2006 with Mr. Jim Dysart of Peoples regarding engaging Altus for property tax appeal.
- Review on July 11, 2006 of correspondence from Diversicare regarding grievance matters, discussion with Mr. Don Jeffrey of Diversicare regarding same.
- Review on July 11, 2006 of correspondence from Mr. Harquail regarding request for Monthly Payment Notice and forward same to Mr. Harquail.
- Telephone discussion on July 14, 2006 with Mr. Prophet regarding his review of the CIM and other issues.
- Telephone discussion on July 14, 2006 with Mr. Hiscox regarding the status of appraisals.
- Review on July 18, 2006 of strategic options analysis prepared by Diversicare for West Park, correspondence to Mr. Hall regarding capital cost analysis.
- Preparation on July 18, 2006 of condensed financial statements for Peoples.
- Preparation on July 20, 2006 of Operating Statement analysis for Peoples.
- Preparation on July 20, 2006 of analysis on the proposal to restructure West Park.
- Review on July 24, 2006 of draft report to Peoples regarding license considerations.
- Review on July 25, 2006 of correspondence from AAS regarding reconciliation of pre-filing insurance claims.
- Preparation on July 25, 2006 of a letter to Peoples regarding proposal to restructure West Park.
- Review on July 25, 2006 of correspondence from Automated Administrative Services ("AAS") regarding pre-filing insurance claims.
- Review on July 27, 2006 of May Operating Statement and preparation of summary for Peoples.
- Review on July 31, 2006 of May operating results and preparation of variance analysis for Peoples.
- Preparation on August 1, 2006 of correspondence to Peoples regarding May operating statements and variance analysis.
- Telephone discussion on August 1, 2006 with Mr. Leung regarding May operating statement and variance analysis.
- Telephone discussion on August 1, 2006 with Mr. Hiscox regarding status of appraisals and prepare correspondence to Mr. Martin Mallich of Peoples regarding same.
- Telephone discussion on August 2, 2006 with Mr. Hiscox regarding status of appraisals and prepare correspondence to Mr. Mallich regarding same.



- Telephone discussion on August 15, 2006 with Mr. Hiscox regarding verbal opinion of value of West Park.
- Commence preparation of First Report to the Court.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver
 and Receiver and Manager of 1508669, including all meetings/discussions, telephone
 attendances, written correspondence, review and execution of disbursements, verbal and written
 reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

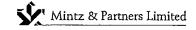
Team Members	Hours	Hourly Rates		Total fees
Fees				
Daniel R. Weisz, CA, CIRP, Senior Vice President	3.2	\$ 475.00	\$	1,520.00
Hartley Bricks, MBA, CA, CIRP, Vice President	34.1	380.00		12,958.00
Edith Sehrbrock, Staff Technician	2.2	140.00	_	308.00
Total fees	<u>39.5</u>		\$	14,786.00
Add: GST			_	<u>887.16</u>
Total balance due			<u>\$</u>	<u> 15,673,16</u>

This invoice is due upon presentation.

Daniel R. Weisz, CA, CIRP Senior Vice President

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\271510\1



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

T. 416.391.2900 F. 416.644.4303

Web site: www.mintzca.com

Invoice Date: 11/22/2006 Invoice No.: 108737 Client No.: 19617.CDR04

1508669 Ontario Limited o/a West Park Health Centre c/o Mintz & Partners Limited 1 Concorde Gate Suite 200
North York, Ontario M3C 4G4

INVOICE #5

1508669 Ontario Limited o/a West Park Health Centre ("1508669" or the "Company") - Receivership

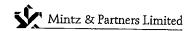
To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre for the period August 16, 2006 to September 30, 2006, including:

- Preparation for and attendance on August 16, 2006 at a conference call with Mr. Martin Mallich and Mr. Jim Dysart of Peoples Trust Company ("Peoples") to discuss the financial results of West Park and surplus cash flow.
- Telephone discussion on August 21, 2006 with Mr. Paul Richardson of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding bed license matters and preparation of correspondence to Peoples regarding same.
- Telephone discussion on August 22, 2006 with Ms. Judy Freeman of CB Richard Ellis regarding value and marketing of bed licenses, preparation of correspondence to Peoples regarding same.
- Telephone discussion on August 22, 2006 with Mr. Cliff Prophet of Gowlings regarding possible interim distribution.
- Telephone discussion on August 23, 2006 with Mr. Prophet regarding proposed Receiver's distribution application.
- Correspondence on August 23, 2006 to and from Mr. Mallich regarding Receiver's Certificate.
- Preparation on August 24, 2006 of interest calculation for repayment of Receiver's Certificate #1.
- Review on August 25, 2006 of June Operating Statements and prepare summary analysis for Peoples.
- Preparation on August 25, 2006 of correspondence to Peoples regarding repayment of Receiver's Certificate #1.

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the world

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- Correspondence on August 28, 2006 to Mr. Martin Sear regarding obtaining property tax information.
- Review on September 5, 2006 of correspondence from Mr. Eric Hall of Diversicare regarding recommended salary increases for West Park, discussion with Mr. Hall regarding same and preparation of correspondence to Peoples regarding same.
- Attendance at a meeting on September 5, 2006 with Mr. Richard Webb and Mr. Blair Zaritsky of Smith Nixon & Co. LLP ("Smith Nixon") and Mr. Haren Kapadia of the Company to discuss financial statement and annual report audits and preparation of correspondence to Peoples regarding same.
- Review on September 7, 2006 of correspondence from the Ontario Ministry of Health ("MOH") on Occupancy Based Funding ("OBF") and forward same to Diversicare.
- Review on September 11, 2006 of correspondence from Diversicare regarding food purchasing and respond to same.
- Correspondence on September 13, 2006 to/from Mr. Hall regarding his discussion with the MOH regarding bed licenses.
- Correspondence on September 18, 2006 to/from Peoples regarding audit quote.
- Telephone discussion on September 18, 2006 with Mr. Webb regarding timing for audit and fee cap.
- Telephone discussion on September 21, 2006 with Mr. Hall regarding status of various issues.
- Review on September 25, 2006 of July Operating Statements and preparation of summary for Peoples.
- Correspondence on September 26, 2006 to Mr. Howard Hiscox regarding timing of appraisals and correspondence with Mr. Mallich regarding same.
- Preparation on September 28, 2006 of correspondence to Canada Mortgage and Housing Corporation regarding available bed licenses.
- Preparation on September 29, 2006 of correspondence to Mr. Mallich regarding the status of a distribution of surplus cash flow to Peoples.
- Review and sign cheques prepared by Diversicare for operational expenses.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver and Receiver and Manager of 1508669, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.



A detailed summary of time is as follows:

Team Members Fees	Hours	Hourly Rates	TOTAL TORS
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	4.4	\$ 475.	.00 \$ 2,090.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	29.2	380.	.00 11,096.00
Edith Sehrbrock, Staff Technician	2.3	140.0	.00322.00
Total fees	<u>35.9</u>		\$ 13,508.00
Add: GST			810.48
Total balance due			<u>\$ 14,318.48</u>

This invoice is due upon presentation.

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

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\283825\1

Invoice Date:

12/20/2006

Invoice No.:

109430

Client No.:

19617.CDR04

1508669 Ontario Limited o/a West Park Health Centre c/o Mintz & Partners Limited 1 Concorde Gate Suite 200 North York, Ontario M3C 4G4

INVOICE #6

1508669 Ontario Limited o/a West Park Health Centre ("1508669" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre for the period October 1, 2006 to November 30, 2006, including:

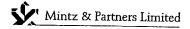
- Review on October 2, 2006 of correspondence from Mr. Larry Doraty of Canada Mortgage and Housing Corporation ("CMHC") regarding bed licenses matters.
- Correspondence on October 2, 2006 with Mr. Martin Sear regarding providing 6 month operating results to Mr. Gerald Harquail's appraiser.
- Review on October 3, 2006 of correspondence from Mr. Doraty.
- Correspondence on October 3, 2006 with Mr. Edward Leung of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding accounting matters.
- Correspondence on October 3, 2006 with Peoples Trust Company ("Peoples") regarding trust accounts:
- Review on October 4, 2006 of correspondence from Diversicare regarding proposed Long-Term Homes Act and preparation of correspondence to Peoples regarding same.
- Telephone discussion on October 4, 2006 with Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding mortgages on real property.
- Preparation for and attendance on October 5, 2006 at a conference call with Mr. Doraty regarding bed licenses, subsequent telephone discussion with Mr. Martin Mallich of Peoples regarding same.
- Telephone discussion on October 6, 2006 with Mr. Howard Hiscox regarding the status of appraisals and correspondence to Mr. Mallich regarding same.







