

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

**MOTION RECORD
Returnable December 23, 2015**

December 15, 2015

BLANEY McMURTRY LLP

Barristers and Solicitors
1500 - 2 Queen Street East,
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)

Chad Kopach (LSUC #48084G)

(416)-593-1221 (Tel)

(416) 593-5437 (Fax)

Lawyers for the Receiver, Deloitte
Restructuring Inc. in its capacity as Interim
Receiver and Receiver and Manager of the
current and future assets, undertakings and
properties of Craiglee Nursing Home Limited

TO: see Service List at Schedule "A"

SCHEDULE "A"

SERVICE LIST

TO: Craiglee Nursing Home Limited
Attn: Roy McDougall
3650 Kingston Road, #809
Toronto, ON M1M 1R9

AND TO: Celia McDougall
3650 Kingston Road, #809
Toronto, ON M1M 1R9
Email: celiamcd@live.ca

AND TO: Doris McDougall
3650 Kingston Road, #809
Toronto, ON M1M 1R9

AND TO: Sack Goldblatt Mitchell
20 Dundas Street West
Suite 1130, Box 180
Toronto ON M5G 2G8

Attn: Doug Lefaive
Tel: (416) 977-6070
Fax: (416) 591-7333
Email: dlefaive@sgmlaw.com

Lawyers for Service Employees International Union, Local 1.on and
the Nursing Homes and Related Industries Pension Plan

AND TO: Ministry of Finance, Insolvency Unit
33 King Street West
6th Floor
Oshawa ON L1H 8H5

Attention: Sandra Courvoisier
Tel: 905-433-6677
Fax: 905-436-4524
Email: sandra.courvoisier@ontario.ca

AND TO: Department of Justice (CANADA)

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

Attn: Diane Winters

Tel: (416)973-3172
Fax: (416)973-0810
Email: diane.winters@justice.gc.ca

AND TO: The City of Toronto

Litigation Section, Legal Services Division
26th Floor, Metro Hall, Station 1260
55 John Street
Toronto, ON M5V 3C6

Attn: Christopher J. Henderson

Tel: (416) 397-7106
Fax: (416) 392-1199
Email: chender3@toronto.ca

AND TO: Ministry of Health & Long Term Care

Hepburn Block, 10th Floor
80 Grosvenor Street
Toronto, ON M7A 2J9

Attn: Leonard Marsello

Tel: 416-326-4939
Fax: 416-326-4181
Email: leonard.marsello@ontario.ca

AND TO: The Consumers' Gas Company Ltd.

500 Consumers Road
North York, ON M2J 1P8

Tel: 416-643-6961

AND TO: KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP

25 Sheppard Ave. West
Suite 1100
Toronto, ON M2N 6S6

Attn: Abigail Romberg

Tel: 416-225-8750 (ext. 362)
Fax: 416-225-3910
Email: aromberg@krmc-law.com

Lawyers for Scotia Mortgage Corporation

AND TO: Dickinson Wright LLP

Ernst & Young Tower
222 Bay Street
P.O. Box 124 STN.
18th Floor
Toronto ON M5K 1H1

Attn: Lisa Corne

Tel: (416) 646-4608
Fax: (416) 865-1398
Email: lcorne@dickinsonwright.com

AND TO: STONE & WENUS LAW OFFICE

330 Broadview Avenue
Toronto, ON M4M 2G9

Attn: John Wenus

Tel: (416) 469-4125
Fax: (416) 469-2877
Email: john@stoneandwenus.com

AND TO: Wilson Vukelich LLP

Valleywood Corporate Centre
60 Columbia Way, Suite 710
Markham, ON L3R 0C9

Attn: Chris Caruana

Tel: (905) 944-2952
Fax: (905) 940-8785
Email: ccaruana@wvllp.ca

AND TO: Miller Thomson LLP
One London Place
255 Queens Avenue, Suite 2010
London, ON N6A 5R8

Attn: Alissa Mitchell
Tel: (519) 931-3510
Fax: (519) 858-8511
Email: amitchell@millერთhompson.com

Lawyers for SAC 4 Inc.

AND TO: Miller Thomson LLP
Accelerator Building
295 Hagey Blvd., Suite 300
Waterloo, ON N2L 6R5

Attn: Dwayne K. Kuiper
Tel: 519-593-3243
Fax: 519-743-2540
Email: dkuiper@millერთhompson.com

Lawyers for CVH (No. 1) LP

AND TO: Workplace Safety and Insurance Board
200 Front Street West
Toronto, ON M5V 3J1

Attn: Eric Kupka
Tel: (416) 344-3143
Fax: (416) 344-3160
Email: eric_kupka@wsib.on.ca

INDEX

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

INDEX

<u>TAB</u> <u>No.</u>		<u>PAGE</u>
1.	Notice of Motion returnable December 23, 2015.....	1 - 8
A.	Draft Discharge Order	9 - 15
2.	Fourth Report of the Receiver dated December 15, 2015 with appendices	16 - 34
A.	Appointment Order dated April 28, 2009.....	35 - 53
B.	Second Report to the Court of the Receiver dated November 2, 2011 (without appendices)	54 - 81

<u>TAB</u> <u>No.</u>		<u>PAGE</u>
C.	Supplemental Report to the Second Report dated November 8, 2011 (without appendices)	82 - 86
D.	Third Report to the Court of the Receiver dated December 14, 2012 (without appendices)	87 - 109
E.	Order of Justice Morawetz dated December 20, 2012	110 - 114
F.	Receiver's Final Statement of Receipts and Disbursements for Craiglee for the period April 28, 2009 to December 11, 2015	115
G.	Security Opinion Letter from Gowling Lafleur Henderson LLP dated December 9, 2011	116 - 140
H.	Execution Certificate dated December 11, 2015	141 - 142
I.	E-mail correspondence between Receiver's Counsel and counsel to WSIB concerning the WSIB Writ	143 - 147
J.	Writ Details Report for Execution #13-0088942 dated December 11, 2015	148 - 149
K.	Desjardins Financial Security Life Assurance Company Statement for Discharge Purposes effective September 28, 2015	150
3.	Affidavit of Hartley Bricks sworn November 10, 2015	151 - 152
A.	Summary of Accounts	153
B.	Deloitte Accounts for period November 1, 2012 to September 28, 2015	154 - 178
4.	Affidavit of Chad Kopach sworn December 15, 2015	179 - 181
A.	Legal Costs Summary and Summary of Accounts	182 - 183
B.	Legal Accounts of Blaney McMurtry LLP dated November 30, 2012; December 31, 2012; February 28, 2013; March 31, 2013; April 30, 2013; May 31, 2013; June 30, 2013; July 31, 2013; November 30, 2013; January 31, 2014; May 31, 2014; January 20, 2015 (as at November 30, 2014); June 30, 2015; July 31, 2015; December 15, 2015	184 - 228

TAB 1

Court File No. CV- 09-8156-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

NOTICE OF MOTION

DELOITTE RESTRUCTURING INC. (“**Deloitte**”), in its capacity as Interim Receiver and Receiver and Manager (the “**Receiver**”) over all of the current and future assets, undertakings and properties (the “**Assets**”) of the Respondent Craiglee Nursing Home Limited (“**Craiglee**” or the “**Debtor**”), will make a motion to a judge on Wednesday the 23rd day of December, 2015, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

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 motion materials filed in support of this motion, and dispensing with further service thereof;
 - (b) confirming and approving the actions and activities of the Receiver with respect to the Craiglee receivership (the “**Receivership**”) to December 15 as set out in the Fourth Report of the Receiver dated December 15, 2015 (the “**Fourth Report**”) and approving the Fourth Report;
 - (c) approving and accepting the Receiver’s Final Statement of Receipt and Disbursements for the period from April 28, 2009 to December 11, 2015, as set out in the Fourth Report;
 - (d) approving the fees for services rendered by the Receiver for the period from November 1, 2012 to September 28, 2015, and the fees and disbursements of Blaney, McMurtry LLP for the period from November 1, 2015, to December 14, 2015, as set out in the Fourth Report;
 - (e) after payment of the fees and disbursement of the Receiver and its counsel, and any required amounts incidental to the completion of the Receivership, authorizing and directing the Receiver to distribute from the trust account held by the Receiver in respect of Craiglee (the “**Craiglee Trust Account**”), the remaining funds to Desjardins Financial Security Life Assurance Company (“**Desjardins**”), and any additional funds received by Deloitte in respect of Craiglee, which funds are to be applied against the balance outstanding on the Desjardins security, as recommended in the Fourth Report;

- (f) discharging Deloitte as Receiver of the undertakings, property and assets of the Debtor;
- (g) an Order releasing Deloitte from any and all liability it now has or may have by reason of, or in any way arising out of, its acts or omissions of Deloitte while acting in its capacity as Receiver herein, save and except for any gross negligence or willful misconduct on the Receiver's part;
- (h) the costs of this motion on a substantial indemnity basis; and
- (i) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. pursuant to an Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 28, 2009 (the "**Appointment Order**"), Deloitte was appointed as the Receiver of all of the current and future assets, undertakings and properties of Craiglee 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. 19111190, c. C. 43 (the "**CJA**");
2. as at the date of the Appointment Order (the "**Appointment Date**"), the Assets were comprised primarily of Craiglee Nursing Home, a 169-bed nursing home located at 102 Craiglee Avenue, Toronto, Ontario (the "**Nursing Home**"). Craiglee was also the registered owner of the property located at 9 Vanbrugh Ave., Toronto ("**9 Vanbrugh**"), a single family two-storey residence which is located adjacent to the Nursing Home;
3. on November 9, 2011, Justice Wilton-Siegel granted an Approval and Vesting Order (the "**Vesting Order**") approving the Receiver entering into and completing an Agreement of Purchase and Sale (the "**APS**") for the sale of the Nursing Home and 9 Vanbrugh (the

“**Purchased Assets**”) to CVH (No. 1) LP (“**CVH**” or the “**Purchaser**”), the assignee of the APS, for \$10,550,000.00 but subject to certain adjustments discussed below, and vesting in CVH the Debtor’s right, title and interest in the Purchased Assets (as defined in the Vesting Order and which included the Nursing Home and 9 Vanbrugh) subject to the closing of the transaction with CVH and the Receiver filing with the Court a Receiver’s Certificate (the “**Receiver’s Certificate**”);

4. on November 2, 2012, the Receiver (a) advised the Ministry of Health and Long Term Care (the “**MOH**”) that the Closing Date for the transaction in respect of Craiglee was November 13, 2012, and (b) subject to the closing of the transaction and the issuance of a license to CVH (the Purchaser), surrendered Craiglee’s original Nursing Home license to the MOH;
5. on November 13, 2012, the sale of Craiglee closed and the MOH issued the license in respect of the Craiglee Nursing Home to CVH;
6. Desjardins has valid and enforceable security against the property, assets and undertakings of Craiglee, including but not limited to:
 - (i) a first charge/mortgage of land from Craiglee in favour of First National Financial Corporation (“**First National**”) which was registered on title to the real property as Instrument No. AT3911092 on January 22, 2004 assigned by First National to Desjardins pursuant to a general assignment of rights dated December 2005 and a Transfer of Charge registered as Instrument No. AT10171117 on December 21, 2005 and as amended pursuant to an agreement amending charge/mortgage dated December 20, 2005 between Craiglee, Desjardins and Roy and Doris McDougall (the “**Desjardins First Mortgage**”).

This First Mortgage covers all of Craiglee's real property save and except for 9 Vanbrugh; and

- (ii) a second charge/mortgage of land from Craiglee in favour of Desjardins which was registered on title to the real property bearing property identification number 06432-0409(LT) as Instrument No. AT2015651 on February 20, 2009 (the "**Desjardins Second Mortgage**"). The Desjardins Second Mortgage covers all of Craiglee's real property including 9 Vanbrugh (over which Scotia Mortgage Corporation held a first mortgage that was paid out of the proceeds of sale); and
 - (iii) related first ranking personal property security.
- 7. the sale price for the Purchased Assets was significantly less than the amount owing by Craiglee to Desjardins;
 - 8. in addition, notwithstanding the Desjardins security over Craiglee, CRA had a Deemed Trust Claim over the Assets in the amount of \$742,794.70 in respect of unremitted source deductions for the period prior to the Appointment Order;
 - 9. furthermore, on or about June 24, 2008, WSIB filed with the Sheriff for the City of Toronto a Writ against Craiglee for \$43,739.58, plus interest and costs (the "**WSIB Writ**"). This Writ was registered after the Scotia Mortgage Corporation first mortgage over 9 Vanbrugh, but prior to the registration of the Desjardins Second Mortgage. As a result the WSIB Writ likely had priority over the Desjardins Second Mortgage, unless the Debtor was assigned into bankruptcy thereby reversing the priority between the Desjardins Second Mortgage and the WSIB Writ;
 - 10. as of December 14, 2012, the outstanding balance under the Desjardins First Mortgage was \$13,590,093.56, inclusive of principal and interest;

11. at the time, the Receiver determined that \$8,200,000.00 would be an appropriate amount to distribute to Desjardins as partial payment against the Desjardins First Mortgage and sought this Honourable Court's authorization to make such distribution;
12. at the time, the current balance in the Craiglee Trust Account was \$10,129,160.00, resulting in a holdback of \$1,186,365.30 once the proposed distributions to CRA for the Deemed Trust Claim and to Desjardins in respect of the Desjardins First Mortgage were made;
13. by way of the Order of Justice Morawetz dated December 20, 2012, the Receiver was authorized to distribute from the Craiglee Trust Account \$742,794.70 in respect of the CRA deemed trust claim, and distribute to Desjardins \$8,200,000.00 as partial payment of its secured claims against Craiglee (the "**Initial Distribution**");
14. the APS provided for an escrow fund of \$150,000.00 held by Gowlings LLP for post-closing adjustments relating to MOH adjustments. The APS also provided for other post-closing adjustments separate and apart from MOH adjustments;
15. the MOH adjustments and the remaining post-closing adjustments have been completed, and the escrow fund has been released back to the Receiver;
16. beginning in October, 2010, a former Craiglee employee named Marianne Amodeo ("**Amodeo**") commenced a series of proceedings under the *Ontario Health and Safety Act* and the *Ontario Human Rights Code* (collectively, the "**Amodeo Claims**"), followed by an additional proceeding in the Ontario Superior Court of Justice (the "**Amodeo SCJ Claim**") against the Receiver, Craiglee, Extendicare (the manager of the Nursing Home), and some of its employees. The Amodeo Claims were all dismissed, and the Amodeo SCJ Claim was settled in or about July, 2015, for the all-inclusive sum of \$5,000.00;

17. since the Initial Distribution, the Receiver made a second distribution to Desjardins in the amount of \$300,000.00 as permitted by the Order of Justice Morawetz dated December 20, 2012;
18. the WSIB Writ was not renewed and it expired. If and when a new writ is registered by the WSIB (leave of the Court would be required under Rule 60.07(2) of the *Rules of Civil Procedure*), this new WSIB writ would rank behind the Desjardins Second Mortgage;
19. as of September 28, 2015, the outstanding balance under the Desjardins First Mortgage was over \$1.5 million, inclusive of principal and interest;
20. the Receiver has operated the Nursing Home in a prudent and sustainable manner since its appointment and until its sale;
21. the Receiver's fees and disbursements, and those of its counsel, incurred in relation to this proceeding are fair, appropriate, and reasonable;
22. such further and other grounds as set out in the Fourth Report;
23. the *BIA*;
24. the *CJA*;
25. Rule 3.02, 16.08 and 60.07(2) of the *Rules of Civil Procedure*;
26. as further set out in the Third Report and the exhibits thereto; and
27. 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 December 15, 2015, and the appendices attached thereto;
2. the Affidavit of Hartley Bricks sworn November 10, 2015, and the exhibits attached thereto;
3. the Affidavit of Chad Kopach sworn December 15, 2015, and the exhibits attached thereto; and
4. such further and other evidence as counsel may advise and this Honourable Court may permit.

December 15, 2015

BLANEY McMURTRY LLP

Barristers and Solicitors
1500 - 2 Queen Street East,
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)

Chad Kopach (LSUC #48084G)

(416)-593-1221 (Tel)

(416) 593-5437 (Fax)

Lawyers for the Receiver, Deloitte
Restructuring Inc. in its capacity as Interim
Receiver and Receiver and Manager of the
current and future assets, undertakings and
properties of Craiglee Nursing Home Limited

TO: THE SERVICE LIST

TAB 1A

Court File No. CV- 09-8156-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

THE HONOURABLE)	THURSDAY, THE 23rd DAY
)	
JUSTICE)	OF DECEMBER, 2015
)	

IN THE MATTER OF AN APPLICATION UNDER SECTION
47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,
c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

DISCHARGE ORDER

THIS MOTION made by Deloitte Restructuring Inc. (“**Deloitte**”, formerly known as Deloitte & Touche Inc.), in its capacity as the Court-appointed interim receiver and receiver and manager (the “**Receiver**”) over all of the current and future assets, undertakings and properties (the “**Assets**”) of the Respondent Craiglee Nursing Home Limited (“**Craiglee**” or the “**Debtor**”),

for an Order (i) confirming and approving the actions and activities of the Receiver with respect to the Craiglee receivership (the “**Receivership**”) as set out in the Fourth Report of the Receiver dated December 15, 2015 (the “**Fourth Report**”); (ii) approving the Fourth Report; (iii) approving and accepting the Receiver’s Final Statement of Receipts and Disbursements for the period from April 28, 2009 to November 30, 2015; (iv) approving the fees for services rendered by the Receiver and its counsel; (v) authorizing and directing the Receiver to distribute to Desjardins Financial Security Life Assurance Company (“**Desjardins**”) the remaining funds from the trust account held by the Receiver in respect of Craiglee (the “**Craiglee Trust Account**”) after payment of the fees and disbursements of the Receiver and its counsel, and any required amounts incidental to the completion of the Receivership, as recommended in the Fourth Report; (vi) discharging Deloitte as Receiver of the undertakings, property and assets of the Debtor; and (vii) releasing Deloitte from any and all liability it now has or may have by reason of, or in any way arising out of, the acts or omissions of Deloitte while acting in its capacity as Receiver herein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Receiver’s Notice of Motion dated December 15, 2015, the Fourth Report filed, including the affidavits of Hartley Bricks sworn November 10, 2015 and Chad Kopach sworn December 15, 2015 (collectively, the “**Fee Affidavits**”) and upon hearing the submissions of counsel for the Receiver, no other parties attending, although duly served as appears from the Affidavit of Service of Patricia Keane sworn December 15, 2015, filed,

1. **THIS COURT ORDERS** that service of the Notice of Motion and the Motion Record herein is hereby abridged, if necessary, and that this motion is properly returnable today and that service, including the form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.
2. **THIS COURT ORDERS** that the Fourth Report is hereby accepted and approved.
3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents to December 15, 2015, as detailed in the Fourth Report, be and the same is hereby accepted and approved.
4. **THIS COURT ORDERS** that the Receiver's Final Statement of Receipts and Disbursements in respect of Craiglee as set out in **Appendix "F"** to the Third Report, filed, is hereby approved.
5. **THIS COURT ORDERS** that after payment of the fees and disbursement of the Receiver and its counsel, and any required amounts incidental to the completion of the Receivership, the Receiver is hereby authorized and directed to distribute to Desjardins Financial Security Life Assurance Company ("**Desjardins**"), the funds currently remaining in the trust account held by the Receiver in respect of Craiglee (the "**Craiglee Trust Account**"), and any additional funds subsequently received by the Receiver in respect of Craiglee, as partial payment on account of Desjardins' secured claims against Craiglee, which amount is to be applied against the balance outstanding on the Desjardins security, as recommended in the Fourth Report.

6. **THIS COURT ORDERS** that upon payment of the funds currently remaining in the Craiglee Trust Account and upon the Receiver filing a certificate in the form attached as Schedule “A” certifying that it has completed the other activities described in the Report, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour Deloitte in its capacity as Receiver.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the Fourth Report and the Fee Affidavits, are hereby approved.

8. **THIS COURT ORDERS AND DECLARES** that Deloitte Restructuring Inc. is hereby released and discharged from any and all liability that Deloitte Restructuring Inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Deloitte Restructuring Inc. while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Deloitte Restructuring Inc. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

Schedule "A"

Court File No. CV- 09-8156-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

RECEIVER'S DISCHARGE CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice C. Campbell of the Ontario Superior Court of Justice (the "**Court**") dated April 28, 2009, Deloitte Restructuring Inc. ("**Deloitte**", formerly known as Deloitte & Touch Inc.) was appointed Interim Receiver and Receiver and Manager (the "**Receiver**") of all of the current and future assets, undertakings, and properties of the Respondent (the "**Debtor**").

B. Pursuant to an Order of the Honourable Justice dated December 23, 2015 (the "**Discharge Order**"), Deloitte was discharged as Receiver of the assets, undertakings and properties of the Debtor to be effective upon the payment of the funds remaining in the trust account held by the Receiver in respect of the Debtor as of December 23, 2015, and upon the filing by the Receiver with the Court of a certificate confirming that the Receiver has completed the activities described in its Fourth Report dated December 15, 2015 (the "**Report**") provided, however, that notwithstanding its discharge: (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Deloitte in its capacity as Receiver.

THE RECEIVER CERTIFIES that the Receiver has completed the distribution of funds and other activities as set out in the Report, and a copy of the Receiver's Final Statement of Receipts and Disbursements is attached hereto as Schedule "A".

