

Court File No. 06-CL-6233

**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

DATE: JUNE 27, 2008

GOWLING LAFLEUR HENDERSON LLP

Barristers and Solicitors
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Toronto ON M5X 1G5

Clifton P. Prophet (LSUC# 34845K)

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Tel: (416) 862-3509

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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: GERALD HARQUAIL
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Toronto, Ontario M2N 5G9

Phone: (416) 226-1989

BLANEY MCMURTRY LLP
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Suite 1500
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Attention: Martin Sear
Tel: 416-593-3941
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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
Tel.: 416-977-6070
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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
The Exchange Tower, Box 36
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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

Independent Counsel to Mintz & Partners Limited

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

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MOTION RECORD

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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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 July 2, 2008 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":

- (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 Fourth Report of the Receiver dated June 25, 2008 (the "Fourth Report");
 - (d) authorizing and directing the Receiver to distribute funds in the amount of \$800,000 held by the Receiver as proposed in the Fourth Report; and
 - (e) amending the Appointment Order (as defined below) to change the name of the Receiver from Mintz & Partners Limited to Deloitte & Touche Inc. to reflect the merger of Mintz & Partners Limited with Deloitte & Touche Inc.
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 June 23, 2008, the outstanding balance of the West Park First Mortgage was \$3,789,704.81.
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 Fourth Report of the Receiver dated June 25, 2008; and

2. such further and other evidence as counsel may advise and this Honourable Court may permit.

Date: June 27, 2008

GOWLING LAFLEUR HENDERSON LLP

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100 King Street West
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Clifton P. Prophet (LSUC No. 34845K)
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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

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SERVICE LIST

TO: GERALD HARQUAIL
131 Beecroft Road, Suite 201
Toronto, Ontario M2N 5G9

Phone: (416) 226-1989

BLANEY MCMURTRY LLP
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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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Tel.: 416-977-6070
Fax: 416-591-7333

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
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

Independent Counsel to Mintz & Partners Limited

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

TAB A

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Court File No. 06-CL-6233

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

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WEDNESDAY, THE 2nd DAY

OF JULY, 2008

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

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

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

O R D E R

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 (the "Initial Order"), was heard this day at 330 University Avenue, Toronto, Ontario.

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ON READING the Notice of Motion, the Fourth Report of the Receiver and the Affidavits of Harry Vanderlugt sworn June 27, 2008, Hartley M. Bricks sworn June 26, 2008 and Leslie Wittlin, sworn June 24, 2008, 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 Fourth Report be and the same is hereby accepted and approved.

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

4. **THIS COURT ORDERS** that the Statements of Receipts and Disbursements of the Receiver as at June 23, 2008 in respect of Paragon, Paragon Ontario and 1508669 as set out in Appendices "G", "H" and "I" to the Fourth 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 May 31, 2008 in the amount of \$195,424.45 in respect of Paragon and \$65,573.14 in respect of 1508669, as set out in the Affidavit of Hartley M. Bricks dated June 26, 2008, 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 \$87,386.47 in respect of Paragon and \$48,895.78 in respect of 1508669, as set out in the Affidavit of Harry

Vanderlugt dated June 27, 2008, filed, be and the same are hereby approved for the period January 1, 2007 to May 22, 2008 .

7. **THIS COURT ORDERS** that the fees and disbursements of Lang Michener LLP, independent counsel to the Receiver, in the amount of \$6,880.15, as set out in the Affidavit of Leslie Wittlin dated June 24, 2008, filed, be and the same are hereby approved for the periods from March 26, 2007 to April 4, 2007 and from August 10, 2007 to August 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 \$800,000 at this time.

9. **THIS COURT ORDERS** that the Initial Order be amended by deleting all references to "Mintz & Partners Limited" occurring throughout the Initial Order and substituting "Deloitte & Touche Inc."

Court File No. 06-CL-6233	
Between: PEOPLES TRUST COMPANY Applicant	AND PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED Respondent
ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) (PROCEEDING COMMENCED AT TORONTO)	
ORDER	
GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto ON M5X 1G5 Clifton P. Prophet (LSUC# 34845K) Tel: (416) 862-3509 Fax: (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	

Between:
Peoples Trust Company
Applicant

and PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED
Respondents

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

(PROCEEDING COMMENCED AT TORONTO)

NOTICE OF MOTION

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

TAB 2

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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

**Fourth 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"**.
2. 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

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 that employs certain nursing staff used by Casa Verde.
4. On April 4, 2007, the Honourable Justice Cumming granted an Order (the "**April 4, 2007 Order**") approving, among other things, the Receiver's activities from the Appointment Date to March 26, 2007, a distribution of \$200,000 from 1508669 to Peoples Trust Company ("**Peoples**"), the first secured creditor, and the fees and disbursements of the Receiver and those of its counsel. In support of the application, the Receiver submitted its First Report to the Court dated March 26, 2007 ("**First Report**"). A copy of the First Report (without appendices) is attached hereto as **Appendix "B"**.
5. On August 21, 2007, the Honourable Justice Cumming granted an Order approving the Receiver commencing a marketing and sale process for the Homes (the "**Sale Process Order**"). In support of the motion, the Receiver submitted its Second Report to the Court dated July 27, 2007 (the "**Second Report**"). A copy of the Second Report (without appendices), as well as the Sales Process Order and endorsement of the Honourable Justice Cumming, are attached hereto as **Appendix "C"**.
6. The Monitor's Third Report to the Court dated August 24, 2007 was submitted in response to a motion brought by a former employee who was seeking leave to issue a Statement of Claim to commence a wrongful dismissal action against the Receiver.
7. The purpose of this Fourth Report of the Receiver (the "**Fourth Report**") is to:
 - inform the Court of the results of the marketing and sale process for the Facilities that was commenced in the fall of 2007 and the current marketing program;
 - inform the Court of the operating results for the Homes;
 - obtain approval of a proposed distribution of \$800,000 to Peoples Trust Company ("**Peoples**"), the first secured creditor;
 - obtain approval of the fees and activities of the Receiver, and those of its counsel; and

- obtain approval to change the name of the Receiver in these proceedings Deloitte & Touche Inc. effective July 2, 2008,
8. Capitalized terms not defined in this Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

9. In preparing this Report, the Receiver has relied upon records of the Companies and unaudited financial information prepared by the Companies and/or Diversicare Canada Management Services Co., Inc. ("**Diversicare**"). The Receiver has not performed an audit or other verification of such information. As set out in the First Report, Diversicare has been engaged as day-to-day manager of Casa Verde and West Park on behalf of the Receiver.
10. 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**").

MARKETING AND SALES PROCESS

11. Following the issuance of the Sales Process Order, the Receiver conducted the marketing and sales process. The steps taken by the Receiver are set out below:
- i) a "teaser" e-mail was distributed to:
 - those parties who had previously contacted the Receiver and expressed interest in the Homes;
 - current nursing home operators and management companies operating in Ontario; and
 - approximately 500 parties included in a database maintained by Canada Mortgage and Housing Corporation ("**CMHC**") of potential interested parties;
 - ii) a "Request for Offers" advertisement was placed in the national edition of the Globe &

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Mail on August 28, 2007;

- iii) three separate advertisements were placed in the Real Estate News Exchange, a newsletter sent via e-mail to over 4,000 subscribers three times per week to the Canadian real estate community; and
 - iv) a Confidential Information Memorandum ("**CIM**"), which provided further details on the Facilities and provided basic financial and operational information and other due diligence data was prepared by the Receiver for distribution to interested parties which executed and provided confidentiality agreements ("**CA**") to the Receiver.
12. The Receiver was contacted by a number of parties of which 55 executed CA's. These parties were then provided with a user name and password together with a link to a secure website maintained by the Receiver where those parties had access to the CIM.
 13. Prospective purchasers who executed a CA were permitted until 5:00 pm on October 11, 2007 ("**Offer Due Date**") to conduct their due diligence, including touring the Facilities. Prior to the Offer Due Date, the Receiver provided all prospective purchasers with a form of offer which would convert to an agreement of purchase of sale if the offer was accepted by the Receiver.
 14. By the Offer Due Date, the Receiver had received two (2) offers to purchase Casa Verde and three (3) offers to purchase West Park.
 15. The Receiver reviewed the offers received with Peoples. After receiving Peoples' comments on the terms of the offers, on October 17, 2007, the Receiver advised the parties which had submitted the offers (individually, an "**Offeror**", and collectively, the "**Offerors**") that their offers were not accepted and requested that they resubmit their offers by 5:00 pm on October 30, 2007 (the "**Resubmission Date**"). The Receiver advised the Offerors that any resubmitted offers should reflect the Offeror's highest and best price and be free of any due diligence or financing conditions.
 16. By the Resubmission Date, only one Offeror elected to resubmit its offer (the "**Resubmitted Offer**").
 17. After reviewing and discussing the Resubmitted Offer with Peoples, the Receiver decided to reject

all of the offers received on the basis that it could conduct another sale process at a later date. The Receiver's decision was made taking into account the following:

- the independent appraisal of each of the Facilities that had been commissioned by the Receiver;
 - Unbeknownst to the Receiver, the Royal Crest Group of long-term care facilities (the "**Royal Crest Homes**"), comprising 12 long-term care, retirement and residential care facilities in southern Ontario representing approximately 1,484 nursing beds and 264 retirement beds were re-offered for sale at the same time as the sales process for the Facilities was being conducted. Royal Crest has been in receivership since November 12, 2002. The first sale process for the Royal Crest Homes was commenced in the fall of 2003 at which time none of the properties sold. The Receiver has been advised that the second sale process for the Royal Crest Homes also failed to result in any sales; and
 - The Ministry of Health Long-Term Care (the "**MOHLTC**") announced in the fall of 2006 that it would be revising the licensing term of "C" Class facilities. The MOHLTC subsequently announced the establishment of the *Long-Term Care Homes Act, 2007* (the "**LTCA**"). While the LTCA received Royal Assent on June 4, 2007, the LTCA will not be effective until the regulations have been developed and the Lieutenant Governor in Council proclaims it in force. This uncertainty in licensing has apparently negatively impacted the marketability of "C" Class facilities such as the Homes.
18. Notwithstanding the uncertainties created by the LTCA, in the spring of 2008, at the request of Peoples, the Receiver re-commenced efforts to sell the Facilities. On May 30, 2008, the Receiver engaged John A. Jensen Realty Inc. ("**Jensen**") to list the Facilities for sale. The listing agreements expire on October 31, 2008. Jensen has significant experience in the marketing and sale of long-term care and retirement home facilities. Jensen has commenced the marketing of the Facilities.

OPERATIONS

19. The Receiver has continued to operate the Facilities pursuant to the powers and duties under the Appointment Order.

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20. With respect to Casa Verde, the Receiver has continued to invest in capital expenditures and repairs in order to bring all of the nursing home beds back into use. To date, the capital expenditures made by the Receiver in respect of the Casa Verde facility is approximately \$982,000.
21. As of June 19, 2008, Casa Verde Nursing Home is at 95.2% occupancy, which is a significant increase from the approximately 67% occupancy at the Appointment Date, while Casa Verde Retirement Home is at 67.5% occupancy as compared to the approximately 50% occupancy on the Appointment Date. The increase in occupancy of Casa Verde Nursing Home can be attributed to the following:
 - a more concerted marketing campaign by Casa Verde, including marketing of the local Community Care Access Centre which places new applicants in homes;
 - a change over to a more experienced senior management team;
 - the creation of model suites for a better presentation to potential residents;
 - improved appearance of Casa Verde Nursing Home through repairs and maintenance authorized by the Receiver and effected through Diversicare; and
 - a general decrease in available beds in competitor nursing homes in the North Toronto area.
22. The Receiver continues to work with Diversicare to develop strategies to try to maximize the performance of Casa Verde Retirement Home.
23. Occupancy at West Park has remained relatively consistent at an average rate in excess of 97% since the Appointment Date.
24. After the MOHLTC's annual inspection of Casa Verde Nursing Home in January 2007, the MOHLTC identified a number of violations and areas of non-compliance. On February 6, 2007, the MOHLTC informed the Receiver that Casa Verde Nursing Home was being placed under Enforcement Inspection activities. The Receiver, in concert with Diversicare, addressed each of

the MOHLTC's concerns resulting in Casa Verde Nursing Home being discharged from Enforcement Inspection on June 6, 2007.

25. In addressing the issues that resulted in Enforcement Inspection, the Receiver and Diversicare determined that it was appropriate to re-staff certain senior management positions in the Home. As such, the Receiver terminated four senior managers, including the Administrator and the Director of Programs. Each of the terminated employees was provided with severance and termination pay commensurate with their length of employment by the Receiver.
26. One of the terminated senior managers, Mr. David Oravec, disputed the amount of termination and severance pay and subsequently filed a notice of motion seeking leave to lift the stay of proceedings imposed by the Appointment Order in order to issue a Statement of Claim against the Receiver. Mr. Oravec was successful in his motion to lift the stay of proceedings. The Receiver and Mr. Oravec subsequently participated in a mediation, at which a settlement of Mr. Oravec's claim was agreed to by Mr. Oravec and the Receiver.

OPERATING RESULTS

Casa Verde Nursing Home

27. Attached hereto as **Appendix "D"** is an operating statement summary for Casa Verde Nursing Home for the period January 24, 2006 to April 30, 2008 (the "**Results Period**"). Casa Verde Nursing Home has generated positive net income (before consideration of interest, depreciation and capital expenditures) of \$1,616,551 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 through April 2008.
28. Over the Results Period, the Receiver has incurred approximately \$230,000 in restructuring costs which relate to severance and termination costs for the terminated employees discussed above and appraisal fees. The Receiver does not anticipate incurring any further significant restructuring costs for the balance of fiscal 2008.
29. As set out earlier in this report, the Receiver has incurred approximately \$982,000 in capital expenditures for Casa Verde. The significant expenditures relate to remediation of the roof of the Facility, replacement of certain HVAC components, costs incurred to refurbish and improve certain

Wings of the Facility to bring these areas back into use in order to allow for full occupancy at the Facility, and the purchase of new furniture and fixtures.

Casa Verde Retirement Home

30. Attached hereto as **Appendix "E"** is an operating statement summary for Casa Verde Retirement Home for the Results Period. Casa Verde Retirement Home experienced a net operating loss of \$591,642 (before consideration of interest, depreciation and capital expenditures) over the Results Period as a result of occupancy levels in the 50% range since the Appointment Date to April 31, 2008. The Receiver is continuing to work with Diversicare to develop strategies to increase occupancy or otherwise employ the unused space at Casa Verde Retirement Home for other revenue generating projects.

West Park Health Centre

31. Attached hereto as **Appendix "F"** 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 \$661,592 (before consideration of interest, depreciation and capital expenditures) over the Results Period.
32. Over the Results Period, the Receiver has incurred approximately \$360,000 in capital expenditures for West Park. The significant expenditures relate to remediation of the roof and replacement of substantially all of the windows.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

33. Attached hereto as **Appendix "G", "H" and "I"** are the Receiver's Interim Statements of Receipts and Disbursements for the period January 24, 2006 to June 23, 2008 (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.
34. On the 22nd day of each month, MOHLTC 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 from month to

month. Each month, Diversicare provides the Receiver with a cash flow forecast for the Homes and a funding request to meet the cash flow requirements. The Receiver provides the requisite funding to Diversicare and holds that balance in its trust account.

35. As set out in the R&D's, the current cash balances as at June 23, 2008 in respect of each of the Companies is as follows:

Company	Cash Balance
Paragon	\$ 38,291
Paragon Ontario	3,761
1508669	861,298
Total	\$ 903,350

As discussed below, the Receiver is proposing to make a distribution to Peoples of a portion of the cash being held in the Receiver's 1508669 trust account.

36. Diversicare's operating accounts contain the following cash balances as at June 23, 2008:

Facility	Cash Balance
Casa Verde Health Centre	\$ 79,767
Casa Verde Retirement Home	84,380
West Park	218,587
Total	\$ 382,734

Diversicare maintains sufficient cash balances for working capital purposes. The balances in Diversicare's accounts are relatively low at June 23, 2008 as the following funding was sent to Diversicare by the Receiver on June 23, 2008 and is not yet reflected in the respective Diversicare bank accounts:

Facility	Funding in Transit
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Casa Verde Health Centre	\$ 700,000
Casa Verde Retirement Home	100,000
West Park	210,000
Total	\$ 1,010,000

PROPOSED DISTRIBUTION TO PEOPLES

37. As indicated above, the Receiver has approximately \$860,000 in its 1508669 trust account.
38. With respect to the property, assets and undertaking of 1508669 and the business of West Park, Peoples holds the security described in the First Report, 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**").
39. 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.
40. Appendix "L" to the First Report lists the various financing statements filed under the *Personal Property Security Act* (Ontario) in respect of the security interest of Peoples.
41. The Receiver has received a similar security opinion in respect of the secured indebtedness owing to Peoples by Paragon.
42. A copy of the Statement of Discharge Purposes with respect to the West Park First Mortgage is attached hereto as **Appendix "J"**. As of June 23, 2008, the outstanding balance under the West

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Park First Mortgage is \$3,789,704.81. Peoples has informed the Receiver that it would like to receive a payment against the outstanding balance on the West Park First Mortgage should there be sufficient excess cash flow that is not required to operate West Park.

43. The Receiver has determined that \$800,000 would be an appropriate amount to distribute to Peoples as payment against arrears on the West Park First Mortgage and is seeking the Court's approval for same.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

44. The Receiver's fees for services rendered for the period February 1, 2007 to May 31, 2008 are particularized in the Affidavit of Hartley M. Bricks sworn June 26, 2008 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$195,424.45 in respect of Paragon and \$65,573.14 in respect of 1508669.
45. The fees and disbursements of Lang Michener, the Receiver's independent counsel, for the periods from March 26, 2007 to April 4, 2007 and from August 10, 2007 to August 21, 2007 are particularized in the Affidavit of Leslie A. Wittlin, sworn June 24, 2008 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$6,880.15.
46. The fees and disbursements of Gowlings, counsel for Peoples Trust, in respect of work performed for the Receiver, for the period January 1, 2007 to May 22, 2008 are particularized in the Affidavit of Harry Vanderlugt, sworn June 26, 2008 and the invoices are attached as exhibits thereto. The total amount of the invoices for this period is \$87,386.47 in respect of Paragon and \$48,895.78 in respect of 1508669.
47. The Receiver has reviewed the invoices of Lang Michener and Gowlings and finds the work performed and charges to be appropriate and reasonable.
48. The Receiver has sought and received the approval of Peoples prior to taking interim draws against the fees of the Receiver, Lang Michener and Gowlings.
49. The Receiver is seeking the Court's approval of its activities up to the date of this Fourth Report and its fees as set out above. The Receiver is also seeking the Court's approval for the fees of Lang Michener and Gowlings as discussed above.

MERGER OF MINTZ & PARTNERS LLP AND DELOITTE & TOUCHE LLP

50. Effective January 12, 2008, Mintz & Partners LLP ("**Mintz**") merged its practice with Deloitte & Touche LLP ("**Deloitte**"). As a result of the aforementioned merger, both Mintz & Deloitte desire to carry on these proceedings in the name of Deloitte & Touche Inc.
51. The Receiver is therefore seeking that, effective July 2, 2008, the Receiver in these proceedings be Deloitte & Touche Inc.

RECEIVER'S REQUEST TO THE COURT

52. The Receiver is respectfully seeking an order approving the following:
- i) the actions and activities of the Receiver from March 27, 2007 to June 26, 2008, the date of this Fourth Report;
 - ii) a distribution to Peoples in the amount of \$800,000 to be applied against amounts outstanding on the West Park First Mortgage; and
 - iii) the fees and disbursements of the Receiver for the period to January 31, 2008, the fees and disbursements of Lang Michener for the periods from March 26, 2007 to April 4, 2007 and from August 10, 2007 to August 21, 2007 and the fees and disbursements of Gowlings for the period to January 1, 2007 to May 22, 2008; and
 - iv) an Order directing that effective July 2, 2008, the Receiver in these proceedings be Deloitte & Touche Inc.

Fourth 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

June 26, 2008
Court File No. 06-CL-6233

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All of which is respectfully submitted to this Honourable Court.

DATED this 26th day of June, 2008.

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

Mintz & Partners Limited

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

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

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TAB A

ONTARIO

**SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

COMMERCIAL LIST

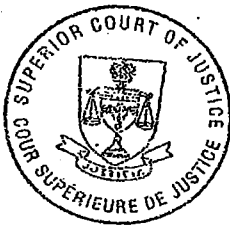
THE HONOURABLE

) MONDAY, THE 23rd 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

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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.

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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");
- (e) 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;
- (j) 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;
- (l) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to

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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,

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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 extra-judicial 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:
- (a) 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,

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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

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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

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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

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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.

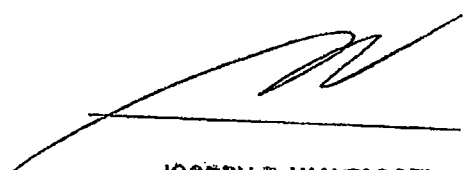
LIMITATION ON THE RECEIVER'S LIABILITY

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 A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 24 2006

PER/PAR: 

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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. Catharines, 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

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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

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

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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.

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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.

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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

Court File No.: 06-CL-6233

BETWEEN:

PEOPLES TRUST COMPANY
Applicant

- AND -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED
Respondents

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 Act*, R.S.O. 1990, c. C.43

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

PROCEEDING COMMENCED AT TORONTO

ORDER

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

Massimo C. Starnino (LSUC # 41048G)
Tel: (416) 862-3630
Fax: (416) 863-3630

Solicitors for Peoples Trust Company

TOR_JAWA 621077U

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TAB B

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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

**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".
2. 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

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").

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 Apprais 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

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

13. 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.
16. 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.

17. 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.
18. 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:
- i) Service Employees International Union ("SEIU") Local 1.0n, which represented the full- and 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.
 26. 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

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.

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27. 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 or 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

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 than the unpaid pre-receivership premiums.

29. 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%. Diversicare, 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.

MINISTRY OF HEALTH AND LONG-TERM CARE

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32. 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

Receiver authorized Diversicare 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.
47. 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

\$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

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

53. 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

55. 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.
56. 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.

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:

- 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.
- 61. 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.

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.
65. 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 \$10,718.81 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
 - iii) 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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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

Page 19

All of which is respectfully submitted to this Honourable Court.