- Review on October 10, 2006 of correspondence from Diversicare regarding Ministry of Health ("MOH") reporting requirements.
- Review on October 10, 2006 of correspondence from Diversicare regarding CUPE and employees matters and respond to same.
- Correspondence on October 11, 2006 with Altus Derbyshire ("Altus") regarding property tax review.
- Review on October 12, 2006 of Revenue/Occupancy Report for the MOH.
- Review on October 12, 2006 of the 2006 Municipal and Capital Tax Allowance Report for the MOH.
- Review on October 12, 2006 of correspondence from Mr. Michael Kainer of Sack Goldblatt Mitchell LLP, counsel for CUPE, regarding outstanding pension contribution arrears, e-mail to Mr. Prophet regarding same.
- Review on October 13, 2006 of Pension Arrears Analysis prepared by Diversicare and forward same to Gowlings.
- Review on October 20, 2006 of correspondence from Mr. Eric Hall Diversicare of regarding capital improvements and correction of deficiencies in the home.
- Review on October 23, 2006 of cash flow funding request and prepare funding disbursement.
- Various correspondence on October 30, 2006 with Peoples regarding status of appraisals and other matters.
- Preparation on October 30, 2006 of a summary of August operating results and forward same to Peoples.
- Various telephone discussions on November 1, 2006 with Mr. Prophet regarding appraisals and court approval of marketing program, and review of correspondence from Gowlings regarding same.
- Review on November 3, 2006 of responses regarding queries from Diversicare.
- Correspondence on November 3, 2006 with Diversicare regarding pension and union accounting matters.
- Telephone discussion on November 14, 2006 with Mr. Jim Dysart of Peoples regarding a second appraisal of West Park and subsequent telephone discussion with Mr. Grant Edward of MacKenzie, Ray, Heron & Edwardh ("MacKenzie") regarding same.
- Preparation on November 15, 2006 of a summary of September operating results and forward same to Peoples.
- Correspondence on November 15, 2006 with Diversicare regarding accounting matters.
- Preparation on November 16, 2006 of an Interim Statement of Receipts and Disbursements.



- Correspondence on November 17, 2006 with Diversicare regarding payroll matters.
- Correspondence on November 20, 2006 with Mr. Mallich regarding possible timing for application to court.
- Preparation of a report pursuant to Section 246 (2) of the Bankruptcy and Insolvency Act.
- Work on the Receiver's First Report to Court and associated materials.
- Review and sign cheques prepared by Diversicare for operational expenses and review and approve wire transfers for payroll.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver and Receiver and Manager of 1508669, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members :	Hours	Hourly \ Rates	Total fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	4.9	\$ 495.00	\$ 2,425.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	31.3	415.00	12,989.50
Anna Koroneos, Estate Administrator	3.3	145.00	478.50
Edith Sehrbrock, Staff Technician	3.0	140.00	420.00
Total fees	<u>42.5</u>		\$ 16,313.50
Add: GST			978.81
Total balance due		-	<u>\$ 17,292.31</u>

This invoice is due upon presentation.

Daniel R. Weisz, CA•CIRP, CIRP

Senior Vice President

GST #: 13188 5782 RT0001

::ODMAVPCDOCS\MINTZ\287752\1



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

T. 416.391.2900 F. 416.644.4303

Web site: www.mintzca.com

Invoice Date: 02/26/2007 Invoice No.: 110699 Client No.: 19617.CDR04

1508669 Ontario Limited o/a West Park Health Centre c/o Mintz & Partners Limited
1 Concorde Gate
Suite 200
North York, Ontario
M3C 4G4

INVOICE #7

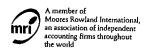
1508669 ONTARIO LIMITED O/A WEST PARK HEALTH CENTRE ("1508669" OR THE "COMPANY") - RECEIVERSHIP

To professional services rendered in connection with the appointment of Mintz & Partners Limited ("MPL") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre for the period December 1, 2006 to January 31, 2007, including:

- Telephone discussion on December 12, 2006 with Mr. Eric Hall of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding application for certification of nurses at West Park, email to Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding same.
- Telephone discussion on December 13, 2006 with Mr. Hall regarding the Receiver's position regarding union application.
- Review of correspondence on December 14, 2006 from Mr. J. Illingworth of Gowlings regarding Ontario Nurses Association ("ONA") certification request and reply drafted, subsequent telephone discussion with Mr. Illingworth regarding draft.
- Telephone discussion on December 15, 2006 with Mr. Prophet regarding Ontario Labour Relations Board ("OLRB") position.
- Correspondence on December 19, 2006 with Diversicare regarding funding.
- Review on December 20, 2006 of correspondence from Gowlings regarding ONA request for OLRB to reconsider certification application.
- Preparation on December 20, 2006 of summary analysis of October operating results.
- Telephone discussions on December 20, 2006 with Mr. Howard Hiscox of Health Trust Canada and Mr. John Davies of MacKenzie, Ray, Heron & Edwardh ("MacKenzie") regarding status of appraisals.
- Preparation of correspondence on December 20, 2006 with Mr. Martin Mallich of Peoples Trust Company ("Peoples") regarding status of various issues.







- Email on January 22, 2007 to Mr. Mallich regarding status of enquiry regarding loan payment on West Park.
- Preparation of correspondence on January 26, 2007 to Mr. Prophet regarding correspondence received from ONA requesting certification.
- Review and sign cheques prepared by Diversicare for operational expenses and review and approve wire transfers for payroll.
- To all other administrative matters with respect to acting as Court-appointed Interim Receiver and Receiver and Manager of 1508669, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.
- A detailed summary of time is as follows:

Team Members	Hours	Hourly Rates	Total fees	
Fees				
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	2.8	\$ 495.00	\$ 1,386.00	
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	3.4	415.00	1,411.00	
Edith Sehrbrock, Staff Technician	2.7	140.00	378.00	
Total fees	_8.9		\$ 3,175.00	
Add: GST			190.50	
Total balance due			\$ 3,365.50	

This invoice is due upon presentation.

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

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\300596\1







TAB 4

Court File No. 06-CL-6233

ONTARIO SUPERIOR COURT OF JUSTICE (Commercial List)

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

AFFIDAVIT OF HARRY VANDERLUGT (Sworn March <u>26</u>, 2007)

I, HARRY VANDERLUGT, 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 in respect of the receivership of Paragon Health Care Inc. ("Paragon"), Paragon Health Care (Ontario) Inc. ("Paragon Ontario") and 1508669 Ontario Limited ("1508669") and as such I have personal knowledge of the matters to which I hereinafter refer.
- 2. Pursuant to an order of this court dated January 23, 2006, Mintz & Partners Limited (the "Receiver") was appointed Receiver effective 9:00 am on January 24, 2006 (the "Initial Order").
- 3. Pursuant to the Initial Order, Gowlings has acted as counsel to the Receiver in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon, Paragon Ontario and 1508669.
- 4. Gowlings has provided services and incurred disbursements in relation to the receivership of Paragon for the period from January 24, 2006 to December 31, 2006, as

described in the Legal Costs Summary for the Paragon receivership and detailed invoices attached hereto as Exhibit "A" (the "Paragon Dockets"). The Paragon Dockets have been redacted where they reference information subject to privilege.

- 5. Gowlings has also provided services and incurred disbursements in relation to the receivership of 1508669 for the period from January 24, 2006 to December 31, 2006, as described in the Legal Costs Summary for the 1508669 receivership and detailed invoices attached hereto as Exhibit "B" (the "1508669 Dockets"). The 1508669 Dockets have been redacted where they reference information subject to privilege.
- 6. Based on my review of both the Paragon Dockets and the 1508669 Dockets and my personal knowledge of this matter, the Paragon Dockets and the 1508669 Dockets represent a fair and accurate description of the services provided and the amounts charged by Gowlings.
- 7. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and those of its counsel and for no other or improper purpose.

Harry R. VanderLugt

SWORN before me at the City of Toronto, in the Province of Ontario, on March 26, 2007

Commissioner for Taking Afficiavits

TOR_LAW\ 6543893\1

TAB A

This is Exhibit "A" referred to in the Affidavit of Harry VanderLugt sworn before me, this 26th day of Mareh, 2007.

A Commissioner for Taking Oaths, etc.

LEGAL COSTS SUMMARY

A ComReceivership of Paragon Health Care Inc.