DELOITTE RESTRUCTURING INC. in its capacity as Court Appointed Interim Receiver and Receiver and Manager of Craiglee Nursing Home Limited, and not in its personal capacity

Per: _____
 Name: Hartley Bricks
 Title: Senior Vice-President

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
Applicant

and **CRAIGLEE NURSING HOME LIMITED**
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c.
C-43, AS AMENDED

Proceeding Commenced at **TORONTO**

DISCHARGE ORDER

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
Chad Kopach (LSUC #48084G)
(416) 593-1221 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Receiver, Deloitte Restructuring Inc. in its
capacity as Interim Receiver and Receiver and Manager of the
current and future assets, undertakings and properties of
Craiglee Nursing Home Limited

TAB 2

Court File No. CV-09-8156-00-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

FOURTH REPORT TO THE COURT OF THE RECEIVER
(dated December 15, 2015)

TABLE OF CONTENTS

INTRODUCTION.....	4
TERMS OF REFERENCE	6
POST-CLOSING ADJUSTMENTS AND ESCROW FUND	7
OCCUPATIONAL HEALTH AND SAFETY ACT, HUMAN RIGHTS COMPLAINT AND CIVIL ACTION.....	9
FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS AND PROPOSED DISTRIBUTION	12
STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL	17
RECEIVER’S REQUEST TO THE COURT	18

APPENDICES

APPENDIX “A”:	Appointment Order dated April 28, 2009
APPENDIX “B”:	Second Report to the Court of the Receiver dated November 2, 2011 (without appendices)
APPENDIX “C”:	Supplemental Report to the Second Report to the Court of the Receiver dated November 8, 2011 (without appendices)
APPENDIX “D”:	Third Report to the Court of the Receiver dated December 14, 2012 (without appendices)
APPENDIX “E”:	Order of Justice Morawetz dated December 20, 2012
APPENDIX “F”:	Receiver’s Final Statement of Receipts and Disbursements for Craiglee for the period April 28, 2009 to December 11, 2015
APPENDIX “G”:	Security Opinion Letter from Gowling Lafleur Henderson LLP dated December 9, 2011

- 3 -

- APPENDIX “H”: Execution Certificate dated December 11, 2015
- APPENDIX “I”: E-mail correspondence between Receiver’s Counsel and counsel to WSIB concerning the WSIB Writ
- APPENDIX “J”: Writ Details Report for Execution #13-0088942 dated December 11, 2015
- APPENDIX “K”: Desjardins Financial Security Life Assurance Company Statement for Discharge Purposes effective September 28, 2015

INTRODUCTION

1. Pursuant to an Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated April 28, 2009 (the “**Appointment Order**”), Deloitte & Touche Inc., now known as Deloitte Restructuring Inc. (“**Deloitte**”), was appointed as Interim Receiver and Receiver and Manager (the “**Receiver**”) of all of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited (“**Craiglee**” or the “**Debtor**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**. On July 1, 2013, the name of the Receiver was changed to Deloitte Restructuring Inc. (“**Deloitte**”).
2. As at the date of the Appointment Order (the “**Appointment Date**”), Craiglee’s assets were comprised primarily of Craiglee Nursing Home, a 169-bed nursing home located at 102 Craiglee Avenue, Toronto, Ontario (the “**Home**”). Craiglee was also the registered owner of the property located at 9 Vanbrugh Ave., Toronto (“**9 Vanbrugh**”), a single family two-storey residence which is located adjacent to the Home.
3. On September 1, 2010, Justice Newbould granted an Order approving, among other things i) the Receiver’s activities from the Appointment Date to July 15, 2010, including its pre-receivership activities; ii) the fees and disbursements of the Receiver and those of its counsel; and iii) the Receiver’s engagement of John A. Jensen Realty Inc. (“**Jensen**”) as the Receiver’s real estate broker to commence a marketing and sale process for Craiglee (the “**September 1 Order**”). In support of the motion that resulted in the September 1 Order, the Receiver submitted its First Report to the Court (the “**First Report**”).
4. On November 9, 2011, Justice Wilton-Siegel granted an Approval and Vesting Order (the “**Vesting Order**”) approving the Receiver entering into and completing an Agreement of Purchase and Sale (the “**APS**”) for the sale of Craiglee to CVH (No. 1) LP (“**CVH**” or the “**Purchaser**”), the assignee of the APS, and vesting in CVH the Debtor’s right, title and interest in the Purchased Assets (as defined in the Vesting Order) subject to the closing of

the transaction with CVH and the Receiver filing with the Court a Receiver's Certificate (the "**Receiver's Certificate**"). Also on November 9, 2011, Justice Wilton-Siegel granted an Order (the "**November 9 Order**") approving: i) the fees and disbursements of the Receiver from June 1, 2010 to July 31, 2011; ii) the fees and disbursements of Blaney McMurtry LLP ("**Blaneys**") for the period July 1, 2010 to September 30, 2011; iii) the actions of the Receiver and its counsel up to November 2, 2011; and iv) the Receiver's Interim Statement of Receipts and Disbursements for the period from April 28, 2009 to October 27, 2011. In support of the motion that resulted in the Vesting Order and the November 9 Order, the Receiver submitted its Second Report to the Court (the "**Second Report**") dated November 2, 2011, attached hereto as **Appendix "B"**, and the Supplemental Report to the Second Report dated November 8, 2011, attached hereto as **Appendix "C"**. The Supplemental Report to the Second Report advised the Court of certain amendments to the APS and the change in the name of the purchaser of Craiglee to CVH.

5. The sale of Craiglee to CVH closed on November 13, 2012 (the "**Closing Date**"). In its Third Report to the Court dated December 14, 2012 (the "**Third Report**"), the Receiver advised the Court of the events leading up to and after the Closing Date and sought the Court's approval of the following: i) the Receiver's activities and conduct up to November 30, 2012; ii) the Receiver's Interim Statement of Receipts and Disbursements for the period April 28, 2009 to November 30, 2012; iii) authority to distribute \$742,794.70 to Canada Revenue Agency in respect of its deemed trust claim over the Assets for the period prior to the Appointment Order; iv) authority to distribute \$8,200,000.00 to Desjardins Financial Security Life Assurance Company ("**Desjardins**") as partial payment on account of its secured claim against Craiglee; and v) the fees and disbursements of the Receiver and its counsel up to December 19, 2012. On December 20, 2012, Justice Morawetz granted the Order sought (the "**December 20 Order**"). A copy of the Third Report (without appendices) is attached hereto as **Appendix "D"**. A copy of the December 20 Order is attached hereto as **Appendix "E"**.

- 6 -

6. The purpose of this Fourth Report of the Receiver (the “**Fourth Report**”) is to:
- i) advise the Court of the Receiver’s activities since the closing of the sale of Craiglee and seek the Court’s approval of those activities;
 - ii) request the Court’s approval of the Receiver’s Final Statement of Receipts and Disbursements in respect of Craiglee;
 - iii) request the Court’s approval of the Receiver’s fees and disbursements, including those of its counsel;
 - iv) request approval to make a final distribution to Desjardins of the balance of the funds in Receiver’s trust account; and
 - v) request the Court discharge the Receiver as Receiver of Craiglee except for the completion of matters incidental to the completion of the receivership.
7. Capitalized terms not defined in this Report are as defined in the Appointment Order, the First Report, the Second Report and the Supplemental Report to the Second Report and the Third Report. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

8. In preparing the Fourth Report, the Receiver has relied upon records of Craiglee and unaudited financial information and other information prepared and/or provided by Craiglee, or Extendicare (Canada) Inc. (“**Extendicare**”), the manager of the Home. The Receiver has not performed an audit or other verification of such information.
9. The Receiver has sought the advice of Blaneys, counsel to the Applicant, for general legal matters that have arisen in respect of the receivership. Where the Receiver has required

independent legal advice, the Receiver has sought the counsel of Gowling Lafleur Henderson LLP (“**Gowlings**”).

POST-CLOSING ADJUSTMENTS AND ESCROW FUND

10. The APS provided that “within 30 days of Closing i) the Vendor and the Purchaser shall use their best efforts to agree on the estimated amount that may be repayable to or receivable from the MOH in regard to any overpayments/credits for the period from October 1, 2012 to the Closing Date, and ii) the Purchase Price shall be further adjusted, pursuant to an undertaking to readjust, by that amount in favour of the Purchaser if the Vendor is in a net payable position with the MOH for the period between October 1, 2012 and the Closing Date or in favour of the Vendor if the Vendor is in a net receivable position with the MOH for the period between October 1, 2012 and the Closing Date” (the “**MOH Closing Adjustment**”).
11. After the Closing Date, it became apparent that an accurate determination of the MOH Closing Adjustment could not be determined in the 30-day period provided for in the APS. Given that the purpose of the MOH Closing Adjustment was to provide a fair mechanism for the accurate determination of the amount owing to or owed from the MOH in respect of the Receiver’s operating period such that CVH would not be exposed to liabilities as a result of clawbacks owed relating to the Receiver’s period (and, conversely, would not benefit from any refunds due), the parties agreed that the time period to determine the MOH Closing Adjustment would be extended to May 13, 2013 to coincide with the date (the “**Re-Adjustment Date**”) by which the parties were to assert any claim for re-adjustment of any other errors or omissions in the Statement of Adjustments (a “**Re-Adjustment Claim**”).
12. However, by the Re-Adjustment Date, the parties still were not in a position to agree on the MOH Closing Adjustment or the Re-Adjustment Claim. Accordingly, the parties mutually agreed to extend the Re-Adjustment Date to some later date when all of the post-

closing adjustments could be determined.

13. In December 2013, the parties agreed on a post-closing adjustment of \$106,705.81 in favour of CVH, which amount the Receiver paid to CVH on December 23, 2013. The post-closing adjustment payment included an amount in respect of the MOH Closing Adjustment. However, since that MOH Closing Adjustment calculation was based on the MOH's preliminary reconciliation of the 2011 and 2012 Craiglee Long-Term Care Home Annual Reports (the "ARRs"), the parties agreed to further adjustments once the MOH provided their final reconciliation of the 2011 and 2012 ARRs, which were expected sometime in 2014 or 2015.
14. By letter dated October 10, 2014, the MOH advised that it had completed its final review of the 2011 ARR. As a result of that review, it was determined that a further \$45,802 was to be reimbursed by Craiglee to the MOH as a result of over funding in that year. While the Receiver was responsible for the reimbursement to the MOH of any overpayments relating to the 2011 ARR, as part of the post-closing adjustment settlement, the Receiver and CVH had partially adjusted for the overfunding. As a result, the Receiver was required to reimburse CVH only \$38,416 as a result of the MOH's final reconciliation of the 2011 ARR. On January 5, 2015, the Receiver paid that amount to CVH.
15. By letter dated July 22, 2015, the MOH advised that it had completed its final review of the 2012 ARR. As a result of that review, \$42,261 was to be reimbursed by the MOH to Craiglee as a result of underfunding in that year. The MOH advised that the reimbursement would be made directly to Craiglee and included in the October 2015 funding from the MOH, the standard procedure for reimbursements as a result of the reconciliation process. Based on the nature of the underfunding, it was determined between the Receiver and CVH that \$29,635.00 of the refund related to the Receiver's period of operation. As a result, on October 9, 2015, the Receiver received \$29,635.00 from CVH.

16. As discussed in paragraph 16 of the Third Report, a \$150,000.00 Escrow Fund was established from the proceeds of sale to be held in respect of any amounts that may be reimbursable to the MOH relating to the years 2011 and 2012. Given that the Receiver and CVH had reconciled those amounts as part of the post-closing adjustment process, and given the MOH's advice that the ARR's for 2011 and 2012 were final, there was no further need to maintain the Escrow Fund. Accordingly, on September 25, 2015, both parties issued a Joint Direction to the Escrow Agent, Gowlings, directing it to distribute all of the funds in the Escrow Fund to the Receiver. On October 30, 2015, the Receiver received \$153,404.36 from the Escrow Agent, which amount included accrued interest.

OCCUPATIONAL HEALTH AND SAFETY ACT, HUMAN RIGHTS COMPLAINT AND CIVIL ACTION

17. As set out in the Third Report, on or about October 12, 2010, the Receiver received notice from the Ontario Labour Relations Board ("**OLRB**") of an application under Section 50 ("**First OHSA Application**") of the *Occupational Health and Safety Act* ("**OHSA**"). The application was made by Marianne Amodeo, a former Craiglee employee ("**Amodeo**"). The First OHSA Application named Angie Heinz (Craiglee's Administrator at the time), Paul Tuttle (President of Extendicare), Margaret Lazure (an Extendicare manager) and Hartley Bricks (of the Receiver) as the Responding Parties (the "**OHSA Respondents**").
18. Amodeo was hired by the Receiver on or about October 27, 2009 as a part-time Social Worker for Craiglee. Amodeo was terminated on or about June 29, 2010 for performance related issues. In the First OHSA Application, Amodeo alleged violations of harassment under Sections 32 and 50(1) of the OHSA as well as a violation under Part VII, Section 17(1) of the *Employment Standards Act, 2000*.
19. On or about November 21, 2010, Amodeo filed a further application under Section 50 of the OHSA (the "**Second OHSA Application**", and which together with the First OHSA Application constitute the "**OHSA Applications**") naming Rodrigo Cartagena, a former

Administrator at Craiglee, and Chantal LaFreniere, former acting Director of Care at Craiglee, as Respondents. The Second OHSA Application alleged harassment under Sections 50(1) and 50.1 of the OHSA in the context of the same allegations of facts.

20. On December 18, 2010, Amodeo filed an Application (the “**OHRT Application**”) under the Ontario *Human Rights Code* naming Mr. Cartagena, Ms. LaFreniere and Gary Loder, a manager at Extendicare, as Respondents (collectively, the “**OHRT Respondents**”). The OHRT Application alleged discrimination on the grounds of association with a person with a disability in connection with a Craiglee resident and discrimination due to reprisal or threat of reprisal.
21. On or about February 17, 2012, Amodeo’s counsel forwarded to Blaneys a draft Statement of Claim (the “**Proposed Statement of Claim**”) naming the Receiver, Desjardins, Craiglee and Extendicare as defendants. The Proposed Statement of Claim claimed, among other things:
 - i) special damages in an amount as yet unascertained;
 - ii) general damages in the sum of \$125,000 for emotional upset, anxiety, humiliation, vexation, embarrassment, and mental distress;
 - iii) exemplary and aggravated damages in the amount of \$100,000;
 - iv) punitive damages in the sum of \$100,000; and
 - v) damages for wrongful dismissal in the amount of \$89,154 or such greater or other amount as the court may deem just.

Amodeo’s counsel advised that he was seeking to obtain an order of the Court to lift the stay of proceedings created by the Appointment Order in order to file the Proposed Statement of Claim and to proceed with both the OHSA Applications and the OHRT Application.

22. On or about March 9, 2012, Amodeo, the Receiver, Extendicare and Craiglee entered into Minutes of Settlement in which the Receiver, on behalf of itself and Craiglee, and Extendicare agreed to consent to an Order that would provide for, among other things:
- i) the lifting of the stay of proceedings in respect of: a) the OHSA Applications and the OHRT Application, and b) the Proposed Statement of Claim for the purposes of allowing Amodeo to issue the Proposed Statement of Claim;
 - ii) the discontinuance and/or withdrawal of claims or proceedings against various individual respondents and defendants such that the proceedings would continue, as may be necessary, against Craiglee, Extendicare and Deloitte & Touche Inc., solely in its capacity as Receiver of Craiglee; and
 - iii) Amodeo to first proceed with the OHSA Applications before proceeding with the OHRT Application or the Proposed Statement of Claim.

A copy of the Minutes of Settlement was attached as Appendix “K” to the Third Report.

23. On March 14, 2012, Justice Campbell issued an Order (the “**March 14 Order**”) on consent that confirmed the terms of the Minutes of Settlement. Subsequent to the issuance of the March 14 Order, the individual respondents were removed as named parties from the OHSA Applications and the OHRT Application.
24. In addition, the Proposed Statement of Claim was served on June 1, 2012 (the “**Civil Action**”). The Receiver served its Notice of Intent to Defend the Civil Action on June 25, 2012. Amodeo provided the Receiver with an indulgence with respect to the delivery of the Statement of Defence until “further notice or until such time as the Court Registrar may require same”.
25. On September 19, 2012, the OLRB issued its Decision of the Board that the OHSA Applications failed to establish that the responding parties engaged in workplace harassment and it dismissed the OHSA Applications.

26. On November 8, 2012, Amodeo filed a Request for Reconsideration of the Decision of the Board ("**Request for Reconsideration**") made on September 19, 2012. In its reasons released on February 28, 2013, the OLRB dismissed the Request for Reconsideration.
27. Given the final and binding decision of the OLRB which had the effect of dismissing the OSHA Applications, Amodeo reinstated her OHRT Application. The Receiver submitted its Response to an Application under Section 34 the *Human Rights Code* (Form 2) on July 26, 2013. Amodeo submitted her Applicant's Reply to a Response (Form 3) on August 12, 2013. On September 9, 2013, the Human Rights Tribunal of Ontario ("**HRTO**") scheduled a mediation of the matter for November 13, 2013, which proceeded but did not result in a settlement at the time.
28. By letter dated May 6, 2014, the HRTO wrote to advise that Amodeo had withdrawn her OHRT Application.
29. With the OSHA Applications and the OHRT Applications finally concluded, pursuant to the March 14 Order, Amodeo was now permitted to move forward with her Civil Action. In June 2015, the parties entered into discussions for withdrawal of the Civil Action. Those discussion concluded with the Receiver agreeing to pay to Amodeo the sum of \$5,000.00 in exchange for a full and final release (the "**Amodeo Release**"). The settlement payment and Amodeo Release were executed in late July 2015.

FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS AND PROPOSED DISTRIBUTION

30. Attached hereto as **Appendix "F"** is the Receiver's Final Statement of Receipts and Disbursements for the period April 28, 2009 to December 11, 2015 (the "**Final R&D**"). The Final R&D indicates the Receiver is holding \$613,982 of cash in its trust account in respect of Craiglee ("**Craiglee Trust Account**").
31. The Final R&D includes disbursements for the Receiver's final invoice but does not

reflect payment of counsel's final invoice. The Receiver is seeking the Court's approval of the Final R&D.

32. With respect to the assets, undertakings and properties of Craiglee, Desjardins holds various security (the "**Security**"), including:

a) the real property collateral described as follows:

- i) a charge/mortgage of land from Craiglee in favour of First National Financial Corporation ("**First National**") which was registered on title to the real property as Instrument No. AT3911092 on January 22, 2004 assigned by First National to Desjardins pursuant to a general assignment of rights dated December 2005 and a Transfer of Charge registered as Instrument No. AT1017117 on December 21, 2005 and as amended pursuant to an agreement amending charge/mortgage dated December 20, 2005 between Craiglee, Desjardins and Roy and Doris McDougall (the "**Desjardins First Charge**"). The Desjardins First Charge covers all of Craiglee's real property save and except for 9 Vanbrugh; and
- ii) a second charge/mortgage of land from Craiglee in favour of Desjardins which was registered on title to the real property bearing property identification number 06432-0409(LT) as Instrument No. AT2015651 on February 20, 2009 (the "**Desjardins Second Charge**"). The Desjardins Second Charge covers all of Craiglee's real property including 9 Vanbrugh. Scotia Mortgage Corporation held a first mortgage over 9 Vanbrugh which was paid out of the proceeds of sale; and

- 14 -

- b) the collateral to which the *Personal Property Security Act (Ontario)* (the “**PPSA**”) applies and in which a security interest was granted under the Security (collectively, with the Desjardins First Charge and the Desjardins Second Charge, the “**Desjardins Security**”).
33. The Receiver received an independent legal opinion (the “**Security Opinion**”) from Gowlings dated December 9, 2011 that, subject to the qualifications and limitations as stated in the Security Opinion, the Desjardins Security to which Craiglee is a party constitutes a legal, valid and binding obligation of Craiglee enforceable against it in accordance with its terms and would be valid and enforceable against the trustee in bankruptcy and the estate of the Debtor. A copy of the Security Opinion is attached hereto as **Appendix “G”**.
34. The Security Opinion references four Writs of Seizure and Sale against Craiglee issued by the Sheriff for the City of Toronto (the “**Writs**”). The first Writ is in favour of Workplace Safety and Insurance Board (“**WSIB**”) in the amount of \$43,739.58 plus interest and costs, filed with Sheriff on or about June 24, 2008 (the “**WSIB Writ**”) before the Desjardins Second Mortgage was registered on title in February, 2009. WSIB and the Receiver were in the process of attempting to negotiate this WSIB debt when this receivership proceeding was last before the Court (before Justice Morawetz on December 20, 2012). At that time, since no agreement had been reached with WSIB, the Receiver retained sufficient funds in its account to deal with this matter at a later date. The Receiver’s counsel contacted WSIB’s counsel on January 9, 2013 who responded on January 10, 2013 advising that he would be seeking instructions from his client the following week. However, Receiver’s counsel received no settlement offer (or anything in writing) from WSIB’s counsel on this matter, and the Receiver’s counsel followed up with him on December 9, 2015 seeking to resolve the priority dispute prior to the Receiver’s motion to, among other things, discharge Deloitte as Receiver of the undertakings, property and assets of the Debtor.

35. On December 11, 2015, Receiver's counsel obtained an Execution Certificate for Craiglee from the Sheriff of the City of Toronto (the "**Execution Certificate**") which revealed that all four of the Writs identified by Gowlings in its Security Opinion, including the WSIB Writ, had expired. A copy of the Execution Certificate is attached hereto as **Appendix "H"**.
36. On December 11, 2015, Receiver's counsel advised counsel for WSIB that since the WSIB Writ had not been renewed, it expired and no longer had priority over the Desjardins Second Mortgage. A copy of the entire correspondence between the Receiver's counsel and the lawyer at WSIB regarding the priority issue between the Desjardins Second Mortgage and the WSIB Writ is attached as **Appendix "I"**.
37. The second and fourth Writs identified by Gowlings in its Security Opinion were in respect of Employer Health Tax and Corporations Tax owing by Craiglee to the Ministry of Finance (Ontario). These Writs were registered on April 14, 2009 and September 25, 2009, and are in the amounts of \$367,819.48 and \$17,250.05, respectively (plus interest and costs). Notwithstanding that these Writs had not been renewed, Blaneys advises that these Writs rank behind the Desjardins Security. There is also a PPSA registration against Craiglee in respect of these Writs, but Blaneys advises that it also ranks behind the Desjardins PPSA registration, and it was ordered deleted and expunged by the Vesting Order.
38. The third Writ identified by Gowlings in its Security Opinion was in respect of unremitted employee and employer source deductions, including interest, amounting to \$1,120,729.45 (the "**CRA Indebtedness**") owing by Craiglee to CRA as set out in paragraphs 57 to 59 of the Third Report. With respect to the CRA Indebtedness, pursuant to the provisions of subsection 227(4) of the *Income Tax Act of Canada*, subsection 23(3) of the *Canada Pension Plan*, subsection 57(2) of the *Unemployment Insurance Act* and subsection 86(2) of the *Employment Insurance Act*, \$742,794.70 were trust funds and formed no part of the property, business or estate of Craiglee (the "**CRA Deemed Trust**").

- Claim**”). Blaneys had advised the Receiver that the CRA Deemed Trust Claim ranked in priority to the Desjardins Security. As provided for in the December 20 Order, the Receiver paid the CRA Deemed Trust Claim on February 4, 2013.
39. The Execution Certificate indicated that a fifth Writ and the only Writ currently registered against Craiglee is Execution #13-0088942. The Writ Details Report (the “**Writ Details Report**”) for that execution number revealed it is a Writ in favour of the Ministry of Finance (Ontario) with an issue date of September 17, 2013 (the “**MOF Writ**”), which appears to be in respect of Corporations Tax owing by Craiglee to the Ministry of Finance (Ontario). A copy of the Writ Details Report is attached hereto as **Appendix “J”**. Blaneys advises that the MOF Writ ranks behind the Desjardins Security.
40. Accordingly, Blaneys has advised that there are no remaining prior ranking executions over the Desjardins Security.
41. A copy of Desjardins’ Statement for Discharge Purposes effective September 28, 2015 with respect to the Desjardins Security is attached hereto as **Appendix “K”**. As of September 28, 2015, the outstanding balance (principal and interest) owing to Desjardins is \$1,519,690.85. This balance reflects two previous distributions made by the Receiver to Desjardins. The first distribution was for \$8,200,000.00 and was made on December 21, 2012 pursuant to paragraph 6 of the December 20 Order. The second distribution was for \$300,000 and was made on December 12, 2014 pursuant to paragraph 7 of the December 20 Order.
42. Given that the Receiver has completed its administration, including paying any amounts owing in respect of its period operating Craiglee, disposing of all obligations in respect of the post-closing adjustments and resolving all claims made by Amodeo, it is seeking the Court’s approval to distribute the balance of the funds in its Craiglee Trust Account, that being \$613,982 to Desjardins, less the amount of Blaney’s final invoice in respect of Craiglee and any further required payments incidental to the completion of the

receivership. While it is not anticipated, to the extent the Receiver receives any future receipts in respect of Craiglee, it is seeking approval to distribute those receipts to Desjardins without further order of this Court.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

43. The Receiver's fees and disbursements for services rendered for the period July 1, 2012 to September 28, 2015 in respect of the receivership of Craiglee are particularized in the Affidavit of Hartley Bricks sworn November 10, 2015 (the "**Bricks Affidavit**") and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$139,336.36, inclusive of HST (the "**Receiver's Fees**"). The Receiver's final invoice for the period August 1 to September 25, 2015 includes a provision of 25.0 hours of work incurred or to be incurred after September 28, 2015 to complete the Receiver's mandate. A schedule setting out the nature and estimated time to complete this work is included in the Bricks Affidavit.
44. The fees and disbursements of Blaneys, counsel for Desjardins, in respect of work performed for the Receiver, for the period November 1, 2012 to December 11, 2015 are particularized in the Affidavit of Chad Kopach sworn December 15, 2015, and the invoices are attached as exhibits thereto. The total amount of the invoices for this period is \$104,767.68, inclusive of HST ("**Blaneys' Fees**"). In addition, Blaneys has advised the Receiver that it estimates additional fees and disbursements through the completion of the administration including the costs of the Court attendance on December 23, 2015, in the amount of approximately \$10,000.
45. The Receiver has reviewed the invoices of Blaneys and finds the work performed and charges to be appropriate and reasonable.
46. The Receiver has sought and received the approval of Desjardins to the interim draws taken against the fees of the Receiver and Blaneys.