DATED this 26th day of March, 2007.

Mintz & Partners Limited

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

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

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

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TAB C

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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

**Second 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 current and future assets, undertakings and property (the "**Assets**") 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"**.
2. The 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

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 that employs certain nursing staff used by Casa Verde.
4. On April 4, 2007, the Honourable Mr. Justice Cumming granted an Order (the "**April 4, 2007 Order**") approving, among other things, the Receiver's activities from the Appointment Date to March 26, 2007; a distribution of \$200,000 from 1508669 to Peoples Trust Company ("**Peoples**"), the first secured creditor; and the fees and disbursements of the Receiver and those of its counsel. In support of the application, the Receiver submitted its First Report to the Court dated March 26, 2007 ("**First Report**"). A copy of the First Report (without appendices) is attached hereto as **Appendix "B"**.
5. In his endorsement of the April 4, 2007 Order, Mr. Justice Cummings directed the Receiver to obtain approval from CMHC to proceed with the marketing program for the Homes in the absence of two formal appraisals or otherwise return to this Honourable Court for further directions on notice to CMHC. CMHC informed the Receiver that it does not object to the Receiver proceeding with the marketing program in the absence of two formal appraisals.
6. This Second Report to the Court ("**Second Report**") is submitted for the purpose of obtaining the Court's approval for the Receiver's marketing program for the sale of the Homes, including the timing for the request and receipt of offers.
7. 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

8. In preparing this Report, the Receiver has relied upon records of the Companies and unaudited financial information prepared by the Companies and/or Diversicare Canada Management Services Co., Inc. ("**Diversicare**"). The Receiver has not performed an audit or other verification of such information. As set out in the First Report, Diversicare has been engaged as day-to-day manager of Casa Verde and West Park on behalf of the Receiver.

9. 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").

MARKETING PROGRAM AND SALES PROCESS

10. The Receiver's proposed marketing program involves a marketing of the purchase opportunity through both newspaper advertisement, web-site advertisement and a direct e-mail campaign to selected parties. Following the commencement of the request for offers, there will be a 45-day due diligence period prior to the deadline for the submission of offers.
11. The Receiver has proposed the following program for the marketing of the Homes:
- i) A "teaser" e-mail will be distributed during the week of August 27, 2007 (the "Commencement Date") to the following parties:
 - those parties who have previously contacted the Receiver and have expressed interest in the Homes;
 - current nursing home operators and management companies operating in Ontario; and
 - approximately 500 parties included in a database maintained by CMHC of potential interested parties;
 - ii) A "Request for Offers" advertisement will be placed in the national edition of the Globe & Mail on or about the Commencement Date and on the 7th day following the Commencement Date; and
 - iii) Interested parties who wish to obtain further information, will be provided with a confidentiality agreement ("CA") to be executed. Upon the Receiver's receipt of the executed CA, the Receiver will provide those parties with a user name and password together with a link to a secure website maintained by the Receiver where those parties will have access to a Confidential Information Memorandum ("CIM"), substantially in the

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#3

form attached as **Appendix "C"** and to the form of Offer to Purchase Assets attached hereto as **Appendix "D"**. The CIM provides further details on the Homes and provides basic financial and operational information. In addition to the CIM, the Receiver will post other due diligence data on the secure website. The Receiver will also have hard copy versions of the CIM and other due diligence data for those interested parties who do not have internet access.

12. The following outlines the Receiver's proposed timing for its "Request for Offers" process:
- (i) Prospective purchasers who have executed a CA will be permitted until the 45th day following the Commencement Date to conduct due diligence, including touring the Facilities;
 - (ii) Offers to Purchase Assets, the form of which will be provided to prospective purchasers by the Receiver and which is attached hereto as **Appendix "D"**, are to be submitted by 5:00 pm on the 45th day following the Commencement Date ("**Offer Due Date**"). Offers to Purchase Assets are to be accompanied by a certified cheque made payable to the Receiver representing 10% of the proposed purchase price (the "**Deposit**");
 - (iii) Acceptance or rejection of Offers to Purchase Assets will occur within 14 days of the Offer Due Date or such longer period as the Receiver may choose on notice to offerors (the "**Acceptance Date**"). The purchaser(s) whose offer is accepted (the "**Accepted Purchaser(s)**") will be notified in writing of the acceptance of its Offer to Purchase Assets;
 - (iv) Accepted Offers to Purchase Assets will convert to and be treated as executed Agreement(s) of Purchase and Sale which may be subject to modifications as mutually agreed to in writing between the Receiver and the Accepted Purchaser(s);
 - (v) The License Transfer Process by the Ministry of Health and Long-Term Care ("**MOH**") is to begin upon execution of the Agreement of Purchase and Sale;
 - (vi) If License Transfer approval is not obtained from the MOH, the Receiver will return the Deposit and review other Offers to Purchase Assets previously received;

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- (vii) The Receiver is to obtain Court approval of the Agreement(s) of Purchase and Sale within 15 days of Licence Transfer approval being obtained in writing from the MOH; and
 - (viii) Closing to occur by no later than 15 days after Court approval is obtained unless otherwise mutually agreed to in writing between the Receiver and the Accepted Purchaser(s).
13. The Receiver proposes to commence the marketing program immediately after receiving the Court's approval, should such approval be provided.

RECEIVER'S REQUEST TO THE COURT

14. The Receiver is respectfully seeking an order approving the Receiver's proposed marketing program for the Homes as outlined in paragraphs 10 through 13 above; approving the form of CIM attached as **Appendix "C"**; and approving the form of Offer to Purchase Assets attached as **Appendix "D"**.

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Second 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

July 27, 2007
Court File No. 06-CL-6233

Page 6

All of which is respectfully submitted to this Honourable Court.

DATED this 27th day of July, 2007.

Mintz + Partners Limited

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

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

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

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TAB D

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Paragon Health Care Inc.
Operating Statement for the Period
January 24, 2006 to April 30, 2008

Casa Verde Nursing Home

	January 24, 2006 to December 31, 2006	January 1, 2007 to December 31, 2007	January 1, 2008 to April 30, 2008	January 24, 2006 to April 30, 2008
Revenue				
Ministry of Health revenue	\$ 6,397,977	\$ 8,748,368	\$ 3,235,484	\$ 18,381,829
Resident revenue	2,526,169	3,203,205	1,166,215	6,895,589
Ancillary revenue	21,588	53,960	8,381	83,929
Total Revenue	\$ 8,945,734	\$ 12,005,533	\$ 4,410,080	\$ 25,361,347
Operating Expenses				
Salaries, wages & benefits	\$ 6,072,772	\$ 8,166,003	\$ 3,149,115	\$ 17,387,890
Food and supplies	789,955	1,320,401	308,658	2,419,014
General & administration	703,807	744,570	228,679	1,677,056
Realty, business & capital taxes	411,184	460,120	159,668	1,030,972
Repairs & maintenance	148,909	195,931	55,642	400,482
Utilities	227,716	281,904	90,076	599,696
Total Expenses	\$ 8,354,343	\$ 11,168,929	\$ 3,991,838	\$ 23,515,110
Net Operating Income	\$ 591,391	\$ 836,604	\$ 418,242	\$ 1,846,237
Restructuring costs/charges	-	166,743	62,943	229,686
Net Income	\$ 591,391	\$ 669,861	\$ 355,299	\$ 1,616,551

TAB E

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Paragon Health Care Inc.
Operating Statement for the Period
January 24, 2006 to April 30, 2008

Casa Verde Retirement Home

	January 24, 2006 to December 31, 2006	January 1, 2007 to December 31, 2007	January 1, 2008 to April 30, 2008	January 24, 2006 to April 30, 2008
Revenue				
Ministry of Health revenue	\$ 1,201,295	\$ 1,188,468	\$ 407,866	\$ 2,797,629
Resident revenue	8,124	12,262	3,117	23,503
Ancillary revenue	8,346	7,697	2,660	18,703
Total Revenue	\$ 1,217,765	\$ 1,208,427	\$ 413,643	\$ 2,839,835
Operating Expenses				
Salaries, wages & benefits	\$ 916,548	\$ 995,021	\$ 343,163	\$ 2,254,732
Food and supplies	149,280	153,424	49,625	352,329
General & administration	210,075	150,653	60,272	421,000
Realty, business & capital taxes	41,237	41,660	14,532	97,429
Repairs & maintenance	48,884	39,530	14,728	103,142
Utilities	75,768	93,970	30,025	199,763
Total Expenses	\$ 1,441,792	\$ 1,474,258	\$ 512,345	\$ 3,428,395
Net Operating Income	\$ (224,027)	\$ (265,831)	\$ (98,702)	\$ (588,560)
Restructuring costs/charges	-	3,082	-	3,082
Net Income	\$ (224,027)	\$ (268,913)	\$ (98,702)	\$ (591,642)

TAB F

Paragon Health Care Inc.
Operating Statement for the Period
January 24, 2006 to April 30, 2008

West Park Health Centre

	January 24, 2006 to December 31, 2006	January 1, 2007 to December 31, 2007	January 1, 2008 to April 30, 2008	January 24, 2006 to April 30, 2008
Revenue				
Ministry of Health revenue	\$ 3,152,020	\$ 3,514,983	\$ 1,253,032	\$ 7,920,035
Resident revenue	1,370,056	1,508,587	493,419	3,372,062
Ancillary revenue	9,849	16,627	5,802	32,278
Total Revenue	\$ 4,531,925	\$ 5,040,197	\$ 1,752,253	\$ 11,324,375
Operating Expenses				
Salaries, wages & benefits	\$ 3,040,133	\$ 3,434,675	\$ 1,174,096	\$ 7,648,904
Food and supplies	454,817	496,845	192,166	1,143,828
General & administration	312,710	360,722	119,805	793,237
Realty, business & capital taxes	179,340	184,352	63,892	427,584
Repairs & maintenance	120,937	123,312	34,842	279,091
Utilities	143,702	152,499	60,230	356,431
Total Expenses	\$ 4,251,639	\$ 4,752,405	\$ 1,645,031	\$ 10,649,075
Net Operating Income	\$ 280,286	\$ 287,792	\$ 107,222	\$ 675,300
Restructuring costs/charges	-	13,708	-	13,708
Net Income	\$ 280,286	\$ 274,084	\$ 107,222	\$ 661,592

TAB G

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 June 23, 2008**

Receipts

1. Ministry of Health Funding	\$ 20,999,320
2. Cash in bank	71,896
3. Interest earned	<u>29,358</u>
4. Total receipts	<u>\$ 21,100,574</u>

Disbursements

5. Funding to Casa Verde Nursing Home	\$ 17,768,149
6. Funding to Casa Verde Retirement Home	2,345,000
7. Receiver fees	414,728
8. Legal fees	165,651
9. GST	37,492
10. Appraisal fees	5,000
11. Advertising & Promotion	7,345
12. Security	3,424
13. Courier	4,864
14. Consulting fees	1,795
15. Travel expenses	751
16. Telephone	601
17. Postage	280
18. Photocopies	339
19. Filing fee	<u>70</u>
20. Total disbursements	<u>\$ 20,755,490</u>
21. Receipts less disbursements	<u>\$ 345,084</u>
22. Payment to secured creditor	<u>\$ 306,793</u>
23. Balance on Hand	<u>\$ 38,291</u>

TAB H

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 June 23, 2008**

Receipts

1. Cash in bank	\$	3,479
2. Interest earned		<u>352</u>
3. Total receipts		3,831

Disbursements

4. Filing fee		<u>70</u>
5. Total disbursements	\$	<u>70</u>
6. Balance on Hand	\$	<u><u>3,761</u></u>

TAB I

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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 June 23, 2008**

Receipts

1. Ministry of Health Funding	\$ 9,346,533
2. Receivers' Certificate	102,273
3. Cash in bank	32,194
4. Interest earned	31,360
5. Miscellaneous refunds	2,367
6. Total receipts	<u>\$ 9,514,728</u>

Disbursements

7. Funding to West Park Health Centre	\$ 8,102,434
8. Repayment of Receivers' Certificate	106,958
9. Receiver fees	145,142
10. Legal fees	72,738
11. GST	14,027
12. Appraisal fees	2,500
13. Advertisement	3,955
14. Security	2,406
15. Courier	601
16. Consulting fees	998
17. Travel expenses	449
18. Telephone	649
19. Postage	276
20. Photocopies	227
21. Filing fee	70
22. Total disbursements	<u>\$ 8,453,429.42</u>
23. Receipts less disbursements	<u>\$ 1,061,298.20</u>
24. Payment to secured creditor	<u>200,000</u>
25. Balance on hand	<u>\$ 861,298</u>

TAB J



June 23, 2008

VIA MAIL

759592 Ontario Inc - Attn.: Gerald
3595 Keele Street
North York, ON
M3J1M7

RE: 759592 Ontario Inc - Attn.: Gerald
103 Pelham Road St. Catharines, ON

STATEMENT FOR DISCHARGE PURPOSES - Mortgage No. 20793
(Effective June 23, 2008 - interest currently paid to March 01, 2006)

Principal Balance as at March 01 2006	\$2,926,283.35
Interest Rate 7.280% from March 01 2006 to June 23 2008	\$485,038.59
Tax Account (A Minus Balance is a Credit)	\$306,395.52
Late Payment Interest	\$60,495.31
Discharge Penalty	\$ 0.00
Statement Fee	\$ 0.00
Discharge Fee	\$ 0.00
Sundry Account (A Minus Balance is a Credit)	\$11,492.04
Total Amount	\$3,789,704.81

The loan balance outstanding as June 23, 2008 will be \$3,789,704.81 providing all payments have been received when due and honoured by the bank and is subject to any errors or omissions. All taxes and other charges paid by us from the time of preparation to the closing date and not indicated on this statement are the responsibility of the Mortgagor.

Funds received after 12:00 P.M. of the proposed discharge date will be subject to an additional daily interest charge of \$583.65 until paid. If the proposed discharge date is on Friday, funds received after 12:00 P.M. will be subject to additional interest until the next business day.

Payment must be in the form of a solicitor's trust cheque or certified cheque. Please include the appropriate form of Discharge Documentation (including PPSA Security if applicable) for execution by Peoples Trust Company.

This statement may not be used past the end of the month in which it was issued.

Martin Mallich
Manager, Default Management

E. & O.E.

Head Office <input type="checkbox"/> Suite 1400, 888 Dunsmuir St. Vancouver, B.C. V6C 3K4 Telephone: 604-683-2881 Fax: 604-683-5110 Email: people@peoplestrust.com	B.C. Region <input type="checkbox"/> Suite 750, 888 Dunsmuir St. Vancouver, B.C. V6C 3K4 Telephone: 604-685-1068 Fax: 604-683-2787 Email: vancouver@peoplestrust.com	Prairie Region <input type="checkbox"/> Suite 955, 808-4 th Ave. S.W. Calgary, AB, T2P 3E8 Telephone: 403-237-8975 Fax: 403-266-5002 Email: calgary@peoplestrust.com	Ontario Region <input type="checkbox"/> Suite 1801-130 Adelaide St. West Toronto, ON M5H 3P5 Telephone: 416-368-3266 Fax: 416-368-3328 Email: toronto@peoplestrust.com
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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 HARTLEY M. BRICKS
(Sworn June 26, 2008)

I, **HARTLEY M. BRICKS**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Vice President of 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

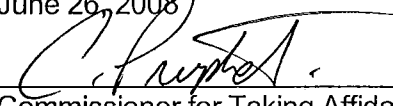
these accounts accurately reflect the services provided by the Receiver in this proceeding.

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
June 26, 2008



Commissioner for Taking Affidavits
Clifton P. Prophet

ODMA\PCDOCS\MINTZ\439341\1

)
)
)
)


Hartley M. Bricks

TAB A

This is Exhibit A referred to in the 80
affidavit of Hartley M. Bricks
sworn before me. this 26th
day of June 2008
C. P. [Signature]
A COMMISSIONER FOR TAKING AFFIDAVITS

Exhibit "A"

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

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including GST)</u>
April 30, 2007	February 1, 2007 to March 31, 2007	\$ 41,129.17
June 27, 2007	April 1, 2007 to May 31, 2007	43,984.17
August 24, 2007	June 1, 2007 to July 31, 2007	29,162.72
October 19, 2007	August 1, 2007 to September 30, 2007	41,694.04
January 4, 2008	October 1, 2007 to November 30, 2007	15,567.89
March 24, 2008	December 1, 2007 to January 31, 2008	8,048.78
June 25, 2008	February 1, 2008 to May 31, 2008	<u>15,837.68</u>
		<u>\$ 195,424.45</u>

TAB B

Exhibit "B"

Summary of Invoices Issued by the Receiver for
1508669 Ontario Limited

81
This is Exhibit B referred to in the
affidavit of Hartley M. Brads
sworn before me, this 26th
day of June 2008
C. Prentiss
A COMMISSIONER FOR TAKING AFFIDAVITS

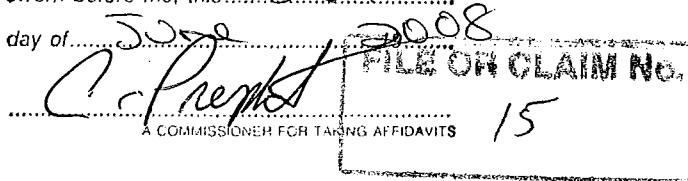
<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including GST)</u>
April 30, 2007	February 1, 2007 to March 31, 2007	\$ 14,151.74
June 28, 2007	April 1, 2007 to May 31, 2007	12,498.99
August 24, 2007	June 1, 2007 to July 31, 2007	7,794.18
October 19, 2007	August 1, 2007 to September 30, 2007	10,509.90
January 4, 2008	October 1, 2007 to November 30, 2007	4,461.45
March 24, 2008	December 1, 2007 to January 31, 2008	5,335.58
June 25, 2008	February 1, 2008 to May 31, 2008	<u>10,821.30</u>
		<u>\$ 65,573.14</u>

TAB C

82

This is Exhibit C referred to in the
affidavit of Hartley M. Bricks
sworn before me, this 26th
day of June 2008

Invoice Date: 04/30/2007
Invoice No.: 112750
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 #8

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 1, 2007 to March 31, 2007, including:

- Telephone discussion on February 1, 2007 with Mr. Peter Pliska of Fasken Martineau DuMoulin LLP regarding the status of the receivership.
- Telephone discussion on February 1, 2007 with Ms. Millie Christie of Diversicare Management Services Co., Inc. ("Diversicare") regarding the Ministry of Health ("MOH") and roof tender.
- Review on February 1, 2007 of various matters, including correspondence with Ms. Christie regarding the MOH meeting.
- Preparation on February 1, 2007 of a summary of November 2007 operating results.
- Preparation on February 5, 2007 of correspondence to Mr. Gerald Harquail, including materials on operating results, capital expenditures and outstanding indebtedness.
- Review on February 5, 2007 of correspondence from Ms. Christie regarding the MOH review, including attendance on a conference call to discuss preparation for the meeting with the MOH.
- Preparation for and attendance on February 6, 2007 at a meeting with various MOH staff to discuss the results of the annual compliance review and the MOH's decision to place Casa Verde under Enforcement Inspection.
- Preparation on February 6, 2007 of correspondence to the MOH regarding the Receiver's commitment to address the MOH's issues.
- Preparation on February 6, 2007 of correspondence to Mr. John Davies of Mackenzie, Ray, Heron & Edwardh, providing various answers and information for his inquiries.
- Telephone discussion on February 6, 2007 with Mr. Haren Kapadia regarding information provided to Mr. Davies.



- Preparation on February 6, 2007 of correspondence to Diversicare regarding the Receiver's commitment for dealing with the MOH's issues and ensuring Diversicare provides the resources to address same.
- Preparation on February 7, 2007 of correspondence to Peoples Trust Company ("Peoples") regarding the meeting with the MOH.
- Preparation on February 7, 2007 of correspondence to Peoples regarding the November 2007 operating results.
- Telephone discussion on February 7, 2007 with Ms. Christie regarding the status of the action plan with respect to the MOH's issues.
- Attendance on a conference call on February 7, 2007 with Mr. Cliff Prophet of Gowling Lafleur Henderson LLP to discuss the status of various issues.
- Telephone discussion on February 7, 2007 with Mr. L. Wittlin of Lang Michener regarding the status of the receivership.
- Preparation of correspondence on February 8, 2007 to Mr. Davies with respect to his appraisal of Casa Verde.
- Review of correspondence on February 12, 2007 from Diversicare regarding financial information.
- Preparation of correspondence on February 12, 2007 to Mr. Davies with respect to certain financial information.
- Preparation for and attendance on February 13, 2007 at a meeting with Ms. Christie to review the progress of addressing the MOH's issues, and review of the 2007 budget and capital plan.
- Correspondence on February 14, 2007 with Mr. Prophet regarding the MOH issue and Diversicare's suggested changes at Casa Verde.
- Review on February 15, 2007 of financial information for Mr. Davies, including discussion with Mr. Kapadia and further correspondence by voicemail to Mr. Davies in connection with same.
- Telephone discussion on February 15, 2007 with Mr. Mallich regarding the Casa Verde Administrator status.
- Telephone discussion on February 15, 2007 with Mr. H. Hiscox regarding the status of payment.
- Telephone discussion on February 16, 2007 with Ms. Anne Walton of Diversicare regarding management issues at Casa Verde.
- Telephone discussion on February 16, 2007 with Ms. Christie regarding various issues.
- Telephone discussion on February 16, 2007 with Mr. Prophet regarding status of Mr. Kapedia and information provided to the Receiver.
- Correspondence on February 20, 2007 with Mr. E. Leung of Diversicare regarding the 2006 actual results, receipt of same, including correspondence to Mr. Davies with respect to same.
- Telephone discussion on February 20, 2007 with Mr. Kapadia regarding bank account information, review of files and providing a copy of the bank statement.