163

	LAWYER		YEAR OF CALL		HOURLY RATE 2006		
Harr	y R. VanderLugt			1972	\$550.0		50.00
Aller	n Craig			1980		\$5	75.00
Clifte	fton P. Prophet – Toronto		1993		\$550.00		50.00
Mass	Massimo Starnino		1998		\$450.00		50.00
John	ohn Illingworth		2003		\$320.00		20.00
Todo	l Chernecki	-	Articli	ng Student		\$18	30.00
SUMMARY OF ACCOUNTS							
No.	Date of Account		Fees Disbursements		nts	GST	Total
1.	December 31, 2006	\$9	\$945.00 \$2.25			\$56.84	\$1,004.09
2.	November 29, 2006	\$1	1,265.00 N/A			\$75.90	\$1,340.90
3.	October 20, 2006	\$6	605.00	N/A		\$36.30	\$641.30
4.	September 25, 2006	\$6	605.00	N/A		\$36.30	\$641.30
5.	August 18, 2006	\$2,	750.00	N/A		\$165.00	\$2,915.00
6.	July 31, 2006	\$6	60.00	N/A		\$39.60	\$699.60
7.	June 20, 2006	\$1,	375.00	N/A		\$96.25	\$1,471.25
8.	May 19, 2006	\$4,	513.00	N/A		\$315.91	\$4,828.91
9.	April 20, 2006	\$5,	280.00	\$94.64		\$376.22	\$5,750.86
10.	March 24, 2006	\$14	,572.00	\$0.41		\$1,020.07	\$15,592.48
11.	February 28, 2006	\$4,	554.00	N/A		\$318.78	\$4,872.78
<u></u>	TOTAL	\$37,	124.00	\$97.30		\$2,537.17	\$39,758.47

Average Hourly Rate – Before GST	Total fees before GST \$37,124.00 ÷ Total hours of 70.2 = 528.83
TOTAL	\$39,758.47

TOR_LAW\ 6543971\1



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65

INVOICE NUMBER 16156951

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

OUR FILE T958690

DATE PAGE Dec 31, 2006 1

121969

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

23/11/2006

Review correspondence from counsel to union re NHRIPP contributions; draft response;

Cliff Prophet

0.90

13/12/2006

Telephone attendance with Sear; e-message;

personal attendance C. Prophet re nurses certification and PTC

Harry R. VanderLugt

0.40

14/12/2006

Allen V Craig

0.40

Disbursements

Fees for Professional Services

\$945.00

TAXABLE COSTS Scanning Service

Fax Charges

TOTAL Taxable Disbursements

\$0.75

\$1.50

\$2.25

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Dec 31, 2006

Harry R. VanderLugt

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

Montreal

Ottawa

Toronto

Hamilton

Waterloo Region

Calgary

Vancouver



NVOICE NUMBER 0 0 16156951

DATE PAGE Dec 31, 2006 2 121969 Matter Summary Fees for Professional Services 945.00 Goods and Services Tax on Fees 56.70 Total Fees and Taxes 1,001.70 Disbursements for Professional Services 2.25 Goods and Services Tax on Disbursements 0.14 **Total Disbursements and Taxes** 2.39 Total Invoice Balance.... 1,004.09 PLEASE REMIT TOTAL INVOICE BALANCE DUE..... 1,004.09



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121969

INVOICE NUMBER
16122016

Dedse quote this number
 AND REMIT TO:
Suite 1600 1 First Canadian Place,
 Toronto, CANADA M5X 1G5

OUR FILE T958690

DATE PAGE Nov 29, 2006 1

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

03/10/2006

Telephone message to H. Bricks;

Cliff Prophet

0.10

13/10/2006

Review of material from union counsel re pension arrears contributions;

Cliff Prophet

0.20

16/10/2006

Telephone call to M. Kainer of counsel to union re pension remittances;

Cliff Prophet

0.40

01/11/2006

Harry R. VanderLugt

0.30

01/11/2006

Cliff Prophet

0.90

06/11/2006

Harry R. VanderLugt

0.20

07/11/2006

Further telephone attendance with M. Sear re sharing appraisal

Harry R. VanderLugt

0.20

Harry R. VanderLugt

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

DATE NOV 29, 2006

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Calgary

Vancouver

Moscow

Goods & Services Tax

Registration Number 11936 4511 RT



16122016

121969

DATE PAGE Nov 29, 2006 2

Fees for Professional Services	\$1,265.00
Matter Summary	
Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes	1,265.00 75.90
	1,340.90
Total Invoice Balance	\$ 1,340.90
PLEASE REMIT TOTAL INVOICE BALANCE DUE	\$ 1,340.90



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INVOICE NUMBER 16092333

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958690

DATE PAGE Oct 20, 2006 1

121969

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

13/09/2006

Advice to D. Weisz;

Cliff Prophet

0.50

27/09/2006

Cliff Prophet

0.20

04/10/2006

Cliff Prophet

0.40

Fees for Professional Services

\$605.00

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes

605.00

36.30

641.30

641.30

Total Invoice Balance....

•

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE. Goods & Services Tax Registration Number 11936 4511 RT

DATE Oct 20, 2006

Harry R. VanderLugt

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Waterloo Region Calgary

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INVOICE NUMBER 16092333

121969

DATE PA Oct 20, 2006 2 PAGE

PLEASE REMIT TOTAL INVOICE BALANCE DUE.....

641.30

ERRORS AND OMISSIONS EXCLUDED



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INVOICE NUMBER 16078064

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

OUR FILE T958690

DATE PAGE Sep 25, 2006 1

121969

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

22/08/2006 Cliff Prophet 0.30 23/08/2006 Cliff Prophet 0.30 05/09/2006 Info re loan account Harry R. VanderLugt 0.20 14/09/2006 Review report re transfer of licences Harry R. VanderLugt 0.20 18/09/2006 Harry R. VanderLugt 0.10

Fees for Professional Services

\$605.00

Matter Summary

Fees for Professional Services

Harry R. Vander Lugt

605.00

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

Goods & Services Tax Registration Number 11936 4511 RT

DATE Sep 25, 2006

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Goods and Services Tax on Fees

Total Fees and Taxes

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INVOICE NUMBER 16078064

DATE PAGE Sep 25, 2006 2 PAGE

641.30

121969 36.30 641.30

Total Invoice Balance.....\$ 641.30 PLEASE REMIT TOTAL INVOICE BALANCE DUE......\$

ERRORS AND OMISSIONS EXCLUDED



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INVOICE NUMBER 16057543

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958690

DATE PAGE Aug 18, 2006 1

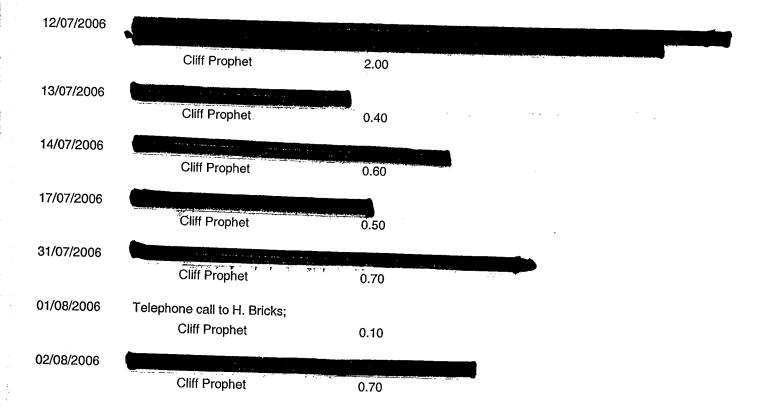
121969

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:



ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Aug 18, 2006

Harry R. VanderLugt

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7 4 INVOICE NUMBER 16057543

121969

DATE PAGE Aug 18, 2006 2

Fees for Professional Services		\$2,750.00	
Matter Summa	ar <u>v</u>		
Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes	2,750.00 165.00		
Total Lees and Taxes		2,915.00	
Total Invoice Balance	····· \$	2,915.00	
PLEASE REMIT TOTAL INVOICE BALANCE DUE	····· \$	2,915.00	



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INVOICE NUMBER 16050107

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958690

DATE PAGE Jul 31, 2006 1

121969

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

08/06/2006

Responding to information concerning pension plan remittances;

Cliff Prophet

0.20

20/06/2006

Review of OHIP premium grievance matter and e-mail re same;

Cliff Prophet

0.30

29/06/2006

Review basic consulting agreements;

Cliff Prophet

0.70

Fees for Professional Services

\$660.00

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes

660.00 39.60

699.60

Total Invoice Balance....

\$

699.60

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Jul 31, 2006

Harry R. VanderLugt

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176

16050107

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DATE PAGE Jul 31, 2006 2

ERRORS AND OMISSIONS EXCLUDED



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77 INVOICE NUMBER 16025945

> Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> > OUR FILE T958690

DATE PAGE Jun 20, 2006 1

121969

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

18/05/2006

Telephone call to H. Bricks;

Cliff Prophet

0.20

23/05/2006

Cliff Prophet

0.30

24/05/2006

Cliff Prophet

1.20

25/05/2006

Telephone call to D. Weisz and review of update e-mail on marketing;

Cliff Prophet

0.80

Fees for Professional Services

\$1,375.00

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes

Harry R. VanderLugt

1,375.00 96.25

1,471.25

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 3.8 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Jun 20, 2006

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

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1 7 8 INVOICE NUMBER 16025945



121969

INVOICE NUMBER 16008753

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958690

DATE PAGE May 19, 2006 1

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Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

04/04/2006

Reviewing union lay-off notices and receivership agreement;

John P Illingworth

0.40

06/04/2006

Reviewing union lay-off notices and receivership agreement;

John P Illingworth

0.40

07/04/2006

Reviewing union lay-off notices and receivership agreement; drafting revisions;

John P Illingworth

1.10

10/04/2006

Cliff Prophet

1.30

0.60

12/04/2006

grievance on employer health tax; e-mail to receiver re same;

Cliff Prophet

13/04/2006

Cliff Prophet

1.90

ERRORS AND OMISSIONS EXCLUDED

Harry R. VanderLugt

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 3.8 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