47. The Receiver is seeking this Honourable Court's approval of the Receiver's Fees and Blaneys' Fees as set out above.

RECEIVER'S REQUEST TO THE COURT

48. The Receiver is respectively seeking an order approving the following:
- i) the actions and activities of the Receiver as outlined in this Fourth Report;
 - ii) the Final R&D;
 - iii) a distribution to Desjardins in the amount of \$613,982 less disbursements in respect of Blaneys' final invoice and any required amounts incidental to the completion of the receivership, which amount is to be applied against the balance outstanding on the Desjardins Security;
 - iv) to the extent the Receiver receives any funds relating to the Craiglee estate in the future, the making of any further distributions to Desjardins without further order of this Court;
 - v) the Receiver's Fees and Blaneys' Fees; and
 - vi) discharging the Receiver as Receiver of Craiglee except for the completion of matters incidental to the completion of the receiverships and the carrying out of any duties as directed by any further order of the Court.

- 19 -

All of which is respectfully submitted to this Honourable Court.

DATED this 15th day of December, 2015.

DELOITTE RESTRUCTURING INC.

in its capacity as Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Craiglee Nursing Home Limited and
not in its personal capacity

A handwritten signature in blue ink, appearing to read 'P. Casey'.

Paul Casey, CPA, CA, CIRP
Senior Vice-President

A handwritten signature in blue ink, appearing to read 'Hartley Bricks'.

Hartley Bricks, MBA, CPA, CA, CIRP
Senior Vice-President

TAB 2A

Court File No. CV-09-8156-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE C. CAMPBELL

)
)
)

TUESDAY, THE 28th DAY
OF APRIL, 2009

BETWEEN:



**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

ORDER

THIS APPLICATION, 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 Deloitte & Touche Inc. as Interim Receiver and Receiver and Manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Craiglee Nursing Home Limited (the "**Debtor**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Stephen Wood sworn April 23, 2009 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, 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 Leah Ali sworn April 27, 2009 (the "**Affidavit of Service**"), and on reading the consent of Deloitte & Touche Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 47(1) of the BIA and section 101 of the CJA, Deloitte & Touche Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), including, without limitation, the real property described in Appendix "B" hereto.

RECEIVER'S POWERS

3. 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;

PAO (c) *subject to section 11 of the Nursing Homes Act, R.S.O. 1990, c. X1.7 (the "NHA")* to manage, operate and carry on the business of the Debtor, 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 Debtor; *Phlo*

- subject to section 11 of the NHA*
MOH
- (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, Extendicare (Canada) Inc. ("**Extendicare**") or such other third party operator as the Receiver may in its discretion designate;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to collect any payments or subsidies from Her Majesty the Queen in Right of Ontario as Represented by the Minister of Health and Long-Term Care ("**MOH**") and any other government body, however 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**"), or otherwise carrying out the Receiver's duties. Any payments by the MOH hereunder shall be subject to MOH review and reconciliation as provided for by applicable law;
 - (h) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (i) 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 Debtor, for any purpose pursuant to this Order;

- 4 -

- (j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (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 Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. 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 \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; 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.

- 5 -

- (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 affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (q) to register a copy of this Order and any other Orders in respect of the Property against title to any 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 Debtor;
- (s) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; 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 (as defined below), including the Debtor, and without interference from any other Person.

4. THIS COURT ORDERS that the agreement among the Receiver, the Service Employees International Union Local 1 Canada and The Nursing Homes And Related Industries Pension Plan dated April 27, 2009 (the "Settlement Agreement") ~~in the form attached as Exhibit~~

24
AKO

AKO

-6-
RAC

• ~~[Number]~~ to the Affidavit of ~~[Name]~~ sworn ~~[Date]~~ be and is hereby approved and the execution of the Settlement Agreement by the Receiver be and is hereby ratified and approved.

5. THIS COURT ORDERS that the agreement between the Receiver and Extenders dated April 27, 2009 (the "Management Agreement") in the form attached as Exhibit [Number] to the Affidavit of [Name] sworn [Date] be and is hereby approved and the execution of the Management Agreement by the Receiver be and is hereby ratified and approved. RAC

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, 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 the existence 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. RAC

7. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in paragraph 7 or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure. RAC

(and any party the Receiver retains under paragraph 3(d) of this Order including, without limitation, Extenders)

8. 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

- 7 -

provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding, enforcement process or extra-judicial proceeding in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver or Extendicare except with the written consent of the Receiver or Extendicare as applicable, or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any

RC Extendicare (solely in its capacity as agent of the Receiver under the management Agreement)

- 8 -

registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court, ^{Chlo} ~~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 the 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.~~ ^{Alce}

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor 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 Debtor are hereby restrained until further Order of this Court from discontinuing, 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 Debtor's current telephone numbers, facsimile numbers, ^{for extensions} ~~internet addresses and domain names,~~ ^{Chlo} 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 Debtor 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

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver and Extendicare shall not be liable for any employee-related liabilities, including 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.

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, 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 the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "**Receiver's Charge**").

20. 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 hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. 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

22. 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 .

23. 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.

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

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates

evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

26. 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.

27. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

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 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.

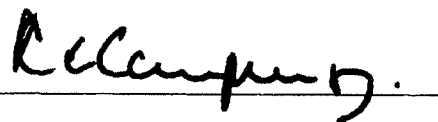
29. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

30. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

31. THIS COURT ORDERS that, in the event that the conditions precedent to the coming into force of the Settlement Agreement are not satisfied as required by the Settlement Agreement, the appointment of the Receiver pursuant to this Order shall terminate *nunc pro tunc* and the Receiver shall immediately apply to the Court to be discharged.

- 13 -

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than 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.



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

APR 28 2009

PER / PAR: 

APPENDIX "A"

SERVICE LIST

TO: Craiglee Nursing Home Limited
 102 Craiglee Drive
 Toronto, ON M1N 2M7

AND TO: Roy McDougall
 1790 Rosebank Drive
 Pickering, ON L1V 1P6

AND TO: Celia McDougall
 1790 Rosebank Drive
 Pickering, ON L1V 1P6

AND TO: Doris McDougall
 1790 Rosebank Drive
 Pickering, ON L1V 1P6

AND TO: Sack Goldblatt Mitchell
 20 Dundas Street West
 Suite 1130, Box 180
 Toronto ON M5G 2G8

Attn: Doug Lefaive
 Tel: (416) 977-6070
 Fax: (416) 591-7333

Solicitors for Service Employees International Union, Local 1.0n and
 the Nursing Homes and Related Industries Pension Plan

AND TO: Ministry of Finance, Insolvency Unit
 33 King Street West
 6th Floor
 Oshawa ON L1H 8H5

AND TO: Department of Justice (CANADA)
 Ontario Regional Office
 The Exchange Tower Box 36
 130 King Street West, Suite 3400
 Toronto ON M5X 1K6

Attn: Diane Winters
 Tel: (416)973-3172
 Fax: (416)973-0810

- 2 -

AND TO: Ministry of Health & Long Term Care
Long Term Care Homes Branch
56 Wellsley Street West
9th Floor
Toronto ON M7A 2J9

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

AND TO: Scotia Mortgage Corporation
Scotia Plaza
44 King Street West
8th Floor
Toronto ON M5H 1H1

Attn: Sherry Hanlon
Tel: (416) 866-4715
Fax: (416) 866-7767

AND TO: The Consumers' Waterheater Income Fund
80 Allstate Parkway
Markham ON L3R 6H3

APPENDIX "B"
LEGAL DESCRIPTIONS OF PROPERTY

In respect of those land and premises municipally known as 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario

Consolidation of various properties being Lots 508, 509, 510, 513, 514, 523 & 524 on Plan M-388; Part of Lot 526 on Plan M-388, designated as Part 2 on Plan 66R-20226, Part of Lot 525 on Plan M-388, designated as Part 4 on Plan 66R-20226; Part of Lot 512, being the westerly 7 feet 10 inches in Plan M-388; Lot 511 (except Part 1 on Plan 66R-11153), Part of Lot 512, lying to the east of the northerly 7 feet 10 inches on Plan M-388, City of Toronto (formerly City of Scarborough), Land Titles Division of the Toronto Registry Office (No. 66), being all of PIN 06432-0413(LT).

In respect of those land and premises municipally known as 9 Vanburgh Avenue, Toronto, Ontario

Consolidation of Various Properties:
 Firstly: Part of Lot 526, Plan M-388, designated as Part 1, Plan 66R-20226;
 Secondly: Part of Lot 525, Plan M-388, designated as Part 3, Plan 66R-20226;
 City of Toronto (formerly City of Scarborough),
 Land Titles Division of the Toronto Registry Office (No. 66),
 being all of PIN 06432-0409(LT),

APPENDIX "C"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte & Touche Inc., the interim receiver and receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of Craiglee Nursing Home Limited appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the 28th day of April, 2009 (the "Order") made in an action having Court file number _____, 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 and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

- 2 -

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 _____, 2009.

DELOITTE & TOUCHE INC., solely in its
capacity as Receiver of the Property (as defined
in the Order), and not in its personal capacity

Per: _____

Name:

Title:

Court File No. CV-09-8156-00CL

**DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
LIMITED**

and

CRAIGLEE NURSING HOME

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding Commenced at **TORONTO**

ORDER

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Applicant

TAB 2B

000038

Court File No. CV-09-8156-00-CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

**SECOND REPORT TO THE COURT OF THE RECEIVER
(dated November 2, 2011)**

TABLE OF CONTENTS

INTRODUCTION	3
TERMS OF REFERENCE	4
OCCUPANCY	5
EMPLOYEES	5
MINISTRY OF HEALTH AND LONG-TERM CARE	13
OPERATING RESULTS	15
CITY OF TORONTO UTILITY PAYMENT	17
MARKETING AND SALE PROCESS	18
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS	25
STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL	27
RECEIVER'S REQUEST TO THE COURT	27

APPENDICES

APPENDIX "A": Appointment Order dated April 28, 2009	
APPENDIX "B": First Report of the Receiver dated July 30, 2010 (without appendices)	
APPENDIX "C": Sale Process Order dated September 1, 2010	
APPENDIX "D": Resident Quality Inspection report dated October 20, 2011	
APPENDIX "E": Income Statement by Envelope for the period January 1, 2010 to December 31, 2010	
APPENDIX "F": Income Statement by Envelope for the period January 1, 2011 to August 31, 2011	
APPENDIX "G": City of Toronto Utility Bill for the period May 19, 2009 to June 17, 2009	
APPENDIX "H": City of Toronto Utility Bill for the period November 17, 2010 to December 17, 2010	
APPENDIX "I": E-mail correspondence between Blaneys and the City of Toronto's solicitor between April 6, 2011 and June 17, 2011	
APPENDIX "J": E-mail correspondence from the City of Toronto's solicitor dated June 9, 2011 and Blaneys response dated June 14, 2011	
APPENDIX "K": APS between the Receiver and SAC 4 Inc. dated April 1, 2011, as amended	
APPENDIX "L": Receiver's Interim Statement of Receipts and Disbursements for the period April 28, 2009 to October 27, 2011	

000040

INTRODUCTION

1. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 28, 2009 (the "**Appointment Order**"), Deloitte & Touche Inc. ("**Deloitte**") was appointed as Interim Receiver and Receiver and Manager (the "**Receiver**") of all of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited ("**Craiglee**"). A copy of the Appointment Order is attached hereto as **Appendix "A"**.
2. At the application for the appointment of the Receiver, counsel to Craiglee, Aylesworth LLP, raised certain objections. The Endorsement issued by the Honourable Justice Campbell on April 28, 2009 provided, among other things, that Craiglee and its principals Roy McDougall and his spouse Doris McDougall (collectively the "**McDougalls**") reserve their right to challenge the receivership continuing beyond May 11, 2009. Neither Craiglee nor the McDougalls brought an application to challenge the continuation of the receivership. A copy of the Endorsement of April 28, 2009 is attached as Appendix "B" to the Receiver's First Report to the Court dated July 30, 2010 (the "**First Report**").
3. Craiglee's assets comprise primarily Craiglee Nursing Home, a 169-bed nursing home located at 102 Craiglee Avenue, Toronto, Ontario (the "**Home**"). Craiglee is also the registered owner of the property located at 9 Vanbrugh Ave., Toronto ("**9 Vanbrugh**"), a single family two storey residence which is located adjacent to the Home.
4. On September 1, 2010, the Honourable Justice Newbould granted an Order approving, among other things (i) the Receiver's activities from the date of the Appointment Order (the "**Appointment Date**") to July 15, 2010, including its pre-receivership activities; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver's engagement of John A. Jensen Realty Inc. ("**Jensen**") as its real estate broker to market Craiglee for sale and for Jensen to commence a marketing and sale process for Craiglee (the "**Sale Process Order**"). In support of the motion that resulted in the Sale

Process Order, the Receiver submitted its First Report. A copy of the First Report, without appendices, is attached hereto as **Appendix "B"**. A copy of the Sale Process Order is attached hereto as **Appendix "C"**.

5. The purpose of this Second Report of the Receiver (the **"Second Report"**) is to:
- i) update the Court on the operations of Craiglee;
 - ii) provide the Court with results of the Receiver's marketing and sale process and request the Court issue an order approving an Agreement of Purchase and Sale dated April 1, 2011, as amended (the **"APS"**), as between the Receiver and SAC 4 Inc. (**"SAC 4"** or the **"Purchaser"**) and, to the extent the conditions of the APS are satisfied, vesting in the Purchaser all the right, title and interest in the Assets (as defined in the APS) free and clear of all liens, security interests and other encumbrances, save and except for the permitted encumbrances referred to in the APS; and
 - iii) request the Court's approval of the Receiver's Interim Statement of Receipts and Disbursement, its fees and activities to November 2, 2011, and the fees of its counsel.
6. 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

7. In preparing the Second Report, the Receiver has relied upon records of Craiglee and unaudited financial information and other information prepared and/or provided by Craiglee, or Extendicare (Canada) Inc. (**"Extendicare"**), the manager of the nursing home. The Receiver has not performed an audit or other verification of such information.

8. The Receiver has sought the advice of Blaney McMurtry LLP ("**Blaneys**"), counsel to the Applicant, for general legal matters that have arisen in respect of the receivership. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Gowling Lafleur-Henderson LLP ("**Gowlings**").

OCCUPANCY

9. At the Appointment Date, occupancy at the Home was approximately 131 residents or 78%. Occupancy increased to 133 or 79% by June 28, 2009 at which point the MOH suspended admissions due to compliance issues that it had identified (discussed in the First Report). By August 28, 2009, the date when the Home was reopened to admissions, occupancy had decreased to 131. Through the fall of 2009, occupancy increased to as high as 149 or 88% until January 14, 2010, when admissions were again suspended by the MOH due to compliance issues, thereby resulting in a drop in occupancy to 132 by April 30, 2010. The suspension on admissions was lifted on May 20, 2010 and from that date, occupancy has steadily increased. In early July 2011, the Home achieved 100% occupancy, and occupancy has continued to fluctuate between 97% and 100% since that time.

EMPLOYEES

Bargaining Unit Employees

10. As discussed in the First Report, the Receiver and the Service Employees International Union, Local 1.0n ("**SEIU**") entered into an Agreement (the "Union Agreement") dated April 24, 2009 whereby the Receiver agreed to adopt certain Workplace Practices (as defined in the Union Agreement) subject to certain qualifications and limitations.
11. In addition to implementing any wage rate increases as provided for in the Union Agreement, paragraph 4 of the Union Agreement provides that:

"The Receiver shall also implement any proportional wage rate increases, by job classification, contained in any future MOS on the closest pay date at Craiglee on or after the date of any MOS which provides for wage increases but in any event no earlier than July 31, 2010. For clarity, it is agreed that the Receiver is not bound by any MOS and is not agreeing to implement any terms or conditions of the MOS, other than the proportional wage rate increases as set out in the MOS."

MOS is defined in the Union Agreement as:

"A Memorandum of Settlement concerning the wages or other terms and conditions of employment between the SEIU and the Participating Nursing Homes and any successor memorandum of settlements between the SEIU and the Participating Nursing Homes."

12. The Participating Nursing Homes are comprised of approximately 100 nursing homes located throughout Ontario all of which have entered into collective agreements with the Union. On September 15, 2010, an arbitration award was made concerning Participating Nursing Homes and SEIU for a wage increase of 2% for the one year period ending September 15, 2011 (the "**Arbitration Award**"). As the proposed wage increase was not contained in an MOS, according to the provisions of the Union Agreement, the Receiver was not obligated to implement the wage increases from the Arbitration Award.
13. In 2010, after Extendicare had completed its review of the Home, it determined that the Home would operate more efficiently if the master schedule was modified to have 8-hour shifts rather than the mix that then existed of 8-hour and 12-hour shifts. Extendicare advised that 8-hour shifts are standard in all of the other long-term care homes that it manages, none of which operate with 12-hour shifts. Accordingly, the Receiver authorized Extendicare to proceed to modify the master schedule to remove 12-hour shifts subject to any limitations that may exist under the terms of the Union Agreement.

14. Extendicare advised the Receiver that while the bargaining unit members initially were receptive to the changes to the master schedule, around the planned time for implementation of the revised master schedule, certain bargaining unit members began to protest the revised schedule.
15. In order to obtain the bargaining unit members' acceptance of the revised master schedule, the Receiver advised the SEIU that it would agree to implement the Arbitration Award should the bargaining unit members accept the revised master schedule. The Receiver adopted this position as Extendicare had advised that the cost savings from moving to exclusively 8-hour shifts would offset the impact of the wage increases while also allowing for a more efficient schedule to manage. The bargaining unit members and SEIU accepted the Receiver's offer and the wage increase provided in the Arbitration Award was implemented in June 2011.
16. Extendicare advises that only one grievance currently remains unresolved relating to the dismissal of a bargaining unit member. That grievance is scheduled for arbitration in March 2012.

Human Rights Complaints

17. As reported in the First Report, on May 14, 2010, the Receiver received a letter from the Human Rights Tribunal of Ontario (the "**Tribunal**") indicating that an Application (the "**HR Application**") under the *Human Rights Code*, R.S.O. 1990, c. H 10, as amended (the "**HR Code**"), had been filed on January 10, 2010 by Elaine Budd, a bargaining unit employee and union steward, against Craiglee Nursing Home Limited, Celia McDougall and Roy McDougall (collectively, the "**HR Respondents**").
18. Unbeknownst to the Receiver, the Tribunal had issued a Notice of Application (the "**Notice of Application**") on March 17, 2010 which required a response from the HR Respondents within 35 days. Having not received either the HR Application or the Notice of Application, the Receiver did not respond to the Tribunal on behalf of Craiglee within the 35 day period.

19. On May 12, 2010, the Tribunal issued an Interim Decision which provided a further 10 days for the organizational respondent, that being Craiglee, to respond to the HR Application.
20. The Receiver and Blaneys reviewed the HR Application and determined that it related to events that occurred prior to the Appointment Date. Accordingly, on May 21, 2010, Blaneys responded to the Tribunal on behalf of the Receiver indicating that it was the Receiver's position that the HR Application as against Craiglee was stayed pursuant to the Appointment Order and that the Receiver was not prepared to consent to a continuation of the HR Application as against Craiglee.
21. By letter dated July 12, 2010, the Tribunal directed Ms. Budd and the HR Respondents other than Craiglee to make submissions to the Tribunal by July 26, 2010 on "... the impact of the Receivership Order on the Application including any response to the position of the Receiver and any other submissions (including whether the order has an impact on the continuation of the Application against the individual respondents)." The Tribunal also directed the Receiver to "... provide the Tribunal with information as to the status of the Order if changed from that outlined in your previous correspondence of May 21, 2010." The Receiver's counsel advised the Tribunal that there had been no change in the status of the Appointment Order.
22. By letter dated July 19, 2010, Ms. Budd advised the Tribunal that she was withdrawing her complaint against Craiglee but was continuing her complaint against Celia McDougall and Roy McDougall (the "**Individual Respondents**").
23. On August 17, 2010, the Individual Respondents filed a response with the Tribunal which indicated that it was filed on behalf of themselves and Craiglee and they requested a deferral and/or stay of the Application on the basis that Craiglee is in receivership.
24. On September 28, 2010, Blaneys, on behalf of the Receiver, advised the Tribunal that the Individual Respondents no longer have any authority to represent Craiglee.

25. On February 4, 2011, the Tribunal released an Interim Decision which accepted that the Receiver acts for Craiglee and that the HR Application against Craiglee was stayed as a result of the Appointment Order, subject to a party seeking leave of the Court. The Tribunal also requested further submissions from the parties as to whether or not the HR Application against the Individual Respondents should be stayed.
26. On February 28, 2011, Blaneys, on behalf of the Receiver, advised the Tribunal that the Receiver took no position in respect of a possible stay of proceedings against the Individual Respondents. Also, on February 28, 2011, the Individual Respondents advised the Tribunal that it was their position that the stay of proceedings should be in effect as against them as they were acting as agents for Craiglee when the alleged incident concerning the HR Application occurred.
27. On April 6, 2011, the Tribunal released a Case Assessment Direction which advised that the Tribunal had received submissions from the Receiver and the Individual Respondents but had not heard from Ms. Budd. The Tribunal directed Ms. Budd to file submissions by April 18, 2011 otherwise the Tribunal would consider the matters based on the materials filed.
28. By letter dated April 11, 2011, Ms. Budd advised the Tribunal that it was her position that the Individual Respondents were acting on their own accord and were personally liable for breaches of the HR Code. It is the Receiver's understanding that the HR Application continues against the Individual Respondents and remains unresolved.
29. On May 9, 2011, Ms. Budd filed a second Human Rights Application (the "**Second HR Application**") with the Tribunal naming Extendicare, Angie Heinz (Craiglee's Administrator), Sharon Gilmour and Paul Tuttle (both Extendicare employees) as respondents (the "**Second HR Respondents**"). In the Second HR Application, Ms. Budd alleged discrimination and refusal to provide modified work and modified hours.