- Review of correspondence on February 20, 2007 from Mr. Martin Sear, preparation of correspondence to Mr. Harry Vanderlugt, and preparation of response to Mr. Sear with respect to same.
- Review of correspondence on February 21, 2007 from Diversicare regarding termination of an employee.
- Telephone discussion on February 26, 2007 with Ms. Ilene Altowski of Altus Derbyshire regarding the property tax appeals, including correspondence by voicemail to Mr. Kapadia with respect to same.
- Review on February 26, 2007 of cash flow request from Diversicare and preparation of correspondence with respect to same.
- Telephone discussion on February 26, 2007 with an interested party regarding information with respect to nursing homes, interest in purchasing, and timing for request for offers.
- Telephone discussion on February 28, 2007 with Ms. Eileen Ostrowski of Altus Derbyshire regarding the property tax review status.
- Telephone discussion on March 2, 2007 with Mr. Mitch Green of Clairvest Group regarding interest in Casa Verde.
- Preparation on March 7, 2007 of correspondence to Peoples regarding the status of appraisals.
- Telephone discussion on March 8, 2007 with Ms. Christie regarding the MOH review status and further telephone discussion with Ms. Kathy O'Reilly of the MOH regarding the status of enforcement and exit interview.
- Attendance at a meeting on March 9, 2007 at Casa Verde for an exit interview with the MOH regarding Enforcement Inspection, including discussion with Ms. Christie and preparation of a memo with respect to same.
- Preparation on March 12, 2007 of an appraisal analysis and comparison to prior appraisals and budget, including discussion with Mr. Leung with respect to same.
- Telephone discussion on March 12, 2007 with Mr. Harquail regarding status of Casa Verde.
- Preparation for and attendance at a meeting on March 13, 2007 with Mr. Dysart, Mr. Davies and Mr. Edwardh of Mackenzie Ray regarding appraisal for Casa Verde.
- Telephone discussion on March 15, 2007 with Mr. Kapadia regarding enforcement progress and other matters.
- Review on March 16, 2007 of various correspondence from the MOH and Diversicare.
- Review on March 16, 2007 of opinion on security held by Peoples provided by Lang Michener.
- Preparation on March 21, 2007 of the operating statement summary and Interim Statement of Receipts and Disbursements.
- Telephone discussion on March 21, 2007 with Mr. Wittlin regarding the status of the report and his accounts.
- Preparation on March 22, 2007 of the affidavit with respect to the Receiver's fees.



- Telephone discussions on March 22, 2007 with Mr. Kapadia regarding various issues and Ms. Christie regarding the status of MOH enforcement matters.
- Review of correspondence on March 22, 2007 from Mr. Vanderlugt regarding information requested by Mr. Harquail.
- Preparation of correspondence on March 22, 2007 to Diversicare regarding information requirements.
- Telephone discussion on March 22, 2007 with Ms. Christine Bahrey of Gowlings regarding comments on the draft report, court order and notice of motion.
- Review of e-mail correspondence on March 22, 2007 from Mr. Sear, counsel to Mr. Harquail.
- Telephone discussion on March 23, 2007 with Ms. Bahrey with respect to motion materials for pending court application.
- Telephone discussion on March 23, 2007 with Mr. Prophet and Ms. Bahrey regarding the Court Report and information with respect to the Casa Verde Administrator.
- Review and execution on March 23, 2007 of the offer letter for a new Director of Care.
- Telephone discussion on March 26, 2007 with Mr. Kapadia regarding the Bank of Nova Scotia 244 claim and review of same.
- Telephone discussion on March 26, 2007 with Mr. H. Vanderlugt, including subsequent correspondence e-mail to and from Mr. Harquail.
- Review and execute on March 26, 2007 of an offer letter for a dietary consultant at Casa Verde.
- Preparation on March 26, 2007 of correspondence to Ms. Bahrey regarding motion materials.
- Preparation of the Receiver's First Report to Court including attendance at Gowlings on March 27, 2007 to finalize and execute same.
- Telephone discussion on March 30, 2007 with Ms. Bahrey regarding fee affidavit.
- 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.



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A detailed summary of time is as follows:

Team Members	Hours	Average Hourly Rates	Total Fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	9.3	\$ 494.00	\$ 4,594.20
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	81.3	413.00	33,576.90
Edith Sehrbrock, Staff Technician	<u>4.5</u>	140.00	<u>630.00</u>
Total fees	<u>95.1</u>		\$ 38,801.10
Add: GST			<u>2,328.07</u>
Total balance due			<u>\$ 41,129.17</u>

* This amount includes \$2,593.50 inadvertently not billed in February 2006.

This invoice is due upon presentation.

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

GST# 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\320331\2



Mintz & Partners Limited

Invoice Date: 06/27/2007
Invoice No.: 114470
Client No.: 19617.CDR03

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

T. 416.391.2900
F. 416.644.4803
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 #9

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 1, 2007 to May 31, 2007, including:

- Attendance on a conference call on April 2, 2007 with Mr. Harry Vanderlugt and Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding the court application and the correspondence received from Mr. Martin Sear;
- Preparation on April 2, 2007 of correspondence to Mr. Martin Mallich of Peoples Trust Company ("Peoples") with respect to an update on the file;
- Telephone discussion on April 2, 2007 with Ms. Mille Christie regarding new hire, the 2007 operating budget and capital expenditures;
- Telephone discussion on April 4, 2007 with Mr. Prophet regarding the court application and various other matters;
- Preparation for and attendance at Court on April 4, 2007 with respect to the Receiver's First Report, including subsequent discussions with Mr. Gerald Harquail at Court;
- Review on April 9, 2007 of the file, including the accumulation of financial information for the Confidential Information Memorandum (the "CIM") with respect to the meeting with Mr. Harquail;
- Preparation on April 10, 2007 of an e-mail to Mr. Mallich with respect to the Receiver's proposed marketing program;
- Preparation on April 11, 2007 for the meeting with Mr. Harquail, review and update the CIM, including subsequent correspondence to Diversicare requesting information;
- Attendance on April 12, 2007 at a meeting with Mr. Harquail to discuss the sale process and various other matters;
- Attendance on a conference call on April 12, 2007 with Mr. Prophet regarding the status of the meeting with Mr. Harquail;

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accounting firms throughout
the world

- Telephone discussion on April 18, 2007 with Mr. Harquail regarding his request for information;
- Review on April 19, 2007 of form of offer letter prepared by Diversicare for a new hire at Casa Verde and telephone discussion with Mr. Prophet regarding same;
- Revisions on April 23, 2007 of correspondence to Mr. Kapadia, including subsequent telephone discussion with Ms. Christie regarding same;
- Review on April 23, 2007 of various documents with respect to the CIM, and subsequent voicemail to Mr. Harquail regarding the information to be provided;
- Attendance on April 24, 2007 at the Casa Verde premises to meet with Mr. Kapadia and Ms. Christie, including a tour of the premises to view the work completed to date and to discuss capital expenditures to be completed;
- Preparation on April 24, 2007 of various offer letters for a dietician and environmental services supervisor;
- Review on April 25, 2007 of materials from Diversicare regarding the CIM;
- Telephone discussion on April 26, 2007 with Ms. Christie regarding Mr. Kapadia and the Ministry of Health ("MOH") issues;
- Review on April 26, 2007 of Diversicare's memo to the MOH;
- Telephone discussions on April 27, 2007 with Ms. Christie regarding the termination of Mr. Kapadia and the return of the company vehicle, including subsequent correspondence to and from Mr. Kapadia regarding same;
- Review on April 27, 2007 of the operating budget for 2007;
- Attendance at a meeting on May 1, 2007 with Mr. Kapadia to discuss his termination, including preparation of correspondence to Mr. Prophet with respect to same;
- Telephone discussion on May 1, 2007 with a potential purchaser regarding the status of the sale process;
- Review and execute on May 1, 2007 offer letters for positions at Casa Verde;
- Preparation for and attendance on a conference call on May 3, 2007 with Mr. Prophet and Ms. Alison Burton of Gowlings to discuss Mr. Kapadia's termination;
- Preparation on May 3, 2007 of addendum to Mr. Kapadia's termination;
- Telephone discussion on May 3, 2007 with Ms. Christie regarding various issues;
- Preparation on May 4, 2007 of correspondence to Peoples regarding capital expenditures, including subsequent telephone discussion with Diversicare with respect to same;
- Telephone discussion on May 4, 2007 with Ms. Burton regarding the status of the termination letters for certain employees;
- Review on May 7, 2007 of correspondence from Ms. Burton regarding Mr. Kapadia's termination, and discussion with Mr. Kapadia with respect to same;
- Telephone discussion on May 8, 2007 with Ms. Christie regarding Mr. Kapadia's severance and termination, the review from the MOH and various other matters;



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- Review of correspondence on May 8, 2007 from Ms. Burton regarding termination letters and notice periods;
- Preparation of correspondence on May 9, 2007 to Mr. Prophet regarding the expiration of the collective agreements;
- Preparation on May 10, 2007 of correspondence to Diversicare regarding termination letters for certain employees;
- Revisions on May 10, 2007 to the CIM, including subsequent telephone discussion with Diversicare regarding the MOH review and various other matters;
- Execute on May 11, 2007 various employment and termination letters;
- Telephone discussions on May 11, 2007 with Ms. Christie regarding the MOH review and various other matters;
- Telephone discussion on May 11, 2007 with Mr. Don Jeffrey regarding termination letters, including subsequent e-mail to Ms. Burton with respect to same;
- Review on May 14, 2007 of correspondence from Ms. Burton, Ms. Christie and Mr. Jeffrey regarding the employment letter to Mr. David Oravec;
- Revise and finalize on May 14, 2007 the termination letter to Mr. Oravec;
- Telephone discussion on May 14, 2007 with Mr. Kapadia regarding the contents of his termination;
- Telephone discussion on May 15, 2007 with Mr. Kapadia regarding his termination, including subsequent correspondence to and from Diversicare with respect to same;
- Telephone discussion on May 16, 2007 with Mr. Prophet regarding the Receiver's First Report to Court;
- Review on May 17, 2007 of the operating results for the first quarter and preparation of a summary analysis;
- Telephone discussion on May 17, 2007 with a representative of Tatangelo Wholesalers regarding the status of the receivership;
- Correspondence on May 22, 2007 with Ms. Christie regarding the MOH audit;
- Correspondence on May 22, 2007 with Mr. Kapadia regarding various matters in connection with his termination;
- Review on May 22, 2007 of the Cash Flow Funding request from Diversicare and preparation of correspondence regarding same;
- Review on May 22, 2007 of an enquiry from an interested party, including subsequent response to same;
- Review on May 22, 2007 of correspondence from Mr. Kapadia, including subsequent correspondence to Diversicare regarding same;
- Telephone discussion on May 22, 2007 with Ms. Christine Bahrey of Gowlings regarding the CIM and the Receiver's Second Report to Court;



Mintz & Partners Limited

- Review on May 23, 2007 of the operating results and preparation of the summary analysis;
- Preparation for and attendance on a conference call on May 23, 2007 with Mr. Prophet and Ms. Bahrey regarding the sales process, the CIM and the status of the file;
- Further review on May 24, 2007 of the operating results, including correspondence with Diversicare regarding same;
- Review on May 24, 2007 of correspondence from Diversicare regarding the MOH issues; including subsequent review of appraisals and correspondence with Mr Mallich with respect to same;
- Preparation on May 25 2007 of correspondence to Mr. Kapadia regarding his termination;
- Preparation on May 25, 2007 of correspondence to Mr. Mallich regarding the marketing process;
- Preparation for and attendance on a conference call on May 28, 2007 with Mr. Mallich regarding the status of the receivership and the sales process;
- Review on May 28, 2007 of correspondence from Diversicare regarding layoffs and respond to same;
- Telephone discussion on May 29, 2007 with Mr. Kapadia regarding issues with his termination package;
- Telephone discussion on May 31, 2007 with Ms. Christie regarding the status of the MOH and the upcoming meeting;
- Review and finalize on May 31, 2007 an offer letter and a termination letter;
- Review on May 31, 2007 of correspondence from Mr. Edward Leung of Diversicare regarding the DME funding from the MOH;
- Preparation of the Receiver's Second Report to Court;
- 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.



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**PARAGON HEALTH CARE INC. O/A CASA VERDE HEALTH CENTRE
RECEIVERSHIP - INVOICE #9**

**JUNE 27, 2007
PAGE 5**

A detailed summary of time is as follows:

Team Members	Hours	Average Hourly Rates	Total Fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	12.1	\$ 495.00	\$ 5,989.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	83.3	415.00	34,569.50
Anna Koroneos, Insolvency Specialist	2.3	145.00	333.50
Edith Sehrbrock, Staff Technician	<u>4.3</u>	140.00	<u>602.00</u>
Total fees	<u>102.0</u>		\$41,494.50
Add: GST			<u>2,489.67</u>
Total balance due			<u>\$ 43,984.17</u>

This invoice is due upon presentation.

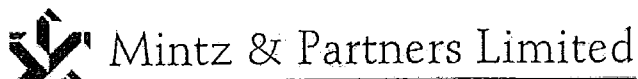

Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President

GST# 13188 5782 RT0001

ODMA\PCDOCS\MINTZ\3376261



Mintz & Partners Limited



Invoice Date: 08/24/2007
Invoice No.: 115718
Client No.: 19617.CDR03

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

T. 416.391.2900
F. 416.644.4303
Web site: www.mintz.ca

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 #10

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 ("Receiver") of Paragon Health Care Inc. and Paragon Health (Ontario) Inc. for the period ending June 1, 2007 to July 31, 2007, including:

- Revisions on June 1, 2007 to the Confidential Information Memorandum (the "CIM");
- Review on June 4, 2007 of draft correspondence from Gowling Lafleur Henderson LLP ("Gowlings") regarding Mr. David Oravec;
- Preparation on June 5, 2007 of correspondence to Ms. Alison Burton of Gowlings regarding comments on the letter to counsel for Mr. Oravec;
- Attendance on a conference call on June 6, 2007 with the Ministry of Health ("MOH") regarding enforcement proceedings, including correspondence to Peoples Trust Company ("Peoples") re same;
- Review on June 6, 2007 of correspondence from Diversicare regarding Mr. Oravec, including subsequent correspondence to Gowlings attaching same;
- Telephone discussion on June 6, 2007 with GMAC regarding the return of a vehicle, including preparation of correspondence to Diversicare re same;
- Preparation on June 6, 2007 of correspondence to Mr. Haren Kapadia regarding his enquiry;
- Review on June 7, 2007 severance and termination pay for Ms. Amelita Toledo;
- Preparation on June 7, 2007 of correspondence with Diversicare regarding the return of a vehicle, and various other matters;
- Review on June 8, 2007 of financial information and revise the CIM for same;
- Preparation on June 8, 2007 of correspondence to and from Peoples regarding the CIM;
- Review on June 11, 2007 of comments provided by Ms. Burton with respect to a response to counsel for Mr. Oravec;

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- Preparation on June 13, 2007 of correspondence with Diversicare, including subsequent telephone discussions with Diversicare regarding financial information and various other matters;
- Review on June 13, 2007 of correspondence from the MOH regarding the withdrawal of enforcement proceedings;
- Preparation on June 13, 2007 of correspondence in response to e-mail from an interested party regarding the status of the marketing of the facilities;
- Preparation on June 14, 2007, June 15, 2007 and June 18, 2007 of financial information for the CIM;
- Preparation on June 19, 2007 of the Operating Statement summary and finalization of the CIM, including correspondence attaching same to Mr. Martin Mallich of Peoples, and further preparing correspondence to Mr. Gerald Harquail attaching the Operating Statement summary;
- Review and execute on June 22, 2007 the employment offer letter for Ms. Game;
- Preparation on June 22, 2007 of correspondence to Peoples regarding a copy of the appraisal;
- Telephone discussion on June 22, 2007 with Mr. Harquail regarding a tour of the facilities, including subsequent correspondence to Mr. Harquail re same;
- Correspondence on June 25, 2007 to Mr. Mallich attaching the final draft of the CIM;
- Telephone discussion on June 27, 2007 with Diversicare on the status of various matters in connection with the receivership;
- Preparation on June 28, 2007 of correspondence to and from Mr. Mallich regarding timing for the court application, and finalization of the translation of the CIM;
- Preparation on June 29, 2007 of correspondence with respect to payment of Gowlings' invoices;
- Review and summarize on July 3, 2007 of the April 2007 operating results, including subsequent correspondence to Mr. Mallich attaching same;
- Preparation on July 5, 2007 of correspondence to and from Ms. Millie Christie regarding Mr. Kapadia;
- Review on July 5, 2007 and July 6, 2007 of the May 2007 Operating Statement and preparation of a summary of same, including subsequent correspondence to Mr. Mallich attaching same;
- Review on July 10, 2007 of correspondence from Diversicare, including a subsequent telephone discussion with Ms. Christie re same;
- Telephone discussion on July 11, 2007 with Ms. Christine Bahrey of Gowlings regarding the status of motion materials;
- Review on July 11, 2007 of correspondence regarding Mr. Oravec, and various correspondence from the MOH;
- Review on July 13, 2007 of capital expenditures requested by Ms. Christie, including subsequent correspondence to Mr. Mallich regarding same;
- Review on July 13, 2007 of enquiries by CMHC with respect to the CIM;
- Preparation on July 16, 2007 of a response regarding CMHC's enquiries;



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- Telephone discussion on July 17, 2007 with Ms. Christie regarding manager employment letters, including a subsequent telephone discussion with, and correspondence to, Ms. Burton re same;
- Telephone discussion on July 20, 2007 with Mr. Cliff Prophet of Gowlings regarding timing for the court application for approval of the marketing process;
- Telephone discussion on July 20, 2007 with Mr. Harquail regarding timing for the marketing process and site visit;
- Preparation on July 20, 2007 and July 23, 2007 of correspondence to and from Gowlings regarding the timing for the court application;
- Review on July 24, 2007 of cash flow funding, including a subsequent telephone discussion with Gowlings regarding the status of the Oravec litigation;
- Review and execute payment on July 25, 2007 of the cash flow request;
- Telephone discussion on July 25, 2007 with Ms. Christie regarding the status of various matters;
- Review on July 26, 2007 of correspondence from Diversicare;
- Telephone discussion on July 26, 2007 with Gowlings regarding motion materials and timing for the court motion;
- Telephone discussion on July 30, 2007 with Ms. Bahrey regarding the motion materials and revisions to same;
- 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.



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PARAGON HEALTH CARE INC. O/A CASA VERDE HEALTH CENTRE
RECEIVERSHIP - INVOICE #10

AUGUST 24, 2007
PAGE 4

A detailed summary of time is as follows:

Team Members	Hours	Average Hourly Rates	Total Fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	2.3	\$ 495.00	\$ 1,138.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	62.1	415.00	25,771.50
Edith Sehrbrock, Staff Technician	<u>4.3</u>	140.00	<u>602.00</u>
Total fees	<u>68.7</u>		\$27,512.00
Add: GST			<u>1,650.72</u>
Total balance due			<u>\$ 29,162.72</u>

This invoice is due upon presentation.


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

GST# 13188 5782 RT0001

ODMAPCDOCSWINTZ13510401



Mintz & Partners Limited

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Mintz & Partners Limited

Invoice Date: 01/04/2008
Invoice No.: 118532
Client No.: 19617.CDR03

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

T. 416.391.2900
F. 416.644.4303
Web site: www.mintz.ca.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 #12

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 October 1, 2007 to November 30, 2007, including:

- Preparation of correspondence on October 1, 2007 to and from potential purchasers;
- Preliminary review on October 4, 2007 of the updated appraisal;
- Review on October 4, 2007 of correspondence received from Koskie Minsky LLP ("Koskie Minsky") regarding a request for costs in the David Oravec motion;
- Telephone discussions on October 4, 2007 with Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding Koskie Minsky's request for costs in the Oravec motion, and request from Diversicare Canada Management Services Co. Inc. ("Diversicare") regarding university student placement;
- Telephone discussions on October 9, 2007 with a potential purchaser regarding mortgage information, review files, and preparation of correspondence to Mr. Martin Mallich of Peoples Trust Company ("Peoples") regarding same;
- Telephone discussion on October 10, 2007 with a potential purchaser regarding information on mortgages, request same from Peoples, including preparation of a summary of same for the potential purchaser;
- Review on October 12, 2007 of offers received from potential purchasers, and preparation of correspondence to Peoples regarding same;
- Telephone discussion on October 12, 2007 with Mr. Prophet regarding the Oravec motion, review of the offers received, including correspondence to CMHC with respect to same;
- Preparation for and attendance on October 15, 2007 upon a conference call with Mr. Mallich and Mr. Prophet to discuss the results of the request for offers, and the process going forward;
- Preparation on October 16, 2007 of correspondence to various potential purchasers rejecting offers and requesting resubmission;

Chartered accountants independently assessed and accepted members of the Chartered Accountants of Ontario. The Chartered Accountants of Ontario are not subject to the same rules of conduct as other professions.