DATE May 19, 2006

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

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Toronto

Hamilton

Waterloo Region

Calgary

Vancouver

review of e-mail from Union counsel re

Moscow

Goods & Services Tax

Registration Number 11936 4511 RT

180

INVOICE NUMBER 16008753

121969

DATE PAGE May 19, 2006 2

18/04/2006 Cliff Prophet 1.00 19/04/2006 Review of material re marketing process and re cashflows; **Cliff Prophet** 0.50 E-messages, consider and advise re release of roof and HVAC reports; review and comment on confidentiality 19/04/2006 agreement Harry R. VanderLugt 0.50 19/04/2006 Harry R. VanderLugt 0.20 Review of receiver's reports re marketing and dealings with debtor; 21/04/2006 Cliff Prophet 0.70 03/05/2006 Cliff Prophet 0.30 04/05/2006 Telephone call with H. Bricks checking on status; Cliff Prophet 0.10 Fees for Professional Services \$4,513.00 Matter Summary Fees for Professional Services 4,513.00 Goods and Services Tax on Fees 315.91 Total Fees and Taxes 4,828.91 Total Invoice Balance.... 4,828.91 PLEASE REMIT TOTAL INVOICE BALANCE DUE..... 4,828,91



121969

INVOICE NUMBER 15989701

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958690

DATE PAGE Apr 20, 2006 1

1 First Canadian Place Suite 1600, 100 King St. W. Toronto, Ontario Canada M5X 1G5 Tel: (416) 862-7525 Fax: (416) 862-7661

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Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

03/03/2006

Work on benefits issues;

Cliff Prophet

1.50

06/03/2006

Further inquiries re status of benefits;

Cliff Prophet

0.70

07/03/2006

Cliff Prophet

2.50

08/03/2006

Cliff Prophet

2.20

09/03/2006

Work on amending management agreement;

Cliff Prophet

0.50

10/03/2006

Further changes to amending agreement and taking comments from Diversicare;

Cliff Prophet

0.30

14/03/2006

Letter to MOH re approval of changes to management agreement;

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 3.8 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE. Goods & Services Tax Registration Number 11936 4511 RT

DATE Apr 20, 2006

Harry R. VanderLugt

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

Montreal

Ottawa

Toronto

Hamilton

Waterloo Region

Calgary

Vancouver



INVOICE NUMBER 15989701

DATE Apr 20, 2006 2

121969

Cliff Prophet

Review of e-mail from H. Bricks;

Cliff Prophet

0.10

0.20

21/03/2006

20/03/2006

Cliff Prophet

0.80

22/03/2006

E-mail to L. Falanga at Desjardins re failure to honour health cards by pharmacies;

Cliff Prophet

0.70

06/04/2006

Telephone message to D. Weisz;

Cliff Prophet

0.10

Fees for Professional Services

\$5,280.00

TAXABLE COSTS

Taxis

Disbursements

TOTAL Taxable Disbursements

\$94.64

\$94.64

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees

Total Fees and Taxes

5,280,00

369.60

5,649,60

Disbursements for Professional Services Goods and Services Tax on Disbursements

Total Disbursements and Taxes

94.64 6.62

101.26

Total Invoice Balance....

5,750.86

PLEASE REMIT TOTAL INVOICE BALANCE DUE.....

5,750.86

ERRORS AND OMISSIONS EXCLUDED

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED



121969

15976398

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958690

DATE PAGE Mar 24, 2006 1

1 First Canadian Place Suite 1600, 100 King St. W. Toronto, Ontario Canada M5X 1G5 Tel: (416) 862-7525 Fax: (416) 862-7661

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Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

09/02/2006 Office attendance with C. Prophet re: closing of the Union Agreement; telephone attendance with D. LeFaive;

Massimo Starnino

0.30

13/02/2006 Drafting s. 215 undertaking for execution by SEIU;

Massimo Starnino

0.30

The state of the s

Cliff Prophet

3.10

16/02/2006

13/02/2006

E-mail and telephone calls to L. Falanga of Desjardins re group benefits;

Cliff Prophet

1.00

17/02/2006

Multiple attendances with H. Bricks re group benefits issue; multiple e-mails to L. Falanga of Desjardins re same; review of order to compel delivery of insurance benefits

Cliff Prophet

5.50

21/02/2006

Multiple telephone attendances with L. Falanga; e-mails reporting to H. Bricks;

Cliff Prophet

1.00

22/02/2006

Review of letter from Desiardins: review of insurance contracts:

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 3.3 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Mar 24, 2006

Harry R. VanderLugt

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

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INVOICE NUMBER 15976398

DATE PAGE Mar 24, 2006 2

121969

Letter to L. Falanga re going forward arrangements; **Cliff Prophet** 3.90 22/02/2006 Reviewing layoff notices and providing assistance to C. Prophet; John P Illingworth 1.30 Further work on benefit issues; review of booklets; preparation for closing; review of all closing requirements; 23/02/2006 Cliff Prophet 4.90 23/02/2006 Reviewing collective agreements and receiver agreement; providing opinion to C. Prophet; John P Illingworth 1.80 Closing arrangements; telephone calls to D. Lefaive; instructions for creation of record book; 24/02/2006 **Cliff Prophet** 1.90 Review of letter from lawyer for claimant against Paragon and letter in response; 27/02/2006 Cliff Prophet 0.30 Review issues re use of MOH money to pay receiver and other costs 27/02/2006 Harry R. VanderLugt 0.20 28/02/2006 Cliff Prophet 0.30 02/03/2006 Cliff Prophet 2.10

Fees for Professional Services

\$14,572.00

Disbursements

TAXABLE COSTS Long Distance Telephone

\$0.41

TOTAL Taxable Disbursements

\$0.41

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees

14,572.00 1,020.04

ERRORS AND OMISSIONS EXCLUDED

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INVOICE NUMBER 15976398

DATE PAGE Mar 24, 2006 3 121969 **Total Fees and Taxes** 15,592.04 Disbursements for Professional Services 0.41 Goods and Services Tax on Disbursements 0.03 **Total Disbursements and Taxes** 0.44 Total Invoice Balance.... 15,592.48 PLEASE REMIT TOTAL INVOICE BALANCE DUE..... 15,592.48



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1 8 6 INVOICE NUMBER 15964552

> Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> > OUR FILE T958690

DATE PAGE Feb 28, 2006 1

121969

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958690

Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

01/02/2006

Finalizing union agreements and seeing to their execution; multiple telephone calls to and from union solicitors; review and comment on offer letter to new nurses being hired:

Cliff Prophet

3.40

01/02/2006

Meeting with C. Prophet to discuss and prepare documentation for agreement execution;

Todd Chernecki

0.70

01/02/2006

Travel to and from client's office to have documentation signed and delivered;

Todd Chernecki

2.60

02/02/2006

Cliff Prophet

2.20

09/02/2006

Attending with D. Weisz for instructions; preparation for closing; multiple telephone calls with Union counsel re closing union agreements:

Cliff Prophet

1.30

10/02/2006

Cliff Prophet

0.30

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 2.3 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Feb 28, 2006

Harry R. VanderLugt

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1 0 NVOICE NUMBER 15964552

121969

DATE PAGE Feb 28, 2006 2

4,872.78

Fees	for	Prof	essi	ional	Services	

PLEASE REMIT TOTAL INVOICE BALANCE DUE.....

\$4,554.00

Matter Summary

Fees for Professional Services
Goods and Services Tax on Fees
Total Fees and Taxes

4,554.00
318.78

4,872.78

Total Invoice Balance...
\$ 4,872.78

ERRORS AND OMISSIONS EXCLUDED

TAB B

This is Exhibit "B" referred to in the Affidavit of Harry VanderLugt sworn before me, this 26th day of March, 2007.

(2)

LEGAL COSTS SUMMARY A Commissioner for Taking Oaths, etc. Receivership of 1508669 Ontario Limited

		···					
LAWYER		\	YEAI	R OF CALL		HOURLY RATE 2006	
Clifto	on P. Prophet – Toront	ю.	_	1993	\$5	550.00	
Mass	simo Starnino			1998	\$4	50.00	
John	lllingworth			2003	\$33	20.00	
		SUMI	MAR	Y OF ACCOUN	TS		
No.	Date of Account	Fee	s	Disbursemen	ts GST	Total	
1.	December 31, 2006	\$4,250	0.00	\$112.81	\$261.77	\$4,624.58	
2.	November 29, 2006	\$550.00		\$123.75	\$40.43	\$714.18	
3.	October 20, 2006	\$715.0	00	N/A	\$42.90	\$757.90	
4.	September 25, 2006	\$770.0	00	N/A	\$46.20	\$816.20	
5.	August 18, 2006	\$1,595	.00	N/A	\$95.70	\$1,690.70	
6.	May 19, 2006	\$1,210	.00	N/A	\$84.70	\$1,294.70	
7.	May 24, 2006	\$765.00		N/A	\$53.55	\$818.55	
TOTAL		\$9,855.	.00	\$236.56	\$625.25	\$10,716.81	
Average Hourly Rate – Before GST		Total fe	es b	efore GST \$9,8	55.00 ÷ Total ho		
TOTAL						\$10,716.	