30. On March 22, 2011, a Return to Work Specialist ("RTWS") from the WSIB assessed Ms. Budd's work arrangements at Craiglee and found that Ms. Budd was being accommodated for reduced hours and duties as per her family doctor's recommendations.
31. On June 2, 2011, Ms. Budd filed a Form 10 with the Tribunal requesting to add "Craiglee Nursing Home c/o Deloitte & Touche" as respondents to the Second HR Application.
32. On June 13, 2011, Blaneys, acting on behalf of the Second HR Respondents and on the Receiver's direction, filed a Response to the Second HR Application in which a request was made to dismiss the Second HR Application on the grounds that: i) the Appointment Order created a stay of proceedings and leave of the Court had not been sought or granted to lift the stay of proceedings to bring the Second HR Application; and ii) the RTWS had determined that Ms. Budd had been accommodated and provided with the modified work and modified hours which were the basis for her application.
33. By way of letter dated August 8, 2011, the Tribunal indicated that the Second HR Application as against Sharon Gilmour and Angie Heinz appeared to be outside the Tribunal's jurisdiction as Ms. Budd's application and narrative failed to set out any specific acts of discrimination within the meaning of the HR Code allegedly committed by those individuals. Accordingly, the Tribunal directed Ms. Budd to provide written submissions by August 23, 2011 explaining how those named individuals are alleged to have breached the HR Code. Additionally, the Tribunal directed Ms. Budd to provide written submissions to the Tribunal by August 23, 2011 explaining why Craiglee should be added as a party to the Second HR Application and explaining the effect of the Appointment Order on the Second HR Respondents, Extendicare and the proposed respondent Craiglee.
34. On or about August 22, 2011, Ms. Budd provided submissions to the Tribunal. On September 1, 2011, Blaneys, on behalf of the Receiver and the Second HR Respondents, responded to Ms. Budd's submissions.

35. On or about September 12, 2011, Ms. Budd, through the SEIU, proposed a settlement of the Second HR Application. On October 14, 2011, the parties executed a settlement and full and final release with respect to the Second HR Application the terms of which are confidential pursuant to the full and final release.
36. On November 2, 2011, the Tribunal released an Interim Decision which confirmed and ordered that the HR Application is withdrawn against Craiglee and continues only against the Individual Respondents.

Occupational Health and Safety Act and Human Rights Complaint

37. On or about October 12, 2010, the Receiver received notice from the Ontario Labour Relations Board ("OLRB") of an application under Section 50 ("**First OHSA Application**") of the *Occupational Health and Safety Act* ("**OHSA**"). The application was made by Marianne Amodeo, a former Craiglee employee. The First OHSA Application named Angie Heinz, Paul Tuttle, Margaret Lazure (an Extendicare manager) and Hartley Bricks (of the Receiver) as the Responding Party (the "**OHSA Respondents**").
38. Ms. Amodeo was hired by the Receiver on or about October 27, 2009 as a part-time Social Worker for Craiglee. Ms. Amodeo was terminated on or about June 29, 2010 for performance related issues. In the First OHSA Application, Ms. Amodeo alleged violations of harassment under Sections 32 and 50(1) of the OHSA as well as a violation under Part VII, Section 17(1) of the *Employment Standards Act, 2000*.
39. On October 25, 2010, Blaneys, on behalf of the OHSA Respondents and on the Receiver's direction, submitted a Response to the OLRB denying the allegations in the First OHSA Application.
40. On November 12, 2010, the parties attended a pre-hearing at the OLRB which was intended to attempt to effect a settlement of the First OHSA Application. No settlement was reached.

41. On or about November 21, 2010, Ms. Amodeo filed a further application under Section 50 of the OHSA (the "**Second OHSA Application**", and together with the First OHSA Application, the "**Amodeo OHSA Applications**") naming Rodrigo Cartagena, a former Administrator at Craiglee, and Chantal LaFreniere, former acting Director of Care at Craiglee, as Respondents. The Second OHSA Application alleges harassment under Sections 50(1) and 50.1 of the OHSA in the context of the same allegations of facts. On December 3, 2010, Blaneys, on behalf of Mr. Cartagena and Ms. LaFreniere and on the Receiver's direction, submitted a Response to the OLRB denying the allegations contained in the Second OHSA Application.
42. On December 18, 2010, Ms. Amodeo filed an Application (the "**Amodeo HR Application**") under the HR Code naming Mr. Cartagena, Ms. LaFreniere and Gary Loder, a manager at Extendicare, as Respondents (collectively, the "**Amodeo HR Respondents**"). The Amodeo HR Application alleged discrimination on the grounds of association with a person with a disability in connection with a Craiglee resident and discrimination due to reprisal or threat of reprisal.
43. On January 21, 2011, the Tribunal issued a Notice of Intent to Defer the Amodeo HR Application pending resolution of the Amodeo OHSA Applications. On February 18, 2011, Blaneys, on behalf of the Amodeo HR Respondents and on the Receiver's direction, made submissions to the Tribunal as to why the Amodeo HR Application should be deferred.
44. By way of Interim Decision dated March 21, 2011, the Tribunal decided that the Amodeo HR Application would be deferred pending completion of the Amodeo OHSA Applications to avoid a multiplicity of proceedings based upon essentially the same set of facts and allegations.
45. On May 9, 2011, the OLRB issued a decision adjourning the First OHSA Application for a period of up to one (1) year and confirmed that Ms. Amodeo would require the Receiver's permission or leave of the Court in order to proceed with the First OHSA

Application. On May 11, 2011, Ms. Amodeo advised that she would be seeking leave of the Court to proceed with both the Amodeo OHSA Applications and the Amodeo HR Application. On June 8, 2011, Blaneys, on behalf of the Receiver, advised Ms. Amodeo that the Receiver would not be providing its consent to Ms. Amodeo's application to proceed as it was the Receiver's position that Ms. Amodeo's claims were the result of managerial discipline arising out of the course of her employment at Craiglee and do not constitute claims within the jurisdiction of the OLRB or the Tribunal.

46. The Amodeo OHSA Applications and the Amodeo HR Applications remain in abeyance pending an application to the Court to set a timetable for the motion for leave to continue. While Ms. Amodeo has now retained counsel, no date for the motion has been set.

MINISTRY OF HEALTH AND LONG-TERM CARE

Compliance Matters

47. As set out above, the MOHLTC had intermittently throughout 2009 and 2010 ceased allowing admissions due to its concerns with the standards of care being provided at the Home. Extendicare was of the view that the failure to achieve and maintain the appropriate standards of care was due to certain staff issues as well as the high use of agency nursing personnel. The Receiver authorized Extendicare to focus on hiring permanent nursing staff to reduce the use of agency workers, improve Craiglee's staffing complement and implement the appropriate training to address the areas of non-compliance. As a result, from January to May 2010, the Receiver hired 42 new nursing staff and personal support workers. The last cease admissions directive was lifted by the MOHLTC on May 20, 2010 and since that time, the Home has not received any notices of non-compliance in regards to the LTCHA and its Regulations and MOHLTC policies.
48. Commencing on August 29, 2011 and continuing intermittently through October 3, 2011, the MOHLTC conducted its annual Resident Quality Inspection of Craiglee. As a result of its inspection, on October 20, 2011, the MOHLTC issued twelve written notices and

requested that four plans of correction action be prepared to address certain of the matters identified. Craiglee is in the process of preparing the plans of correction action as requested by the MOHLTC. A copy of the Resident Quality Inspection Report is attached hereto as **Appendix "D"**.

Financial Matters

49. As set out in the First Report, prior to the Appointment Date, Blaneys contacted the Attorney General for Ontario (the "AG"), counsel to the MOHLTC, to advise of the Applicant's intention to seek the appointment of the Receiver. The AG advised that while it did not object to the Applicant's motion, the MOHLTC wished to preserve its right to dispute the terms of the Appointment Order that precluded set off of pre-filing amounts owed to the MOHLTC by Craiglee against post-filing funding to be provided by the MOHLTC to the Receiver.
50. At the hearing held on the Appointment Date, the issue of funding and right of set off was adjourned until May 11, 2009.
51. After the Appointment Date, the Receiver, Blaneys, and representatives of the Applicant met with the AG and the MOHLTC on two occasions to discuss the status of the receivership and the set off issue. At both meetings, and subsequent to those meetings, upon receipt of requests from the AG or the MOHLTC, the Receiver provided to the MOHLTC and the AG certain financial information regarding the operation of the Home.
52. Since the date of the First Report, the Receiver has not had any further discussions with the AG or the MOHLTC regarding the funding and set off issue. The MOHLTC continues to fund Craiglee based on 100% occupancy, without set off relating to the pre-receivership period. The funding to the Receiver will be subject to recoveries by the MOHLTC based on actual occupancy during the receivership period (as outlined in paragraphs 94 through 98 of this Second Report).

53. Prior to the May 11, 2009 appointment, the Receiver and the MOH agreed to further adjourn the hearing of the funding and set off issue until June 16, 2009. Following a Chambers appointment on June 16, 2009, the matter was eventually adjourned to a date to be fixed on consent.

OPERATING RESULTS

54. In the First Report, the Receiver provided financial information for the period May 1, 2009 to April 30, 2010. Attached hereto as **Appendix "E"** is an income statement by envelope for Craiglee for the period January 1, 2010 to December 31, 2010 ("**Fiscal 2010 Period**") which includes a portion of the period previously reported. For the Fiscal 2010 Period, Craiglee generated net operating income of \$335,280 during the Fiscal 2010 Period which is \$1,041,272 below budget. The shortfall from budget was essentially due to i) occupancy that averaged 81% for Fiscal 2010 whereas the budgeted occupancy was 100%, ii) overspending in nursing due to greater nursing needs to deal with the compliance matters at the Home, and iii) management fees exceeding budget by approximately \$130,000 as the budget for management fees was not set properly .
55. Attached hereto as **Appendix "F"** is an income statement by envelope for Craiglee for the period January 1, 2011 to August 31, 2011 (the "**Results Period**"). Craiglee has generated a net operating surplus (before consideration of interest, depreciation and capital expenditures) of \$446,000 over the Results Period which is \$240,756 below budget.
56. The negative variance over the Results Period is essentially due to the following:
- i) Lower occupancy levels during the Results Period as the budgeted average occupancy was 96.17% whereas the actual average occupancy was approximately 93% resulting in a negative revenue variance of approximately \$51,200;

- 16 -

000053

- ii) Accommodation wages expense was approximately \$64,500 over budget as i) the the Home required increased housekeeping staff to deal with MOHLTC related matters, and ii) actual vacation pay and holiday pay were both greater than budget;
 - iii) Utilities costs were approximately \$25,200 over budget as the budgeted costs for hydro and water were based on prior year consumption; however, the prior year occupancy averaged approximately 80% whereas the current year-to-date occupancy is approximately 93% resulting in greater usage during the Results Period;
 - iv) Food costs were approximately \$16,300 over budget as the Home had ordered more food than the per diem funding provides for;
 - v) Supplies costs were approximately \$22,900 over budget due to the one time purchase of bed comforters, linens and blankets that were not included in the budget;
 - vi) Repairs and maintenance expense was approximately \$37,300 over budget due to costs to repair a leaking roof and foundation, repairs to the nurse call system and painting of certain areas of the Home all of which were not included in the budget; and
 - vii) Other costs were approximately \$33,900 over budget due substantially to i) legal fees that were approximately \$16,000 greater than budget due to various employee matters requiring mediation during the Results Period, ii) audit fees of \$5,000 had inadvertently been excluded from the budget and, iii) staff training was approximately \$7,000 over budget due to certain workplace harassment training that was not anticipated when the budget was prepared.
57. Extencicare maintains the accounting records of the Home and provides the Receiver with monthly operating reports with comparisons to budget and a variance analysis.

CITY OF TORONTO UTILITY PAYMENT

58. The City of Toronto (the “City”) invoices Craiglee on a monthly basis for water usage at the Home. As of the Appointment Date, the pre-receivership water charges outstanding were \$21,307.91 (the “**Pre-Receivership Amount**”). Attached hereto as **Appendix “G”** is a copy of the Utility Bill for water charges for the period May 19, 2009 to June 17, 2009 which evidences the Pre-Receivership Amount.
59. Each month following the Appointment Date, the City would forward an invoice to Craiglee that included both the Pre-Receivership Amount and charges for the previous month’s usage, and each month Craiglee would pay only the charges for the previous month’s usage.
60. On or about December 15, 2010, approximately twenty months after the Appointment Date, Craiglee inadvertently paid the City the Pre-Receivership Amount. Attached hereto as **Appendix “H”** is a copy of the Utility Bill for water charges for the period November 17, 2010 to December 17, 2010 which reflects a payment of \$28,326.46 received by the City on December 15, 2010, which amount includes the Pre-Receivership Amount.
61. Upon realizing the error, Craiglee contacted the City to be reimbursed for the Pre-Receivership Amount. However, the City refused to make the reimbursement.
62. Payment of the Pre-Receivership Amount by Craiglee to the City represents an error for which the City seeks to unjustly benefit. The Pre-Receivership Amount represents an unsecured claim, which claim would remain unpaid if not for Craiglee’s clerical error.
63. Blaneys has also requested that the City repay the Pre-Receivership Amount, or credit Craiglee’s account, but the City has refused to do so. Attached hereto as **Appendix “I”** is a copy of a series of e-mails exchanged between Blaneys and the City’s solicitor between April 6, 2011 to June 17, 2011 concerning the request for repayment of the Pre-Receivership Amount.

64. The City's position appears to be that if the Pre-Receivership Amount had not been paid by Craiglee in error, the City would have added it to the tax roll in accordance with the *City of Toronto Municipal Code and City of Toronto Act, 2006*.
65. In addition, in response to an inquiry from counsel for SAC 4, the proposed purchaser of Craiglee (as discussed below), in which SAC 4 requested a water and tax certificate for Craiglee, the City's solicitor advised SAC 4's counsel that if the City is required to refund the Pre-Receivership Amount, it would add the Pre-Receivership Amount to the tax roll. A copy of the correspondence from the City's solicitor to SAC 4's counsel dated June 9, 2011, and Blaneys response to that correspondence dated June 14, 2011, is attached hereto as **Appendix "J"**.
66. Paragraph 11 of the Appointment Order provides for a stay of proceedings against Craiglee and the Receiver, which stay would include adding the Pre-Receivership Amount to the tax roll.
67. The Receiver is seeking this Honourable Court's approval for an order i) requiring the City to reimburse the Receiver for the Pre-Receivership Amount, ii) preventing the City from adding the Pre-Receivership Amount to Craiglee's tax roll, and iii) declaring that Craiglee's liability for pre-receivership water, sewage and/or solid waste charges, including penalties and interest, ranks behind Craiglee's secured creditors.

MARKETING AND SALE PROCESS

68. Following the issuance of the Sale Process Order, and in accordance with that order, the Receiver entered into an Exclusive Listing Agreement dated September 3, 2010 with John A. Jensen Realty Inc. ("**Jensen**") for a six-month period.
69. Jensen's marketing campaign consisted of:
- i) advertising the Home on its website;

- ii) sending marketing information on the Home to its proprietary database of contacts of parties interested in senior's housing opportunities;
 - iii) placing two advertisements in the Globe & Mail newspaper; and
 - iv) advertising the Home on Loop Net, which purports to be the largest and most heavily trafficked commercial online real estate listing service.
70. Jensen has advised the Receiver that it received inquiries about the Home from 82 parties, 42 of which executed confidentiality agreements. Those parties which signed confidentiality agreements were provided with:
- i) a confidential information memorandum prepared by Jensen; and
 - ii) access to a secure website maintained by Jensen which contained financial and other pertinent information about Craiglee.
71. Jensen's marketing program incorporated a sunrise date arrangement whereby no offers were to be entertained until the Home had been marketed for six weeks from the date of the Sale Process Order, which in this case was October 13, 2010, in order to allow ample exposure to the market and suitable time for interested parties to analyse the opportunity prior to submitting any offers for the Home.
72. As part of Jensen's marketing plan, Jensen did not include an asking price with the listing of the Home. The rationale for not including an asking price was that it lessened the risk that a potential purchaser, who would otherwise be willing to pay more than the asking price, would offer less simply because the asking price optically creates a ceiling for offers. Jensen had advised that this methodology is a widely accepted and expected strategy for the sale of seniors housing including facilities being sold in receivership and the lack of an asking price also tended to work well with the sunrise date methodology.
73. On December 6, 2010, the Receiver received an expression of interest in the property through a letter of intent to purchase the property (the "**First LOI**"). The irrevocable date

for the First LOI was December 9, 2010. It was the Receiver's position that the purchase price contemplated in the First LOI was not sufficient and many of its terms and conditions were not satisfactory to the Receiver. In addition, Jensen advised that it had been contacted by other parties who had indicated that they intended to submit offers for Craiglee. Based on those discussions with Jensen and after consulting Desjardins, the Receiver elected not to respond to the First LOI but to wait to see if further interest in the Home materialized.

74. On December 17, 2010, the Receiver received an offer for the property from Southbridge Investment Partnership No. 1 on behalf of a purchaser to be established ("Southbridge"). The purchase price of the offer from Southbridge and the terms and conditions it was seeking were more acceptable to the Receiver than the First LOI. The irrevocable date of Southbridge's offer was January 14, 2011. In view of that date, the Receiver elected to respond with a counter-offer to Southbridge on January 7, 2011 which reflected a higher purchase price and changes to certain terms and conditions. The Receiver set the irrevocable date for its counter-offer at January 14, 2011.
75. On January 12, 2011, Southbridge responded to the Receiver's counter-offer which the Receiver reviewed and discussed with Jensen. Based on those discussions, on January 14, 2011, the Receiver provided a further counter-offer to Southbridge with an increase in the purchase price, an increase in the amount of the deposit required by the Receiver and certain adjustments to other terms and conditions. The irrevocable date for the Receiver's counter-offer was January 21, 2011.
76. On January 19, 2011, Jensen forwarded to the Receiver an e-mail that Jensen had received from a third interested party which included an indication of the maximum purchase price that the party was willing to pay. As that purchaser's maximum price was lower than that currently being contemplated in the offer from Southbridge, the Receiver elected not to pursue discussions with that party. On January 21, 2011, Southbridge responded to the Receiver's counter-offer that the price was acceptable but it requested certain minor changes to its offer which the Receiver determined to be acceptable.

77. On January 24, 2011, the party to the First LOI contacted Jensen to advise that it intended to submit another offer. Jensen advised the Receiver that the revised purchase price indicated by that party remained significantly below the purchase price being offered by Southbridge. Based on discussions with Jensen and the fact that the Receiver was in possession of an offer with a materially higher purchase price with terms and conditions it found acceptable, the Receiver elected not to delay the process by entering into discussions with the party which submitted the First LOI. Consequently, on January 26, 2011, after discussing the status of the offers with Desjardins, the Receiver advised Jensen that it was accepting the revised offer from Southbridge.
78. The Receiver understands that Southbridge is a Cambridge, Ontario partnership focused on acquiring long-term care facilities across Canada. The principal of Southbridge formerly owned and operated a company that owned and operated a number of long-term care homes in Canada prior to a sale of a substantial portion of its portfolio in 1997. The Receiver understands that Southbridge, through certain limited partnerships, currently operates five long-term care facilities in Ontario. Southbridge is also the selected purchaser for another long-term care home for which Deloitte is receiver and manager under separate receivership proceedings. The purchase of this other home by Southbridge has followed similar timelines to the sale of Craiglee and Desjardins is aware that Southbridge is the proposed purchaser of this other home.
79. Following acceptance of the Southbridge offer, the Receiver and Southbridge negotiated and agreed to the terms of the APS. During those negotiations, Southbridge advised the Receiver that the Purchaser under the APS would be SAC 4. The assets being purchased by SAC 4 include the Home and 9 Vanbrugh. A copy of the APS including amending agreements (as discussed below) are attached hereto as **Appendix "K"**, redacted to maintain confidentiality with respect to the purchase price, pending the closing of the APS. An unredacted copy of the APS will be made available to the Court, subject to a request for a Sealing Order. Capitalized terms found below and not otherwise defined herein have the meanings set out in the APS.

80. The APS initially provided for, amongst other things, a Due Diligence Period of 75 days and a Financing Condition period commensurate with the Due Diligence Period. On June 8, 2011, with the Due Diligence Period set to expire on June 15, 2011, SAC 4 advised the Receiver that it had not yet completed its due diligence nor satisfied its Financing Condition. Accordingly, the Receiver and SAC 4 entered into Amending Agreement No. 1 dated June 8, 2011 which extended the Due Diligence Period to July 15, 2011 and adjusted certain other related dates in the APS.
81. Prior to July 15, 2011, SAC 4 advised the Receiver that it was not in a position to waive the Due Diligence Condition and that it wanted to meet with the Receiver to discuss the results of its due diligence process. Accordingly, the Receiver and SAC 4 entered into Amending Agreement No. 2 dated July 15, 2011 which extended the Due Diligence Period to August 12, 2011 in order to provide sufficient time to arrange a meeting between the parties.
82. On August 9, 2011, a meeting was convened between the Receiver and SAC 4 at which time SAC 4 advised the Receiver that during its due diligence review of Craiglee it had identified a number of issues that in its view necessitated adjustments to the terms and conditions of the APS. The adjustments to the APS that SAC 4 was seeking involved both sale price adjustments and additional conditions in the nature of information flow and operations of Craiglee prior to and after the eventual closing of the transaction.
83. After the August 9, 2011 meeting, the Receiver discussed with Desjardins the adjustments SAC 4 tabled at the meeting. It was agreed that SAC 4 would be advised to prepare a draft amending agreement that contained the revised terms and conditions it was seeking in order that the Receiver could consider and discuss those terms with Desjardins. In order to provide SAC 4 with sufficient time to prepare the draft amending agreement, the Receiver and SAC 4 entered into Amending Agreement No. 3 dated August 12, 2011 which extended the Due Diligence Period to August 19, 2011.
84. On August 18, 2011, SAC 4 provided the Receiver with a draft amending agreement

which contained the revised terms and conditions to the APS that SAC 4 was seeking. In order to provide the Receiver with sufficient time to assess the draft amending agreement and discuss its terms with Desjardins, the Receiver and SAC 4 entered into Amending Agreement No. 4 dated August 19, 2011 which extended the Due Diligence Period to August 31, 2011. The target date of August 31, 2011 did not provide sufficient time for the parties to reach an agreement on the revised terms and conditions to the APS. The Receiver and SAC 4 entered into Amending Agreement No. 5 dated August 31, 2011 which extended the Due Diligence Period to September 8, 2011.

85. By way of Amending Agreement No. 6 dated September 2, 2011, the Receiver and SAC 4 agreed to amend the APS to adjust the purchase price and certain other terms and conditions that were satisfactory to both the Receiver and SAC 4.
86. In March 2010, the Receiver engaged two appraisers with experience in valuing long-term care homes to prepare market value appraisals of the Home. The purchase price under the APS is in line with those market value appraisals. For the reasons outlined in paragraph 91 below, the Receiver has not included copies of the market value appraisals in this Second Report but will have copies available should the Court so request them.
87. One of the terms of Amending Agreement No. 6 provided for the Financing Condition Period to be extended to September 30, 2011. On September 30, 2011, SAC 4 waived the Financing Condition, which represented the final outstanding condition.
88. Paragraph 4.3(a) of the APS provides for the following:

“On or within 45 days following satisfaction or waiver by the Purchaser of the Due Diligence Condition and the Financing Condition, an order will have been made by the Court approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Debtor in the Assets free and clear of all liens, security interests and other encumbrances, save and except for the Permitted Encumbrances, such order to be substantially in the form of the order attached hereto as Exhibit A.”