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an international and independent
accounting firm the leading
the world

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- Review on October 16, 2007 of correspondence regarding capital expenditure ("Capex") requests, and forward same to Peoples;
- Completion on October 17, 2007 of letters regarding offers received, and forward same to potential purchasers;
- Telephone discussion on October 18, 2007 with Mr. Mallich regarding the forecast operating income, restructuring costs and appraisal amounts;
- Correspondence on October 18, 2007 to Ms. Millie Christie regarding the Capex request;
- Attendance on October 19, 2007 to voicemail messages to and from an interested party, including subsequent e-mail correspondence with that party regarding its interest in Casa Verde;
- Review on October 20, 2007 of Gowlings' costs submission in connection with the Oravec motion;
- Review on October 22, 2007 of the cash flow forecast and requested disbursements from Diversicare;
- Correspondence on October 22, 2007 with potential purchasers providing access to the Receiver's electronic data room ("data room access");
- Correspondence on October 22, 2007 with Mr. Mallich regarding the status of the sale process, the Capex request, and other matters;
- Telephone discussion on October 22, 2007 with a potential purchaser regarding the sales process, and forward a Confidentiality Agreement to same;
- Telephone discussion on October 23, 2007 with a potential purchaser regarding Casa Verde;
- Correspondence on October 23, 2007 with an interested party, including providing data room access to that party;
- Telephone discussion on October 23, 2007 with Ms. Christie regarding the status of Capex for 2007;
- Preparation on October 25, 2007 of an operating schedule summary;
- Correspondence on October 25, 2007 to Peoples regarding costs and analysis to renovate Casa Verde;
- Correspondence on October 26, 2007 to Peoples enclosing the operating schedule summary;
- Telephone discussions on October 26, 2007 with potential purchasers regarding the status of resubmission of bids;
- Review on October 29, 2007 of correspondence received from Canadian Bonded Credit regarding Scotiabank and a Chevy Astrovan;
- Telephone discussion on October 29, 2007 with Ms. Christie regarding the status of the provincial response to funding class "C" facilities, and preparation of correspondence to Peoples regarding same;
- Preparation for and attendance on October 31, 2007 upon a conference call with Mr. Mallich and Mr. Prophet to discuss the status of offers received and the process going forward;



Mintz & Partners Limited

- Correspondence on November 1, 2007 with Mr. Mallich regarding alternate values for Casa Verde, including subsequent discussion with Mr. John Davies regarding same, and respond to Mr. Mallich with the estimate provided by Mr. Davies;
- Review on November 2, 2007 of appraisals regarding Casa Verde, and correspondence with Mr. Mallich with respect to a strategy for dealing with the assets;
- Review on November 5, 2007 of the cost award order issued by Mr. Justice Pitt regarding the Oravec motion;
- Telephone discussion on November 7, 2007 with a representative of ThyssenKrupp Elevator regarding outstanding invoices;
- Attendance on November 7, 2007 to a voicemail message from Mr. Prophet, and forward a draft letter to same;
- Review on November 14, 2007 of the Statement of Defence regarding the Oravec motion and provide comments to Gowlings re same;
- Review on November 15, 2007 of the September 2007 financial statements, including preparation of a summary of same;
- Telephone discussion on November 16, 2007 with Mr. Haren Kapadia regarding salary continuance;
- Telephone discussion on November 16, 2007 with Ms. Christine Marchetti of Gowlings regarding correspondence received by Gowlings from Koskie Minsky, and the Receiver's position in respect of same;
- Attendance on November 19, 2007 to voicemail messages to and from Mr. Peter Pliska of Fasken Martineau DuMoulin regarding the status of the receivership;
- Review on November 19, 2007 of requested disbursements in connection with the receivership;
- Telephone discussion on November 20, 2007 with Mr. Prophet regarding a lawsuit against Casa Verde;
- Review on November 20, 2007 of correspondence from Gowlings to Koskie Minsky regarding the arbitration matter;
- Correspondence on November 21, 2007 to Peoples regarding surplus cash in the Receiver's account;
- Review on November 21, 2007 of disbursements in connection with the receivership;
- Review on November 22, 2007 of the cash flow forecast and preparation of correspondence for funding of same;
- Telephone discussion on November 22, 2007 with Ms. Marchetti regarding the status of the mediation with Mr. Oravec;
- Telephone discussion on November 27, 2007 with Ms. Caroline Els of Freedom of Information and Protection of Privacy Services regarding a request for the release of information;
- Attendance on November 27, 2007 to a voicemail message to Ms. Lynne Lawson of Lawson McGrenere regarding the status of litigation;



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- 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	2.6	\$ 525.00	\$ 1,365.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	27.6	440.00	12,144.00
Edith Sehrbrock, Staff Technician	<u>5.8</u>	145.00	<u>841.00</u>
Total fees	<u>36.0</u>		\$ 14,350.00
Disbursements: Courier, telephone and facsimile			<u>476.56</u>
Total fees and disbursements			\$ 14,826.56
Add: GST			<u>741.33</u>
Total balance due			<u>\$ 15,567.89</u>

This invoice is due upon presentation.

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

GST# 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\381577\1



Mintz & Partners Limited

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Mintz & Partners Limited
5140 Yonge St., Suite 1700
Toronto ON M2N 6L7
Canada

Tel: (416) 391-2900
Fax: (416) 644-4303
www.deloitte.ca

Private and Confidential

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

Date: March 24, 2008
Invoice No: 2126885
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz
GST Registration No: R133245290

Invoice - #13

**Re: 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 December 1, 2007 to January 31, 2008,
including:

- Telephone discussion on December 6, 2008 with Ms. Millie Christie
of Diversicare Canada Management Services Co. Inc.
("Diversicare") regarding an issue with the uniform allowance and
various other matters;
- Review on December 6, 2007 of the Receiver's Certificate and
recalculate payment of same, including preparation of
correspondence to Peoples Trust Company ("Peoples") regarding
same;
- Preparation on December 6, 2007 of correspondence to Peoples
regarding a surplus of cash flow and suggested timing for
distribution;
- Review on December 7, 2007 of the financial statements for October
2007;

Mintz & Partners Limited

- Review on December 18, 2007 of a cash flow funding request prepared by Diversicare;
- Telephone discussion on December 18, 2007 with Ms. Christie regarding the status of various matters at Casa Verde;
- Attend on December 28, 2007 to various payroll matters;
- Telephone discussion on January 2, 2008 with Mr. Gerald Harquail regarding the status of the sale process and other matters in connection with same;
- Telephone discussion on January 3, 2008 with a potential purchaser regarding an interest in Casa Verde, including preparation of a confidentiality agreement for same;
- Correspondence on January 7, 2008 with Peoples regarding the status of the sale process;
- Correspondence on January 7, 2008 with Diversicare regarding the status of the disbursements;
- Telephone discussion on January 7, 2008 with Mr. Clifton Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding matters in connection with Casa Verde;
- Review on January 11, 2008 of the operating results to November 2007;
- Preparation for and attendance on January 16, 2008 at Gowlings in connection with the mediation of David Oravec's claim;
- Correspondence on January 18, 2008 with Diversicare and Ms. Heather Coyler of Casa Verde Health Centre regarding the Flaghouse invoices;
- Telephone discussion on January 22, 2008 with Ms. Christie regarding salary increases and various other matters;
- Preparation of an operating statement summary for the period up to November 2007;
- Correspondence on January 29, 2008 with Ms. Christie regarding advertising and other matters;
- Correspondence on January 30, 2008 with Peoples regarding the CHIN advertising proposal;

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- 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 as follows:

Staff	Hours	Hourly Rates	Total Fees
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	0.7	\$ 525.00	\$ 367.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	15.4	440.00	6,776.00
Edith Sehrbrock, Staff Technician	<u>3.6</u>	145.00	<u>522.00</u>
Total Hours	<u>19.7</u>		
		Our Fee	\$ 7,665.50
		GST @ 5%	<u>383.28</u>
	Amount Payable		<u>\$ 8,048.78</u>

Payable upon receipt to Mintz & Partners Limited



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

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Mintz & Partners Limited
5140 Yonge St., Suite 1700
Toronto ON M2N 6L7
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Tel: (416) 391-2900
Fax: (416) 644-4303
www.deloitte.ca

Private and Confidential

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

Date: June 25, 2008
Invoice No: 2213586
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz

GST Registration No: 133245290

Invoice - #14

**Re: 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 February 1, 2008 to May 31, 2008,
including:

- Attendance upon the payment of various disbursements in connection with Casa Verde;
- Preparation on February 4, 2008 of correspondence to Gowling Lafleur Henderson LLP ("Gowlings") regarding the Oravec mediation and settlement;
- Correspondence on February 8, 2008 to and from Diversicare Canada Management Services Co. Inc. ("Diversicare") regarding roof repairs and other matters;
- Correspondence on February 12, 2008 with Peoples Trust Company ("Peoples") regarding the status of the retirement home initiative;
- Correspondence on February 15, 2008 with Diversicare regarding cash flow projections and the budget for 2008, including an audit of the Annual Report and benefit premiums;

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- Review and revise on February 20, 2008 the cash flow prepared by Diversicare, and provide same to Peoples along with a status update;
- Preparation on February 20, 2008 of correspondence and a disbursement request from Diversicare with respect to the cash flow funding requirements;
- Telephone discussion on February 26, 2008 with Ms. Millie Christie of Diversicare regarding the status of the budget, and a request for correspondence to employees regarding the status of the proceedings;
- Review on February 29, 2008 of the budget for 2008;
- Preparation on March 10, 2008 of correspondence to Peoples regarding the budget for 2008;
- Correspondence on March 11, 2008 to Mr. Gerald Harquail enclosing the budget for 2008;
- Review and sign on March 13, 2008 various offer letters to people proposed to be hired including attendance to a voicemail message to Ms. Christie regarding same;
- Preparation on March 22, 2008 of correspondence to Diversicare enclosing payments in connection with Casa Verde;
- Review on April 3, 2008 of correspondence received from Diversicare regarding the extension of time for completion of the Ministry of Health ("MOH") audit;
- Preparation on April 8, 2008 of correspondence to Ms. Paige Chan of Diversicare regarding the status of the 2007 year end operating statements;
- Correspondence on April 11, 2008 with Ms. Chan regarding various matters;
- Review on April 24, 2008 of the January 2008 financial results;
- Telephone discussion on April 25, 2008 with Ms. Christie regarding the status of Casa Verde, MOH clawbacks, and other matters in connection with same;
- Review on April 28, 2008 of various correspondence in connection with Casa Verde;

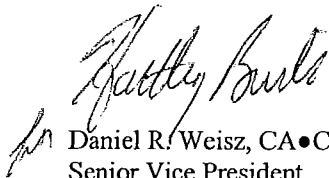
- Correspondence on April 30, 2008 with Mr. John Jensen of John A. Jensen Realty Inc. regarding information for the listing of the sale of Casa Verde;
- Correspondence on May 2, 2008 with Ms. Christie in preparation for the upcoming meeting regarding Casa Verde;
- Preparation for and attendance on May 5, 2008 at Casa Verde with representatives of Diversicare to tour the facility and review the 2007 results and the budget for 2008;
- Preparation on May 6, 2008 of correspondence to Peoples regarding a site visit by Mr. Jensen, including e-mail correspondence to Diversicare to arrange the scheduling of same;
- Review on May 13, 2008 of correspondence from Mr. Jensen, including e-mail correspondence to Mr. Jensen attaching financial information on Casa Verde;
- Telephone discussion on May 22, 2008 with Mr. Jensen regarding the status of Casa Verde and the listing agreement, and various other matters;
- Correspondence on May 22, 2008 to Mr. Harquail enclosing operating results;
- Review and execute on May 30, 2008 the listing agreement with Mr. Jensen for Casa Verde;
- 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.

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A detailed summary of time as follows:

Staff	Hours	Hourly Rates	Total Fees
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	2.3	\$ 525.00	\$ 1,207.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	28.9	440.00	12,716.00
Edith Sehrbrock, Staff Technician	<u>8.0</u>	145.00	<u>1,160.00</u>
Total Hours	<u>39.2</u>		
		Our Fee	\$ 15,083.50
		GST @ 5%	<u>754.18</u>
	Amount Payable		<u>\$ 15,837.68</u>

Payable upon receipt to Mintz & Partners Limited



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

::ODMA\PCDOCS\MINTZ\438946\1

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Mintz & Partners Limited
5140 Yonge St., Suite 1700
Toronto ON M2N 6L7
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Tel: (416) 391-2900
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www.deloitte.ca

Private and Confidential

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

Date: June 25, 2008
Invoice No: 2213592
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz

GST Registration No: 133245290

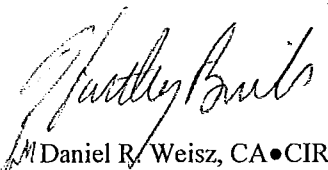
Invoice - #8 - Disbursements

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

Disbursements for the period ending May 31, 2008:

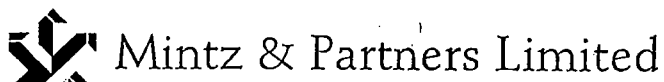
Disbursement	Amount
Courier	<u>\$ 173.00</u>
Total Expenses	\$ 173.00
GST @ 5%	<u>8.65</u>
Amount Payable	<u>\$ 181.65</u>

Payable upon receipt to Mintz & Partners Limited


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

::ODMA\PCDOCS\MINTZ\439392\1

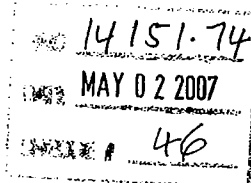
TAB D



Invoice Date: 04/30/2007
Invoice No.: 112917
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

This is Exhibit D referred to in the
affidavit of Nashley M. Backs
sworn before me, this 26th
day of June 2008
[Signature]
200-79 Concorde Gate
North York, ON M3C 4G4
T 416.391.2800
F 416.644.4303
A COMMISSIONER FOR TAKING AFFIDAVITS
Web site: www.mintzca.com



INVOICE #8

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 1, 2007 to March 31, 2007, including:

- Preparation on February 1, 2007 of a summary of the November 2006 operating results.
- Preparation on February 5, 2007 of correspondence to Mr. Gerald Harquail, including materials on operating results, capital expenditures and outstanding indebtedness.
- Preparation on February 6, 2007 of correspondence to Mr. John Davies of Mackenzie, Ray, Heron & Edwardh ("Mackenzie Ray"), providing various answers and information to his inquiries.
- Review on February 7, 2007 of the budget and capital expenditure requests.
- Preparation on February 7, 2007 of correspondence to Peoples Trust Company ("Peoples") regarding the November 2006 operating results.
- Attendance on a conference call on February 7, 2007 with Mr. Cliff Prophet of Gowling Lafleur Henderson LLP to discuss the status of various issues.
- Telephone discussion on February 7, 2007 with Mr. L. Wittlin regarding the status of the receivership.
- Preparation on February 7, 2007 of correspondence to arrange a meeting with Peoples and Mr. Davies.
- Review of correspondence on February 7, 2007 sent by Mr. J. Dysart with respect to the meeting on February 12, 2007.
- Review of correspondence on February 12, 2007 from Diversicare regarding financial information.
- Preparation for and attendance at a meeting on February 12, 2007 at Peoples with Mr. Davies and Mr. Dysart to discuss the status of West Park appraisal and other matters.
- Preparation of correspondence on February 12, 2007 to Mr. Davies with respect to certain financial information.

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an association of independent
accounting firms throughout
the world

- Telephone discussion on February 19, 2007 with Mr. Prophet regarding considerations with respect to the request by the Ontario Nurses Association for leave to form a bargaining unit at West Park.
- Correspondence on February 20, 2007 with Mr. E. Leung of Diversicare regarding the 2006 actual results, receipt of same, including correspondence to Mr. Davies with respect to same.
- Review of correspondence on February 20, 2007 from Mr. Martin Sear, preparation of correspondence to Mr. Harry Vanderlugt, and preparation of response to Mr. Sear with respect to same.
- Telephone discussion on February 26, 2007 with an interested party regarding information with respect to nursing homes, interest in purchasing, and timing for request for offers.
- Review on February 26, 2007 of Diversicare's cash flow request and preparation of correspondence with respect to same.
- Telephone discussion on February 26, 2007 with Ms. Ilene Altowski of Altus Derbyshire regarding property tax appeals.
- Telephone discussion on February 26, 2007 with an interested party, referred from Mr. Wittlin, regarding a potential interest in West Park.
- Telephone discussion on March 1, 2007 with Mr. Prophet regarding various issues.
- Telephone discussion on March 5, 2007 with Mr. Eric Hall regarding various issues.
- Telephone discussion on March 5, 2007 with Mr. Wittlin regarding the status of Lang Michener's security opinion.
- Preparation on March 7, 2007 of correspondence to Peoples regarding the status of appraisals.
- Preparation on March 12, 2007 of an appraisal analysis and comparison to prior appraisals and budget, including discussion with Mr. Leung with respect to same.
- Preparation for and attendance at a meeting on March 13, 2007 with Mr. Dysart, Mr. Davies and Mr. Edwardh of Mackenzie Ray regarding the draft appraisal for West Park.
- Telephone discussion on March 13, 2007 with Mr. Hall regarding salaries and various matters.
- Review on March 14, 2007 of correspondence from Mr. Hall regarding benefit premium increases, and further correspondence to Mr. Hall with respect to same.
- Review on March 16, 2007 of opinion on security held by Peoples provided by Lang Michener.
- Telephone discussion on March 16, 2007 with Mr. Prophet regarding the status of the application to the Court.
- Preparation on March 21, 2007 of the operating statement summary and Interim Statement of Receipts and Disbursements.
- Telephone discussion on March 21, 2007 with Mr. Wittlin regarding the status of the Receiver's Report to the Court and his accounts.



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- Preparation on March 22, 2007 of an affidavit with respect to the Receiver's fees.
- Review of correspondence on March 22, 2007 from Mr. Vanderlugt regarding information requested by Mr. Harquail.
- Telephone discussion on March 22, 2007 with Ms. Christine Bahrey of Gowlings regarding comments on the draft report, court order and notice of motion.
- Review of e-mail correspondence on March 22, 2007 from Mr. Sear, counsel to Mr. Harquail.
- Telephone discussion on March 23, 2007 with Ms. Bahrey with respect to motion materials for pending court application.
- Preparation on March 23, 2007 of the Receiver's First Report to Court including attendance at Gowlings on March 27, 2007 to finalize and execute same.
- Telephone discussion on March 26, 2007 with Ms. Bahrey regarding the Report to the Court.
- Review on March 26, 2007 of Lang Michener bill of costs, and execution of same.
- Telephone attendance on a conference call on March 26, 2007 with Mr. Vanderlugt regarding e-mail correspondence from Mr. Harquail.
- Telephone discussion on March 30, 2007 with Ms. Bahrey regarding fee affidavit.
- 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	Average Hourly Rates	Total fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	8.5	\$ 495.00	\$ 4,207.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	20.8	414.00	8,611.20
Edith Sehrbrock, Staff Technician	<u>3.8</u>	140.00	<u>532.00</u>
Total fees	<u>33.1</u>		\$ 13,350.70
Add: GST			<u>801.04</u>
Total balance due			<u>\$ 14,151.74</u>

* This amount includes \$398.00 inadvertently not billed in February 2006.

This invoice is due upon presentation.


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

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\320330\1



Mintz & Partners Limited

Invoice Date: 06/28/2007
Invoice No.: 114475
Client No.: 19617.CDR04

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North York, ON M3C 4G4

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Web site: www.mintz.ca.com

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c/o Mintz & Partners Limited
1 Concorde Gate
Suite 200
North York, Ontario
M3C 4G4

INVOICE #8

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 1, 2007 to May 31, 2007, including:

- Review of correspondence on April 2, 2007 from Mr. Martin Sear;
- Attendance on a conference call on April 2, 2007 with Messrs. Cliff Prophet and Harry VanderLugt of Gowling Lafleur Henderson LLP ("Gowlings") regarding the court application, the correspondence received from Mr. Martin Sear, and the status of the receivership;
- Telephone discussions on April 2, 2007 with Mr. Prophet regarding the Receiver's position regarding the Ontario Nurses Association ("ONA");
- Preparation on April 2, 2007 of correspondence to Mr. Martin Mallich of Peoples Trust Company ("Peoples") with respect to an update on the file;
- Preparation on April 3, 2007 for attendance in court;
- Preparation for and attendance at Court on April 4, 2007 with respect to the Receiver's First Report and proposed distribution, including subsequent discussions with Mr. Gerald Harquail at Court;
- Attendance at a meeting on April 4, 2007 with Mr. Harquail to discuss financial information requested;
- Finalize correspondence on April 4, 2007 and arrange interim distribution to Peoples;
- Review on April 9, 2007 of the file, including the accumulation of financial information for the Confidential Information Memorandum (the "CIM") with respect to the meeting with Mr. Harquail;
- Telephone discussion on April 10, 2007 with Mr. Prophet regarding the marketing process;
- Preparation on April 10, 2007 of an e-mail to Mr. Mallich with respect to the Receiver's proposed marketing program;
- Preparation on April 11, 2007 for a meeting with Mr. Harquail, review and update the CIM, including subsequent correspondence to Diversicare requesting information;

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- Preparation for and attendance at a meeting on April 12, 2007 with Mr. Harquail to discuss the sale process and various matters;
- Attendance on a conference call on April 12, 2007 with Mr. Prophet regarding the status of the meeting with Mr. Harquail;
- Correspondence on April 13, 2007 to Mr. Vanderlugt requesting the statement of the first mortgage as requested by Mr. Harquail;
- Preparation of correspondence on April 13, 2007 summarizing the meeting of April 12, 2007 with Mr. Harquail;
- Telephone discussion on April 18, 2007 with Mr. Harquail to confirm his receipt of the West Park mortgage statements, and with respect to his request for other financial information;
- Review on April 23, 2007 of various documents with respect to the CIM, and subsequent voicemail to Mr. Harquail regarding the information to be provided;
- Review on April 25, 2007 of materials from Diversicare regarding the CIM;
- Review on April 27, 2007 of the operating budget for 2007;
- Telephone discussion on May 1, 2007 with a potential purchaser regarding the status of the sale process;
- Review on May 2, 2007 of the operating budget for 2007, including preparation of a summary;
- Preparation on May 4, 2007 of correspondence to Peoples regarding capital expenditures, including subsequent telephone discussion with Diversicare with respect to same;
- Review on May 4, 2007 of correspondence from the ONA, including subsequent discussion with Mr. Prophet and forward correspondence to Mr. Prophet;
- Review on May 8, 2007 of correspondence from Mr. Eric Hall of Diversicare regarding roof matters, and respond to same;
- Preparation of correspondence on May 9, 2007 to Mr. Prophet regarding the scheduled expiration of the collective agreements;
- Attendance on a conference call on May 14, 2007 with Mr. J. Illingworth and Mr. Prophet regarding the status of correspondence to the ONA;
- Preparation on May 14, 2007 of correspondence to Mr. Prophet regarding the status on the letter to ONA;
- Telephone discussion on May 16, 2007 with Mr. Hall regarding various matters with respect to the property;
- Review on May 22, 2007 of the Cash Flow Funding request from Diversicare and preparation of correspondence regarding same;
- Review on May 22, 2007 of an enquiry from an interested party, including subsequent response to same;
- Telephone discussion on May 22, 2007 with Ms. Christine Bahrey of Gowlings regarding the CIM and the Receiver's Second Report to Court;



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- Review on May 23, 2007 of the operating results and preparation of the summary analysis;
- Preparation for and attendance on a conference call on May 23, 2007 with Mr. Prophet and Ms. Bahrey regarding the sales process;
- Review on May 23, 2007 of the operation results, including preparation of a summary;
- Telephone discussion on May 23, 2007 with Mr. Hall regarding various issues with respect to the property;
- Further review on May 24, 2007 of the operating results, including correspondence with Diversicare regarding same;
- Preparation on May 25, 2007 of correspondence to Mr. Mallich regarding the marketing process;
- Preparation for and attendance on a conference call on May 28, 2007 with Mr. Mallich regarding the status of the receivership and the sales process;
- Preparation of the Receiver's Second Report to Court;
- 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.