121969

INVOICE NUMBER 916156952

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958691

DATE PAGE Dec 31, 2006

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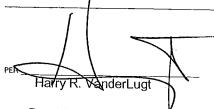
> Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958691

Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

12/12/2006 Cliff Prophet 1.00 Review ONA application for certification; speak with labour lawyers; 13/12/2006 Cliff Prophet 0.50 Reviewing application for certification by ONA; reviewing collective agreements and court order; preparing 13/12/2006 response to application; John P Illingworth 4.80 Preparing response to ONA application for certification; telephone conversations with administrators of facility; 14/12/2006 preparing correspondence to the Labour Relations Board advising of the court order and untimeliness of the application; John P Illingworth 2.20 15/12/2006 Cliff Prophet 0.40 15/12/2006



ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Dec 31, 2006

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9 0 16156952

			121969	DATE Dec 31, 2006	PAGE
	John P Illingworth	0.60			
18/12/2006	Telephone call to J. Illingworth r	e ONA certification;			
	Cliff Prophet	0.30			
18/12/2006	Advising on matters regarding O	NA application for certificati	On: reviewing Roard docisio		
	John P Illingworth	0.70	on, reviewing board decision	m;	
19/12/2006	Advising on matters regarding O John P Illingworth	NA application for certification	on;		
20/12/2006	Advising on matters regarding O John P Illingworth	NA application for certification	on; reviewing request for re	consideration;	
	Fees for Professional	Services		\$4,250.00	
TAXABLE CO Long Distance	<u>DSTS</u> Telephone	<u>Disbursements</u>	e en en e	₹-¢	
Binding	•				\$0.4 ²
	TOTAL Taxable Disbursen	nents			12.81
		Matter Summary			
ees for Profess Soods and Serv otal Fees and	vices Tax on Fees	·	4,250.00 255.00	-	
Disbursements for Professional Services Goods and Services Tax on Disbursements Fotal Disbursements and Taxes			112.81 6.77	4,5	05.00
			0.77	1	19.58
otal Invoice Bal	lance		\$	1.00	24.50
	TOTAL INVOICE BALANCE DUE		•	4,62	24.58

ERRORS AND OMISSIONS EXCLUDED

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED



121969

16122017

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> OUR FILE T958691

DATE PAGE Nov 29, 2006 1

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> Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958691

Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

16/10/2006

Cliff Prophet

1.00

Fees for Professional Services

\$550.00

TAXABLE COSTS
Copying

Disbursements

TOTAL Taxable Disbursements

\$123.75

\$123.75

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes

Disbursements for Professional Services Goods and Services Tax on Disbursements Total Disbursements and Taxes 550.00 ______33.00

123.75

7.43

131.18

583.00

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE. Goods & Services Tax Registration Number 11936 4511 RT

DATE NOV 29, 2006

Harry R. VanderLugt

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INVOICE NUMBER 216122017

121969	Nov 29, 2006	2
•	 ·	
Total Invoice Balance	\$ 	714.18
PLEASE REMIT TOTAL INVOICE BALANCE DUE	\$	714.18



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INVOICE NUMBER 16092334

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> OUR FILE T958691

DATE PAGE
Oct 20, 2006 1

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DATE

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Our Matter: T958691

Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

19/09/2006

Responding to e-mails from Receiver on various subjects;

Cliff Prophet

0.70

20/09/2006

Work on distribution matter;

Cliff Prophet

0.60

Fees for Professional Services

\$715.00

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes

715.00

42.90

Total Invoice Balance....

·—

757.90

757.90

PLEASE REMIT TOTAL INVOICE BALANCE DUE....

\$

757.90

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE. Goods & Services Tax Registration Number 11936 4511 RT

DATE Oct 20, 2006

Harry R. VanderLugt

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INVOICE NUMBER 16078066

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> OUR FILE T958691

DATE PAGE Sep 25, 2006 1

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> Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

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Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

23/08/2006

Longer discussion with H. Vanderlugt re mechanics of interim distribution; reporting to D. Weisz;

Cliff Prophet

0.70

24/08/2006

Cliff Prophet

0.20

05/09/2006

Review of e-mail from D. Weisz

Cliff Prophet

0.50

Fees for Professional Services

\$770.00

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees **Total Fees and Taxes**

770.00

46.20

816.20

Total Invoice Balance.....

816.20

ERRORS AND OMISSIONS EXCLUDED

Harry R. VanderLugt

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE. Goods & Services Tax Registration Number 11936 4511 RT

DATE Sep 25, 2006

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DATE PAGE Sep 25, 2006 2

ERRORS AND OMISSIONS EXCLUDED



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16057544

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OUR FILE T958691

DATE PAGE Aug 18, 2006 1

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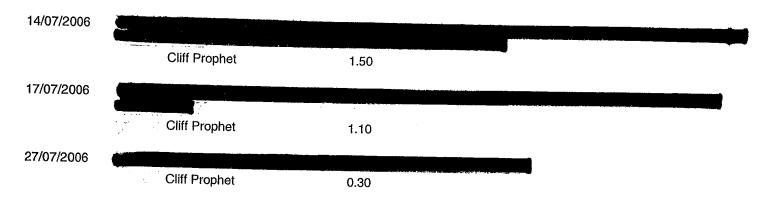
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Our Matter: T958691

Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:



Fees for Professional Services

\$1,595.00

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes

1,595.00 ______95.70

1,690.70

Harry R. VanderLugt

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Aug 18, 2006

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1605/544

	121969	197	DATE PAGE Aug 18, 2006 2
Total Invoice Balance	\$		1,690.70
PLEASE REMIT TOTAL INVOICE BALANCE DUE	\$ <u> </u>		1,690.70

ERRORS AND OMISSIONS EXCLUDED

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

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121969

98

INVOICE NUMBER 16008754

Please quote this number AND REMIT TO: Suite 1600 1 First Canadian Place, Toronto, CANADA M5X 1G5

> **OUR FILE** T958691

DATE PAGE

May 19, 2006 1

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> Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4 Canada

Our Matter: T958691

Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

04/04/2006 **Cliff Prophet** 0.30 07/04/2006 Cliff Prophet 0.20 10/04/2006 Call to receiver to ensure that prior benefits claims to be honoured; Cliff Prophet 0.10 11/04/2006 Cliff Prophet 0.50 13/04/2006 Cliff Prophet 0.90 Review e-mail from H. Vanderlugt and discussion re same (information to debtor); 02/05/2006

0.20

Fees for Professional Services

Cliff Prophet

\$1,210.00

Harry R. VanderLugt

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 3.8 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE. Goods & Services Tax Registration Number 11936 4511 RT

DATE May 19, 2006

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9 9NVOICE NUMBER 16008754

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DATE PAGE May 19, 2006 2

Matter Summary		
Fees for Professional Services Goods and Services Tax on Fees	1,210.00 84.70	
Total Fees and Taxes		1,294.70
Total Invoice Balance	\$	1,294.70
PLEASE REMIT TOTAL INVOICE BALANCE DUE	\$	1,294.70



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INVOICE NUMBER 15976399

AND REMIT TO:
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OUR FILE T958691

DATE PAGE Mar 24, 2006 1

Mintz & Partners Limited ATTN: Daniel Weisz Senior Vice President 200 - 1 Concorde Gate North York, ON M3C 4G4

Canada

Our Matter: T958691

Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

09/02/2006

Office attendance with C. Prophet re: closing of the Union Agreement; telephone attendance with D. LeFaive;

Massimo Starnino

0.30

13/02/2006

Drafting s. 215 Undertaking for execution by CUPE;

Massimo Starnino

0.30

24/02/2006

Cliff Prophet

0.20

27/02/2006

Cliff Prophet

0.70

Fees for Professional Services

\$765.00

Matter Summary

Fees for Professional Services Goods and Services Tax on Fees Total Fees and Taxes

Harry R. VanderLugt

765.00 53.55

818.55

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 3.3 % PER ANNUM WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax Registration Number 11936 4511 RT

DATE Mar 24, 2006

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INVOICE NUMBER 15976399

PAGE

201

DATE PA Mar 24, 2006 2

121969

TAB 5

Court file No. 06-CL-6233

ONTARIO SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY) COMMERCIAL LIST

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

AFFIDAVIT OF LESLIE A. WITTLIN (Sworn March 27, 2007)

I, LESLIE A. WITTLIN, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY as follows:

- 1. I am a partner in the law firm of Lang Michener LLP ("Lang Michener"). I am the billing professional for billings related to the retainer of Lang Michener as independent counsel to Mintz & Partners Limited (the "Receiver") in respect of the receiverships of Paragon Health Care Inc. ("Paragon"), 1508669 Ontario Limited ("1508669"), Paragon Health Care (Ontario) Inc. ("Paragon Ontario") and as such I have personal knowledge of the matters to which I refer herein.
- 2. Pursuant to an order of this court dated January 23, 2006, the Receiver was appointed effective 9:00 a.m. on January 24, 2006 (the "Initial Order").
- Pursuant to the Initial Order, Lang Michener has acted as independent counsel to the Receiver in its dual capacities as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon, 1508669 and Paragon Ontario.