Given that SAC 4 waived the Due Diligence Condition on September 2, 2011 and the Financing Condition on September 30, 2011, the Receiver is seeking this Court's approval of the APS through the granting of an approval and vesting order. The approval and vesting order being sought provides that title will only vest with the Purchaser upon the Receiver delivering to the Purchaser a certificate (the "**Receiver's Certificate**") that certifies the following (defined terms are as defined in the Receiver's Certificate):

- i) The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
 - ii) The conditions to Closing as set out in section 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
 - iii) The Transaction has been completed to the satisfaction of the Receiver.
89. Pursuant to the APS, SAC 4 has paid deposits totalling \$400,000 which funds are being held in trust by Blaneys pending completion of the transaction.
90. Should this Honourable Court approve the APS, the Receiver will work with SAC 4 to obtain MOHLTC approval for the transfer of the bed licences to SAC 4 pursuant to the provisions of the LTCHA. Based on discussions with the MOHLTC and the Receiver's experience with the licensing transfer approval process, the process could take in excess of six months to complete before the license transfer is approved.
91. Paragraph 4.3(c) of the APS provides for the following:
- "On or before March 30, 2012, the MOH shall have approved the purchase by the Purchaser contemplated under this Agreement and the MOH shall have approved the Purchaser for transfer of the Licence(s) or for issue of licences similar to the Licence(s)."

In view of the Receiver's recent experience concerning the timing for obtaining MOHLTC approval for the transfer of licences, and on the assumption that this Honourable Court approves the APS and directs the Receiver to complete the sale to SAC 4, the Receiver

may be required to enter into a further amending agreement(s) with SAC 4 to extend the date by which the MOHLTC will have approved the purchase by SAC 4 and the issuance of a new licence(s) to SAC 4, from March 30, 2012 to some other date(s) mutually acceptable to the Receiver and SAC 4.

92. To the extent that this Honourable Court does not approve the Receiver completing the APS, or if the APS is approved by the Court but is not completed for other reasons, public disclosure of the contents of the APS, including the purchase price, could materially negatively impact the Receiver's re-marketing of Craiglee. In addition, public disclosure of the market value appraisals commissioned by the Receiver to assist it in assessing offers for the Home could impact any re-marketing of Craiglee. For these reasons, as stated above, the Receiver is seeking an Order of this Honourable Court to seal the unredacted copy of Appendix "K" until the Receiver's Certificate has been filed with this Honourable Court.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

93. Attached hereto as **Appendix "L"** is the Receiver's Interim Statement of Receipts and Disbursements for the period April 28, 2009 to October 27, 2011 (the "**Interim R&D**"). The Interim R&D balance of \$2,548,928 reflects transactions through the Receiver's bank account and does not reflect the receipts and disbursements of the operating and payroll accounts managed by Extendicare, which are maintained on an accrual basis and are reflected in the aforementioned income statements by envelope. The Receiver is seeking this Honourable Court's approval of the Interim R&D.
94. The large cash balance reflects the fact that the MOHLTC has funded the Receiver based on 100% occupancy while actual occupancy has averaged approximately 80% in 2009 and 2010, and approximately 93% in year to date 2011. The MOHLTC's policy is to recover the difference between the actual cash advanced and the Home's funding entitlement (based on actual occupancy) through deductions against future funding. Accordingly, the cash on hand will be required to fund Craiglee's operations should future monthly

funding, net of deductions for recoveries relating to prior periods, be insufficient for the Home to operate.

95. On November 30, 2010, the MOHLTC advised the Receiver that the amount to be recovered for the period April 2009 to September 2009 was \$852,184, and that this amount would be deducted from MOHLTC funding over the period November 2010 to October 2011. As of the date of this Second Report, the recovery relating to the April 28, 2009 to September 30, 2009 period has been completed.
96. In January 2011, the MOHLTC advised that the amount of overfunding received by Craiglee for the period January 1, 2010 to September 30, 2010 was \$1,113,210 and that it intends to recover these funds from MOHLTC funding during the period December 2011 through August 2012.
97. As of August 31, 2011, Extendicare estimates the total amount of funds to be reimbursed to the MOHLTC is \$2,210,943, which amount includes the yet to be recovered amount for the period January 2010 to September 2010, as well as anticipated recoveries that the MOHLTC has yet to pursue for the October 1, 2009 to December 31, 2009 period, the October 1, 2010 to December 31, 2010 period and the January 1, 2011 to September 30, 2011 period.
98. The Receiver anticipates that the MOHLTC will shortly advise the Receiver of amounts it intends to recover for the January 1, 2011 to September 30, 2011 period. With respect to potential MOHLTC recoveries relating to the October 1 to December 31 periods referred to in paragraph 97 above, those recoveries are typically identified and requested by the MOHLTC once the MOHLTC conducts its review of Craiglee's Long-Term Care Home Annual Report (the "**Annual Report**") for the year in question. Once an Annual Report is submitted, it can take one year or longer before the MOHLTC reviews the Annual Report and advises the Home of the recoveries related thereto. Craiglee's Annual Reports for 2009 and 2010 were submitted in December 2010 and September 2011, respectively.

000064

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

99. The Receiver's fees for services rendered for the period June 1, 2010 to July 31, 2011 are particularized in the Affidavit of Hartley M. Bricks sworn October 31, 2011 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$231,249.77 including GST/HST (the "**Receiver's Fees**").
100. The fees and disbursements of Blaneys, counsel for the Applicant, in respect of work performed for the Receiver, for the period July 1, 2010 to September 30, 2011 are particularized in the Affidavit of Chad Kopach of Blaneys sworn November 3, 2011 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$72,047.93 including HST ("**Blaney's Fees**").
101. The Receiver has reviewed Blaney's Fees and finds the work performed and charges to be appropriate and reasonable.
102. The Receiver has sought and received the approval of Desjardins prior to taking interim draws against the Receiver's Fees and Blaney's Fees.
103. The Receiver is herein seeking the Court's approval of its activities up to November 2, 2011 and the Receiver's Fees. The Receiver is also seeking the Court's approval of Blaney's Fees.

RECEIVER'S REQUEST TO THE COURT

104. The Receiver is respectfully seeking an order:
- i) approving the actions and activities of the Receiver up to November 2, 2011;
 - ii) approving the Receiver entering into and completing the APS and the granting of an approval and vesting order;

- 28 -

000065

- iii) sealing the unredacted APS until such time as the APS is completed and the Receiver's Certificate is issued by the Receiver and filed with this Honourable Court;
- iv) directing the City to reimburse to Craiglee the Pre-Receivership Amount and directing the City to not add the Pre-Receivership Amount to the tax roll for Craiglee;
- v) approving the Interim R&D; and
- vi) approving the Receiver's Fees and Blaney's Fees.

All of which is respectfully submitted to this Honourable Court.

DATED this 2nd day of November, 2011.

Deloitte & Touche Inc.

Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Craiglee Nursing Home Limited

Deloitte + Touche Inc.

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

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

TAB 2C

Court File No. CV-09-8156-00-CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

**SUPPLEMENTAL REPORT TO THE SECOND REPORT
TO THE COURT OF THE RECEIVER
(dated November 8, 2011)**

INTRODUCTION

1. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated April 28, 2009 (the “**Appointment Order**”), Deloitte & Touche Inc. (“**Deloitte**”) was appointed as Interim Receiver and Receiver and Manager (the “**Receiver**”) of all of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited (“**Craiglee**”).
2. In the Receiver’s Second Report to the Court dated November 3, 2011 (the “**Second Report**”), the Receiver set out for this Honourable Court the terms of an Agreement of Purchase and Sale dated April 1, 2011, including amendments thereto (the “**APS**”) as between the Receiver and SAC 4 Inc. (“**SAC 4**” or the “**Purchaser**”) for the sale of Craiglee and requested the Court’s (i) approval for the Receiver to enter into and complete the APS; and (ii) making an approval and vesting order in connection with the transaction.
3. The purpose of this Supplemental Report to the Second Report (the “**Supplemental Report**”) is to advise the Court of a further amending agreement to the APS which the Receiver has entered into with SAC 4.
4. Capitalized terms not defined in this Supplemental Report are as defined in the APS, the Second Report and the Appointment Order.

The MOH Closing Adjustment

5. Following service of the Notice of Motion and the Second Report, counsel for the Ministry of Health and Long-Term Care (“**MOHLTC**”) corresponded with the Receiver regarding the manner in which over-funding by the MOHLTC of Craiglee from the Appointment Date to the Closing Date, that remained to be recovered by the MOHLTC (“**MOHLTC Recoveries**”), was addressed in the APS. The MOHLTC was concerned that the APS did not explicitly address which party the MOHLTC could pursue for the MOHLTC Recoveries.
6. Section 2.8(c) of the APS provides for an adjustment on Closing for the amount of over-

- 3 -

funding by the Ministry of Health and Long-Term Care (“**MOHLTC**”) of Craiglee from the Appointment Date to the Closing Date that remained to be recovered by the MOHLTC (“**MOHLTC Recoveries**”). Section 2.8(c) states:

“The Vendor and the Purchaser, each acting reasonably, shall use their best efforts to agree on the estimated amount that may be repayable to or receivable from the MOH in regard to any overpayments/credits for the period prior to the Closing (not including adjustments for monthly amounts paid or payable by the MOH for the month in which the Closing occurs which are adjusted pursuant to Section 2.8(b) hereof) (the “**MOH Closing Adjustment**”) on or before the 10th Business Day before the Closing Date. On Closing, the Purchase Price shall be adjusted by that amount in favour of the Purchaser if the Vendor is in a net payable position with the MOH at Closing or in favour of the Vendor if the Vendor is in a net receivable position with the MOH at Closing. There shall be no further adjustment in regard to the MOH Closing Adjustment after Closing.”

7. The purpose of the MOH Closing Adjustment was to transfer to SAC 4 the obligation to remit the MOHLTC Recoveries once the transaction was completed.
8. The APS also included a term that the Purchaser could, on Closing, assume the Service Accountability Agreement (the “**SAA**”) between the Central East Local Health Integration Network (the “**LHIN**”) and Craiglee effective as of July 1, 2010. The SAA is a document which every long-term care home in Ontario must enter into in order to obtain government funding to operate. The SAA governs the terms of funding, including the ability of the MOHLTC (or LHIN) to recover any overpayments made to a nursing home. The SAA was included in Schedule 2 of the APS as an Assumed Contract under the transaction.
9. On September 30, 2011, pursuant to the terms of the APS, SAC 4 advised the Receiver

- 4 -

that it would not be assuming the SAA since SAC 4 intends to enter into a new SAA with the LHIN. While the Receiver is of the view that, should the transaction be completed, the MOH Closing Adjustment and SAC 4's obligation to assume the MOHLTC Recoveries is unaffected by the fact that a new SAA would be entered into between SAC 4 and the LHIN, the MOHLTC has requested that the documents clarify the transfer of the obligation to SAC 4.

10. The Receiver and SAC 4 have agreed to amend the APS to clarify that after Closing, SAC 4 is responsible for remitting the MOHLTC Recoveries.

AMENDING AGREEMENT NO. 7

11. In order to clarify the transfer to SAC 4 of the liability for the MOHLTC Recoveries upon Closing, the Receiver and SAC 4 have entered into Amending Agreement No. 7 dated November 7, 2011. Amending Agreement No. 7 provides that the definition of "Assumed Obligations" in the APS is amended to include the MOHLTC Recoveries. A copy of Amending Agreement No. 7 is attached hereto as **Appendix "A"**.
12. Counsel for the MOHLTC has advised the Receiver that it is satisfied that Amending Agreement No. 7 addresses its concerns regarding the MOHLTC Recoveries.

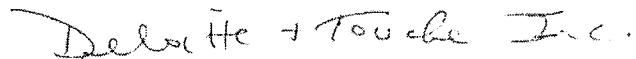
- 5 -

All of which is respectfully submitted to this Honourable Court.

DATED this 8th day of November, 2011.

Deloitte & Touche Inc.

Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Craiglee Nursing Home Limited
and not in its personal capacity

A handwritten signature in black ink that reads "Deloitte + Touche Inc." in a cursive, flowing script.

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

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

TAB 2D

000012

Court File No. CV-09-8156-00-CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

**THIRD REPORT TO THE COURT OF THE RECEIVER
(dated December 14, 2012)**

000013

- 2 -

TABLE OF CONTENTS

APPENDICES.....	2
INTRODUCTION.....	4
TERMS OF REFERENCE	6
MINISTRY OF HEALTH AND LONG-TERM CARE ("MOH") APPROVAL	6
MOH CLOSING ADJUSTMENT AND ESTABLISHMENT OF AN ESCROW AGREEMENT	8
CLOSING OF THE SALE OF CRAIGLEE	10
SALE-RELATED MATTERS.....	10
OCCUPATIONAL HEALTH AND SAFETY ACT AND HUMAN RIGHTS COMPLAINT	13
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	17
CITY OF TORONTO UTILITY PAYMENT.....	18
STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL	21
RECEIVER'S REQUEST TO THE COURT	22

APPENDICES

APPENDIX "A":	Appointment Order dated April 28, 2009
APPENDIX "B":	First Report of the Receiver dated July 30, 2010 (without appendices)
APPENDIX "C":	Order of Justice Newbould dated September 1, 2010
APPENDIX "D":	Second Report of the Receiver dated November 2, 2011 and the Supplemental Report to the Second Report dated November 8, 2011 (without appendices)
APPENDIX "E":	Order of Justice Wilton-Siegel dated November 9, 2011
APPENDIX "F":	Approval and Vesting Order dated November 9, 2011
APPENDIX "G":	Amending Agreement Nos. 9 through 13
APPENDIX "H":	Amending Agreement No. 14 and Escrow Agreement
APPENDIX "I":	Sample Letter dated November 12, 2012 from the Receiver to non- union employees of Craiglee

000014

- 3 -

- APPENDIX "J": Sample Letter dated November 12, 2012 to suppliers to Craiglee
- APPENDIX "K": Minutes of Settlement dated March 9, 2012
- APPENDIX "L": Order of Justice Campbell dated March 14, 2012
- APPENDIX "M": Decision of the Ontario Labour Relations Board dated September 19, 2012
- APPENDIX "N": Receiver's Interim Statement of Receipts and Disbursements for Craiglee for the period April 28, 2009 to November 30, 2012
- APPENDIX "O": Security Opinion Letter from Gowling Lafleur Henderson LLP dated December 9, 2011
- APPENDIX "P": Desjardins Financial Security Life Assurance Company Statement for Discharge Purposes effective November 30, 2012
- APPENDIX "Q": Letter from Canada Revenue Agency dated November 23, 2009

000015

- 4 -

INTRODUCTION

1. Pursuant to an Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated April 28, 2009 (the “**Appointment Order**”), Deloitte & Touche Inc. (“**Deloitte**”) was appointed as Interim Receiver and Receiver and Manager (the “**Receiver**”) of all of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited (“**Craiglee**” or the “**Debtor**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. As at the date of the Appointment Order (the “**Appointment Date**”), Craiglee’s assets comprised primarily of Craiglee Nursing Home, a 169-bed nursing home located at 102 Craiglee Avenue, Toronto, Ontario (the “**Home**”). Craiglee was also the registered owner of the property located at 9 Vanbrugh Ave., Toronto (“**9 Vanbrugh**”), a single family two-storey residence which is located adjacent to the Home.
3. On September 1, 2010, Justice Newbould granted an Order approving, among other things (i) the Receiver’s activities from the Appointment Date to July 15, 2010, including its pre-receivership activities; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver’s engagement of John A. Jensen Realty Inc. (“**Jensen**”) as the Receiver’s real estate broker to commence a marketing and sale process for Craiglee (the “**September 1 Order**”). In support of the motion that resulted in the September 1 Order, the Receiver submitted its First Report to the Court (the “**First Report**”). A copy of the First Report, without appendices, is attached hereto as **Appendix “B”**. A copy of the September 1 Order is attached hereto as **Appendix “C”**.
4. On November 9, 2011, Justice Wilton-Siegel granted an Approval and Vesting Order (the “**Vesting Order**”) approving the Receiver entering into and completing an Agreement of Purchase and Sale (the “**APS**”) for the sale of Craiglee to CVH (No. 1) LP (“**CVH**” or the “**Purchaser**”), the assignee of the APS, and vesting in CVH the Debtor’s right, title and interest in the Purchased Assets (as defined in the Vesting Order) subject to the closing of the transaction with CVH and the Receiver filing with the Court a Receiver’s Certificate

000016

- 5 -

(the “**Receiver’s Certificate**”). Also on November 9, 2011, Justice Wilton-Siegel granted an Order (the “**November 9 Order**”) approving: i) the fees and disbursements of the Receiver from June 1, 2010 to July 31, 2011; ii) the fees and disbursements of Blaney McMurtry LLP (“**Blaneys**”) for the period July 1, 2010 to September 30, 2011; iii) the actions of the Receiver and its counsel up to November 2, 2011; and iv) the Receiver’s Interim Statement of Receipts and Disbursements for the period from April 28, 2009 to October 27, 2011. In support of the motion that resulted in the Vesting Order and the November 9 Order, the Receiver submitted its Second Report to the Court (the “**Second Report**”) dated November 2, 2011 and the Supplemental Report to the Second Report dated November 8, 2011. Copies of the Second Report and Supplemental Report to the Second Report, both without appendices, are attached hereto as **Appendix “D”**. Copies of the November 9 Order and the Vesting Order are attached hereto as **Appendix “E”** and **Appendix “F”**, respectively.

5. The purpose of this Third Report of the Receiver (the “**Third Report**”) is to:
- i) report to the Court on the closing of the transaction providing for the sale of Craiglee;
 - ii) request approval to make a payment of \$742,794.70 to Canada Revenue Agency (“**CRA**”) in respect of CRA’s “deemed trust” claim against the assets of Craiglee;
 - iii) request approval of a proposed distribution to Desjardins Financial Security Life Assurance Company (“**Desjardins**”) of \$8,200,000.00 from the Receiver’s trust account relating to Craiglee; and
 - iv) request the Court’s approval of the Receiver’s Interim Statement of Receipts and Disbursements for the period April 28, 2009 to November 30, 2012, the Receiver’s fees to October 31, 2012, the Receiver’s activities to November 30, 2012, and the fees of the Receiver’s counsel to October 31, 2012.

000017

- 6 -

6. Capitalized terms not defined in this Report are as defined in the Appointment Order, the First Report, the Second Report and the Supplemental Report to the Second Report. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing the Third Report, the Receiver has relied upon records of Craiglee and unaudited financial information and other information prepared and/or provided by Craiglee, or Extendicare (Canada) Inc. ("**Extendicare**"), the manager of the Home. The Receiver has not performed an audit or other verification of such information. The Receiver has not relied on that information in making its recommendations herein.
8. The Receiver has sought the advice of Blaneys, counsel to the Applicant, for general legal matters that have arisen in respect of the receivership. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Gowling Lafleur Henderson LLP ("**Gowlings**").

MINISTRY OF HEALTH AND LONG-TERM CARE ("MOH") APPROVAL

9. Following issuance of the Vesting Order, by letter dated December 2, 2011, the Receiver advised the MOH that the Receiver had entered into the APS and of the Receiver's desire to sell Craiglee to CVH. The December 2, 2011 letter caused the MOH to commence its Licensing Approval Process in order to issue a new nursing home licence (the "**Licence**") to CVH pursuant to the *Long-Term Care Homes Act, 2007* (the "**Act**"), which process according to the MOH could take four to six months to complete.
10. The APS provided, among other things, that: i) the MOH shall have approved the purchase by CVH contemplated under the APS, and the MOH shall have approved the Purchaser for transfer of the Licence(s) or for the issue of licences similar to the Licence(s) on or before March 30, 2012 (the "**MOH Approval Date**"); ii) CVH was to be satisfied within 15 days of the MOH Approval Date as to any conditions imposed by the MOH on the transaction (the "**MOH Conditions Date**"); and iii) the Closing Date

000018

- 7 -

was to be no later than May 15, 2012. However, as the MOH did not provide its approval for the transfer of the Licence by March 30, 2012, the parties entered into Amending Agreement No. 9 which extended the MOH Approval Date to May 31, 2012 and the Closing Date to July 15, 2012.

11. Licence approval from the MOH was not received until October 30, 2012 requiring the parties to enter into Amending Agreement Nos. 10, 11, 12 and 13, all of which had the ultimate effect of extending the MOH Approval Date to November 9, 2012 and the Closing Date to no later than November 30, 2012. Attached hereto as **Appendix "G"** are copies of Amending Agreement Nos. 9 through 13.
12. By letter dated October 30, 2012 (the "**MOH Approval Letter**"), the MOH advised CVH that it would approve the issuance of the Licence to CVH once the following conditions were met:
 - i) the MOH receives written confirmation of the actual date of the sale closing;
 - ii) the MOH responds to a public submission received October 30, 2012 regarding the proposal to transfer the Licence;
 - iii) the MOH receives a letter from the Vendor (the Receiver) surrendering the current licence held by the Vendor along with the original current licence for Craiglee;
 - iv) the Purchaser agrees in a form acceptable to the MOH that it will reimburse the Local Health Integration Network or the MOH any amounts owed to either of them by the Vendor resulting from the reconciliation process as set out in s.243 of Ontario Regulation 79/10 under the Act or under the previously applicable legislation and service agreement in respect of Craiglee; and
 - v) the Purchaser agrees to correct all outstanding findings of non-compliance set out in the inspection reports issued by the MOH to the Vendor, and to comply with all outstanding orders issued by a MOH inspector or the Director against the Vendor, if any, and all inspection reports and orders should be available from the Vendor

000019

- 8 -

and they must be posted in the Home pursuant to applicable law.

13. With respect to condition iv) above, the amounts referred to therein involve obligations that are repayable to the MOH due to any overfunding by the MOH of Craiglee in the period after the Appointment Date up to the Closing Date. Overfunding could occur for a number of reasons, including:
- Actual occupancy levels lower than funded levels;
 - Failure to spend amounts funded on qualified expenditures; and
 - Disallowance of expenditures by the MOH.