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- 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	8.4	\$ 495.00	\$ 4,158.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	17.1	415.00	7,096.50
Anna Koroneos, Insolvency Specialist	1.0	145.00	145.00
Edith Sehrbrock, Staff Technician	<u>2.8</u>	140.00	<u>392.00</u>
Total fees	<u>29.3</u>		\$ 11,791.50
Add: GST			<u>707.49</u>
Total balance due			<u>\$ 12,498.99</u>

This invoice is due upon presentation.



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

GST #: 13188 5782 RT0001

::ODMA\PCDOCS\MINTZ\300596\1



Mintz & Partners Limited

Invoice Date: 08/24/2007
Invoice No.: 115719
Client No.: 19617.CDR04

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North York, ON M3C 4G4

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1508669 Ontario Limited o/a West Park Health Centre
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M3C 4G4

INVOICE #10

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 1, 2007 to July 31, 2007, including:

- Revisions on June 1, 2007 to the Confidential Information Memorandum ("CIM");
- Telephone discussion on June 11, 2007 with Ms. Eileen Ostrowski regarding the property tax appeal status;
- Preparation on June 15, 2007 and June 19, 2007 of financial information for the CIM;
- Review and execute on June 19, 2007 Lang Michener's Bill of Costs;
- Preparation of correspondence on June 26, 2007 to Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding the status of Ontario Nurses Association;
- Telephone discussion on June 27, 2007 with Mr. E. Hall of Diversicare regarding status of the file;
- Preparation on June 28, 2007 of correspondence to Mr. Martin Mallich regarding the CIM;
- Preparation on June 29, 2007 of correspondence for the Gowlings payment;
- Review on July 4, 2007 of the May Operating Statement summary and preparation of a supporting summary;
- Review on July 10, 2007 of the Operating Budgets for the Company;
- Review on July 11, 2007 of materials received from the Ministry of Health ("MOH") and discuss same with Diversicare;
- Review on July 18, 2007 of correspondence from Mr. Hall regarding the status of West Park;
- Review on July 24, 2007 of the cash flow funding, including execution of wire transfer payment for payroll;

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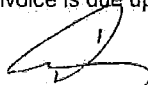
1508669 ONTARIO LIMITED O/A WEST PARK HEALTH CENTRE
RECEIVERSHIP - INVOICE #10

AUGUST 24, 2007
PAGE 2

- 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	0.9	\$ 495.00	\$ 445.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	15.7	415.00	6,515.50
Edith Sehrbrock, Staff Technician	<u>2.8</u>	140.00	<u>392.00</u>
Total fees	<u>19.4</u>		\$ 7,353.00
Add: GST			<u>441.18</u>
Total balance due			<u>\$ 7,794.18</u>

This invoice is due upon presentation.



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

GST #: 13188 5782 RT0001

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Mintz & Partners Limited



Mintz & Partners Limited

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Invoice Date: 10/19/2007
Invoice No.: 116939
Client No.: 19617.CDR04

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

INVOICE #11

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 1, 2007 to September 30, 2007, including:

- Telephone discussion on August 1, 2007 with Mr. Eric Hall of Diversicare Canada Management Services Inc. ("Diversicare") regarding the status of the property;
- Review on August 1, 2007 of correspondence regarding increased Ministry of Finance ("MOF") funding;
- Attendance on August 2, 2007 at Gowlings to review and finalize the Receiver's Second Report, the draft Notice of Motion and form of agreement of purchase and sale, including attendance at a meeting with Ms. Christine Bahrey and Mr. Cliff Prophet of Gowlings;
- Telephone discussion on August 13, 2007 with Mr. Martin Mallich of Peoples Trust Company ("Peoples") regarding the information package and requested pictures of West Park for CMHC;
- Telephone discussion on August 15, 2007 with Mr. L. Wittlin regarding the upcoming application to Court;
- Telephone discussion on August 15, 2007 with Mr. Gerald Harquail regarding the upcoming application to Court and timing of marketing;
- Preparation of correspondence on August 15, 2007 to and from Mr. Hall regarding pictures requested of West Park for posting on CMHC's website;
- Attendance on August 20, 2007 on a conference call with Mr. Prophet and Ms. Bahrey regarding the upcoming application to Court, including preparation for same;
- Preparation for and attendance on August 21, 2007 in Court regarding the approval of the Receiver's Marketing Process;
- Telephone discussion on August 22, 2007 with Mr. Mallich regarding the results of the application to Court;

Mintz & Partners Limited is a member of the
Canadian Association of Insolvency
Practitioners (CAIP) and is a member of the
Ontario Association of Insolvency
Practitioners (OAIIP).



Mintz & Partners Limited is a member of the
Canadian Association of Insolvency
Practitioners (CAIP) and is a member of the
Ontario Association of Insolvency
Practitioners (OAIIP).

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- Review and sign cheques on August 22, 2007 of disbursements in connection with the receivership, including a review of the cash flow requirement for West Park as provided by Diversicare;
- Review and update on August 27, 2007 of the introductory letter and on-line correspondence re marketing of assets;
- Preparation on August 30, 2007 and August 31, 2007 of information for the electronic data room to be used for potential purchasers;
- Correspondence on September 4, 2007 from potential purchasers requesting Confidentiality Agreements and access to the electronic data room;
- Preparation on September 6, 2007 of correspondence to various interested parties regarding West Park;
- Correspondence on September 10, 2007 to potential purchasers regarding Confidentiality Agreements and access to the electronic data room, including a telephone discussion with a potential purchaser interested in bed licenses;
- Correspondence on September 11, 2007 to potential purchasers regarding Confidentiality Agreements and access to the electronic data room;
- Telephone discussion on September 17, 2007 with Mr. Prophet regarding comments provided by Diversicare regarding the offer process and its position on same;
- Review on September 18, 2007 of financial statements and preparation of summary for same;
- Telephone discussions on September 19, 2007 and September 20, 2007 with Mr. P. Richardson regarding the sales process and the deposit to be provided;
- Preparation on September 21, 2007 of correspondence attaching the 2005 Annual Report to Mr. Edward Leung of Diversicare;
- Preparation for and attendance on September 25, 2007 at West Park for a site tour with a prospective purchaser, and to discuss the sale process with the administrator;
- Review and execute on September 26, 2007 of disbursements in connection with the receivership;
- 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.



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- 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	5.1	\$ 495.00	\$ 2,524.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	17.1	415.00	7,096.50
Edith Sehrbrock, Staff Technician	<u>2.1</u>	140.00	<u>294.00</u>
Total fees	<u>24.3</u>		\$ 9,915.00
Add GST:			<u>594.90</u>
Total balance due			<u>\$ 10,509.90</u>

This invoice is due upon presentation.


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

GST #: 13188 5782 RT0001

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Mintz & Partners Limited



Mintz & Partners Limited

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Invoice Date: 01/04/2008
Invoice No.: 118534
Client No.: 19617.CDR04

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1 Concorde Gate
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M3C 4G4

INVOICE #12

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, 2007 to November 30, 2007, including:

- Correspondence on October 2, 2007 to and from potential purchasers interested in the status of West Park;
- Correspondence on October 10, 2007 to and from Mr. Eric Hall of Diversicare Canada Management Services Inc. ("Diversicare") regarding the requirement to install fire doors between West Park and Hadden Hall;
- Review on October 11, 2007 of offers received, and preparation of correspondence to Peoples Trust Company ("Peoples") attaching a summary of same;
- Telephone discussion on October 15, 2007 with a potential purchaser regarding the status of his response;
- Review on October 15, 2007 of a disbursement to a former employee and preparation of correspondence to Diversicare requesting further information of same;
- Preparation for and attendance on October 15, 2007 upon a conference call with Mr. Martin Mallich of Peoples and Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings") regarding the results of the requests for offers;
- Preparation of correspondence on October 15, 2007 to potential purchasers regarding a request for resubmission of offers;
- Review on October 17, 2007 of correspondence regarding the capital expenditure ("Capex") requests, and forward same to Peoples for approval;
- Correspondence on October 18, 2007 with Mr. Hall regarding the requirement to replace storage tanks in the basement;
- Telephone discussion on October 23, 2007 with an interested party regarding the status of the sale process of West Park;



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- Preparation on October 25, 2007 of the Operating Statement summary;
- Review on October 30, 2007 of an offer received and correspondence to the potential purchaser regarding clarifying certain components of the offer;
- Preparation for and attendance on October 30, 2007 upon a conference call with Mr. Mallich and Mr. Prophet regarding offers received for West Park, and the process going forward;
- Telephone discussion on November 7, 2007 with a potential purchaser interested in the status of West Park;
- Correspondence on November 21, 2007 to and from Peoples regarding the surplus cash in the Receiver's account;
- Review on November 21, 2007 of disbursements in connection with the receivership;
- 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:



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Team Members	Hours	Hourly Rates	Total fees
Fees			
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	1.0	\$ 525.00	\$ 525.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	6.9	440.00	3,036.00
Edith Sehrbrock, Staff Technician	<u>4.4</u>	145.00	<u>638.00</u>
Total fees	<u>12.3</u>		\$ 4,199.00
Disbursements (telephone and facsimile)			<u>50.00</u>
Total fees and disbursements			\$4,249.00
Add GST:			<u>212.45</u>
Total balance due			<u>\$ 4,461.45</u>

This invoice is due upon presentation.

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

GST #: 13188 5782 RT0001

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Mintz & Partners Limited

124
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HEALTH CARE
c/o Mintz & Partners Limited
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North York, Ontario
M3C 4G4

Date: March 24, 2008
Invoice No: 2126888
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Weisz

GST Registration No: R133245290

Invoice - #13

**RE: 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, 2007 to January 31, 2008,
including:

- Review on December 18, 2007 of the cash flow funding prepared by
Diversicare Canada Management Services Co. Inc. ("Diversicare");
- Review on December 18, 2007 of correspondence received from
Mr. Eric Hall of Diversicare regarding the fire door replacement at
the Company;
- Review on January 7, 2008 of the contract for Fire Alarm Upgrade;
- Correspondence on January 11, 2008 to and from Mr. Hall regarding
the fire door repair work and various other matters;
- Preparation on January 24, 2008 of a summary of operating results;
- Correspondence on January 24, 2008 with Peoples Trust Company
("Peoples") and Gowling Lafleur Henderson LLP ("Gowlings")
regarding engaging a broker for the sale of West Park;

Mintz & Partners Limited

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- Correspondence on January 29, 2008 with Mr. John Jensen of John A. Jensen Realty Inc. regarding information required for the listing of West Park;
- 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:

Staff	Hours	Hourly Rates	Total Fees
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	0.2	\$ 525.00	\$ 105.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	9.3	440.00	4,092.00
Edith Sehrbrock, Staff Technician	<u>6.1</u>	145.00	<u>884.50</u>
Total Hours	<u>15.6</u>		
		Our Fee	\$ 5,081.50
		GST @ 5%	<u>254.08</u>
	Amount Payable		<u>\$ 5,335.58</u>

Payable upon receipt to Mintz & Partners Limited



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

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Mintz & Partners Limited

126
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1508669 ONTARIO LIMITED O/A WEST PARK
HEALTH CARE
c/o Mintz & Partners Limited
1 Concorde Gate
Suite 200
North York, Ontario
M3C 4G4

Date: June 26, 2008
Invoice No: 2214029
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Weisz

GST Registration No: 133245290

Invoice - #14

**RE: 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 1, 2008 to May 31, 2008,
including:

- Correspondence on February 5, 2008 with Mr. John Jensen of John
A. Jensen Realty Inc. regarding access to tour the West Park facility;
- Attendance upon the payment of various disbursements in
connection with West Park;
- Preparation on February 6, 2008 of information for Mr. Jensen
regarding the proposal to offer West Park for sale;
- Correspondence on February 11, 2008 with Mr. Jensen regarding the
sale of West Park;
- Correspondence on February 14, 2008 with Mr. Jensen regarding the
sale of West Park;
- Telephone discussion on February 20, 2008 with Mr. Jensen
regarding information required for the proposal to offer West Park
for sale;

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- Review and revise on February 20, 2008 the cash flow funding prepared by Diversicare Canada Management Services Co. Inc. ("Diversicare");
- Preparation on February 20, 2008 of correspondence to Peoples Trust Company ("Peoples") regarding the cash flow forecast, proposed distribution and the timing of same, and the potential listing of West Park with Mr. Jensen;
- Preparation on February 22, 2008 of correspondence and a disbursement request for Diversicare for funding requirements;
- Review and revise on March 4, 2008 the listing agreement, including correspondence with Mr. Jensen regarding the status of same;
- Review on March 5, 2008 of the budget for 2008 and forward same to Mr. Jensen;
- Review on March 6, 2008 of the draft listing agreement;
- Preparation on March 10, 2008 of correspondence to Peoples regarding the timing for distribution and the budget for 2008;
- Review and revise on March 10, 2008 the listing agreement, including correspondence to Mr. Jensen attaching same;
- Telephone discussion on March 18, 2008 with Mr. Edward Leung of Diversicare regarding Sysco and supporting documentation for a disbursement;
- Telephone discussion on March 18, 2008 with Ms. Paige Chan of Diversicare regarding the payment for Sysco;
- Attendance on April 3, 2008 to a voicemail message to Mr. Jensen regarding the status of the listing agreement;
- Review and revise on April 11, 2008 the listing agreement, including correspondence to Mr. Jensen attaching same and the 2007 operating statements;
- Preparation for and attendance on April 21, 2008 upon a conference call with Mr. Jensen, and Mr. M. Mallich and Mr. B. Battley of Peoples regarding the marketing and sale of West Park;
- Review on April 24, 2008 of materials in preparation for an upcoming meeting with Diversicare regarding West Park;

- Preparation for and attendance on April 25, 2008 at Diversicare to discuss 2007 operating results, the budget for 2008, the status of the Ministry of Health ("MOH") program for "C" class facilities, cash flow forecasts and various other matters;
- Preparation on April 25, 2008 of correspondence to Peoples regarding the results of the meeting at Diversicare;
- Review on April 30, 2008 of revisions made to the listing agreement, including correspondence to Gowling Lafleur Henderson LLP ("Gowlings") attaching same for review;
- Review on April 30, 2008 of comments provided by Gowlings regarding the listing agreement, including correspondence to Mr. Jensen attaching the revised listing agreement;
- Review on May 16, 2008 of correspondence received from MPAC, including correspondence to Diversicare attaching same;
- 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:

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Staff	Hours	Hourly Rates	Total Fees
Daniel R. Weisz, CA•CIRP, CIRP, Senior Vice President	1.6	\$ 525.00	\$ 840.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	19.8	440.00	8,712.00
Edith Sehrbrock, Staff Technician	<u>5.2</u>	145.00	<u>754.00</u>
Total Hours	<u>26.6</u>		
		Our Fee	\$ 10,306.00
		GST @ 5%	<u>515.30</u>
	Amount Payable		<u>\$ 10,821.30</u>

Payable upon receipt to Mintz & Partners Limited


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

::ODMA\PCDOCS\MINTZ\439201\I

TAB 4

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Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

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

Respondents

**AFFIDAVIT OF LESLIE A. WITTLIN
(Sworn June 23, 2008)**

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

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") and 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 am on January 24, 2006 (the "Initial Order").
3. 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.

4. Pursuant to the Order of the Honourable Mr. Justice Cumming dated April 4, 2007, the legal fees and disbursements of Lang Michener for services to the Receiver, as set out in the First, Second and Third Interim Bills of Costs of Lang Michener, were approved.

5. Lang Michener has provided services and incurred disbursements as independent counsel to the Receiver for the periods from March 26, 2007 to April 4, 2007 and from August 10, 2007 to August 21, 2007, as described in the Fourth and Fifth 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" and "B" respectively (collectively, the "Interim Bills of Costs").

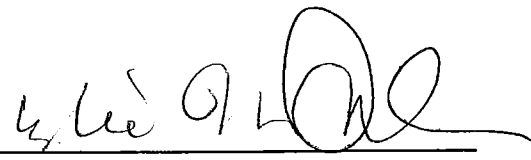
6. In respect of each of the Interim Bills of Costs, the legal costs, inclusive of fees and disbursements, have been allocated proportionately with the services provided in each receivership.


7. Based on my review of the Interim Bills of Costs and my personal knowledge of the 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.

8. I swear this affidavit in support of the motion of the Receiver for, among other things, approval of its fees and 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
June 24th 2008

)
)
)
)


Leslie A. Wittlin


Commissioner for Taking Affidavits
TOR_LAW 6897833\1

TAB A

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

BETWEEN

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC., 1508669 ONTARIO LIMITED

Respondents

**FOURTH 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 March 26, 2007 to April 4, 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	655.00	3.90	\$2,554.50

Fees and Disbursements	\$2,612.60
GST on Fees and Disbursements	<u>156.76</u>
Total Fees and Disbursements	\$2,769.36

Allocation of costs: (a) to Paragon 65% - \$1,800.08
(b) to 1508669 35% - \$969.28

This is Exhibit A referred to in the
affidavit of Leslie A. Wittlin
sworn before me, this 29th
day of June 2008

A COMMISSIONER FOR TAKING AFFIDAVITS

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 day of June, 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 March 26, 2007 to April 4, 2007**

26 MAR 07	LAW	Telephone call from C. Bahrey regarding amendments to affidavit and bills of costs, making changes thereto; telephone discussions with client to make arrangements to complete materials for motion, proofing documents as amended; reviewing memorandum from H. Bricks regarding Bank of Nova Scotia security over motor vehicle and priority thereof; notes to file;	1.00
28 MAR 07	LAW	Telephone discussion with H. Bricks regarding The Bank of Nova Scotia security enforcement and the least expensive response to be made in respect thereof; notes to file;	.30
30 MAR 07	LAW	Receiving and reviewing motion record prepared by Gowlings returnable April 4, 2007;	.30
03 APR 07	LAW	Telephone discussion with C. Prophet regarding matters to be dealt with in court on return of motion record and position of receiver;	.30
04 APR 07	LAW	Preparation and attendance in court before Justice Cumming on return of motion to address various matters including the passing of interim accounts; receiving and reviewing endorsement of Justice Cumming and final order;	2.00

TOTAL TAXABLE HOURS 3.90

OUR FEE: \$ 2,554.50

TAXABLE DISBURSEMENTS

Copies	\$ 45.50
Courier Delivery	6.00
Taxi	6.60

TOTAL TAXABLE DISBURSEMENTS: 58.10

TOTAL DISBURSEMENTS: 58.10

Goods and Services Tax (6% * 2,612.60) 156.76

135

TOTAL BALANCE DUE

\$ 2,769.36

THIS IS OUR INTERIM BILL OF COSTS

LANG MICHENER LLP

Per:

A handwritten signature in dark ink, appearing to read 'Leslie A. Wittlin', is written over a horizontal line.

Leslie A. Wittlin

TAB B

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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., 1508669 ONTARIO LIMITED

Respondents

**FIFTH 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.**

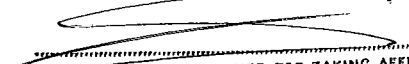
FOR PROFESSIONAL SERVICES RENDERED as independent counsel to Mintz & Partners Limited (the "Receiver") in its capacity as court appointed interim receiver and receiver and manager of Paragon Health Care Inc. ("Paragon"), 1508669 Ontario Limited ("1508669") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario"), for the period from August 10, 2007 to August 21, 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	655.00	5.90	3,864.50

Fees and Disbursements	\$3,878.10
GST on Fees and Disbursements	<u>232.69</u>
Total Fees and Disbursements	\$4,110.79

Allocation of costs: (a) to Paragon 65% - \$2,672.01
(b) to 1508669 35% - \$1,438.78

This is Exhibit B referred to in the
affidavit of Leslie A. Wittlin
sworn before me, this 24th
day of June 2008


A COMMISSIONER FOR TAKING AFFIDAVITS

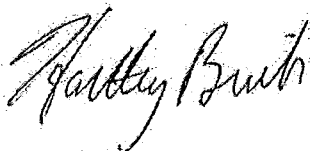
137

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 26th day of ~~September~~^{October}, 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:



for Daniel Weisz, Senior Vice-President

**Schedule of time docket entries for the period
from August 10, 2007 to August 21, 2007**

10 AUG 07	LAW	Receiving and beginning review of motion record prepared by Gowlings; exchanging e-mail memoranda with C. Bahrey of Gowlings and D. Weisz of Mintz; notes to file;	1.00
13 AUG 07	LAW	Completing review of motion record prepared by Gowlings including the form of agreement of purchase and sale to be utilized and the overall marketing plan for the property, and matters of particular concern to Mintz in its independent capacity as receiver;	1.00
15 AUG 07	LAW	Telephone discussions with D. Weisz and C. Bahrey of Gowlings regarding certain points in the motion record and particularly the form of agreement of purchase and sale; exchanging e-mail memoranda with D. Weisz regarding further contact from G. Harquail; notes to file;	.60
20 AUG 07	LAW	Reviewing message from C. Prophet regarding appearing on motion to approve marketing program;	.30
21 AUG 07	LAW	Preparation for and attendance in court on motion to approve marketing plan; reviewing confidential information memorandum; notes to file;	3.00

TOTAL TAXABLE HOURS 5.90

OUR FEE: \$ 3,864.50

TAXABLE DISBURSEMENTS

Copies	\$	7.00
Taxi		6.60

TOTAL TAXABLE DISBURSEMENTS: 13.60

TOTAL DISBURSEMENTS: 13.60

Goods and Services Tax (6% * 3,878.10) 232.69

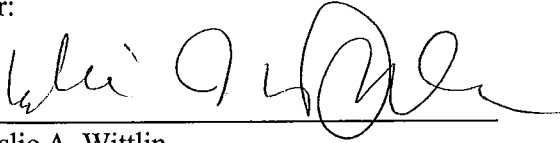
TOTAL BALANCE DUE

\$ 4,110.79

THIS IS OUR INTERIM BILL OF COSTS

LANG MICHENER LLP

Per:



Leslie A. Wittlin

TAB 5

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

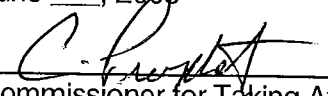
**AFFIDAVIT OF HARRY VANDERLUGT
(Sworn June 27, 2008)**

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 1, 2007 to May 22, 2008, 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 1, 2007 to May 22, 2008, 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.

SWORN before me at the City of
Toronto, in the Province of Ontario, on
June 27th, 2008

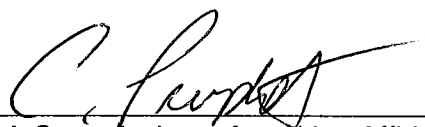


Commissioner for Taking Affidavits
TOR_LAW\6897834\1

)
)
)
)


Harry R. VanderLugt

This is **Exhibit "A"** to the
Affidavit of Harry Vanderlugt
sworn before me, this 27th day of
June, 2008.