- Lang Michener has provided services and incurred disbursements as independent counsel 4. to the Receiver for the period from the inception of the receiverships to and including March 21, 2007 as described in the first, second and third interim bills of costs rendered in the Paragon, 1508669 and Paragon Ontario receiverships, copies of which interim bills of costs are attached hereto as Exhibits "A", "B" and "C" respectively (collectively, the "Interim Bills of Costs").
- 5. In respect of each of the Interim Bills of Costs, the legal costs inclusive of fees and disbursements, have been allocated proportionately with the services provided in each receivership.
- Based on my review of the Interim Bills of Costs and my personal knowledge of the 6. services provided and disbursements incurred in relation to the receiverships of Paragon, 1508669 and Paragon Ontario, respectively, I am of the view that the Interim Bills of Costs contain a fair and accurate description of the services provided, the fees billed by Lang Michener for such services, the disbursements incurred by Lang Michener necessarily incidental to the provision of such services, and a proper allocation of such costs among the three receiverships.
- I make this affidavit in support of the motion of the Receiver for approval of its fees and 7. disbursements and those of its counsel, and for no other or improper purpose whatsoever.

SWORN before me at the City of Toronto, in the Province of Ontario, on March 27, 2007

Commissioner for Taking Affidavits

Roman Bober

TAB A

Court file No. 06-CL-6233

	ONTARIO This is exhibit "A" referred to in the SUPERIOR COURT OF JUSTICATION of Leslie A. Within (IN BANKRUPTCY AND INSOLVENCY) before me, this 27th
BETWEEN	day of March 2007
	PEOPLES TRUST COMPANY Roman Baber Applicant
	- and —

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

FIRST INTERIM BILL OF COSTS OF INDEPENDENT COUNSEL FOR THE INTERIM RECEIVER AND THE RECEIVER AND MANAGER OF PARAGON HEALTH CARE INC., 1508669 ONTARIO LIMITED AND PARAGON HEALTH CARE (ONTARIO) INC.

FOR PROFESSIONAL SERVICES RENDERED as independent counsel to Mintz & Partners Limited (the "Receiver") in its capacity as court appointed interim receiver and receiver and manager of Paragon Health Care Inc. ("Paragon"), 1508669 Ontario Limited ("1508669") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario"), for the period from January 11, 2006 to January 31, 2006 as particularized in the Schedule of time docket entries annexed hereto;

Professional	Year of Call	Rate	Total Time	Total Fees
Leslie A. Wittlin	1974	595.00	50.60	30,107.00
Mark A. Richardson	1975	395.00	1.30	513.50
Matthew German	2004	235.00	.30	70.50
Behn E. Conroy	2005	235.00	37.10	8,718.50
Janine Biener	Clerk	195.00	4.30	838.50
Cheryl Cohen	Clerk	195.00	.50	97.50

Fees and Disbursements \$41,056.80 GST on Fees and Disbursements 2,873.98 **Total Fees and Disbursements** \$43,930.78

(a)

Allocation of costs:

to Paragon 80% - \$35,144.62

(b) to 1508669 20% - \$ 8,786.16 I hereby certify that I have examined the above bill, the services have been duly authorized and rendered and the charges are in my opinion fair and reasonable.

Dated at Toronto, Ontario, this 28th day of March, 2006.

Mintz & Partners Limited, in its capacity as interim receiver and the receiver and manager of Paragon Health Care Inc., 1508669 Ontario Limited and Paragon Health Care (Ontario) Inc.

Per:

Daniel Weisz, Senior Vice President

Schedule of time docket entries for the period from January 11, 2006 to January 31, 2006

11 JAN (06 LAW	Attending meeting at Gowlings together with D. Weisz, H. Vanderlugt, M. Starnino, J. Dysart and conference telephone discussion with representatives of People's Trust in Vancouver and with representatives of CMHC;	2.00
12 JAN (06 BEC	Reviewing draft receivership order;	.30
13 JAN (06 LAW	Attending lengthy meetings at Gowlings with Diversicare personnel to review various management issues with them, subsequently meeting with representatives of labour unions including their legal counsel; and subsequently meeting with M. Starnino, D. Weisz and D. Bricks of Mintz; notes to file;	3.00
16 JAN (06 LAW	Multiple telephone discussions with D. Weisz regarding draft documents including management agreement, government approval agreement, settlement agreement with labour unions and pension plan and form of indemnity with Peoples Trust, conference with H. Vanderlugt to provide comments on draft management and government approval documents, conference telephone discussions with D. Weisz and M. Starnino regarding settlement agreement and indemnity agreement following review thereof; subsequent telephone consultations with D. Weisz and M. Starnino; notes to file;	5.00
17 JAN 0	06 BEC	Reading application record documents, reviewing and summarizing Peoples Trust loan documentation;	6.80
17 JAN 0	06 LAW	Receiving and reviewing motion record served by M. Starnino; briefing B. Conroy regarding preparation of independent legal opinion on the security held by Peoples Trust; telephone discussions with M. Starnino regarding issues raised in the draft settlement agreement prepared by D. LeFaive and particular issues arising therefrom; participating in conference call with Ministry of Health personnel regarding various issues arising in a receivership of nursing homes including all logistical issues; telephone call from D. Weisz regarding further negotiations necessary with Diversicare as proposed manager of the nursing homes; conference with H. Vanderlugt and M. Starnino regarding pension plan obligations and avoidance thereof by the court-appointed receiver if possible;	5.70

preparation for and attending conference call with M.
Kainer, D. LeFaive, M. Starnino and D. Hayhurst to
provide comments on the settlement agreement draft and
discuss revisions to certain provisions thereof; receiving
and reviewing pension plan document and other related
materials; notes to file;

18 JAN 06 BEC

Reviewed mortgage and security agreements and related assignments, reviewed security registrations and summarized all of the above:

7.80

18 JAN 06 LAW

9.00

Reviewing draft management and settlement agreements; preparation for meetings at Gowlings with Diversicare and its counsel and subsequently with Ministry of Health representatives and subsequently with legal counsel for labour unions involved; attending first meeting with H. Vanderlugt, H. Bricks and D. Weisz together with P. Richardson, A. Walton and P. Chan of Diversicare and their counsel, E. Cappellaci; subsequent conference telephone discussion with several representatives of Ministry of Health including K. Fairchild, C. O'Reilly, M. Bartlett and others; attending subsequent conference telephone discussion with M. Kainer, D. LeFaive, M. Starnino, D. Weisz, H. Bricks and H. Vanderlugt regarding revised settlement agreement draft prepared by D. LeFaive; considering other problems presented by additional company which employs the nurses and other support staff, and revising the form of indemnity requested from Peoples Trust; consultation with D. Weisz in respect thereof; receiving and reviewing copies of proposed letters to staff and residents including non-union staff and suggesting amendments thereto; notes to file;

19 JAN 06 BEC

Reviewing security documents, meeting with L. Wittlin and drafting opinion;

4.50

19 JAN 06 LAW

6.50

Multiple telephone calls to and from D. Weisz, H. Bricks, M. Starnino and H. Vanderlugt; receiving and reviewing revised management agreement prepared bv Vanderlugt, discussion with D. Weisz in respect thereof, providing final comments to H. Vanderlugt in respect thereof; telephone discussion with M. Kainer regarding possibility of passing on benefits of agreement in return for obtaining covenant from a proposed purchaser to be bound as a successor employer, conference telephone discussion with D. LeFaive, M. Kainer, M. Starnino and C. Prophet to review and revise certain terms of the proposed settlement agreement as revised by D. LeFaive; revising indemnity

agreement to include reference to Paragon Health Care (Ontario) Inc. and considering other documents which would include reference to this corporation, discussing revised indemnity agreement with M. Starnino and H. Vanderlugt, reviewing revised proposed communication letters and memoranda to non-union employees, union employees and to residents of each home, reviewing additional provisions requested by MOH for the draft order, telephone discussion with D. Weisz and subsequently with M. Starnino in respect of the additional provisions requested, receiving and reviewing draft order as revised by M. Starnino; notes on various aspects of the file;

20 JAN 06 LAW

Multiple telephone discussions with D. Weisz regarding changes to form of indemnity agreement being negotiated with Peoples Trust; memorandum to H. Vanderlugt in respect thereof; drafting memorandum to H. Bricks regarding contacting insurance broker on a name basis to advise of the imminent appointment of a receiver and manager and the need to have the receiver named as an additional loss payee; further telephone discussions with D. Weisz regarding attending further meeting at Gowlings; reviewing current status of management agreement with Diversicare, agreement with the MOH and agreements with labour unions and pension trustees; attending meeting at Gowlings to consider position of receiver and manager under each of the agreements;

20 JAN 06 LAW

Discussion regarding procedures to be followed and letters and memos to be served on staff and patients of each nursing home; conference telephone discussion with H. Vanderlugt and E. Cappellacci with respect to the requirements of Diversicare for an indemnity similar to the one obtained from Peoples Trust; subsequent telephone discussion with E. Cappellacci to further negotiate the manner in which the indemnity would be passed through to Diversicare as an agent; receiving and reviewing revised drafts of the various agreements from C. Prophet and M. Starnino; reviewing revised draft order; telephone discussion with M. Kainer and D. LeFaive regarding certain issues under the agreement with labour; further telephone discussions with D. Weisz; notes to file;

21 JAN 06 LAW

Preparation of undertaking to pass through indemnity for benefit of Diversicare and discussion with D. Weisz to approve form and content of undertaking; voice message and e-mail to E. Cappellacci enclosing copy of suggested 4.80