MOH CLOSING ADJUSTMENT AND ESTABLISHMENT OF AN ESCROW AGREEMENT

14. Section 2.8(c) of the APS provided for an adjustment on closing of the estimated amount, as agreed to between the parties, that may be repayable to or receivable from the MOH in regard to any overpayments/credits for the period prior to the closing (the “**MOH Closing Adjustment**”). The MOH Closing Adjustment was intended to provide a credit on closing to CVH for the obligations that CVH was assuming (if any) pursuant to condition iv) of the MOH Approval Letter.
15. While the MOH had completed its annual reconciliations for 2009 and 2010, it had not yet completed its annual reconciliation for 2011. In addition, the Long-Term Care Home Annual Report (“**Annual Report**”) for 2012 was not scheduled to be completed and submitted until sometime in 2013 and would probably not be reviewed by the MOH until sometime in 2014. Given the uncertainty surrounding the amounts that may be recoverable by the MOH for the period from January 1, 2011 to the Closing Date that would represent the Final MOH Closing Adjustment, the parties agreed to enter into Amending Agreement No. 14 which amended the terms governing the MOH Closing Adjustment as follows:

000020

- 9 -

- i) The Vendor and the Purchaser, acting reasonably, shall agree to adjust on Closing based on an estimated amount reflecting the parties' view concerning the net position with the MOH for the period from January 1, 2011 to September 30, 2012 (the "**Preliminary MOH Closing Adjustment**"), which shall be an amount allowed to the Purchaser if the Vendor is determined to be in a net payable position with the MOH, or an amount allowed to the Vendor if the Vendor is in a net receivable position with the MOH; and
 - ii) In addition to the Preliminary MOH Closing Adjustment, the Vendor and the Purchaser, acting reasonably, shall agree on a further estimated adjustment amount for the period from October 1, 2012 to the Closing Date concerning the net position with the MOH for that period (the "**Further MOH Closing Adjustment**", which together with the Preliminary MOH Closing Adjustment constitute the **MOH Closing Adjustment**). The Further MOH Closing Adjustment was to be determined within 30 days after the Closing, such that the MOH Closing Adjustment would be determined within 30 days after Closing.
16. Amending Agreement No. 14 further provided for the establishment of an escrow fund of \$150,000 out of the purchase price payable by the Purchaser upon Closing (the "**Escrow Fund**"), to be held in escrow for any further required adjustments in favour of the Purchaser over and above the MOH Closing Adjustment. The purpose of the Escrow Fund is to permit payment, if necessary, once the MOH Final Adjustment (as defined in Amending Agreement No. 14) is determined and compared to the MOH Closing Adjustment (as defined above). Other than the MOH Closing Adjustment and the claims to the Escrow Fund, Amending Agreement No. 14 provides that there shall be no further adjustment with respect to any further or other claims relating to the MOH. Attached hereto as **Appendix "H"** are copies of Amending Agreement No. 14 and the Escrow Agreement.
-

000021

- 10 -

CLOSING OF THE SALE OF CRAIGLEE

17. On November 2, 2012, pursuant to the terms of the MOH Approval Letter, the Receiver
i) advised the MOH that the Closing Date of the transaction was November 13, 2012, and
ii) subject to the closing of the transaction and the issuance of a Licence to CVH, surrendered to the MOH Craiglee's original nursing home licence.
18. On November 13, 2012, the sale of Craiglee closed and the Receiver's Certificate was provided to the Purchaser, and was filed with the Court on November 28, 2012. The MOH issued the License to CVH on November 13, 2012.
19. The Receiver and Extendicare continue to address matters relating to the receivership of Craiglee, including ensuring that all required filings to the MOH and other government authorities are made on a timely basis.

SALE-RELATED MATTERS*SEIU*

20. Amending Agreement No. 6 of the APS, attached as Appendix "K" to the Second Report, provided for the Receiver to use its best efforts to facilitate an agreement between the Purchaser and Service Employees International Union Local 204 (the "**Union**"), conditional upon Closing for a roll over collective agreement ("**Rollover Agreement**") to be entered into between the Purchaser and the Union (with an expiry date one year after the Closing Date).
21. On April 23, 2012, the Receiver convened a meeting at its offices for the purposes of introducing the Purchaser to representatives of the Union and to facilitate discussions between the Purchaser and the Union regarding a Rollover Agreement. Subsequent to that meeting, the Receiver understands the Purchaser and the Union held further discussions in an effort to negotiate a mutually acceptable Rollover Agreement. However, no agreement was entered into and the condition was waived by the Purchaser.

22. By letter dated November 20, 2012, the Receiver's counsel advised the SEIU of the closing of the transaction and that i) the Purchaser has become the successor employer to Craiglee for the purposes of bargaining and collective agreement obligations in relation to employment in the business, and ii) the Receiver has no on-going liability or obligation remaining to the SEIU.
23. As of the Closing Date, four grievances remained outstanding with current or former employees. Upon closing, the Purchaser agreed to take carriage of those grievances subject to the Receiver's approval of the disposition of those grievances.

Employees

24. In view of the pending closing of the APS, on November 7, 2012, the Receiver attended a meeting with Craiglee's employees at which meeting the employees were advised of the upcoming closing of the transaction with CVH. Both union and non-union employees were advised they would become employees of CVH upon the closing of the transaction. Furthermore, these employees were told that pursuant to the Receiver's agreement with CVH, all of the terms of their employment with the Receiver, including wage rates, vacation pay entitlements, sick credit entitlements, and seniority rights, would be recognized by CVH. Representatives of CVH also attended the meeting and confirmed CVH's assumption of the employees and their terms of employment.
25. By letter dated November 12, 2012, the Receiver advised non-union employees that as a result of the closing of the sale of Craiglee, their employment by the Receiver had come to an end. The form of letter provided to non-union employees is attached hereto as **Appendix "I"**. No letter was provided to Union employees due to the notice given the Union's counsel as discussed in paragraph 22 above.

Suppliers

26. By letter dated November 9, 2012, the Receiver advised suppliers to Craiglee that the assets of Craiglee were sold to CVH, that the Receiver would be paying for goods and

000023

- 12 -

services provided prior to November 13, 2012 in the normal course and that the Receiver would not be responsible for goods and services provided to Craiglee after November 12, 2012. The form of letter provided to suppliers is attached hereto as **Appendix "J"**.

Closing Proceeds

27. The APS provided for a Purchase Price of \$10,550,000. After the adjustments set out in the Statement of Adjustments, the proceeds payable to the Receiver were \$9,802,075. After consideration of the \$150,000 Escrow Fund, real estate commission of \$298,037.50, and \$109,742.53 paid to Scotia Mortgage Corporation to discharge its first mortgage over 9 Vanbrugh, which amounts were paid by Blaneys, the Receiver received from Blaneys net proceeds of \$9,244,294.97.

Potential Future Proceeds

(a) *Escrow Fund*

28. On closing, \$150,000 of the closing proceeds were delivered to Gowlings to be administered in accordance with the terms of the Escrow Agreement. Amending Agreement No. 14 provides for the release of amounts from the Escrow Fund as follows:
- i) to the Purchaser on receipt of a monthly Long-Term Care Home Payment Notice ("MOH Monthly Payment Notice") from the MOH that an amount relating to the MOH Final Adjustment Period will be recovered or withheld from any scheduled monthly payment to be made to CVH and such amount has not already been fully adjusted for in the MOH Closing Adjustment; and
 - ii) to the Receiver on receipt by the Escrow Agent of correspondence issued by the MOH that confirms that the reconciliations for all periods in the MOH Final Adjustment Period are finalized or closed and that no further amounts are owing.
29. Based on the Receiver's experience, the MOH's review and reconciliation of Craiglee's Annual Report for 2012 may take approximately two years to complete. As a result, the

time frame for the final release of amounts from the Escrow Fund is unknown. However, the Escrow Agreement establishes June 30, 2015 as the outside date for the release of the balance of funds in the Escrow Fund. Therefore, it may be June 30, 2015 before the Receiver receives the balance remaining in the Escrow Fund. The potential further proceeds available to the Receiver is the total amount of the Escrow Fund of \$150,000, prior to consideration of Gowlings' fees to administer the Escrow Fund.

(b) Post-Closing Adjustments

30. The APS provides for each party to provide an undertaking to readjust any item on or omitted from the statement of adjustments, except for the MOH Closing Adjustment, for a period of six (6) months from Closing. Since the adjustment on closing relating to accrued vacation pay was based on an estimate as of the Closing Date, the Receiver anticipates that post-closing adjustment(s) will be required for, at a minimum, vacation pay. The Receiver has also identified certain prepaid items of a nominal value that will require further adjustment with the Purchaser.

OCCUPATIONAL HEALTH AND SAFETY ACT AND HUMAN RIGHTS COMPLAINT

31. On or about October 12, 2010, the Receiver received notice from the Ontario Labour Relations Board ("**OLRB**") of an application under Section 50 ("**First OHSA Application**") of the *Occupational Health and Safety Act* ("**OHSA**"). The application was made by Marianne Amodeo, a former Craiglee employee ("**Amodeo**"). The First OHSA Application named Angie Heinz, Paul Tuttle, Margaret Lazure (an Extendicare manager) and Hartley Bricks (of the Receiver) as the Responding Parties (the "**OHSA Respondents**").
32. Amodeo was hired by the Receiver on or about October 27, 2009 as a part-time Social Worker for Craiglee. Amodeo was terminated on or about June 29, 2010 for performance related issues. In the First OHSA Application, Amodeo alleged violations of harassment

000025

- 14 -

under Sections 32 and 50(1) of the OHSA as well as a violation under Part VII, Section 17(1) of the *Employment Standards Act, 2000*.

33. On October 25, 2010, Blaneys, on behalf of the OHSA Respondents and on the Receiver's direction, submitted a Response to the OLRB denying the allegations in the First OHSA Application.
34. On November 12, 2010, the parties attended a pre-hearing at the OLRB which was intended to attempt to effect a settlement of the First OHSA Application. No settlement was reached.
35. On or about November 21, 2010, Amodeo filed a further application under Section 50 of the OHSA (the "**Second OHSA Application**", and which together with the First OHSA Application constitute the "**OHSA Applications**") naming Rodrigo Cartagena, a former Administrator at Craiglee, and Chantal LaFreniere, former acting Director of Care at Craiglee, as Respondents. The Second OHSA Application alleges harassment under Sections 50(1) and 50.1 of the OHSA in the context of the same allegations of facts. On December 3, 2010, Blaneys, on behalf of Mr. Cartagena and Ms. LaFreniere and on the Receiver's direction, submitted a Response to the OLRB denying the allegations contained in the Second OHSA Application.
36. On December 18, 2010, Amodeo filed an Application (the "**OHRT Application**") under the Ontario *Human Rights Code* naming Mr. Cartagena, Ms. LaFreniere and Gary Loder, a manager at Extendicare, as Respondents (collectively, the "**OHRT Respondents**"). The OHRT Application alleged discrimination on the grounds of association with a person with a disability in connection with a Craiglee resident and discrimination due to reprisal or threat of reprisal.
37. On January 21, 2011, the Tribunal issued a Notice of Intent to Defer the OHRT Application pending resolution of the OHSA Applications. On February 18, 2011, Blaneys, on behalf of the OHRT Respondents and on the Receiver's direction, made submissions to the Tribunal as to why the OHRT Application should be deferred.

38. By way of Interim Decision dated March 21, 2011, the Tribunal decided that the OHRT Application would be deferred pending the results of the OHSA Applications to avoid a multiplicity of proceedings based upon essentially the same set of facts and allegations.
39. On May 9, 2011, the OLRB issued a decision adjourning the First OHSA Application for a period of up to one (1) year and confirming that Amodeo would require the Receiver's permission or leave of the Court in order to proceed with the First OHSA Application. On May 11, 2011, Amodeo advised that she would be seeking leave of the Court to proceed with the OHSA Applications and the OHRT Application. On June 8, 2011, Blaneys, on behalf of the Receiver, advised Amodeo that the Receiver would not be providing its consent to Amodeo's application to proceed as it was the Receiver's position that Amodeo's claims were the result of managerial discipline arising out of the course of her employment at Craiglee and do not constitute claims within the jurisdiction of the OLRB or the OHRT.
40. On or about February 17, 2012, Amodeo's counsel forwarded to Blaneys a draft Statement of Claim (the "**Proposed Statement of Claim**") naming the Receiver, Desjardins, Craiglee and Extendicare as defendants. The Proposed Statement of Claim claimed, among other things:
- i) special damages in an amount as yet unascertained;
 - ii) general damages in the sum of \$125,000 for emotional upset, anxiety, humiliation, vexation, embarrassment, and mental distress;
 - iii) exemplary and aggravated damages in the amount of \$100,000;
 - iv) punitive damages in the sum of \$100,000; and
 - v) damages for wrongful dismissal in the amount of \$89,154 or such greater or other amount as the court may deem just.

000027

- 16 -

Amodeo's counsel advised that it was seeking to obtain an order of the Court to lift the stay of proceedings created by the Appointment Order in order to file the Proposed Statement of Claim and to proceed with both the OHSA Applications and the OHRT Application.

41. On or about March 9, 2012, Amodeo, the Receiver, Extendicare and Craiglee entered into Minutes of Settlement in which the Receiver, on behalf of itself and Craiglee, and Extendicare agreed to consent to an Order that would provide for, among other things:
- i) the lifting of the stay of proceedings in respect of: a) the OHSA Applications and the OHRT Application, and b) the Proposed Statement of Claim for the purposes of allowing Amodeo to issue the Proposed Statement of Claim;
 - ii) the discontinuance and/or withdrawal of claims or proceedings against various individual respondents and defendants such that the proceedings would continue, as may be necessary, against Craiglee, Extendicare and Deloitte & Touche Inc., solely in its capacity as Receiver of Craiglee; and
 - iii) Amodeo to first proceed with the OHSA Applications before proceeding with the OHRT Application or the Proposed Statement of Claim.

A copy of the Minutes of Settlement is attached hereto as **Appendix "K"**.

42. On March 14, 2012, Justice Campbell issued an Order (the "**March 14 Order**") on consent that confirmed the terms of the Minutes of Settlement. A copy of the March 14 Order is attached hereto as **Appendix "L"**. Subsequent to the issuance of the March 14 Order, the individual respondents were removed as named parties from the OHSA Applications and the OHRT Application.
43. On September 19, 2012, the OLRB issued its Decision of the Board that the OHSA Applications failed to establish that the responding parties engaged in workplace

- 17 -

harassment and it dismissed the OHSA Applications. A copy of the OLRB's Decision of the Board is attached hereto as **Appendix "M"**.

44. On November 8, 2012, Amodeo filed a Request for Reconsideration of the Decision of the Board ("**Request for Reconsideration**") made on September 19, 2012. As of the date of this Third Report, the OLRB has not yet decided on the Request for Reconsideration.
45. The applications and claims filed by Amodeo were not assumed by the Purchaser as part of the sale of Craiglee. The Receiver will continue to respond to and defend itself and Extendicare in the various proceedings.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

46. Attached hereto as **Appendix "N"** is the Receiver's Interim Statement of Receipts and Disbursements for the period April 28, 2009 to November 30, 2012 (the "**Interim R&D**") for Craiglee. The Interim R&D indicates the Receiver is holding \$10,129,160 of cash in its trust account in respect of Craiglee ("**Craiglee Trust Account**") which includes the proceeds from the sale of Craiglee (but excluding \$150,000 placed into escrow with Gowlings).
47. The Interim R&D reflects transactions through the Receiver's account and does not reflect the receipts and disbursements of Craiglee's operating and payroll accounts managed by Extendicare (the "**Extendicare Accounts**") for the Receiver. The Receiver has been funding the Extendicare Accounts on a monthly basis based on Extendicare's cash requirements to operate the facility. As of November 30, 2012, the balance in the Extendicare Accounts was \$83,291.
48. Extendicare is in the process of assessing the amount of funds it will require to satisfy all of the operating costs incurred up until closing which may require further funding from the Receiver. Extendicare will maintain the Extendicare Accounts until it and the Receiver are satisfied that all operating expenditures relating to the Receiver's period of operations have been paid.

000029

- 18 -

CITY OF TORONTO UTILITY PAYMENT

49. As set out in the Second Report, pre-receivership water charges outstanding and owing to the City of Toronto (the “City”) as of the Appointment Date of \$21,307.91 (the “**Pre-Receivership Amount**”) were paid by the Receiver. After further consideration of this matter with Blaneys, given the anticipated costs of litigation, the probability of recovery and the amount in issue, the Receiver has decided that it will not be seeking an Order directing the City to repay this amount.

PROPOSED DISTRIBUTION

50. As set out above, the balance in the Craiglee Trust Account is \$10,129,160. Desjardins has informed the Receiver that it would like to receive a payment against the outstanding balance of Craiglee’s indebtedness to it.
51. With respect to the assets, undertakings and properties of Craiglee, Desjardins holds various security (the “**Security**”), including:
- a) the real property collateral described as follows:
 - i) a charge/mortgage of land from Craiglee in favour of First National Financial Corporation (“**First National**”) which was registered on title to the real property as Instrument No. AT3911092 on January 22, 2004 assigned by First National to Desjardins pursuant to a general assignment of rights dated December 2005 and a Transfer of Charge registered as Instrument No. AT1017117 on December 21, 2005 and as amended pursuant to an agreement amending charge/mortgage dated December 20, 2005 between Craiglee, Desjardins and Roy and Doris McDougall (the “**Desjardins First Charge**”). This first mortgage covers all of Craiglee’s real property save and except for 9 Vanbrugh; and

000030

- 19 -

- ii) a second charge/mortgage of land from Craiglee in favour of Desjardins which was registered on title to the real property bearing property identification number 06432-0409(LT) as Instrument No. AT2015651 on February 20, 2009 (the **"Desjardins Second Charge"**). This second mortgage covers all of Craiglee's real property including 9 Vanbrugh over which Scotia Mortgage Corporation held a first mortgage that was paid out of the proceeds of sale (see paragraph 27 above); and
 - b) the collateral to which the *Personal Property Security Act (Ontario)* (the **"PPSA"**) applies and in which a security interest was granted under the Security (collectively, with the Desjardins First Charge and the Desjardins Second Charge, the **"Desjardins Security"**).
- 52. The Receiver has received an independent legal opinion (the **"Security Opinion"**) from Gowlings dated December 9, 2011 that, subject to the qualifications and limitations as stated in the Security Opinion, the Desjardins Security to which Craiglee is a party constitutes a legal, valid and binding obligation of Craiglee enforceable against it in accordance with its terms and would be valid and enforceable against the trustee in bankruptcy and the estate of the Debtor. A copy of the Security Opinion is included in the attached **Appendix "O"**.
- 53. The Security Opinion references four Writs of Seizure and Sale against Craiglee issued by the Sheriff for the City of Toronto (the **"Writs"**). The first Writ is in favour of Workplace Safety and Insurance Board (**"WSIB"**) in the amount of \$43,739.58 plus interest and costs, and registered on June 24, 2008 (the **"WSIB Writ"**). Desjardins is in the process of negotiating this debt with WSIB.
- 54. The second and fourth Writs are in respect of Employer Health Tax and Corporations Tax owing by Craiglee to the Ministry of Finance (Ontario). These Writs were registered on April 14, 2009 and September 25, 2009, and are in the amounts of \$367,819.48 and

000031

- 20 -

\$17,250.05, respectively (plus interest and costs). These Writs rank behind the Desjardins Security. There is also a PPSA registration against Craiglee in respect of these Writs, but it also ranks behind the Desjardins PPSA registration, and was ordered deleted and expunged by the Vesting Order.

55. The third Writ is in respect of monies owing by Craiglee to CRA. As set out below in paragraphs 57 to 59, the Receiver is seeking the Court's approval to pay the portion of the amount owing to CRA representing the CRA Deemed Trust Claim (as defined below).
56. A copy of Desjardins' Statement for Discharge Purposes effective December 14, 2012 with respect to the Desjardins Security is attached hereto as **Appendix "P"**. As of December 14, 2012, the outstanding balance (principal and interest) owing to Desjardins is \$13,590,093.56.
57. By letter dated November 23, 2009, a copy of which is attached hereto as **Appendix "Q"**, CRA advised the Receiver that as of the Appointment Date, Craiglee had unremitted employee and employer source deductions, including interest, amounting to \$1,120,729.45 (the "**CRA Indebtedness**"). CRA further advised that with respect to the CRA Indebtedness, pursuant to the provisions of subsection 227(4) of the *Income Tax Act of Canada*, subsection 23(3) of the *Canada Pension Plan*, subsection 57(2) of the *Unemployment Insurance Act* and subsection 86(2) of the *Employment Insurance Act*, \$742,794.70 are trust funds and form no part of the property, business or estate of Craiglee (the "**CRA Deemed Trust Claim**").
58. Blaneys has advised the Receiver that the amount of the CRA Deemed Trust Claim ranks in priority to the Desjardins Security.
59. Accordingly, the Receiver is seeking this Court's approval to pay the CRA Deemed Trust Claim from the funds in the Craiglee Trust Account. Should the Court approve payment of the CRA Deemed Trust Claim, the balance remaining in the Craiglee Trust Account would be \$9,386,365.

000032

- 21 -

60. The Receiver has determined that \$8,200,000.00 would be an appropriate amount to distribute to Desjardins as payment against the Desjardins First Charge and is seeking this Court's approval to make that payment. After consideration of the amount of the proposed distribution, the Receiver should have sufficient cash to: i) address post-closing sale adjustments; ii) address any operating cost obligations in excess of the funds being held in the Extendicare Accounts; iii) maintain a reserve until the eventual disposition of the various applications and claims made by Amodeo; iv) pay the fees of Extendicare; (v) deal with the WSIB Writ; and vi) fund professional fees incurred as a result of the closing of the APS and future fees to be incurred to complete the receivership.
61. The Receiver is also seeking this Court's approval to make subsequent distributions to Desjardins should the Receiver determine that it is in a position to distribute excess cash in its trust account.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

62. The Receiver's fees for services rendered for the period August 1, 2011 to October 31, 2012 are particularized in the Affidavit of Daniel Weisz sworn December 4, 2012 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$207,064.05 including HST (the "**Receiver's Fees**").
63. The fees and disbursements of Blaneys, counsel for the Applicant, in respect of work performed for the Receiver, for the period October 1, 2011 to October 31, 2012 are particularized in the Affidavit of William Anderson of Blaneys sworn December 14, 2012 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$115,028.52 including HST ("**Blaneys' Fees**").
64. The fees and disbursements of Gowlings, independent counsel for the Receiver, in respect of work performed for the period October 14, 2011 to December 9, 2011 are particularized in the Affidavit of Patrick Shea of Gowlings to be sworn and the invoices to be attached as exhibits thereto. The total amount of the invoices for this period is \$13,926.78 including HST ("**Gowlings' Fees**").

000033

- 22 -

65. The Receiver has reviewed Blaneys' Fees and Gowlings' Fees and finds the work performed and charges to be appropriate and reasonable.
66. The Receiver has sought and received the approval of Desjardins of the Receiver's Fees and Blaneys' Fees.
67. The Receiver is herein seeking the Court's approval of its activities up to November 30, 2012 and the Receiver's Fees. The Receiver is also seeking the Court's approval of Blaneys' Fees and Gowlings' Fees.

RECEIVER'S REQUEST TO THE COURT

68. The Receiver is respectfully seeking an order:
 - i) approving the actions and activities of the Receiver to November 30, 2012;
 - ii) approving the Interim R&D;
 - iii) approving the payment of the CRA Deemed Trust Claim of \$742,794.70;
 - iv) approving a distribution to Desjardins in the amount of \$8,200,000.00 to be applied against the balance outstanding on the Desjardins Security;
 - v) approving the Receiver making subsequent distributions to Desjardins from excess cash on hand in the Craiglee Trust Account; and
 - vi) approving the Receiver's Fees, Blaneys' Fees and Gowlings' Fees.

000034

- 23 -

All of which is respectfully submitted to this Honourable Court.

DATED this 14th day of December, 2012.

Deloitte & Touche Inc.

Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Craiglee Nursing Home Limited and
not in its personal capacity

Deloitte & Touche Inc.