A Commissioner for taking Affidavits

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LEGAL COSTS SUMMARY
Receivership of Paragon Health Care Inc.

LAWYER	YEAR OF CALL	HOURLY RATE 2007	HOURLY RATE 2008
Robin Walker	1968	\$700.00	N/A
Harry VanderLugt	1972	\$600.00	\$650.00
Clifton Prophet	1993	\$600.00	\$625.00
John Illingworth	2003	\$365.00	\$385.00
Alison Burton	2005	\$305.00	N/A
Christine Bahrey / Marchetti	2006	\$275.00	\$315.00
Andrew Newman	2006	N/A	\$315.00
Laura VanSoelen	Articling Student	\$185.00	N/A
Andrea Brigneti	Articling Student	\$185.00	N/A
Aaron Lealess	Summer Student	\$185.00	N/A

SUMMARY OF ACCOUNTS					
No.	Date of Account	Fees	Disbursements	GST	Total
1.	May 22, 2008	\$587.00	N/A	\$29.35	\$616.35
2.	March 24, 2008	\$609.00	N/A	\$30.45	\$639.45
3.	February 21, 2008	\$8,123.00	N/A	\$406.15	\$8,529.15
4.	December 31, 2007	\$3,468.50	\$273.75	\$224.54	\$3,966.79
5.	November 19, 2007	\$4,348.50	\$5,004.25	\$261.17	\$9,613.92

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6.	October 19, 2007	\$2,261.50	N/A	\$135.69	\$2,397.19
7.	September 19, 2007	\$20,647.50	\$338.50	\$1,259.16	\$22,245.16
8.	August 21, 2007	\$5,076.50	N/A	\$304.59	\$5,381.09
9.	July 31, 2007	\$3,730.50	N/A	\$223.83	\$3,954.33
10.	June 26, 2007	\$9,537.00	\$9.33	\$572.78	\$10,119.11
11.	May 29, 2007	\$7,934.50	\$0.41	\$476.09	\$8,411.00
12.	April 20, 2007	\$7,320.00	\$1.75	\$439.31	\$7,761.06
13.	March 23, 2007	\$3,539.50	N/A	\$212.37	\$3,751.87
TOTAL		\$77,183.00	\$5,627.99	\$4,575.48	\$87,386.47
Average Hourly Rate – Before GST		Total fees before GST \$77,183.00 ÷ Total hours of 171 = \$451.36			
TOTAL		\$87,386.47			

GOWLINGS

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

Gowling Lafleur Henderson LLP | Barristers & Solicitors | Patent & Trade-Mark Agents |

121969

145
INVOICE NUMBER
16482993

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

OUR FILE
T958690

DATE PAGE
May 22, 2008 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

14/03/2008	Reviewing union correspondence; John P Illingworth	0.20
02/04/2008	Call to H. Bricks re prospective offer for homes; Cliff Prophet	0.10
14/04/2008	Follow-up re potential bidder; e-mail to solicitor for bidder (E. Carmona); Cliff Prophet	0.30
30/04/2008	Review Jenson listing agreement, minor revisions, e-message H. Bricks Harry R. VanderLugt	0.40

Fees for Professional Services

\$587.00

Matter Summary

Fees for Professional Services	587.00
Goods and Services Tax on Fees	29.35

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

PER

Harry R. VanderLugt

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.3 % 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 May 22, 2008

ERRORS AND OMISSIONS EXCLUDED

Montreal

Ottawa

Toronto

Hamilton

Waterloo
Region

Calgary

Vancouver

Moscow



Gowling Lafleur Henderson LLP | Barristers & Solicitors | Patent & Trade-Mark Agents |

146 INVOICE NUMBER
16482993

121969

DATE PAGE
May 22, 2008 2

Total Fees and Taxes 616.35

Total Invoice Balance..... \$ 616.35

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 616.35

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

ERRORS AND OMISSIONS EXCLUDED

Montreal Ottawa Toronto Hamilton Waterloo Region Calgary Vancouver Moscow



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147
1 First Canadian Place
Suite 1600, 100 King St.
W.
Toronto, Ontario
Canada M5X 1G5
Tel: (416) 862-7525
Fax: (416) 862-7661
www.gowlings.com

Invoice Remittance Copy

Please REMIT TO:

Gowling Lafleur Henderson LLP
Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

Invoice Number

16482993

Invoice Date

May 22, 2008

Amount Due

\$616.35

T958690

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

For Payment by wire transfer, our banking information is as follows:
For Clients paying worldwide: Pay by SWIFT MT 103 Direct to: BIC: CIBCCATT

Account with institution: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

If paying by wire transfer, please fax a copy of the remittance to 416-862-7661 Attention: Accounts Receivable

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

ERRORS AND OMISSIONS EXCLUDED

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Toronto

Hamilton

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Region

Calgary

Vancouver

Moscow



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

Gowling Lafleur Henderson LLP | Barristers & Solicitors | Patent & Trade-Mark Agents |

121969

148

INVOICE NUMBER
16441287

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

OUR FILE
T958690

DATE PAGE
Mar 24, 2008 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

21/02/2008	Consider issues re receiver listing; review and draft additions to proposed listing agreement; e-message re court approval	
	Harry R. VanderLugt	0.70
28/02/2008	Reviewing correspondence with union;	
	John P. Illingworth	0.40

Fees for Professional Services \$609.00

Matter Summary

Fees for Professional Services	609.00	
Goods and Services Tax on Fees	30.45	
Total Fees and Taxes		639.45

Total Invoice Balance..... \$ 639.45

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE
INDICATED

TERMS: DUE UPON RECEIPT
INTEREST AT THE RATE OF 4.8 % 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 Mar 24, 2008

ERRORS AND OMISSIONS EXCLUDED

Montreal Ottawa Toronto Hamilton Waterloo Region Calgary Vancouver Moscow



Gowling Lafleur Henderson LLP | Barristers & Solicitors | Patent & Trade-Mark Agents |

149
INVOICE NUMBER
16441287

DATE PAGE
Mar 24, 2008 2

121969

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 639.45

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

ERRORS AND OMISSIONS EXCLUDED

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Region

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Moscow



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150
1 First Canadian Place
Suite 1600, 100 King St.
W.
Toronto, Ontario
Canada M5X 1G5
Tel: (416) 862-7525
Fax: (416) 862-7661
www.gowlings.com

Invoice Remittance Copy

Please REMIT TO:

Gowling Lafleur Henderson LLP
Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16441287	Mar 24, 2008	\$639.45

T958690 Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street,
Toronto

For Payment by wire transfer, our banking information is as follows:
For Clients paying worldwide: Pay by SWIFT MT 103 Direct to: BIC: CIBCCATT

Account with Institution: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

If paying by wire transfer, please fax a copy of the remittance to 416-862-7661 Attention: Accounts Receivable

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

ERRORS AND OMISSIONS EXCLUDED

Montreal

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Region

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Moscow

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Fax: (416) 862-7661
www.gowlings.com

Gowling Lafleur Henderson LLP | Barristers & Solicitors | Patent & Trade-Mark Agents |

121969

151
INVOICE NUMBER
16424809

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

OUR FILE
T958690

DATE PAGE
Feb 21, 2008 1


Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

03/01/2008	Reviewing the mediation agreement; meeting with C. Prophet re same; correspondence with H. Bricks re same; Christine L. Marchetti	0.80
13/01/2008	Drafting mediation submissions; Christine L. Marchetti	2.50
14/01/2008	Further drafting of the mediation brief and reviewing same; meeting with C. Prophet re same; Christine L. Marchetti	1.50
15/01/2008	Preparation for Oravec mediation; Cliff Prophet	1.90
15/01/2008	Telephone call with C. Marchetti; reasonable notice research; briefing email to C. Prophet with summary of results; Andrew Newman	0.80
16/01/2008	Attending the mediation meeting re D. Oravec; Christine L. Marchetti	4.00

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE
INDICATED

PER 
Harry R. VanderLugt

DATE Feb 21, 2008

TERMS: DUE UPON RECEIPT
INTEREST AT THE RATE OF 4.8 % 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

ERRORS AND OMISSIONS EXCLUDED

Montreal

Ottawa

Toronto

Hamilton

Waterloo
Region

Calgary

Vancouver

Moscow



Gowling Lafleur Henderson LLP | Barristers & Solicitors | Patent & Trade-Mark Agents |

162
INVOICE NUMBER
16424809

121969

DATE PAGE
Feb 21, 2008 2

16/01/2008	Preparation for and attendance at mediation on Oravec claims; Cliff Prophet	4.80
16/01/2008	Discussion re benefits claim at West Park; Cliff Prophet	0.20
21/01/2008	Drafting release from D. Oravec and reviewing transcription of minutes of settlement; meeting with C. Prophet re same; correspondence with N. Shapiro re same; Christine L. Marchetti	1.10
21/01/2008	E-mails re sale process; Cliff Prophet	0.20
23/01/2008	Meetings with C. Prophet re changes to the Oravec Release; revising same and correspondence with N. Shapiro re same; Christine L. Marchetti	1.00

Fees for Professional Services

\$8,123.00

Matter Summary

Fees for Professional Services	8,123.00
Goods and Services Tax on Fees	406.15
Total Fees and Taxes	<u>8,529.15</u>

Total Invoice Balance..... \$ 8,529.15

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 8,529.15

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1 Concorde Gate
Suite 200
North York, ON Canada
M3C 4G4
ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16424809	Feb 21, 2008	\$8,529.15
T958690	Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto	

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154
INVOICE NUMBER
16408067

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OUR FILE
T958690

DATE PAGE
Dec 31, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

16/10/2007	Office conference with C. Prophet re sale process; Robin Walker	0.30
17/10/2007	Pulled cases form Quiclaw and paper print reporters for C. Prophet; Andrea Brigneti	0.60
09/11/2007	Instructions re preparation of statement of defence in Oravec matter; Cliff Prophet	0.80
13/11/2007	Revising pleading; Cliff Prophet	1.10
14/11/2007	Review and revise statement of defence; Cliff Prophet	1.10
14/11/2007	Call to H. Bricks re Freedom of Information request on Casa Verde Inquest; Cliff Prophet	0.10
16/11/2007	Preparing an amended statement of defence and covering letter to accompany same; meeting with C. Prophet re same; telephone conversation with D. Weisz to obtain instructions re same;	

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PER
Harry R. VanderLugt

DATE Dec 31, 2007

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Dec 31, 2007 2

	Christine L. Marchetti	0.70
16/11/2007	Review Oravec correspondence; advice concerning arbitrators; Cliff Prophet	0.30
19/11/2007	Meeting with C. Prophet to review the amended statement of defence; revising letter to N. Shapiro re same; Christine L. Marchetti	0.50
19/11/2007	Telephone advice to H. Bricks re responding to inquiry from counsel for Casa Verde in pre-filing tort case; Cliff Prophet	0.20
20/11/2007	Re-serving and re-filing the statement of defence re D. Oravec; Christine L. Marchetti	0.50
20/11/2007	Instructions to C. Bahrey re choice of mediator; Cliff Prophet	0.10
21/11/2007	Telephone conversation with R. Jansen and C. Prophet re choice of mediator; telephone conversation with N. Shapiro re same; correspondence with D. Weisz re same; Christine L. Marchetti	0.80
23/11/2007	Further instructions for mediation of Oravec matter; Cliff Prophet	0.10
10/12/2007	Advice to H. Bricks re comments on placement agreement with York; Cliff Prophet	0.30

Fees for Professional Services

\$3,468.50DisbursementsTAXABLE COSTS

Copying	\$1.25
Fax Charges	\$2.00
Courier	\$7.50
Agency Fees	\$263.00

TOTAL Taxable Disbursements

\$273.75

Matter Summary

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156
INVOICE NUMBER
16408067

DATE PAGE
Dec 31, 2007 3

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Fees for Professional Services	3,468.50	
Goods and Services Tax on Fees	208.11	
Total Fees and Taxes		3,676.61

Disbursements for Professional Services	273.75	
Goods and Services Tax on Disbursements	16.43	
Total Disbursements and Taxes		290.18

Total Invoice Balance.....	\$	3,966.79
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PLEASE REMIT TOTAL INVOICE BALANCE DUE.....	\$	3,966.79
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North York, ON Canada
M3C 4G4
ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16408067	Dec 31, 2007	\$3,966.79

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Account number: 6550 8 26157

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INVOICE NUMBER
16351334

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OUR FILE
T958690

DATE	PAGE
Nov 19, 2007	1

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Senior Vice President
1 Concorde Gate
Suite 200
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:

09/10/2007	Preparation of draft order; Cliff Prophet	1.50
09/10/2007	Telephone conversation with C. Forrester regarding certification; John P Illingworth	0.90
10/10/2007	E-mail to H. Bricks re placement agreement; finishing comments on agreement; Cliff Prophet	0.70
12/10/2007	Review offers received by Receiver; telephone discussion with H. Bricks; Cliff Prophet	1.10
15/10/2007	Discussion with H. Bricks re further communications with parties who made offers on assets; Cliff Prophet	0.30
16/10/2007	Dealing with Oravec claims and costs submissions; Cliff Prophet	1.10
17/10/2007	Work on letter to bidders; further work on costs submission re Oravec; Cliff Prophet	1.30

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PER

Harry R. VanderLugt

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DATE PAGE
Nov 19, 2007 2

26/10/2007 Admitting service on claim;
Cliff Prophet 0.20

31/10/2007 Review of updated offer; discussion with Receiver; call with C. Melancon re other interested parties;
conference call with Receiver and M. Mallich;
Cliff Prophet 0.50

Fees for Professional Services \$4,348.50

DisbursementsNON-TAXABLE COSTS

Settlement Funds \$5,000.00

TOTAL Non-Taxable Disbursements \$5,000.00

TAXABLE COSTS

Copying \$4.25

TOTAL Taxable Disbursements \$4.25

Matter Summary

Fees for Professional Services	4,348.50	
Goods and Services Tax on Fees	260.91	
Total Fees and Taxes		4,609.41

Disbursements for Professional Services	5,004.25	
Goods and Services Tax on Disbursements	0.26	
Total Disbursements and Taxes		5,004.51

Total Invoice Balance..... \$ 9,613.92

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 9,613.92

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ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16351334	Nov 19, 2007	\$9,613.92
T958690	Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto	

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Account number: 6550 8 26157

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DATE PAGE
Oct 19, 2007 1

Mintz & Partners Limited
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Senior Vice President
1 Concorde Gate
Suite 200
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:

09/09/2007	Correspondence with union representative regarding ONA application; John P Illingworth	0.30
17/09/2007	Advice re Diversicare comments on bid process; Cliff Prophet	0.50
18/09/2007	Correspondence with union regarding application; Correspondence with union representative regarding ONA application; John P Illingworth	0.50
19/09/2007	Call from and to receiver re Diversicare; Cliff Prophet	0.30
20/09/2007	Correspondence with union representative regarding ONA application; John P Illingworth	0.30
04/10/2007	Review of judgment of Pitt J; call to N. Shapiro for Oravec; reporting to D. Weisz; Cliff Prophet	1.30
05/10/2007	Calls with N. Shapiro re Oravec matter: revise clinical experience agreement with Receiver for Rverson student	

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Harry R. VanderLugt

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162
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16331860

121969

DATE PAGE
Oct 19, 2007 2

participation;

Cliff Prophet

1.00

Fees for Professional Services

\$2,261.50

Matter Summary

Fees for Professional Services

2,261.50

Goods and Services Tax on Fees

135.69

Total Fees and Taxes

2,397.19

Total Invoice Balance..... \$ 2,397.19

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 2,397.19

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Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16331860	Oct 19, 2007	\$2,397.19

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164
INVOICE NUMBER
16310579

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DATE PAGE
Sep 19, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

02/08/2007	Instructions for completion and service of motion record re marketing process; Cliff Prophet	0.80
10/08/2007	Meeting with C.Bahrey regarding report in support of motion; Alison Burton	0.40
16/08/2007	[REDACTED] Cliff Prophet	0.30
20/08/2007	Telephone calls with receiver and preparation for motion to approve sales and marketing process; Cliff Prophet	2.00
20/08/2007	File review in preparation for drafting third report; Email to C.Prophet regarding third report and motion materials; Meeting with C.Prophet regarding third report; Email to M.Watson; Began drafting third report; Alison Burton	3.70
21/08/2007	Assemble authorities for Brief of Authorities; Draft Index for Brief of Authorities. Laura V. VanSoelen	3.50
21/08/2007	Preparation for and attendance at motion to approve marketing and sale process;	

ERRORS AND OMISSIONS EXCLUDED

PER

Harry R. VanderLugt

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DATE PAGE
Sep 19, 2007 2

	Cliff Prophet	1.80
21/08/2007	Several email exchanges with H.Bricks and M.Christie regarding factual circumstances in third report; Meeting with L.VanSoelen regarding cases required for book of authorities; Received and reviewed fax from N.Shapiro; Email to C.Prophet regarding fax from N.Shapiro; Discussion with C.Prophet regarding materials received by N.Shapiro; Implemented changes to third report, as per new information received from M.Christie and H.Bricks; Researched and reviewed case law for factum;	
	Alison Burton	9.30
22/08/2007	Assemble supplemental authorities for Brief of Authorities; Edit and revise Brief.	
	Laura V. VanSoelen	0.40
22/08/2007	Review of press release; review of appraisal instructions; instructions re Oravec motion;	
	Cliff Prophet	2.70
22/08/2007	Sent draft third report to C.Prophet; Meeting with C.Prophet; Implemented changes to third report as per C.Prophet; Sent third report to H.Bricks; Received emails from H.Bricks and D.Weisz; Implemented changes to report, as per H.Bricks and D.Weisz;	
	Alison Burton	4.40
23/08/2007	Revisions to Court report on Oravec motion;	
	Cliff Prophet	1.00
23/08/2007	Received and reviewed further emails from M.Christie; Discussion with M.Christie; Implemented further changes to third report; Sent final third report to H.Bricks for signature; Drafted and sent factum to C.Prophet;	
	Alison Burton	10.20
24/08/2007	Instructions on the law re: Oravec's claims;	
	Cliff Prophet	1.20
24/08/2007	Compile more authorities for Brief of Authorities; Edit factum; Prepare Brief of Authorities for submission to court.	
	Laura V. VanSoelen	1.30
24/08/2007	Review of email from H.Bricks; Implemented changes to the report, as per H.Bricks; Discussion with H.Bricks; Compiled third report and appendix and sent to N.Shapiro; Meeting with C.Prophet;	
	Alison Burton	1.00
26/08/2007	Revisions to factum;	
	Cliff Prophet	1.00
27/08/2007	Review documents for Costs Brief.	

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INVOICE NUMBER
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DATE PAGE
Sep 19, 2007 3

Laura V. VanSoelen 0.10

27/08/2007 Review motion materials to be filed on Oravec motion;
Cliff Prophet 0.4027/08/2007 Compiled materials for service of motion;
Alison Burton 1.1028/08/2007 Prepare Costs Brief.
Laura V. VanSoelen 0.9029/08/2007 Preparation for and attendance at motion re leave to proceed by D. Oravec;
Cliff Prophet 6.00

Fees for Professional Services \$20,647.50

DisbursementsTAXABLE COSTS

Copying \$338.50

TOTAL Taxable Disbursements \$338.50

Matter SummaryFees for Professional Services 20,647.50
Goods and Services Tax on Fees 1,238.85
Total Fees and Taxes 21,886.35Disbursements for Professional Services 338.50
Goods and Services Tax on Disbursements 20.31
Total Disbursements and Taxes 358.81

Total Invoice Balance..... \$ 22,245.16

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 22,245.16

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ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16310579	Sep 19, 2007	\$22,245.16
T958690	Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto	

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Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

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121969

168
INVOICE NUMBER
16291931

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

OUR FILE
T958690

DATE PAGE
Aug 21, 2007 1

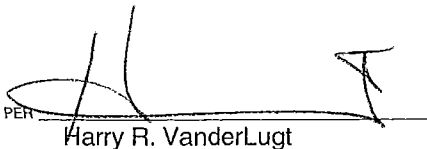
Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
North York, ON M3C 4G4
Canada

Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

16/07/2007	Substantive revisions to agreement of purchase and sale; Cliff Prophet	1.40
17/07/2007	Received email from H.Bricks; Discussion with H.Bricks; Email to C.Prophet; Received and reviewed email from H.Bricks; Alison Burton	0.30
17/07/2007	Instructions to A. Burton for reply to Oravec's counsel; work on agreement of purchase and sale form; Cliff Prophet	3.60
18/07/2007	Email to C.Prophet; Email to H.Bricks regarding offer; Implemented changes to letter to N.Shapiro; Sent letter to N.Shapiro; Alison Burton	0.20
19/07/2007	Revisions to draft of asset purchase agreement; Cliff Prophet	1.60
24/07/2007	Review of letter from N.Shapiro; Meeting with C.Prophet; Discussion with H.Bricks; Drafted letter to N.Shapiro; Alison Burton	0.80

ERRORS AND OMISSIONS EXCLUDED

PER 
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 Aug 21, 2007

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169
INVOICE NUMBER
16291931

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DATE PAGE
Aug 21, 2007 2

25/07/2007 Review of motion materials on marketing process;
Cliff Prophet 0.90

30/07/2007 Final review of motion materials to approve marketing process;
Cliff Prophet 0.30

Fees for Professional Services \$5,076.50

Matter Summary

Fees for Professional Services	5,076.50	
Goods and Services Tax on Fees	304.59	
Total Fees and Taxes		5,381.09

Total Invoice Balance..... \$ 5,381.09

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 5,381.09

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Fax: (416) 862-7661
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Invoice Remittance Copy

Please REMIT TO:

Gowling Lafleur Henderson LLP
Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16291931	Aug 21, 2007	\$5,381.09
T958690	Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto	

For Payment by wire transfer, our banking information is as follows:
For Clients paying worldwide: Pay by SWIFT MT 103 Direct to: BIC: CIBCCATT