3.00

		form of undertaking; reviewing revised draft security review letter prepared by B. Conroy; making substantial revisions thereto; reviewing actual security documents to clarify certain points raised by D. Weisz including the lack of cross guarantees between the two companies and the role of certain related companies; review memorandum from D. Weisz and H. Bricks; notes to file;	
23 JAN 06	BEC	Revising opinion and reviewing mortgages vs. PPSA; reconciling gaps in PPSA register and loan documents provided;	8.30
23 JAN 06	LAW	Preparation for attendance in court, receiving and reviewing materials faxed over the weekend including revised draft order, supplementary motion record and agreements included in it; notes to file; meeting with counsel for Peoples Trust and subsequently with counsel for Paragon and 1508669 and appearing in court before Mr. Justice Cumming; receiving and reviewing late served material prepared by solicitors for Paragon and 1508669; attending in court with the receiver, and making submissions when called upon by Justice Cumming; reviewing handwritten disposition of Justice Cumming and brief conference with M. Starnino and C. Prophet following court concerning procedures to be followed on Tuesday morning at 9:00 a.m.; notes to file;	8.00
24 JAN 06	BEC	Review of management agreement and application record including Dysard affidavit; review of Nursing Homes Act and Regulations;	4.00
24 JAN 06	LAW	Telephone call from D. Weisz regarding attendance at the two locations, dealing with management in both places, settling the management agreement, the labour unions agreement, the MOH agreement, revising undertaking regarding pass through of indemnity from Peoples Trust, drafting memorandum to E. Cappellacci in respect of execution and delivery thereof, reviewing memorandum from H. Bricks regarding termination of wife of Harquail and repercussions thereof; notes to file;	1.40
25 JAN 06	BEC	Review of management agreement, labour union settlement and court orders regarding receivership;	2.50
25 JAN 06	LAW	Telephone call from D. Weisz regarding status of taking possession, matters still outstanding, reviewing letter regarding enforceability of securities held by Peoples over land and under the PPSA as prepared by B. Conroy,	1.00

		consultation with B. Conroy with respect to questions and outstanding points raised by him; reviewing draft letter to other creditors with apparently perfected security interest under the PPSA and approving standard form of letter to those security holders;	
27 JAN 06	CC	Conduct electronic sub-searches;	.50
27 JAN 06	JB	Instructions from B. Conroy; instructions to C. Cohen regarding subsearches; determine appropriate document for registration of Order; numerous telephone calls to and from Ministry; determine appropriate provisions for and preparation of Caution (2) and Application to Register Court Order (2); prepare Acknowledgement and Direction regarding registration; e-mail to B. Conroy regarding missing information and execution of Acknowledgement and Direction;	2.75
27 JAN 06	BEC	Registration of receivership order on title to Paragon Properties; consulting real estate lawyers regarding registration; instructions to clerk;	2.50
27 JAN 06	MAR	Discussions with Behn Conroy; call Ministry of Consumer and Commercial Relations; considerations registration regarding Court Order against Toronto and 2 St. Catherine's properties; discussions with law clerk;	1.30
30 JAN 06	JB	E-mails from B. Conroy and D. Weisz regarding execution of Acknowledgement an Direction; revisions to registration documents (4); revise Acknowledgement and Direction; attend to execution and registration of documents (4) including subsearches of property; memo to B. Conroy regarding registered documents;	1.30
30 JAN 06	MRG	Registration of Caution and Application of Court Order against 2 properties for Receiver;	.30
30 JAN 06	BEC	Finalizing registration of receivership order on property title;	.40
30 JAN 06	LAW	Reviewing application to register receivership orders on titles to the Toronto and St. Catharines properties prepared by B. Conroy; meeting with D. Weisz to review status and execute application to register receivership orders; notes to file;	1.20
31 JAN 06	JB	E-mail to B. Conroy regarding expiration of Caution;	.25

TOTAL TAXABLE HOURS		<u>94.10</u>
OUR FEE:		\$ 40,345.50
TAXABLE DISBURSEMENTS		
Copies Courier Delivery Telephone Fax Electronic Real Estate Searches TOTAL TAXABLE DISBURSEMENTS:	\$ 485.75 75.03 1.60 62.75 86.17 711.30	
TOTAL DISBURSEMENTS:		711.30
Goods and Services Tax (7% * 41,056.80)		<u>2,873.98</u>
TOTAL BALANCE DUE		\$ 43,930.78

THIS IS OUR INTERIM BILL OF COSTS

LANG MICHENER LLP

Per:

Leslie A. Wittlin

TAB B

Court file No. 06-CL-6233

	ONTARIO	This is Exhibit	referred to in the
	SUPERIOR COURT OF JUSTIC	reffidavit of Les	lie A. Wittlin
	(IN BANKRUPTCY AND INSOLVE	E NGM) before me, ti	his 27th
	COMMERCIAL LIST	day ofCLSC	h 20.07
BETWEEN		My	
	PEOPLES TRUST COMPANY	Roman	Baber Baber, etc.
	- and -		Applicant

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

SECOND INTERIM BILL OF COSTS OF INDEPENDENT COUNSEL FOR THE INTERIM RECEIVER AND THE RECEIVER AND MANAGER OF PARAGON HEALTH CARE INC., 1508669 ONTARIO LIMITED AND PARAGON HEALTH CARE (ONTARIO) INC.

FOR PROFESSIONAL SERVICES RENDERED as independent counsel to Mintz & Partners Limited (the "Receiver") in its capacity as court appointed interim receiver and receiver and manager of Paragon Health Care Inc. ("Paragon"), 1508669 Ontario Limited ("1508669") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario"), for the period from January 31, 2006 to March 30, 2006 as particularized in the Schedule of time docket entries annexed hereto;

Professional	Year of Call	Rate	Total Time	Total Fees
Leslie A. Wittlin	1974	625.00	4.10	2,562.50
Behn E. Conroy	2005	245.00	2.90	710.50
Janine Biener	Clerk	195.00	4.65	906.75

Fees and Disbursements \$4,506.33 GST on Fees and Disbursements 298.64 Total Fees and Disbursements \$4,804.97

Allocation of costs: (a) to Paragon 80% - \$ 3,843.98

(b) to 1508669 20% - \$ 960.99

I hereby certify that I have examined the above bill, the services have been duly authorized and rendered and the charges are in my opinion fair and reasonable.

Dated at Toronto, Ontario, this 12th day of June, 2006

Mintz & Partners Limited, in its capacity as interim receiver and the receiver and manager of Paragon Health Care Inc., 1508669 Ontario Limited and Paragon Health Care (Ontario) Inc.

Per:

Daniel Weisz, Senior Vice President

Schedule of time docket entries for the period from January 31, 2006 to March 30, 2006

31 JAN 06	BEC	Correspondence with National Leasing group regarding secured lease;	.50
02 FEB 06	LAW	Telephone discussion with D. Weisz regarding status of receivership;	.30
03 FEB 06	LAW	Brief discussion with H. Vanderlugt regarding allocation of costs and preparation for first interim bill of costs;	.20
06 FEB 06	LAW	Telephone call from C. Prophet regarding allocation of costs and current status;	.20
08 FEB 06	BEC	Correspondence with H. Bricks and National Leasing Group regarding equipment lease payments;	.40
17 FEB 06	JB	Teraview messages from Registry Office regarding corrections to Application to Amend Court Order and Caution; confer with B. Conroy regarding revisions; telephone call to Registry Office regarding opening of fields for revisions; revise documents and attend to resubmission; memo to B. Conroy regarding revised and resubmitted documents;	1.25
07 MAR 06	LAW	Telephone discussion with C. Prophet regarding issues to be dealt with in the upcoming conference call with People's Trust and the receiver; telephone call to D. Weisz regarding agenda for meeting;	.50
08 MAR 06	BEC	Reviewing file correspondence and documents prior to conference call;	.60
08 MAR 06	LAW	Reviewing materials circulated by H. Bricks; preparing for conference call; participating in lengthy conference call with M. Mallich of People's Trust, D. Weisz, H. Bricks, C. Prophet and H. Vanderlugt and notes of the issues canvassed;	2.60
20 MAR 06	BEC	E-mail to D. Weisz and J. Biener regarding renewal of cautionary filings;	.20
20 MAR 06	LAW	Telephone discussion with D. Weisz regarding status of receivership and next steps to be taken;	.30
22 MAR 06	JB	Determine appropriate document for renewal of caution;	2.75

		telephone call to Ministr regarding registrar's perm caution; determine app preparation of Cautions Direction regarding registrat to Niagara Land Registrar Caution; letter to Toro permission to register; mer regarding execution of A and Registrars' permission;	dission to registropriate provided prov	stration of visions for owledgeme ons; telephore mission to registrar regions with B. (c)	second r and nt and one call register garding Conroy	
22 MAR 06	BEC	Telephone calls with regist Wittlin and J. Biener restatements;	1.20			
27 MAR 06 JB E-mail to B. Conroy regarding Land Registrar's permission to register second Caution in St. Catharines;					.15	
27 MAR 06	JB E-mail to B. Conroy regarding Land Registrar's permission to register second Caution in St. Catharines; telephone call to Toronto Land Registrar;					.25
30 MAR 06	JB	Telephone call from and Registrar regarding caution mail to B. Conroy regarding	nary interest ar	nd court or	der; e-	.25
TOTAL TAX	ABLE HO	OURS				<u>11.65</u>
OUR FEE:					\$	4,179.75
TAXABLE D	ISBURSE	MENTS				
Copies Telephone Registrations			\$	40.50 6.08 40.00		
TOTAL TAX	ABLE DI	SBURSEMENTS:		<u>86.58</u>		
NON-TAXAB	LE DISB	URSEMENTS				
Registrations			\$	240.00		
TOTAL NON-	-TAXABI	LE DISBURSEMENTS:		<u>240.00</u>		
TOTAL DISB	URSEME	ENTS:				326.58
Goods and Serv	vices Tax (7% * 4,266.33)				<u>298.64</u>