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

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

TAB 2E

Court File No. CV- 09-8156-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

**THE HONOURABLE
JUSTICE MORAWETZ**

)
)
)

**THURSDAY, THE 20TH DAY
OF DECEMBER, 2012**

IN THE MATTER OF AN APPLICATION UNDER SECTION
47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,
c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

BETWEEN:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

ORDER

THIS MOTION made by Deloitte & Touche Inc. ("**Deloitte**"), in its capacity as the Court-appointed interim receiver and receiver and manager (the "**Receiver**") over all of the current and future assets, undertakings and properties (the "**Assets**") of the Respondent Craiglee Nursing Home Limited ("**Craiglee**" or the "**Debtor**"), for an Order (i) confirming and approving

- 2 -

the actions and activities of the Receiver with respect to the Craiglee receivership (the “**Receivership**”) to November 30, 2012; (ii) approving the Third Report of the Receiver dated December 14, 2012 (the “**Third Report**”); (iii) approving and accepting the Receiver’s Interim Statements of Receipt and Disbursements for the period from April 28, 2009, to November 30, 2012; (iv) approving the fees for services rendered by the Receiver for the period from August 1, 2011 to October 31, 2012, the fees and disbursements of Gowlings LLP for the period from October 14, 2011 to December 9, 2011, and the fees and disbursements of Blaney, McMurtry LLP for the period from October 1, 2011 to October 31, 2012; (v) authorizing and directing the Receiver to distribute from the trust account held by the Receiver in respect of Craiglee (the “**Craiglee Trust Account**”), funds in the amount of \$742,794.70 to Canada Revenue Agency (“**CRA**”) in respect of CRA’s deemed trust claim over the Assets for unremitted source deductions for the period prior to the Appointment Order; (vi) authorizing and directing the Receiver to distribute from the Craiglee Trust Account funds to Desjardins Financial Security Life Assurance Company (“**Desjardins**”) in the amount of \$8,200,000.00; and (vii) authorizing and directing the Receiver to make subsequent distributions to Desjardins from excess cash on hand from the Craiglee Trust Account, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Receiver’s Notice of Motion dated December 14, 2012, the Third Report of the Receiver dated December 14, 2012 (the “**Third Report**”), filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending, although duly served as appears from the Affidavits of Service of Sharm Sowa and Eric Golden, sworn December 17, 2012, filed,

- 3 -

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 Third Report is hereby accepted and approved.

3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents to November 30, 2012, as detailed in the Third Report, be and the same is hereby accepted and approved.

4. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements for the period April 28, 2009, to November 30, 2012 in respect of Craiglee as set out in **Appendix "N"** to the Third Report, filed, is hereby approved.

5. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute from the Craiglee Trust Account the sum of \$742,794.70 to CRA, in respect of CRA's deemed trust claim over the Assets for the period prior to the Appointment Order.

6. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute from the Craiglee Trust Account the sum of \$8,200,000.00 to Desjardins Financial Security Life Assurance Company, as partial payment on account of its secured claims against Craiglee.

- 4 -

7. **THIS COURT ORDERS** that commencing six (6) months from the date of this Order, the Receiver is authorized and hereby directed to make distributions to Desjardins Financial Security Life Assurance Company from excess cash on hand from the from the Craiglee Trust Account.

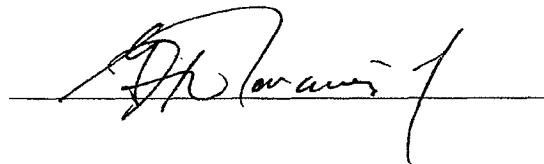
8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver relating to the receivership of Craiglee for the period August 1, 2011 to October 31, 2012, in the amount of \$207,064.05 as set out in the Affidavit of Daniel R. Weisz sworn December 4, 2012, filed, be and the same are hereby approved.

9. **THIS COURT ORDERS** that the fees and disbursements of Gowling Lafleur Henderson LLP, independent counsel to the Receiver, relating to the receivership of Craiglee for the period October 14, 2011 to December 9, 2011, in the amount of \$13,926.78, as set out in the Affidavit of Patrick Shea, sworn December 19, 2012, filed, be and the same are hereby approved.

10. **THIS COURT ORDERS** that the fees and disbursements of Blaney McMurtry LLP, counsel to the Receiver, relating to the receivership of Craiglee for the period October 1, 2011 to October 31, 2012, in the amount of \$115,028.52, as set out in the Affidavit of William Anderson, sworn December 14, 2012, filed, be and the same are hereby approved.

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

DEC 21 2012



DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
Applicant

and **CRAIGLEE NURSING HOME LIMITED**
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c.
C-43, AS AMENDED

Proceeding Commenced at **TORONTO**

ORDER

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
Chad Kopach (LSUC #48084G)
(416) 593-3927 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Receiver, Deloitte & Touche Inc. in its
capacity as Interim Receiver and Receiver and Manager of the
current and future assets, undertakings and properties of
Craiglee Nursing Home Limited

TAB 2F

IN THE MATTER OF THE RECEIVERSHIP OF
CRAIGLEE NURSING HOME LIMITED

**Receiver's Final Statement of Receipts and Disbursements
for the period April 28, 2009 to December 11, 2015**

Receipts	<u>December 11, 2015</u>
1. Ministry of Health Funding	\$ 25,713,876
2. Net Proceeds from sale of Nursing Home	9,686,588
3. Cash in bank	604,990
4. Balance of Escrow Fund	153,404
5. Interest	62,249
6. Receipts from Public Guardian & Trustee	44,606
7. Transfer from Extendicare operating account	7,276
8. Insurance refund	5,096
9. Total receipts	<u>\$ 36,278,086</u>

Disbursements	
10. Funding to Craiglee Nursing Home	\$ 24,431,167
11. Receiver fees	866,589
12. Deemed trust Claim (crown)	742,795
13. Legal fees	388,522
14. Real estate commissions	263,750
15. Transfer to Escrow Fund	150,000
16. HST	139,392
17. Discharge of mortgage on 9 Vanbrugh	109,743
18. GST	24,222
19. Operating expenses - 9 Vanbrugh	22,608
20. Utilities	11,546
21. Miscellaneous expenses	7,177
22. Insurance	2,108
23. Bank charges	1,981
24. Environmental consulting	1,000
25. Postage and courier	484
26. Change of locks	288
27. Travel expenses	223
28. Telephone	205
29. Security	140
30. Photocopies	93
31. Filing fee	70
32. Total disbursements	<u>\$ 27,164,103</u>
33. Receipts less disbursements	<u>\$ 9,113,982</u>
34. Less: Distributions to secured creditor	<u>\$ (8,500,000)</u>
35. Balance on hand	<u>\$ 613,982</u>

TAB 2G



montréal · ottawa · toronto · hamilton · waterloo region · calgary · vancouver · moscow · london

December 9, 2011

Deloitte & Touche Inc.
BCE Place
Suite 1400
181 Bay Street
Toronto, Ontario
M5J 2V1

Dear Sir:

**Re: Validity and Enforceability of Security granted by Craiglee Nursing Home Limited
in favour of Desjardins Financial Security Life Assurance Company**

Deloitte & Touche Inc. was appointed as the receiver of Craiglee Nursing Home Limited (“Craiglee”) pursuant to an order of the Court dated April 28, 2009. Craiglee entered into credit facilities with First National Financial Corporation (the “Initial Creditor”) pursuant to a letter loan agreement dated October 10, 2002 as amended and restated by a letter loan agreement dated October 31, 2003 as amended and assigned by a first amendment and assignment dated November 21, 2005 (collectively, the “Loan Agreement”).

In connection with the Loan Agreement Craiglee, Roy Washington McDougall (“Roy”) and Doris May McDougall (“Doris”) granted certain guarantees and security in favour of the Initial Creditor which was thereafter assigned by the Initial Creditor to Desjardins Financial Security Life Assurance Company (the “Successor Creditor”). We have reviewed the guarantees, security and supporting documents (collectively, the “Security”) set out in Schedule “A” attached hereto. Craiglee is referred to herein as the “Debtor” and Roy and Doris are sometimes collectively referred to as the “Guarantors” and each a “Guarantor”.

You have asked us to provide you with an opinion in connection with the Security. Specifically, you have asked us to opine on the enforceability of the Security in the Province of Ontario and on the validity and perfection of the security interests, liens and charges (the “Security Interests”) created by the Security in:

- (a) the real property collateral (the “Real Property Collateral”) which is legally described in:
 - (a) the charge/mortgage of land from the Debtor in favour of the Initial Creditor which was registered on title to the real property bearing property identification number 06432-0413 (formerly PINs 06432-0340(LT), 06432-0410(LT), 06432-0336(LT) and 06432-0339(LT)) as Instrument No. AT391092 on January 22, 2004 as assigned by the Initial Creditor to the Successor Creditor pursuant to a general assignment of



rights dated December 2005 from the Initial to the Successor Creditor and a Transfer of Charge registered as instrument AT1017117 on December 21, 2005 and as amended pursuant to an agreement amending charge/mortgage dated December 20, 2005 between the Debtor, the Successor Creditor and the Guarantors (collectively, the “Charge”); and

- (b) the second charge/mortgage of land from the Debtor in favour of the Successor Creditor which was registered on title to the real property bearing property identification number and 06432-0409(LT) as Instrument No. AT2015651 on February 20, 2009 (the “Second Charge”); and
- (b) the collateral to which the *Personal Property Security Act* (Ontario) (the “PPSA”) applies and in which the a security interest was granted under the Security (the “Personal Property Security Collateral” and together with the Real Property Collateral, the “Collateral”).

We do not act for the Debtor or the Successor Creditor in this matter and did not act in the preparation of the Security or the registration of it.

Examination of Documents

For the purposes of the opinions set out herein, we have examined:

- (a) photocopies of the executed Security;
- (b) copies of search results conducted in the Province of Ontario against the Debtor and the Guarantors with the Ministry of Consumer and Business Services (Ontario) and under the following statutes:
 - (i) the *Bank Act* (Canada);
 - (ii) the *Bankruptcy and Insolvency Act* (Canada); and
 - (iii) the *Execution Act* (Ontario);

the results and currency of which are set out in Schedule “B” attached hereto;

- (c) Ontario Personal Property Security Registration System Enquiry Response Certificates with a File Currency date of November 14, 2011 with respect to the Debtor and the Guarantors, the results of which are summarized in Schedule “C” attached hereto; and
- (d) such statutes and public records, original or copies (certified or otherwise identified to our satisfaction) of corporate records, certificates and such other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

For the purposes of the opinions expressed below we have considered the questions of law, made the searches and investigations, and examined originals or copies, certified or otherwise identified to our



satisfaction, of the certificates of public officials and other certificates, documents and records, that we considered necessary or relevant, and we have relied without independent verification or investigation on all statements as to matters of fact contained in the certificates, documents and records we examined.

Assumptions and Reliances

For the purposes of the opinions expressed below, we have assumed, without independent investigation or inquiry:

- (a) that with respect to all documents examined by us, the signatures are genuine, the individuals signing those documents had legal capacity at the time of signing, all documents submitted to us as originals are authentic, and certified, conformed or photocopied copies, or copies transmitted electronically or by facsimile, conform to the authentic original documents;
- (b) the completeness, truth, accuracy and currency of the indices and filing systems maintained by the public offices and registries where we have searched or enquired or have caused searches or enquiries to be made and upon the information and advice provided to us by appropriate government, regulatory or other similar officials with respect to those matters referred to in this letter;
- (c) the accuracy of the description of the Personal Property Collateral set out in the Security;
- (d) that:
 - (i) the Debtor has rights in the Collateral;
 - (ii) value, as that term is defined in the PPSA, has been given to the Debtor; and
 - (iii) the Debtor has not agreed to postpone the time for attachment of the Security Interests;
- (e) that the Collateral does not include “consumer goods”, as that term is defined in the PPSA;
- (f) that there is and was at all relevant times a valid, legal, enforceable and subsisting debt or other obligation owing by the Debtor to the Successor Creditor;
- (g) that the Debtor:
 - (i) was at the time of authorization, execution and delivery of the Security, and is now, validly constituted and existing under the laws pursuant to which it was constituted;



- (ii) had the corporate power and authority to execute, deliver and perform its obligations under the Security;
- (iii) has taken all necessary corporate action to authorize the execution, delivery and the performance of its obligations under the Security; and
- (iv) has duly executed and delivered the Security;
- (h) that the Security executed by the Debtor and each of the Guarantors has not been amended, restated, replaced, terminated or released, and remains in full force and effect;
- (i) that there are no:
 - (i) agreements, judgments, rulings, instruments, facts or understandings affecting or concerning the Security, the Security Interests and/or the various principal obligations for which the Security is granted; or
 - (ii) statutory or regulatory prohibitions on, and no consents, licenses, approvals, authorizations or exemptions of any federal or provincial governmental body or regulatory authority required for or in connection with, the execution, delivery and performance by each of the Debtor and the Guarantor of the Security or the Security Interests and/or the various principal obligations with respect to which the Security is granted;

which are not apparent from a review of the Security and which would or might affect the validity or enforceability of the Security;

- (j) that the execution and delivery by the Debtor and the Guarantors of the Security, and the performance by the Debtor and each of the Guarantors of its respective rights and obligations under the Security did not and do not breach or contravene, and were not and are not in conflict with, any law or regulation applicable to the Debtor or the Guarantors or any other agreement to which the Debtor or any of the Guarantors is a party;
- (k) that the execution, delivery and performance of obligations under the Security by the Debtor and each of the Guarantors did not and does not constitute a preference, fraudulent preference, conveyance, fraudulent conveyance or transfer for undervalue under the *Bankruptcy and Insolvency Act* (Canada) or any provincial legislation relating to those issues;
- (l) that the Successor Creditor has not by implicit or explicit course of conduct, waiver, release, discharge, cancellation, forbearance or other means, oral or written, taken any action or steps which have, or which could or would have, altered, diminished, suspended or otherwise affected the terms, conditions of enforceability of the Security



or the indebtedness, liabilities and obligations secured by the Security or any of it; and

- (m) that the Successor Creditor did not know and did not have any reason to believe at any time that the creation of the Security Interests was in contravention of any agreement by which the Debtor or each of Guarantors or their respective property or assets were bound, if there was such a contravention.

Laws Addressed

Except as stated below, the opinions expressed in this letter are limited to the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario. In particular, without limiting the preceding statement, we express no opinion:

- (a) with respect to the laws of any other jurisdiction, to the extent those laws may govern any aspect of the Security or govern the validity, the perfection, the effect of perfection or non-perfection, or the enforcement of any Security Interests, as a result of the conflict of laws rules of the Province of Ontario; or
- (b) whether, under the conflict of laws rules of the Province of Ontario, the laws of the Province of Ontario would govern the validity, perfection, effect of perfection or non-perfection or enforcement of any of the Security Interests.

Opinions

Based upon the assumptions and reliances stated above, and subject to the qualifications and limitations stated below, we are of the opinion that:

1. The Security to which the Debtor is a party constitutes a legal, valid and binding obligation of the Debtor, enforceable against it in accordance with its terms and would be valid and enforceable against the trustee in bankruptcy and the estate of the Debtor.
2. The Security creates valid Security Interests in favour of the Successor Creditor as described in that security under the laws of the Province of Ontario in any Collateral to which the PPSA and the *Bank Act* (Canada) applies, to secure payment and performance of the obligations secured by the Security.
3. Registration has been made in all public offices provided for under the laws of the Province of Ontario where registration is necessary to perfect the Security Interests in favour of the Successor Creditor, and the Security Interests would be effective against the trustee in bankruptcy and the estate of the Debtor.

Qualifications and Limitations

The opinions in the letter are subject to the following qualifications and limitations:



1. The legality, validity, binding effect and enforceability of the Security are subject to and may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, liquidation, moratorium, preference and other similar laws of general application affecting the enforcement of creditors' rights generally.
2. The enforceability of the obligations of the Debtor and the Guarantors under the Security is subject to general equitable principles, including those relating to the conduct of parties such as reasonableness and good faith in the exercise of discretionary powers, to laws relating to laches, undue influence, unconscionability, duress, misrepresentation and deceit, estoppel and waiver, and to the powers of courts to stay proceedings before them, to stay the execution of judgments, to relieve from penalties or the consequences of default (particularly if the default is minor or non-substantive) and to grant relief against forfeiture, and the principle that equitable remedies such as injunctive relief and specific performance are only available in the discretion of the court.
3. A secured creditor may be required to give a debtor reasonable time to satisfy any demand for payment or performance of its obligations under any of the Security before exercising any rights or remedies under it.
4. We express no opinion regarding the existence of, or the right, title or interest of the Debtor or any of Guarantors in and to, any personal property. There is no title registry system in the Province of Ontario with respect to personal property, and no office of public record in which the title to personal property situate in the Province of Ontario may be examined.
5. We express no opinion regarding the ranking or priority of the Security Interests or other interests expressed to be created by the Security.
6. We express no opinion as to whether the provisions of Part VII of the *Financial Administration Act* (Canada) have been complied with. An assignment of federal Crown debts which does not comply with that Act is ineffective as between the assignor and assignee and as against the Crown. Consequently, the Creditor would not have a valid security interest in federal Crown debts unless that Act is complied with.
7. The federal laws of Canada require or permit notices, filings or registrations to be made or other steps or actions to be taken in order to preserve, perfect or protect security interests in certain types of property, including, without limitation, rolling stock, vessels registered under the *Canada Shipping Act, 2001*, patents, trade-marks and copyrights. To the extent that security interests are created by the Security in any of that property, then notices, filings or registrations under those laws may be necessary or desirable in order to preserve, perfect or protect those security interests. We have not searched for the existence of any interests or rights against that property under any of those federal laws, and accordingly we express no opinion as to the creation of security interests in that property.
8. The PPSA imposes certain obligations on secured creditors which cannot be varied by contract and which may also affect the enforcement of certain rights and remedies contained

in the Security to the extent that those rights and remedies are inconsistent with or contrary to the PPSA.

9. We express no opinion as to the enforceability of any provision of the Security which requires a Debtor or Guarantor to pay, or to indemnify the Creditor for, the costs and expenses of the Creditor in connection with judicial proceedings, since those provisions are subject to the discretion of the court to determine by whom and to what extent those costs should be paid.
10. We express no opinion on any provision in the Security which:
 - (a) purports to restrict the access to, or waive the benefit of, statutory, legal or equitable rights, remedies or defences;
 - (b) limits rights of set-off otherwise than in accordance with applicable law;
 - (c) states that amendments or waivers of or with respect to the Security that are not in writing will be ineffective;
 - (d) purports to bind or affect, or confer a benefit upon, persons who are not parties to the Security;
 - (e) purports to exculpate a party from a liability or duty otherwise owed by it to another party; or
 - (f) provides that a certificate or a similar document will be treated as conclusive, final or binding.
11. The enforceability of any provision in the Security which:
 - (a) purports to sever any provision which is invalid or unenforceable under applicable law without affecting the validity or enforceability of the remainder of the relevant Security;
 - (b) stipulates or limits the level of damages to which a party is entitled; or
 - (c) selects the jurisdiction whose laws are to apply or where a dispute is to be resolved;
 is subject to the discretion of a court.
12. We express no opinion as to licences, permits or approvals that may be required in connection with the enforcement of the Security by the Successor Creditor or by a person on its behalf, whether such enforcement involves the operation of the business of the Debtor or a sale, transfer or disposition of their respective property and assets.

13. We express no opinion as to any Security Interests with respect to any property of a Debtor or Guarantor that is transformed in such a way that it is not identifiable or traceable, or any proceeds of property of the Debtor that are not identifiable or traceable.
14. We express no opinion as to any Security Interests in any of the circumstances described in section 4 of the PPSA, in respect of which the PPSA is stated to have no application.
15. We express no opinion as to the validity of the Security Interests: (i) in any Collateral consisting of a receivable, license, approval, privilege, franchise, permit, lease or agreement (collectively, "**Special Property**") to the extent that the terms of the Special Property or any applicable law prohibit its assignment or the granting of security interests in it, or require, as a condition of such assignment or grant, a consent, approval or other authorization or registration which has not been made or given, (ii) in permits, quotas or licenses which are held by or issued to a Debtor or Guarantor, or (iii) in growing crops.
16. If the Security creates a mortgage, charge or security interest in or against real property or leases of real property or in property which is now or may become a fixture, or in a right to payment under a lease, mortgage or charge of real property, the enforceability of that mortgage, charge or security interest may be adversely affected by the failure of the Creditor to register the Security, that mortgage, charge or security interest or other notices in respect of them against title to the property of the applicable Debtor or Guarantors in the appropriate land registry, land titles or land title office.
17. The enforceability of the Security Interests in accounts or chattel paper as against an account debtor of a Debtor or Guarantor, as the case may be, is subject to notice of the Security Interest and a direction to pay to the Successor Creditor being given to that account debtor, the terms of the contract between such Debtor or Guarantor, as applicable, and that account debtor and any defence or claim arising out of the contract or a closely connected contract, and any other defence or claim of that account debtor against such Debtor or Guarantor, as applicable, accruing before the account debtor has knowledge of the Security Interest. Further, the Security Interests will not be binding on that account debtor to the extent that the debt or account is paid or otherwise discharged before notice of the Security Interests is given to that account debtor, together with a direction to pay the account or debt to the Successor Creditor.
18. Notwithstanding that the Security Interests have been perfected by registration under the PPSA, the Security Interests in:
 - (a) investment property, as that term is defined in the PPSA will be defeated by certain claimants obtaining control of that property in the circumstances described in the PPSA or in the *Securities Transfer Act*, 2006 (Ontario);
 - (b) instruments, chattel paper, documents of title or money, as those terms are defined in the PPSA, will be defeated by certain claimants obtaining possession of that property in the circumstances described in the PPSA or the *Bills of Exchange Act* (Canada); and

- (c) goods (as defined in the PPSA) will be defeated by certain claimants to whom a Debtor or Guarantor sells or leases those goods in the ordinary course of business in the circumstances described in the PPSA.
- 19. Notwithstanding that the financing statements registered under the PPSA to perfect the Security Interests do not list motor vehicles (as that term is defined in the PPSA) by vehicle identification number, and accordingly a buyer or lessee of any of those motor vehicles which are classified as equipment (as defined in the PPSA) will take them free of the Security Interests if the buyer or lessee bought or leased them without knowledge of the Security Interests.
- 20. The enforceability of the Security is subject to the *Limitations Act, 2002* (Ontario).

Competing Claims to the Collateral

As mentioned above in Qualification #5, we express no opinion regarding the ranking or priority of the Security Interests or other interests expressed to be created by the Security. However, for informational purposes only, we note:

1. The original PPSA registration (the “**Original PPSA Registration**”) against the Debtor in favour of the Initial Creditor and the Successor Creditor bearing file number 079210305 includes a general collateral description which may limit the recourse that the Successor Creditor has to the Personal Property Security Collateral to those assets described in the Original PPSA Registration;
2. The Successor Creditor filed a new PPSA registration (the “**New Registration**”) against the Debtor on April 22, 2009 bearing file number 652903866 which covers all Personal Property Security Collateral, however, this New Registration is registered behind registrations in favour of (A) Her Majesty the Queen as Represented by MOF in the amount of \$376,000 and (B) Enercare Solutions Limited Partnership in the amount of \$7,499 for the HCA Equipment located at 102 Craiglee Drive, Toronto, Ontario;
3. On February 20, 2009, the Successor Creditor registered the Second Charge against the Real Property Collateral known municipally as 9 and 11 Vanbrugh Avenue, Scarborough, Ontario. The Second Charge is registered behind a charge by the Debtor in favour of Scotia Mortgage Corporation in the amount of \$126,000 which was registered on September 8, 2008 as Instrument AT1889172;
4. We understand that there are outstanding source deductions for withholding tax, Canada Pension Plan and Employment Insurance. These source deductions are subject to deemed trusts and may have priority over the Security Interests in registered in favour of the Successor Creditor with respect to certain of the Collateral; and
5. Certain claims have been filed with the Sheriff for the City of Toronto against the Debtor in favour of the Workplace Safety and Insurance Board, the Ministry of Revenue, Revenue Collections Branch, Her Majesty the Queen, Collection Enforcement Officer, Toronto East



Tax Services Office and the Ministry of Revenue, Revenue Collections Branch, Insolvency Unit.