Account with institution: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

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171
INVOICE NUMBER
16280664

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Toronto, CANADA M5X 1G5

OUR FILE
T958690

DATE PAGE
Jul 31, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

07/06/2007	Review of letter from N.Shapiro; Meeting with C.Prophet regarding D.Jeffrey's comments; Alison Burton	0.30
08/06/2007	Review of document sent by H.Bricks regarding D.Oravec; Alison Burton	0.10
12/06/2007	Reviewed email exchange from H.Bricks; Reviewed letter from opposing counsel; Responded to H.Bricks; Alison Burton	0.60
13/06/2007	Left voicemail with N.Shapiro; Alison Burton	0.10
13/06/2007	Advice and instruction re employment terminations and re court report; Cliff Prophet	0.20
18/06/2007	Email to H.Bricks seeking instructions; Alison Burton	0.30
19/06/2007	Reviewed and responded to H.Bricks email; Alison Burton	0.40

ERRORS AND OMISSIONS EXCLUDED

PER

Harry R. VanderLugt

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM
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Goods & Services Tax
Registration Number
11936 4511 RT

DATE Jul 31, 2007

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172
INVOICE NUMBER
16280664

121969

DATE PAGE
Jul 31, 2007 2

20/06/2007	Comment on receiver's report; Cliff Prophet	0.40
20/06/2007	CIM review and revised financing issues and structure Harry R. VanderLugt	0.50
20/06/2007	Reviewed email from H.Bricks; Left H.Bricks voicemail; Email to H.Bricks; Amended letter and release regarding D.Oravec; Alison Burton	0.60
28/06/2007	Responding to Oravec complaint; instructions to A. Burton; Cliff Prophet	0.50
28/06/2007	Review of response received from opposing counsel; Meeting with C.Prophet regarding response; Alison Burton	0.90
29/06/2007	Discussion with A.Lealess regarding research results with respect to waiver of common law notice; Alison Burton	0.50
03/07/2007	Conducted research of cases applicable in employment by receiver; Meeting with C.Prophet; Drafted response to letter by opposing counsel; Email to C.Prophet; Alison Burton	3.90
03/07/2007	Work on CIM; Cliff Prophet	0.50
11/07/2007	Implemented changes to the letter, as per C.Prophet; Email to H.Bricks; Alison Burton	0.30
12/07/2007	Email to N.Shapiro regarding response to demand letter; Alison Burton	0.10

Fees for Professional Services

\$3,730.50

Matter Summary

Fees for Professional Services
Goods and Services Tax on Fees

3,730.50
223.83

ERRORS AND OMISSIONS EXCLUDED

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INVOICE NUMBER
16280664

121969

DATE PAGE
Jul 31, 2007 3

Total Fees and Taxes 3,954.33

Total Invoice Balance..... \$ 3,954.33

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 3,954.33

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Please REMIT TO:

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Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16280664	Jul 31, 2007	\$3,954.33
T958690	Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto	

For Payment by wire transfer, our banking information is as follows:
For Clients paying worldwide: Pay by SWIFT MT 103 Direct to: BIC: CIBCCATT

Account with institution: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

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175
INVOICE NUMBER
16258651

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Toronto, CANADA M5X 1G5

OUR FILE
T958690

DATE PAGE
Jun 26, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

03/05/2007	Meeting with C.Prophet; Conference call with H.Bricks; Received and reviewed emails from H.Bricks regarding continuation of automobile benefits for H.Kapadia; Alison Burton 0.60
04/05/2007	Received email from H.Bricks; Left voicemail with H.Bricks; Discussion with H.Bricks regarding A.Toledo and D.Orvac; Alison Burton 0.40
07/05/2007	Drafted termination letter, release and email to C.Prophet regarding amended offer to H.Kapadia; Discussion with C.Prophet; Email to H.Bricks; Alison Burton 0.90
08/05/2007	Review of information from H.Bricks; Conducted research on wrongful dismissal database; Drafted termination letters and releases for D.Orvac and A.Toledo; Email to C.Prophet; Voicemail to H.Bricks; Email to H.Bricks attaching termination letters and releases; Alison Burton 2.20
11/05/2007	Review of H.Brick email regarding release for Orvac; Email to C.Prophet; Response to H.Bricks email; Alison Burton 0.20
14/05/2007	Review and response to email from H.Bricks regarding termination documents for D.Orvac;

ERRORS AND OMISSIONS EXCLUDED

TERMS: DUE UPON RECEIPT

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WILL BE CHARGED ON ALL AMOUNTS NOT PAID WITHIN
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Goods & Services Tax
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DATE Jun 26, 2007

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PER
Harry R. VanderLugt

121969

DATE PAGE
Jun 26, 2007 2

	Alison Burton	0.30
14/05/2007	Advice to H. Bricks and D. Weisz re employment matters; Cliff Prophet	0.60
14/05/2007	Discussions with union regarding certification application; preparing response to union; John P Illingworth	1.30
15/05/2007	Review of amended termination letter for D.Orvac; Left voicemail for H.Bricks regarding amended termination letter for D.Orvac; Email to C.Prophet; Alison Burton	0.30
15/05/2007	Advice re employment matters; Cliff Prophet	0.20
16/05/2007	Reviewed email from H.Bricks regarding H.Kapadia's request for further amounts relating to statutory holidays and vacation pay; Alison Burton	0.20
16/05/2007	Providing opinion regarding regarding strategy for discussions with ONA; John P Illingworth	0.30
17/05/2007	Review of correspondence from H.Kapadia and H.Bricks; Review of ESA requirements; Drafted response to H.Bricks; Email to C.Prophet; Alison Burton	0.90
18/05/2007	Review draft of second report to court re marketing process; instructions to C. Bahrey for preparation of form of agreement of purchase and sale; review CIM and sales process contained therein; Cliff Prophet	3.10
22/05/2007	Reviewed email from H.Bricks; Email to H.Bricks; Alison Burton	0.20
22/05/2007	Revisions to Second Report to the Court; Cliff Prophet	0.60
23/05/2007	Review CIM, and particularly commercial terms and licence matters; update and confirm law change status Harry R. VanderLugt	1.50
23/05/2007	Work on Second Report and CIM; Cliff Prophet	1.50

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177
INVOICE NUMBER
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121969

DATE PAGE
Jun 26, 2007 3

29/05/2007	Drafted letter to opposing counsel; Drafted email to C.Prophet; Alison Burton	0.40
31/05/2007	Left voicemail with H.Bricks; Review of opposing counsel's letter; Email to C.Prophet; Alison Burton	0.30
01/06/2007	Meeting with A. Burton to receive instructions for research re: contracting to waive rights to severance pay with successor employer; Aaron Lealess	0.30
01/06/2007	Comments on Oravec termination and instructions to A. Burton; Cliff Prophet	0.40
01/06/2007	Drafted response to demand letter; Conference call with H.Bricks; Meeting with C.Prophet; Alison Burton	1.60
04/06/2007	Implemented changes to demand letter; Email to H.Bricks; Alison Burton	0.70
05/06/2007	Review search and forward info re property owner name change by amalgamation Harry R. VanderLugt	0.20
06/06/2007	Review of email from H.Bricks; Email to C.Prophet; Alison Burton	0.30
07/06/2007	Discussion with A. Burton and H. Bricks re Oravec termination and review of position; Cliff Prophet	0.80
07/06/2007	Review and comment on CIM for marketing process; fax to Mintz; Cliff Prophet	0.90
11/06/2007	E-message re issues in financing section of CIM Harry R. VanderLugt	0.20

Fees for Professional Services

\$9,537.00

Disbursements

TAXABLE COSTS

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178
INVOICE NUMBER
16258651

DATE PAGE
Jun 26, 2007 4

121969

Scanning Service	\$4.50
Quick Law: Research	\$4.83
TOTAL Taxable Disbursements	\$9.33

Matter Summary

Fees for Professional Services	9,537.00	
Goods and Services Tax on Fees	572.22	
Total Fees and Taxes		10,109.22
Disbursements for Professional Services	9.33	
Goods and Services Tax on Disbursements	0.56	
Total Disbursements and Taxes		9.89

Total Invoice Balance..... \$ 10,119.11

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 10,119.11

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Gowling Lafleur Henderson LLP
Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
-----------------------	---------------------	-------------------

16258651	Jun 26, 2007	\$10,119.11
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T958690

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

For Payment by wire transfer, our banking information is as follows:
For Clients paying worldwide: Pay by SWIFT MT 103 Direct to: BIC: CIBCCATT

Account with institution: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

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180
INVOICE NUMBER
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Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

OUR FILE
T958690

DATE PAGE
May 29, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

02/04/2007	Preparation for hearing to approve distribution and conduct to date; Cliff Prophet	0.90
03/04/2007	[REDACTED]; discussions re marketing plan; Cliff Prophet	1.00
04/04/2007	Meeting with C.Prophet and C.Bahrey; Conference call with the client; Alison Burton	1.30
05/04/2007	Review of documents received from C.Prophet; Alison Burton	0.60
09/04/2007	Meeting re termination of director of care; review of letter re same; advice to client; Cliff Prophet	2.00
09/04/2007	Review of documents received by H.Bricks; Drafted termination letter; Meeting with C.Prophet; Conference call with C.Prophet, H.Bricks, M.Christie and C.Bahrey; Implemented changes to termination letter; Drafted release; Alison Burton	3.00
10/04/2007	[REDACTED]	

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PER 
Harry R. VanderLugt

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DATE May 29, 2007

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DATE PAGE
May 29, 2007 2

	Cliff Prophet	0.30
12/04/2007	Discussion with client re termination of director of care at Casa Verde;	
	Cliff Prophet	0.30
17/04/2007	Review of termination letter; Implemented changes to termination letter; Email to C.Prophet regarding draft termination letter;	
	Alison Burton	0.70
19/04/2007	Meeting with C.Prophet regarding changes to termination letter;	
	Alison Burton	0.20
19/04/2007	Review and revise termination letter; talk with D. Weisz re same; e-mail;	
	Cliff Prophet	1.80
20/04/2007	Review of termination letter; Received and reviewed email from D.Jeffrey; Call with C.Prophet regarding email from D.Jeffrey; Discussion with D.Jeffrey; Discussion with D.Weisz; Email to D.Jeffrey; Review of offer letter to R.Hickling;	
	Alison Burton	1.30
20/04/2007	Review further comments on termination letter and instructions re same to A. Burton;	
	Cliff Prophet	0.40
22/04/2007	Implemented changes to offer letter to R.Hickling; Email to C.Prophet;	
	Alison Burton	1.10
23/04/2007	Meeting with C.Prophet; Implemented changes to offer letter; Email to clients attaching offer letter;	
	Alison Burton	0.70
23/04/2007	Telephone call re termination letter for H. Kapedia;	
	Cliff Prophet	0.60
24/04/2007	Report from H. Bricks re retaining new environmental consultant and discussions with H. Kapedia;	
	Cliff Prophet	0.20
26/04/2007	Report from H. Bricks re termination of director of care;	
	Cliff Prophet	0.20
09/05/2007	Long conversations with H. Bricks and D. Weisz re terminations; instructions to A. Burton re terminations of Kapedia, Orvac etc.;	
	Cliff Prophet	1.00

ERRORS AND OMISSIONS EXCLUDED

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182
INVOICE NUMBER
16242695

121969

DATE PAGE
May 29, 2007 3

Fees for Professional Services

\$7,934.50

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
Total Fees and Taxes

7,934.50
476.07

8,410.57

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

0.41
0.02

0.43

Total Invoice Balance..... \$ 8,411.00

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 8,411.00

ERRORS AND OMISSIONS EXCLUDED

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Toronto, Ontario
Canada M5X 1G5
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Fax: (416) 862-7661
www.gowlings.com

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Please REMIT TO:

Gowling Lafleur Henderson LLP
Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

Invoice Number

Invoice Date

Amount Due

16242695

May 29, 2007

\$8,411.00

T958690

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

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38-51311 CDN Account or 03-54112 US

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ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
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BNF Beneficiary: Gowling Lafleur Henderson LLP
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121969

184
INVOICE NUMBER
16214750

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OUR FILE
T958690

DATE PAGE
Apr 20, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

12/03/2007	Review and revise motion materials in Peoples matter; Cliff Prophet	2.30
13/03/2007	Telephone call with D. Weisz; Cliff Prophet	0.30
14/03/2007	Telephone call to Union counsel; Cliff Prophet	0.40
16/03/2007	Instructions to C. Bahrey for preparing motion materials; Cliff Prophet	0.40
19/03/2007	Instructions for preparation of motion to approve payment to Peoples; work on termination of manager of facility; Cliff Prophet	1.30
22/03/2007	E-message from Harquail solicitor re financial info and forward Harry R. VanderLugt	0.20
23/03/2007	Advice to H. Bricks re termination of employee; work on report to Court;	

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PER

Harry R. VanderLugt

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DATE PAGE
Apr 20, 2007 2

	Cliff Prophet	0.70
26/03/2007	Advice to receiver re termination of H. Kapedia; Cliff Prophet	1.00
26/03/2007	Telephone attendance with D.Weisz and H Bricks re financial info and related matters; review earlier restrictions and communications re same Harry R. VanderLugt	0.30
04/04/2007	Preparation for and attendance in Court; advice and instructions re termination of director of care at Casa Verde; telephone calls to D. Weisz and H. Bricks; Preparation for and attendance in court re distribution motion; dealing with counsel to SEIU/CUPE; Cliff Prophet	4.40
05/04/2007	Review court direction, telephone attendance with H, Bricks re appraisal status and sale package;, telephone attendance with M. Mallich; letter to Mallich and others Harry R. VanderLugt	0.90

Fees for Professional Services \$7,320.00

Disbursements

TAXABLE COSTS

Scanning Service \$1.75

TOTAL Taxable Disbursements \$1.75

Matter Summary

Fees for Professional Services	7,320.00
Goods and Services Tax on Fees	439.20
Total Fees and Taxes	<u>7,759.20</u>

Disbursements for Professional Services	1.75
Goods and Services Tax on Disbursements	0.11
Total Disbursements and Taxes	<u>1.86</u>

Total Invoice Balance..... \$ 7,761.06

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 7,761.06

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1 Concorde Gate
Suite 200
North York, ON Canada
M3C 4G4
ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16214750	Apr 20, 2007	\$7,761.06

T958690

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

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Account number: 6550 8 26157

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Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
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DATE PAGE
Mar 23, 2007 1

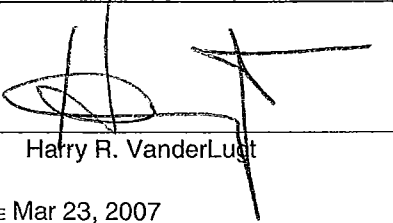
Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
North York, ON M3C 4G4
Canada

Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

05/02/2007	E-messages from solicitor, to receiver x2 and to PTC re statements; review and forward statements; e-message solicitor Harry R. VanderLugt	0.30
07/02/2007	E-messages re MOH status and loan information Harry R. VanderLugt	0.20
14/02/2007	Ministry, employee and related issues Harry R. VanderLugt	0.20
19/02/2007	Reviewing request from Ontario Nurses' Association; John P Illingworth	0.60
20/02/2007	E-message from solicitor re further accounting; e-message from and e-message to receiver re accounts; f/u with PTC Harry R. VanderLugt	0.30
21/02/2007	Telephone call to H. Bricks; Cliff Prophet	0.50

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PER 
Harry R. VanderLugt

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INVOICE NUMBER
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DATE PAGE
Mar 23, 2007 2

21/02/2007	Reviewing request from Ontario Nurses' Association; reviewing potential agreements for non-successor employer status; John P Illingworth	0.80
27/02/2007	Researching issues regarding potential of an agreement with union regarding successor employer status; John P Illingworth	0.60
01/03/2007	Long meeting with C. Bahrey and calls to H. Bricks and D. Weisz re motion to distribute and re position of pension plan and union grievances; Cliff Prophet	3.00
01/03/2007	Researching issues regarding potential of an agreement with union regarding successor employer status; John P Illingworth	0.30

Fees for Professional Services

\$3,539.50

Matter Summary

Fees for Professional Services	3,539.50	
Goods and Services Tax on Fees	212.37	
Total Fees and Taxes		<u>3,751.87</u>

Total Invoice Balance..... \$ 3,751.87

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 3,751.87

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North York, ON Canada
M3C 4G4
ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16198782	Mar 23, 2007	\$3,751.87

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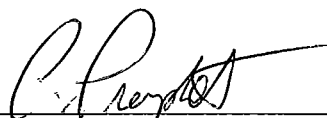
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This is **Exhibit "B"** to the
Affidavit of Harry Vanderlugt
sworn before me, this 27th day of
June, 2008.



A Commissioner for taking Affidavits

LEGAL COSTS SUMMARY
Receivership of 1508669 Ontario Limited

LAWYER	YEAR OF CALL	HOURLY RATE 2007	HOURLY RATE 2008
Robin Walker	1968	\$700.00	N/A
Harry VanderLugt	1972	\$600.00	\$650.00
Clifton Prophet	1993	\$600.00	\$625.00
John Illingworth	2003	\$365.00	\$385.00
Alison Burton	2005	\$305.00	N/A
Christine Bahrey / Marchetti	2006	\$275.00	\$315.00

SUMMARY OF ACCOUNTS					
No.	Date of Account	Fees	Disbursements	GST	Total
1.	February 21, 2008	\$2,445.00	\$2,122.50	\$128.38	\$4,695.88
2.	November 19, 2007	\$4,045.00	\$20.00	\$243.90	\$4,308.90
3.	September 19, 2007	\$4,545.00	\$304.45	\$290.97	\$5,140.42
4.	August 21, 2007	\$9,705.00	\$381.28	\$605.18	\$10,691.46
5.	July 31, 2007	\$832.50	\$8.25	\$50.45	\$891.20
6.	June 26, 2007	\$4,770.00	\$27.00	\$287.82	\$5,084.82
7.	May 29, 2007	\$2,102.00	\$331.05	\$145.98	\$2,579.03
8.	April 20, 2007	\$6,992.00	\$886.48	\$472.71	\$8,351.19
9.	March 23, 2007	\$6,737.50	\$10.50	\$404.88	\$7,152.88
TOTAL		\$42,174.00	\$4,091.51	\$2,630.27	\$48,895.78

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Average Hourly Rate – Before GST	Total fees before GST \$42,174.00 ÷ Total hours of 121.1 = \$348.26
TOTAL	\$48,895.78

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OUR FILE
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DATE PAGE
Feb 21, 2008 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

15/01/2008	Meeting with C. Prophet re question re death benefits claim; Christine L. Marchetti	0.50
15/01/2008	Call re certification of ONA for two nurses and strategy re same; Cliff Prophet	0.50
16/01/2008	Advising on grievance matters and ONA certification application; John P Illingworth	0.20
17/01/2008	Advising on grievance matters and ONA certification application; John P Illingworth	1.20
17/01/2008	Call with H. Bricks and J. Illingworth re ONA; also discussed insurance grievance; Cliff Prophet	0.60
18/01/2008	Advising on matters regarding union grievance; John P Illingworth	0.70
18/01/2008	Call with client re grievance on insurance benefits for deceased former employee; Cliff Prophet	0.40

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PER 
Harry R. VanderLugt

DATE Feb 21, 2008

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DATE PAGE
Feb 21, 2008 2

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21/01/2008	Advising on union grievance matters; John P Illingworth	0.30
22/01/2008	Advising on union grievance matters; John P Illingworth	0.20
25/01/2008	Reviewing grievance; John P Illingworth	0.40
29/01/2008	E-messages re listing; consider issues and protocol for listing , receiver and court approval Harry R. VanderLugt	0.30

Fees for Professional Services

\$2,445.00

Disbursements

NON-TAXABLE COSTS

03/01/2008	Disbursements - Agency VENDOR: McCague Peacock Borlack McInnis & Lloyd; INVOICE#: T958691- 01032008; DATE: 1/03/08 - T958691 - Initial Retainer Fee to Mediator - C. Prophet	\$2,000.00
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TOTAL Non-Taxable Disbursements

\$2,000.00

TAXABLE COSTS

Copying	\$71.75
Scanning Service	\$1.50
Binding	\$26.75
Courier	\$22.50

TOTAL Taxable Disbursements

\$122.50

Matter Summary

Fees for Professional Services	2,445.00	
Goods and Services Tax on Fees	122.25	
Total Fees and Taxes		<u>2,567.25</u>

Disbursements for Professional Services	2,122.50	
Goods and Services Tax on Disbursements	6.13	
Total Disbursements and Taxes		<u>2,128.63</u>

Total Invoice Balance.....	\$	<u>4,695.88</u>
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DATE PAGE
Feb 21, 2008 3

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PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 4,695.88

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M3C 4G4
ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16424810	Feb 21, 2008	\$4,695.88

T958691

Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road,
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16351579

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Nov 19, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

18/09/2007	Telephone call from Receiver re sale process; Cliff Prophet	0.20
15/10/2007	Discussion with H. Bricks re further communications with parties who made offers on assets Cliff Prophet	0.30
16/10/2007	Review of letter drafted re further offers from bidders; Cliff Prophet	0.40
31/10/2007	Review of updated offer; discussion with Receiver; call with C. Melancon re other interested parties; conference call with Receiver and M. Mallich; Cliff Prophet	0.50
07/11/2007	Call re potential purchaser; Cliff Prophet	0.30
09/11/2007	Meeting with C. Prophet to obtain instructions re preparing a statement of defence against the claim of D. Oravec; telephone conversation with A. Newman re same; Christine L. Marchetti	0.30

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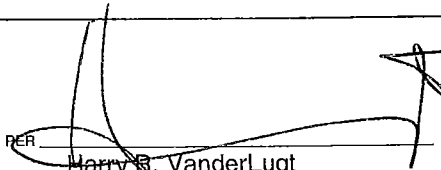
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Harry R. VanderLugt



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INVOICE NUMBER
16351579

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DATE PAGE
Nov 19, 2007 2

12/11/2007	Reviewing D. Oravec's Motion Record, the Responding Factum, the Third Report of Mintz, the order of Justice Pitt and the Statement of Claim; drafting the Statement of Defence; Christine L. Marchetti	4.00
13/11/2007	Further drafting of the Statement of Defence re D. Oravec's Statement of Claim; meeting with C. Prophet to review same; revising same; Christine L. Marchetti	5.40
14/11/2007	Revising the statement of defence; serving statement of defence; Christine L. Marchetti	1.30

Fees for Professional Services \$4,045.00

Disbursements

<u>TAXABLE COSTS</u>	
Scanning Service	\$3.00
Fax Charges	\$3.25
Courier	\$13.75
TOTAL Taxable Disbursements	\$20.00