TOTAL BALANCE DUE

\$ <u>4,804.97</u>

THIS IS OUR INTERIM BILL OF COSTS

LANG MICHENER LLP

Per:

Leslie A. Wittlin

TAB C

Court file No. 06-CL-6233

	<i>ONTARIO</i> SUPERIOR COURT OF JUST	This is exhibit <u>C</u> referred to in the ICAFfidavit of <u>Le Sie A. Willin</u>
	(IN BANKRUPTCY AND INSOLV	ENGY)before me, this 27th
	COMMERCIAL LIST	day of March 2007
BETWEEN		Mi
	PEOPLES TRUST COMPAN	A COMMISSIONER, ETC. Applicant
	- and –	

PARAGON HEALTH CARE INC., 1508669 ONTARIO LIMITED

Respondents

THIRD INTERIM BILL OF COSTS OF INDEPENDENT COUNSEL FOR THE INTERIM RECEIVER AND THE RECEIVER AND MANAGER OF PARAGON HEALTH CARE INC., 1508669 ONTARIO LIMITED AND PARAGON HEALTH CARE (ONTARIO) INC.

FOR PROFESSIONAL SERVICES RENDERED as independent counsel to Mintz & Partners Limited (the "Receiver") in its capacity as court appointed interim receiver and receiver and manager of Paragon Health Care Inc. ("Paragon"), 1508669 Ontario Limited ("1508669") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario"), for the period from April 13, 2006 to March 20, 2007 as particularized in the Schedule of time docket entries annexed hereto;

Professional	Year of Call	Rate	Total Time	Total Fees
Leslie A. Wittlin	1974	649.88	12.90	\$8,383.50
Mathew German	2004	310.00	1.70	\$ 527.00
Roman Baber	2006	270.00	18.40	\$4,968.00
John Kroupis	Clerk	170.00	1.00	\$ 170.00

Fees and Disbursements \$14,275.00
GST on Fees and Disbursements 853.02
Total Fees and Disbursements \$15,128.02

Allocation of costs:

(a) to Paragon 65% - \$9,833.21

(b) to 1508669 35% - \$5,294.81

I hereby certify that I have examined the above bill, the services have been duly authorized and rendered and the charges are in my opinion fair and reasonable.

Dated at Toronto, Ontario, this $2b^{\dagger h}$ day of March, 2007.

Mintz & Partners Limited, in its capacity as interim receiver and the receiver and manager of Paragon Health Care Inc., 1508669 Ontario Limited and Paragon Health Care (Ontario) Inc.

Per:

Daniel Weisz, Senior Vice President

Schedule of time docket entries for the period from April 3, 2006 to March 20, 2007

03 APR 06	LAW	Exchanging memos regarding appraisals being done and current status of receivership;	.20
03 MAY 06	LAW	Telephone discussion with D. Weisz regarding status of marketing plan and obtaining and forwarding precedent agreement of purchase and sale for consideration in nursing home situation;	.30
20 JUNE 06	LAW	Telephone call from M. Maragh of Ministry of Finance for Ontario regarding employee health tax situation;	.20
21 JUNE 06	LAW	Telephone call from M. Maragh of Ministry of Finance with respect to credit balance in employer's health tax account for Paragon; memo to D. Weisz in respect thereof;	.30
31 JULY 06	LAW	Telephone discussion with D. Weisz regarding status of marketing and sale plan and management of the nursing homes by Diversicare; notes to file;	.30
16 AUG 06	LAW	Receiving and reviewing memorandum from D. Weiss regarding payment of accumulated monies from operating the homes and payment thereof to the mortgagee; notes to file;	.20
18 AUG 06	LAW	Telephone call from D. Weisz regarding preparing for payment out of monies to mortgagee and need for conference with counsel for the mortgagee;	.30
13 SEPT 06	LAW	Exchanging voice messages with C. Prophet regarding steps to be taken by court appointed receiver to market and sell the nursing homes; telephone call to D. Weisz regarding preparation of draft report, appraisals and position on distribution of excess proceeds to mortgagee; notes to file;	.40
01 MAR 07	LAW	Telephone message from D. Weisz regarding formal opinion on security and responding thereto;	.20
05 MAR 07	LAW	Telephone discussion with D. Weisz regarding preparation of independent opinion on security held by People's Trust and third parties, reviewing working files, searches and documents;	2.50
06 MAR 07	MRG	Met with R. Baber to review instruments registered on title	1.70

		to 3 properties (St. Catherine's and Toronto) in connection with Opinion for Mintz and Partners; review of all changes in favour of Peoples; obtained new abstract pages; obtained all registered instruments from Teraview; review of all charges, postponements and amending agreements in order to determine and confirm ranking of charges on all 3		
06 MAR 07	LAW	properties; Consultations with R. Baber, working-up legal opinion following review of property, PPSA, corporate and other	2.50	
		searches; revising original draft opinion;		
06 MAR 07	RB	Meeting with L. Wittlin regarding security opinion; meeting with M. German regarding real estate searches; meeting with M. Rabinovitch regarding PPSA summaries and appendix; reviewed priority of security and prepared appendixes for the security opinion;	4.50	
07 MAR 07	JK	Summarizing corporate searches and ordering and assembling profile reports on Paragon Health Care Inc. and Elk Island Developments Inc. for review by L. Wittlin;	1.00	
07 MAR 07	LAW	Reviewing and revising various schedules required for the opinion letter, making revisions to the draft opinion letter, reviewing certain original documents relating to the title to the properties in Toronto and St. Catharines and providing R. Baber with final comments for completion of the four detailed schedules to the opinion;	3.00	
07 MAR 07	RB .	Reviewed security and prepared appendixes for the security opinion; consultations with L. Wittlin and M. Rabinovitch regarding security opinion;	8.50	
08 MAR 07	LAW	Finalizing the four schedules to the security review and opinion letter and finalizing the letter; consultation with R. Baber in respect thereof; memorandum to D. Weisz;	2.00	
08 MAR 07	RB	Final review and revisions to security opinion; meeting with L. Wittlin to reduce and refine exceptions and qualifications to security opinion;	5.10	
09 MAR 07	RB	Proofing final form and content of opinion letter;	.30	
20 MAR 07	LAW	Reviewing draft distribution motion documents forwarded by C. Bahrey of Gowlings including first report to the court of the receiver;	.50	
TOTAL TAXABLE HOURS				

OUR FEE:		\$	14,048.50
TAXABLE DISBURSEMENTS			
Copies Corporate Searches Fax Electronic Real Estate Searches	\$ 80.00 18.00 1.50 69.00		
TOTAL TAXABLE DISBURSEMENTS:	<u>168.50</u>		
NON-TAXABLE DISBURSEMENTS		,	. •
Corporate Searches Electronic Real Estate Searches	\$ 30.00 28.00		
TOTAL NON-TAXABLE DISBURSEMENTS:	<u>58.00</u>		
TOTAL DISBURSEMENTS:			226.50
Goods and Services Tax (6% * 14,217.00)			<u>853.02</u>
TOTAL BALANCE DUE		\$	15,128.02

THIS IS OUR INTERIM BILL OF COSTS

LANG MICHENER LLP

Per:

Leslie A. Wittlin

PEOPLES TRUST COMPANY Applicant

- and - PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED Respondents

Court File No. CV-06-079994-00

ONTARIO SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY) COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF LESLIE A.WITTLIN

LANG MICHENER LLP

Barristers and Solicitors P.O. Box 747, Suite 2500 BCE Place, 181 Bay Street Toronto, Ontario MSJ 277

Leslie A. Wittlin

LSUC No. 14629M

Tel. No.: (416) 307-4087 Fax No.: (416) 304-3855

Solicitors for the Receiver

Court File No.: 06-CL-6233	V. PARAGON HEALTH CARE INC. AND 1508669 ONTARIO LIMITED Respondents	ONTARIO SUPERIOR COURT OF JUSTICE (Commercial List) (PROCEEDING COMMENCED AT TORONTO)	MOTION RECORD	GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors Suite 1600, 1 First Canadian Place 100 King St.W. TORONTO, Ontario M5X 1G5	Clifton P. Prophet (LSUC #3485K) Christine L. Bahrey (LSUC No. 52178T) Telephone: (416) 862-3509 Facsimile: (416) 863-3509	Solicitors for Mintz & Partners Limited 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
	v. PAJ					
					•	
	۷۲ Applicant					
	PEOPLES TRUST COMPANY					