Matter Summary

Fees for Professional Services	4,045.00	
Goods and Services Tax on Fees	242.70	
Total Fees and Taxes		4,287.70
Disbursements for Professional Services	20.00	
Goods and Services Tax on Disbursements	1.20	
Total Disbursements and Taxes		21.20
Total Invoice Balance.....	\$	4,308.90
PLEASE REMIT TOTAL INVOICE BALANCE DUE.....	\$	4,308.90

ERRORS AND OMISSIONS EXCLUDED

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ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16351579	Nov 19, 2007	\$4,308.90
T958691	Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines	

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121969

200
INVOICE NUMBER
16310580

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Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

OUR FILE
T958691

DATE PAGE
Sep 19, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

02/08/2007	Final review of motion record re marketing process; Cliff Prophet	1.00
15/08/2007	Drafting and executing an affidavit of service; Christine L. Bahrey	0.30
19/08/2007	Reviewing the motion record of D. Oravec; drafting a third report of the receiver; Christine L. Bahrey	3.00
21/08/2007	Preparation for and attendance at hearing of motion to approve marketing process; Cliff Prophet	1.00
21/08/2007	Preparing for and attendance at the motion re marketing process at the Superior Court (Commercial List); Christine L. Bahrey	2.10
23/08/2007	Telephone discussion with Receiver re marketing process; Cliff Prophet	1.80
05/09/2007	Review of correspondence re ministry; review of confidentiality agreements and sales process inquiries; Cliff Prophet	1.30

ERRORS AND OMISSIONS EXCLUDED

PER
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
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Goods & Services Tax
Registration Number
11936 4511 RT

DATE Sep 19, 2007

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501
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16310580

121969

DATE PAGE
Sep 19, 2007 2

Fees for Professional Services

\$4,545.00

Disbursements

TAXABLE COSTS

Copying	\$56.25
Scanning Service	\$10.00
Binding	\$16.70
Courier	\$22.50
Agency Fees	\$188.50
eCarswell	\$10.50

TOTAL Taxable Disbursements

\$304.45

Matter Summary

Fees for Professional Services	4,545.00	
Goods and Services Tax on Fees	272.70	
Total Fees and Taxes		4,817.70

Disbursements for Professional Services	304.45	
Goods and Services Tax on Disbursements	18.27	
Total Disbursements and Taxes		322.72

Total Invoice Balance.....	\$	5,140.42
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PLEASE REMIT TOTAL INVOICE BALANCE DUE.....	\$	5,140.42
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ERRORS AND OMISSIONS EXCLUDED

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16310580	Sep 19, 2007	\$5,140.42
T958691	Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines	

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Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

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203
INVOICE NUMBER
16291935

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OUR FILE
T958691

DATE PAGE
Aug 21, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

16/07/2007	Revisions to agreement of purchase and sale and clearing dates for motion; instructions to C. Bahrey re same; Cliff Prophet	1.40
17/07/2007	Meeting with C. Prophet to review the agreement of purchase and sale; Christine L. Bahrey	2.30
18/07/2007	Revising the CIM and Second Report of the Receiver; telephone conversation with H. Bricks re same; Christine L. Bahrey	0.50
19/07/2007	Revising the agreement of purchase and sale; meeting with C. Prophet to review same; Christine L. Bahrey	3.10
19/07/2007	Office conference with C. Prophet re contingency issues; Robin Walker	0.40
20/07/2007	Revising the agreement of purchase and sale; meetings with R. Walker re same; Christine L. Bahrey	1.60
20/07/2007	Office conference with C. Bahrey re revisions to Agreement of Purchase & Sale; review Agreement of Purchase & Sale documents; revise Vesting Order re real property; office conference with C. Prophet;	

ERRORS AND OMISSIONS EXCLUDED

PER

Harry R. VanderLugt

TERMS: DUE UPON RECEIPT

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DATE Aug 21, 2007

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DATE PAGE
Aug 21, 2007 2

	Robin Walker	1.40
23/07/2007	Correspondence with D. Lefaive and the Superior Court re setting a motion date to approve the marketing process;	
	Christine L. Bahrey	0.30
24/07/2007	Instructions to A. Burton re dealings with N. Shapiro;	
	Cliff Prophet	0.40
25/07/2007	Meeting with R. Walker and C. Prophet to review the agreement and sale; further revisions to same; revising the motion materials;	
	Christine L. Bahrey	3.50
25/07/2007	Review Agreement of Purchase and Sale; office conference with C. Prophet and C. Bahrey re revisions to Agreement of Purchase and Sale;	
	Robin Walker	1.00
25/07/2007	Office conference with C. Prophet re sales process;	
	Robin Walker	0.40
25/07/2007	Review and revise motion materials on marketing process and in particular agreement of purchase and sale form;	
	Cliff Prophet	0.90
26/07/2007	Revising the agreement of purchase and sale; assembling the motion record;	
	Christine L. Bahrey	0.70
30/07/2007	Revising the motion record re CIM approval;	
	Christine L. Bahrey	0.50
30/07/2007	Final review of materials to approve marketing process;	
	Cliff Prophet	0.30
31/07/2007	Further revisions to the motion record re CIM approval;	
	Christine L. Bahrey	0.60
01/08/2007	Arranging for the scanning of the motion record; emailing same to H. Bricks for review;	
	Christine L. Bahrey	0.20
02/08/2007	Meeting with D. Weisz to review the motion record; meeting with C. Prophet re same; revising the motion record;	

ERRORS AND OMISSIONS EXCLUDED

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INVOICE NUMBER
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DATE PAGE
Aug 21, 2007 3

	Christine L. Bahrey	3.00
03/08/2007	Revising the motion record; short meeting with C. Prophet re same;	
	Christine L. Bahrey	0.50
07/08/2007	Revising the motion record;	
	Christine L. Bahrey	0.30
08/08/2007	Email correspondence with D. Weisz re service list; assembling the revised motion record;	
	Christine L. Bahrey	1.00
09/08/2007	Preparing the motion materials;	
	Christine L. Bahrey	0.50
10/08/2007	Meeting with A. Burton re Oravec motion; further preparation of motion materials re CIM approval; serving motion record electronically;	
	Christine L. Bahrey	1.50
13/08/2007	Serving motion record via courier, including preparing a cover letter to the service list and arranging for delivery;	
	Christine L. Bahrey	0.50

Fees for Professional Services

\$9,705.00

Disbursements

TAXABLE COSTS

Copying	\$304.75
Scanning Service	\$0.25
Fax Charges	\$4.25
Binding	\$43.65
Courier	\$28.38

TOTAL Taxable Disbursements

\$381.28

Matter Summary

Fees for Professional Services	9,705.00	
Goods and Services Tax on Fees	582.30	
Total Fees and Taxes		<u>10,287.30</u>
Disbursements for Professional Services	381.28	
Goods and Services Tax on Disbursements	22.88	

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206
INVOICE NUMBER
16291935

121969

DATE PAGE
Aug 21, 2007 4

Total Disbursements and Taxes

404.16

Total Invoice Balance..... \$ 10,691.46

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 10,691.46

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16291935	Aug 21, 2007	\$10,691.46

T958691

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

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BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

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03-54112 US Account

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INVOICE NUMBER
16280666

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OUR FILE
T958691

DATE PAGE
Jul 31, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

20/06/2007	Meeting with C. Prophet to review the confidential information memorandum; telephone conversation with C. Prophet and H. Bricks re same; Christine L. Bahrey	0.50
20/06/2007	Comment on receiver's report and marketing process; Cliff Prophet	0.50
26/06/2007	Advice to H. Bricks; Cliff Prophet	0.20
03/07/2007	Drafting the notice of motion re approval of the sale process and the agreement of purchase and sale; Christine L. Bahrey	1.00

Fees for Professional Services

\$832.50

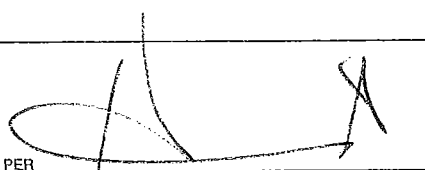
Disbursements

TAXABLE COSTS
Fax Charges

\$8.25

ERRORS AND OMISSIONS EXCLUDED

PER


Harry R. VanderLugt

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INVOICE NUMBER
16280666

DATE PAGE
Jul 31, 2007 2

121969

TOTAL Taxable Disbursements

\$8.25

Matter Summary

Fees for Professional Services	832.50	
Goods and Services Tax on Fees	49.95	
Total Fees and Taxes		882.45

Disbursements for Professional Services	8.25	
Goods and Services Tax on Disbursements	0.50	
Total Disbursements and Taxes		8.75

Total Invoice Balance.....	\$	891.20
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PLEASE REMIT TOTAL INVOICE BALANCE DUE.....	\$	891.20
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ERRORS AND OMISSIONS EXCLUDED

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North York, ON Canada
M3C 4G4
ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16280666	Jul 31, 2007	\$891.20
T958691	Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines	

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BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

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211
INVOICE NUMBER
16258653

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Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

OUR FILE
T958691

DATE PAGE
Jun 26, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

16/05/2007	Instructions to J. Illingworth re ONA certification application; Cliff Prophet	0.80
18/05/2007	Reviewing the confidential information memorandum and the report of the receiver; meeting with C. Prophet to obtain instructions re the marketing process; Christine L. Bahrey	2.30
23/05/2007	Meeting with D. Weisz, H. Bricks (by telephone) and C. Prophet re the marketing process; drafting the offer to purchase and the agreement of purchase and sale; Christine L. Bahrey	4.10
25/05/2007	Revising the Second Report to the court; meeting with C. Prophet re same; Christine L. Bahrey	1.10
25/05/2007	Work on Second Report; Cliff Prophet	0.20
30/05/2007	Further drafting of the form of agreement of purchase and sale; Christine L. Bahrey	1.50

ERRORS AND OMISSIONS EXCLUDED

PER

Harry R. VanderLugt

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM
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Goods & Services Tax
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DATE Jun 26, 2007

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212
INVOICE NUMBER
16258653

121969

DATE PAGE
Jun 26, 2007 2

01/06/2007	Further drafting the agreement of purchase and sale; Christine L. Bahrey	3.40
05/06/2007	Reviewing revised asset purchase agreement; Christine L. Bahrey	0.80
07/06/2007	Review and comment on CIM draft for sales process; telephone call from L. Wittlin; Cliff Prophet	0.90

Fees for Professional Services \$4,770.00

Disbursements

TAXABLE COSTS

Fax Charges	\$0.50
Agency Fees	\$26.50
TOTAL Taxable Disbursements	\$27.00

Matter Summary

Fees for Professional Services	4,770.00	
Goods and Services Tax on Fees	286.20	
Total Fees and Taxes		5,056.20
 Disbursements for Professional Services	 27.00	
Goods and Services Tax on Disbursements	1.62	
Total Disbursements and Taxes		28.62
 Total Invoice Balance.....	 \$	 5,084.82
 PLEASE REMIT TOTAL INVOICE BALANCE DUE.....	 \$	 5,084.82

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Suite 200
North York, ON Canada
M3C 4G4
ATTN: Daniel Weisz
Senior Vice President

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16258653	Jun 26, 2007	\$5,084.82
T958691	Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines	

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IBAN (European Clients): CC001000002

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214
INVOICE NUMBER
16242697

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OUR FILE
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DATE PAGE
May 29, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

05/03/2007	Correspondence with counsel for Cupe regarding certification application; researching issues regarding scope of agreement; John P Illingworth	0.80
06/03/2007	Correspondence with counsel for Cupe regarding certification application; John P Illingworth	0.20
09/03/2007	Discussions with counsel regarding Cupe's position on application; correspondence with ONA; John P Illingworth	1.20
16/04/2007	Receive, review and forward updated loan statements and history to M. Sear Harry R. VanderLugt	0.20
03/05/2007	Advice to Mintz re termination of H. Kapedia; Cliff Prophet	0.30
04/05/2007	Conversation with client re ONA application; instruction to J. Illingworth; Cliff Prophet	1.10
07/05/2007	Brief telephone call re claims of ONA;	

ERRORS AND OMISSIONS EXCLUDED

PER

Harry R. VanderLugt

TERMS: DUE UPON RECEIPT

INTEREST AT THE RATE OF 4.5 % PER ANNUM
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215
INVOICE NUMBER
16242697

121969

DATE PAGE
May 29, 2007 2

Cliff Prophet 0.20

09/05/2007 Preparing correspondence to union regarding certification application;
John P Illingworth 0.60

Fees for Professional Services \$2,102.00

Disbursements

TAXABLE COSTS

Agency Fees \$331.05

TOTAL Taxable Disbursements \$331.05

Matter Summary

Fees for Professional Services	2,102.00	
Goods and Services Tax on Fees	126.12	
Total Fees and Taxes		2,228.12

Disbursements for Professional Services	331.05	
Goods and Services Tax on Disbursements	19.86	
Total Disbursements and Taxes		350.91

Total Invoice Balance..... \$ 2,579.03

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 2,579.03

ERRORS AND OMISSIONS EXCLUDED

AMOUNTS ARE STATED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED

Montreal Ottawa Toronto Hamilton Waterloo Region Calgary Vancouver Moscow



Gowling Lafleur Henderson LLP | Barristers & Solicitors | Patent & Trade-Mark Agents |

216
1 First Canadian Place
Suite 1600, 100 King St.
W.
Toronto, Ontario
Canada M5X 1G5
Tel: (416) 862-7525
Fax: (416) 862-7661
www.gowlings.com

Invoice Remittance Copy

Please REMIT TO:

Gowling Lafleur Henderson LLP
Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16242697	May 29, 2007	\$2,579.03

T958691

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

For Payment by wire transfer, our banking information is as follows:
For Clients paying worldwide: Pay by SWIFT MT 103 Direct to: BIC: CIBCCATT

Account with institution: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

BNF Beneficiary: Gowling Lafleur Henderson LLP
03-54112 US Account

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121969

217
INVOICE NUMBER
16214751

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

OUR FILE
T958691

DATE PAGE
Apr 20, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

18/03/2007	Redacting dockets to be attached to the affidavit of H. VanderLugt; revising the draft order for the distribution motion; Christine L. Bahrey	0.70
19/03/2007	Meeting with C. Prophet to review distribution motion documentation; revising same; Christine L. Bahrey	2.00
20/03/2007	Revising the First Report to the Court of Mintz; preparing an email to H. Bricks, D. Weisz and Les Wittlin enclosing the notice of motion, draft order and First Report; Christine L. Bahrey	0.70
20/03/2007	Review and revise receiver's report to the Court on distribution; Cliff Prophet	0.60
22/03/2007	Telephone conversation with D. Weisz and H. Bricks to review the First Report to the Court of Mintz; Christine L. Bahrey	1.00
23/03/2007	Revising motion record materials; meeting with C. Prophet re same; Christine L. Bahrey	2.40

ERRORS AND OMISSIONS EXCLUDED

PER
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 Apr 20, 2007

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25/03/2007	Revising distribution motion materials; Christine L. Bahrey	0.40
26/03/2007	Revising motion materials; short telephone conversation with D. Weisz re same; arranging for H. VanderLugt to swear the affidavit re fees and disbursements; Christine L. Bahrey	1.70
27/03/2007	Meeting with D. Weisz to obtain and review motion materials; revising motion materials; Christine L. Bahrey	1.60
28/03/2007	Reviewing and revising motion materials; Christine L. Bahrey	1.00
30/03/2007	Reviewing and revising motion materials; arranging for motion materials to be served and filed; Christine L. Bahrey	1.50
02/04/2007	Meeting with C. Prophet re pension arrears owing to NHRIPP; telephone conversation with C. Prophet and D. LeFaive re pension arrears and ONA certification; telephone conversation with C. Prophet, D. Weisz and H. Bricks re pension arrears and termination of Haren; drafting and revising letter to D. LeFaive re payment of pension arrears; Christine L. Bahrey	2.70
02/04/2007	Correspondence from Harquail solicitor re statement, sale etc; tel conference with receiver Harry R. VanderLugt	0.50
04/04/2007	Attending the distribution motion at 361 University Avenue; scanning and emailing the signed order and endorsement; meeting with C. Prophet and A. Burton re the H. Kapadia termination letter; telephone conversation with C. Prophet, A. Burton and H. Bricks re same; arranging for the motion record to be scanned; revising the scanned motion record and emailing same to H. Bricks; Christine L. Bahrey	5.00
04/04/2007	Letter to Harquail solicitor Harry R. VanderLugt	0.30
09/04/2007	Meeting with C. Prophet and A. Burton and telephone conversation with H. Bricks, M. Christie and D. Jeffrey re termination meeting and termination letter for H. Kapadia; Christine L. Bahrey	0.80
10/04/2007	E-message re CMHC and return to court and re marketing Harry R. VanderLugt	0.10
13/04/2007	Notes re Harquail meeting; statement request and timing	

ERRORS AND OMISSIONS EXCLUDED

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Harry R. VanderLugt 0.30

Fees for Professional Services

\$6,992.00

DisbursementsTAXABLE COSTS

Copying	\$657.50
Scanning Service	\$1.50
Fax Charges	\$1.75
Binding	\$147.50
Courier	\$78.23

TOTAL Taxable Disbursements

\$886.48

Matter Summary

Fees for Professional Services	6,992.00	
Goods and Services Tax on Fees	419.52	
Total Fees and Taxes		7,411.52

Disbursements for Professional Services	886.48	
Goods and Services Tax on Disbursements	53.19	
Total Disbursements and Taxes		939.67

Total Invoice Balance.....	\$	8,351.19
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PLEASE REMIT TOTAL INVOICE BALANCE DUE.....	\$	8,351.19
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ERRORS AND OMISSIONS EXCLUDED

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Gowling Lafleur Henderson LLP
Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount Due</u>
16214751	Apr 20, 2007	\$8,351.19

T958691 Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road,
St. Catharines

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For Clients paying worldwide: Pay by SWIFT MT 103 Direct to: BIC: CIBCCATT

Account with institution: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
ABA: 026009593

IBAN (European Clients): CC001000002

IBK Intermediary Bank: CIBCCATT (or) CIBC Toronto
Account number: 6550 8 26157

BBK Beneficiary's Bank: Canadian Imperial Bank of Commerce Transit: 00002
Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

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121969

221
INVOICE NUMBER
16198784

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

OUR FILE
T958691

DATE PAGE
Mar 23, 2007 1

Mintz & Partners Limited
ATTN: Daniel Weisz
Senior Vice President
1 Concorde Gate
Suite 200
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:

07/02/2007	E-mail re distribution of funds from West Park; long conference re MOH investigation and adverse findings; Cliff Prophet	1.00
12/02/2007	[REDACTED] Cliff Prophet	0.40
14/02/2007	[REDACTED]; Cliff Prophet	0.70
19/02/2007	Instructions to J. Illingworth; Cliff Prophet	0.90
01/03/2007	Meeting with C. Prophet to obtain instructions re preparing the notice of motion, a fee affidavit, and the security section for the First Report of the receiver; Christine L. Bahrey	2.50
02/03/2007	Work on distribution motion; Cliff Prophet	0.30
05/03/2007	Meeting with J. Illinaworth re Ontario Nurses' Association certification application: telephone conversation with	

ERRORS AND OMISSIONS EXCLUDED

PER

Harry R. Vander Lugt

TERMS: DUE UPON RECEIPT

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ONE MONTH FROM THE DATE OF THIS INVOICE.

Goods & Services Tax
Registration Number
11936 4511 RT

DATE Mar 23, 2007

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J. Illingworth and D. Lefaive of Sack Goldblatt Mitchell re same;

Christine L. Bahrey 0.60

08/03/2007 Drafting the notice of motion for distribution; telephone conversation with H. Bricks re the Lang Michener opinion;

Christine L. Bahrey 1.10

10/03/2007 Further drafting of the notice of motion for distribution; drafting the fee affidavit to be sworn by H. VanderLugt; drafting the security section to the First Report of Mintz;

Christine L. Bahrey 4.00

12/03/2007 Further drafting of the notice of motion for distribution, the fee affidavit, and the security section to the First Report of Mintz; meeting with C. Prophet to review same; revising same in accordance with instructions from C. Prophet;

Christine L. Bahrey 7.60

13/03/2007 Arranging for a request form to be prepared for the distribution motion; reviewing invoices for matter numbers T958687 and T958689 to ensure all dockets were included in the fee affidavit to be sworn by H. VanderLugt;

Christine L. Bahrey 1.00

14/03/2007 Revising the draft order re the distribution motion; meeting with C. Prophet re same;

Christine L. Bahrey 0.50

Fees for Professional Services \$6,737.50

Disbursements

TAXABLE COSTS

Copying \$9.00
Fax Charges \$1.50

TOTAL Taxable Disbursements

\$10.50

Matter Summary

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

6,737.50
404.25

7,141.75

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

10.50
0.63

11.13

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223
INVOICE NUMBER
16198784

121969

DATE PAGE
Mar 23, 2007 3

Total Invoice Balance..... \$ 7,152.88

PLEASE REMIT TOTAL INVOICE BALANCE DUE..... \$ 7,152.88

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Toronto, Ontario
Canada M5X 1G5
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Fax: (416) 862-7661
www.gowlings.com

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Suite 1600 1 First Canadian Place,
Toronto, CANADA M5X 1G5

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

Client: 121969

Invoice Number

Invoice Date

Amount Due

16198784

Mar 23, 2007

\$7,152.88

T958691

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

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Main Branch, Commerce Court, Toronto, Ontario M5L 1G9

Beneficiary Customer: Gowling Lafleur Henderson LLP
38-51311 CDN Account or 03-54112 US

For Clients paying in USD from the United States, pay by FEDWIRE to: Bank of America, New York
BIC: BOFAUS3N
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Between: PEOPLES TRUST COMPANY Applicant		Court File No. 06-CL-6233
AND PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED Respondent		
		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) (PROCEEDING COMMENCED AT TORONTO)
		AFFIDAVIT OF HARRY VANDERLUGT (Sworn June 27, 2008)
		GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto ON M5X 1G5 Clifton P. Prophet (LSUC# 34845K) Tel: (416) 862-3509 Fax: (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

225

Court File No. 06-CL-6233	
Between: PEOPLES TRUST COMPANY Applicant	AND PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED Respondent
	ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) (PROCEEDING COMMENCED AT TORONTO)
	MOTION RECORD
	GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto ON M5X 1G5 Clifton P. Prophet (LSUC# 34845K) Tel: (416) 862-3509 Fax: (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