Reliance

This opinion is solely for the benefit of its addressees in connection with the Security. This opinion may not be relied upon in any manner by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Yours very truly,

A handwritten signature in cursive script that reads "Darby Lefleur Henderson LLP". Below the signature, the initials "re ll" are written.

SCHEDULE "A"**SECURITY**

1. Charge/Mortgage ("**Charge**") granted by Craiglee Nursing Home Limited ("**Craiglee**") in favour of First National Financial Corporation ("**FNFC**") registered on January 22, 2004 as Instrument No. AT391092 on title to the following properties (the "**Lands**"):

Parcel Identification No.	Municipal Address
06432 - 0413 LT	Consolidation of the following municipal addresses: <ul style="list-style-type: none"> ▪ 10 Sharpe Street, Scarborough, Ontario (Previously, PIN 06432-0336 LT) ▪ 94 Craiglee Drive, Scarborough, Ontario (Previously, PIN 06432-0339 LT) ▪ 96 Craiglee Drive, Scarborough, Ontario (Previously, PIN 06432-0340 LT) ▪ 102 Craiglee Drive, Scarborough, Ontario (Previously, PIN 06432-0410 LT)

2. Acknowledgment re: Standard Charge Terms dated January 22, 2004 from Craiglee, Roy Washington McDougall and Doris May McDougall in favour of FNFC attaching standard charge terms 8616.
3. General Assignment of Rights ("**Assignment of Rights**") dated December 2005 from FNFC to Desjardins Financial Security Life Assurance Company ("**Desjardins**") together with a notice and direction from FNFC to Craiglee dated December 20, 2005.
4. Transfer of Charge by FNFC to Desjardins registered on December 21, 2005 as Instrument No. AT1017117 on title to the Lands.
5. Agreement Amending Charge/Mortgage dated December 20, 2005 between Craiglee, Desjardins and Roy Washington McDougall and Doris May McDougall together with a Notice of Security Interest under s. 71 of the *Land Titles Act* registered on December 23, 2005 as Instrument No. AT1019710 on title to the Lands.
6. Notice of Security Interest registered on December 21, 2005 as Instrument AT1017120 on title to the Lands being a fixture filing from Craiglee in favour of Desjardins with respect to the HVAC, boiler, elevators and other related and similar chattels, fixtures and equipment located on the Lands.
7. Notice of Assignment of Rents - General ("**General Assignment of Rents**") from Craiglee in favour of FNFC registered on January 22, 2004 as Instrument No. AT391093 on title to the Lands.
8. Assignment of General Assignment of Rents dated December 20, 2005 between FNFC and Desjardins together with a Notice Of Assignment Of Rents –General registered on December 21, 2005 as Instrument No. AT1017118 on title to the Lands.
9. Assignment of Undertaking to Insure dated December 20, 2005 from FNFC to Desjardins assigning FNFC's interest in the Canada Mortgage and Housing Corporation Undertaking to Insure No. 90-156-993.

10. General Security Agreement dated January 20, 2004 granted by Craiglee in favour of FNFC ("General Security Agreement").

Secured Party:	First National Financial Corporation
Debtor:	Craiglee Nursing Home Limited
Collateral:	Inventory, Equipment, Accounts, Other, Motor Vehicle
Registration Period:	32 years
File Reference No.:	079210305
Registration No.:	19951006 1449 0043 6475
Amendments:	20000929 1443 9065 2565 Assignment from Equitable Trust Company to First National Financial Corporation 20000929 1443 9065 2566 Renewal for 7 years

11. Assignment of General Security Agreement dated December 20, 2005 by FNFC to Desjardins, along with a registration under the *Personal Property Security Act* (Ontario) (the "PPSA") with the following registration particulars:

Secured Party:	Desjardins Financial Security Life Assurance Company - and - First National Financial Corporation
Debtor:	Craiglee Nursing Home Limited
Collateral:	Inventory, Equipment, Accounts, Other, Motor Vehicle
Registration Period:	32 years
File Reference No.:	079210305
Registration No.:	19951006 1449 0043 6475
Amendments:	20000929 1443 9065 2565 Assignment from Equitable Trust Company to First National Financial Corporation 20000929 1443 9065 2566 Renewal for 7 years 20051223 1129 1862 2606 Partial Assignment to Desjardins Financial Security Life Assurance Company 20051223 1130 1862 2608 Renewal for 21 years

12. Notice Under Section 71 of The Land Titles Act registered on January 22, 2004 as Instrument No. AT391094 on title to the Lands attaching an Assignment of Material Contracts and Agreements ("Assignment of Material Contracts") granted by Craiglee to FNFC.
13. Assignment of Assignment of Material Contracts dated December 20, 2005 granted by FNFC to Desjardins together with a Notice Under Section 71 of the Land Titles Act registered on December 21, 2005 as Instrument No. AT1017119 on title to the Lands.
14. Assignment of Undertaking to Insure dated December 20, 2005 granted by FNFC in favour of Desjardins re CMCH Undertaking to Insure No. 90-156-993.

15. Unlimited Guarantee and Postponement of Claim dated January 20, 2004 granted by Roy Washington McDougall and Doris May McDougall in favour of FNFC (the "**Limited Guarantee**").
16. Assignment of Nursing Home License dated January 20, 2004 granted by Craiglee in favour of FNFC.
17. Assignment of Nursing Home License dated December 20, 2005 granted by Craiglee in favour of Desjardins.
18. Escrow and Surrender Agreement re Nursing Home License between Craiglee and FNFC dated January 20, 2004.
19. Escrow and Surrender Agreement re Nursing Home License between Craiglee and Desjardins dated December 20, 2005.
20. Escrow and Surrender Agreement re Servicing Agreement between Craiglee and FNFC dated January 20, 2004.
21. Escrow and Surrender Agreement re Servicing Agreement between Craiglee and Desjardins dated December 20, 2005.
22. Undertaking dated January 20, 2004 from Craiglee, Roy Washington McDougall and Doris May McDougall regarding negative pledge with respect to shares of Craiglee.
23. Undertaking dated January 20, 2004 in favour of FNFC regarding, among other things, cost-overruns from Craiglee, Roy Washington McDougall and Doris May McDougall.
24. Undertaking dated January 20, 2004 in favour of Desjardins regarding, among other things, cost-overruns from Craiglee, Roy Washington McDougall and Doris May McDougall.
25. Priority Agreement between FNFC and Desjardins dated January 2004.
26. Electronic form of Second Charge/Mortgage ("**Second Charge**") in the principal amount of \$11,781,565.00 granted by Craiglee in favour of Desjardins registered on February 20, 2009 as Instrument No. AT2015651 on title to land known municipally as 9 & 11 Vanbrugh Avenue, Scarborough, Ontario and legally as PIN 06432-0409(LT) being the consolidation of various properties: firstly: part of lot 526, plan M388, designated as Part 3, Plan 66R20226, City of Toronto (collectively, the "**Vanbrugh Lands**").
27. Electronic form of Notice of Assignment of Rents – General granted by Craiglee in favour of Desjardins registered on February 20, 2009 as Instrument No. AT2015652 on title to the Vanbrugh Lands.

SCHEDULE "B"
SUMMARY OF SEARCHES

1. **Craiglee Nursing Home Limited ("Craiglee")**

We conducted searches in the Province of Ontario against Craiglee. Such searches were conducted under the statutes and in the offices described below and are current as of the dates outlined below:

Corporate

Jurisdiction:	Ontario
Status:	Active
Incorporation Date:	September 23, 1969
Amalgamation Date:	January 1, 2001
Corporation No.:	1456195
Registered Office Address:	102 Craiglee Drive Scarborough, Ontario M1N 2M7
Directors:	Roy Washington McDougall Celia Ann McDougall Doris May McDougall
Amalgamations:	<p><u>1st Amalgamation</u> – December 31, 1981 Craiglee Nursing Home Limited (Corporation No. 228047) Fair Fields Trailers Ltd. (Corporation No. 354190) Selby Estates Limited (Corporation No. 389588)</p> <p><u>2nd Amalgamation</u> – January 1, 2001 Craiglee Nursing Home Limited (Corporation No. 498622) Multi-Care Nursing Services Ltd. (Corporation No. 464796)</p>
Currency Date:	November 15, 2011

Bank Act (Canada) - Ontario

Canadian Securities Registration Systems' Confirmation Letter re *Bank Act* Security - Section 427 dated November 16, 2011 has been obtained reflecting that there were no registrations of Notices of Intention against the company names listed below as of November 15, 2011 under this statute:

- (A) Craiglee Nursing Home Limited;
- (B) Multi-Care Nursing Services Ltd.;
- (C) Fair Fields Trailers Ltd.; and
- (D) Selby Estates Limited.

Bankruptcy and Insolvency Act (Canada)

Searches conducted in Ontario on November 16, 2011 pursuant to the *Bankruptcy and Insolvency Act* (Canada) in the Office of the Superintendent of Bankruptcy, Industry Canada (current to November 10, 2011) disclosed the following registration in the Office of the Superintendent for all the Districts and Divisions in Canada:

Estate Number:	31-455914
Estate Name:	Craiglee Nursing Home Limited
Province:	Ontario
Address:	102 Craiglee Drive, Scarborough, Ontario M1N 2M7
Estate Type:	Receivership
Date of Proceeding:	April 28, 2009
Total Liabilities: (as declared by Debtor)	\$0.00
Total Assets: (as declared by Debtor)	\$0.00
Appointed Trustee or Administrator:	Deloitte & Touche Inc./Jim Cook

Searches conducted on November 16, 2011 pursuant to the *Bankruptcy and Insolvency Act* (Canada) in the Office of the Superintendent of Bankruptcy, Industry Canada (current to November 10, 2011) disclosed that no registrations appear against the company names listed below in the Office of the Superintendent for all the Districts and Divisions in Canada:

- (A) Multi-Care Nursing Services Ltd.;
- (B) Fair Fields Trailers Ltd.; and
- (C) Selby Estates Limited.

Execution Act (Ontario)

A certificate issued by the Sheriff of the City of Toronto dated November 16, 2011 disclosed the following filings:

- (A) Craiglee Nursing Home Limited
 - (i) Execution No. 08-0005721
 - Issue Date: June 24, 2008
 - Effective Date: June 25, 2008
 - Tribunal No.: 000000000000
 - Creditor: Workplace Safety and Insurance Board
 - Judgement: \$43,739.58
 - Interest Rate: 12.00%

- (ii) Execution No. 09-0003111
 Issue Date: March 30, 2009
 Effective Date: April 14, 2009
 Tribunal No.: 7430423 T753
 Court Type: Other
 Jurisdiction: MOR
 Creditor: Ministry of Revenue, Revenue Collections Branch
 Comments: \$17,250.05 and interest at a 7% per year compounded daily from March 26, 2009

- (iii) Execution No. 09-0005610
 Issue Date: March 2, 2009
 Effective Date: June 24, 2009
 Tribunal No.: ITA-2937-09
 Court Type: Other
 Jurisdiction: FED
 Creditor: Her Majesty the Queen, Collection Enforcement Officer, Toronto East Tax Services Office
 Comments: Court Fees for this Writ \$30.00
 Total \$926,549.26
 And also interest compounded daily at the rate prescribed under the *Income Tax Act* applicable from time to time on the sum of \$926,519.26 from February 26, 2009 to the day of payment; besides Sheriffs fees and costs of execution.

- (iv) Execution No. 09-0009234
 Issue Date: September 11, 2009
 Effective Date: September 25, 2009
 Tribunal No.: 101188191 TE0001
 Court Type: Other
 Jurisdiction: MOR
 Creditor: Ministry of Revenue, Revenue Collections Branch, Insolvency Unit
 Comments: \$367,819.48 and interest at 6% per year compounded daily on the sum of \$367,819.48 from September 11, 2009

- (B) Multi-Care Nursing Services Ltd. – No filings.
- (C) Fair Fields Trailers Ltd. – No filings.
- (D) Selby Estates Limited – No filings.

These are local searches and would only reveal any writs of execution filed in the Region or Municipality named therein.

Litigation

Searches conducted on November 16, 2011 for litigation claims filed with The Superior Court of Justice in Toronto revealed the following filings:

<u>FILE NUMBER</u>	<u>CASE OPENED DATE</u>	<u>CASE STATUS</u>	<u>PARTIES</u>	<u>CASE TYPE</u>	<u>LAST EVENT RESULT INFORMAT ION</u>	<u>LAST EVENT DATE</u>	<u>NOTES</u>
CV04CV26 24700000	January 22, 2004	Inactive	Staffson Management Inc. Craiglee Nursing Home Limited et al	CL Construction Lien	ODA – Order Dismissing Action	April 25, 2008	Craiglee Nursing Home Limited is a Defendant in this matter
CV04CV27 46350000	August 25, 2004	Inactive	EPI Fire Protection Inc. vs. Finn Electric Inc. et al	CL Construction Lien	NA	NA	Craiglee Nursing Home Limited is a Defendant in this matter
CV07CV33 12380000	April 16, 2007	Inactive	Skene, K. vs . Craiglee Nursing Home Ltd.	TPI Tort: Personal Injury (other than from MVA)	ODA Order – Dismissing Action	March 20, 2008	Craiglee Nursing Home Limited is a Defendant in this matter
CV0900372 1160000	February 10, 2009	Inactive	1677249 Ontario Inc. v. Craiglee Nursing Home Limited et al	CM Contract Law	ORCD – Order Case Dismissed	June 27, 2011	Craiglee Nursing Home Limited is a Defendant in this matter
CV0900380 1940000	June 4, 2009	Inactive	City of Toronto v. Craiglee Nursing Home Limited	ENP Enforcement of POA Certificate	NA	NA	Craiglee Nursing Home Limited is a Respondent in this matter

Bulk Sales Act (Ontario)

Searches conducted on November 16, 2011 for statements of creditors filed with the local registrar for the court in the City of Toronto against Craiglee Nursing Home Limited, Multi-Care Nursing Services Ltd., Fair Fields Trailers Ltd. and Selby Estates Limited did not reveal any such statements as of November 16, 2011. These searches are conducted five years back. These are local searches and would only reveal statements of creditors filed in the Region or municipality named therein.

Personal Property Security Act

Certificates obtained in Ontario pursuant to this statute revealed the registrations against Craiglee as of file currency dates shown under Schedule "C" attached hereto.

2. Doris May McDougall ("Doris")

We conducted searches in the Province of Ontario against Doris. Such searches were conducted under the statutes and in the offices described below and are current as of the dates outlined below:

Bankruptcy and Insolvency Act (Canada)

Searches conducted on November 16, 2011 pursuant to the *Bankruptcy and Insolvency Act* (Canada) in the Office of the Superintendent of Bankruptcy, Industry Canada (current to November 10, 2011) disclosed that no registrations appear against Doris in the Office of the Superintendent for all the Districts and Divisions in Canada.

Execution Act (Ontario)

A certificate issued by the Sheriff of the City of Toronto dated November 16, 2011 disclosed the following filings against Doris May McDougall:

- (i) Execution No. 11-0004965
 Issue Date: May 5, 2011
 Effective Date: May 9, 2011
 Tribunal No.: CV10-410956
 Court Type: SCJ-CIVIL
 Creditor: Desjardins Financial Security Life Assurance Company
 Judgement: \$12,049,040.47
 Costs: \$1,625.00
 Interest Rate: 7.13%

Litigation

Searches conducted on November 16, 2011 for litigation claims filed with The Superior Court of Justice in Toronto revealed the following filings:

<u>FILE NUMBER</u>	<u>CASE OPENED DATE</u>	<u>CASE STATUS</u>	<u>PARTIES</u>	<u>CASE TYPE</u>	<u>LAST EVENT RESULT INFORMATIO N</u>	<u>LAST EVENT DATE</u>	<u>NOTES</u>
CV100041095 60000	September 22, 2010	Inactive	Desjardins Financial Security Life Assurance Company v. McDougall et al	ME Mortgage or Charge	JU – Judgment	April 11, 2011	McDougall, Doris May and McDougall, Roy Washington are Defendants in this matter

Personal Property Security Act

Certificates obtained in Ontario pursuant to this statute revealed the registrations against Doris as of file currency dates shown under Schedule "C" to this summary.

3. Roy Washington McDougall ("Roy")

We conducted searches in the Province of Ontario against Roy. Such searches were conducted under the statutes and in the offices described below and are current as of the dates outlined below:

Bankruptcy and Insolvency Act (Canada)

Searches conducted on November 16, 2011 pursuant to the *Bankruptcy and Insolvency Act (Canada)* in the Office of the Superintendent of Bankruptcy, Industry Canada (current to November 10, 2011) disclosed that no registrations appear against Roy in the Office of the Superintendent for all the Districts and Divisions in Canada.

Execution Act (Ontario)

A certificate issued by the Sheriff of the City of Toronto dated November 16, 2011 disclosed the following filings against Roy Washington McDougall:

- (i) Execution No. 11-0004965
 Issue Date: May 5, 2011
 Effective Date: May 9, 2011
 Tribunal No.: CV10-410956
 Court Type: SCJ-CIVIL
 Creditor: Desjardins Financial Security Life Assurance Company
 Judgement: \$12,049,040.47
 Costs: \$1,625.00
 Interest Rate: 7.13%

Litigation

Searches conducted on November 16, 2011 for litigation claims filed with The Superior Court of Justice in Toronto revealed the following filings:

<u>FILE NUMBER</u>	<u>CASE OPENED DATE</u>	<u>CASE STATUS</u>	<u>PARTIES</u>	<u>CASE TYPE</u>	<u>LAST EVENT RESULT INFORMATION</u>	<u>LAST EVENT DATE</u>	<u>NOTES</u>
CV100041 09560000	September 22, 2010	Inactive	Desjardins Financial Security Life Assurance Company v. McDougall et al	ME Mortgage or Charge	JU – Judgment	April 11, 2011	McDougall, Doris May and McDougall, Roy Washington are Defendants in this matter

Personal Property Security Act

Certificates obtained in Ontario pursuant to this statute revealed the registrations against Roy as of file currency dates shown under Schedule "C" attached hereto.

SCHEDULE "C"

SUMMARY OF PPSA SEARCHES

1. **Name of Debtor:** Craiglee Nursing Home Limited
File Currency Date: November 14, 2011

SECURED PARTY		FILE NO./ REGISTRATION NO.	COLLATERAL CLASSIFICATION / DESCRIPTION	FINANCING CHANGE STATEMENTS
1.	First National Financial Corporation - and - Desjardins Financial Security Life Assurance Company	079210305/ 19951006 1449 0043 6475	Inventory, Equipment, Accounts, Other , Motor Vehicle GCD: General assignment of rents and general security agreement re: 96 and 102 Craiglee Drive, Scarborough, Ontario	20000929 1443 9065 2565 Assignment from Equitable Trust Company to First National Financial Corporation 20000929 1443 9065 2566 Renewal for 6 years 20051223 1129 1862 2606 Partial assignment to Desjardins Financial Security Life Assurance Company 20051223 1130 1862 2608 Renewal for 21 years
2.	Her Majesty the Queen as Represented by MOF (RST/EHT/CT)	612974196/ 20050228 1039 1031 9160	Inventory, Equipment, Accounts, Other Amount: \$376,000 GCD: CT# 7430-423 EHT# 111-251-712 MOF# 14601-90051 (535) 2005-02-28 EHT#118-523-667 EHT#111-251-712 EHT#111251712	20100216 1512 1031 9066 Amendment to increase amount of Nab to \$376,000.57 20100216 1519 1031 9068 Renewal for 5 years

SECURED PARTY		FILE NO./ REGISTRATION NO.	COLLATERAL CLASSIFICATION / DESCRIPTION	FINANCING CHANGE STATEMENTS
3.	Enercare Solutions Limited Partnership	646034499/ 20080612 1403 1462 9218	Equipment GCD: HVAC Equipment located at 102 Craiglee Dr. Toronto, ON, M1N 2M7 Amount: \$7,499	*Note: Craiglee Nursing Homes is shown as debtor 20090428 1404 1462 3507 Amendment to correct error in name of secured party "The Consumers' Waterheater Income Fund" to "Waterheater Operating Limited Partnership" 20110119 1704 1462 5107 Amendment -- secured party has changed its name from Waterheater Operating Limited Partnership to Enercare Solutions Limited Partnership 20110610 1406 1462 0783 Renewal for 3 years
4.	Desjardins Financial Security Life Assurance Company	652903866/ 20090422 1526 1862 5473	Inventory, Equipment, Accounts, Other	20090427 1042 1862 5675 Amendment to remove duplicate secured party so only one listing remains and to amend the collateral description to include inventory
5.	Enercare Solutions Limited Partnership	668952612/ 20110408 1403 1462 4417	Equipment, Other GCD: Heating boiler located at 102 Craiglee Dr. Toronto M1N 2M7 Amount: \$7,201 No Fixed Maturity Date	*Note: Craiglee Nursing Home Ltd. is shown as debtor
6.	Enercare Solutions Limited Partnership	668952486/ 20110408 1403 1462 4404	Equipment, Other GCD: Domestic boiler and 2 storage tanks located at 102 Craiglee Dr. Toronto, ON M1N 2M7 Amount: \$12,581 No Fixed Maturity Date	*Note: Craiglee Nursing Home Ltd. is shown as debtor
7.	Enercare Solutions Limited Partnership	670367232/ 20110602 1704 1462 8586	Equipment, Other GCD: Domestic boiler located at 102 Craiglee Dr, Toronto, ON M1N 2M7 Amount: \$9,701 No Fixed Maturity Date	*Note: Craiglee Nursing Homes is shown as debtor

2. **Name of Debtor:** Multi-Care Nursing Services Ltd.
File Currency Date: November 15, 2011

No registrations found.

3. **Name of Debtor:** Fair Fields Trailers Ltd.
File Currency Date: November 15, 2011

No registrations found.

4. **Name of Debtor:** Selby Estates Limited
File Currency Date: November 15, 2011

No registrations found.

5. **Name of Debtor:** Doris McDougall
File Currency Date: November 14, 2011

SECURED PARTY		FILE NO./ REGISTRATION NO.	COLLATERAL CLASSIFICATION/DESCRIPTION	FINANCING CHANGE STATEMENTS
1.	Honda Canada Finance Inc.	649894671/ 20081112 1942 1531 0360	Consumer Goods, Motor Vehicle Amount \$17,424; Maturity Date: November 8, 2012 2009 Honda Fit VIN# JHMGE88549S805322	*Note: Doris E. McDougall is shown as debtor (dob March 25, 1927)

6. **Name of Debtor:** Roy McDougall
File Currency Date: November 14, 2011

SECURED PARTY		FILE NO./ REGISTRATION NO.	COLLATERAL CLASSIFICATION / DESCRIPTION	FINANCING CHANGE STATEMENTS
1.	Honda Canada Finance Inc.	643498515/ 20080319 1949 1531 0198	Consumer Goods, Motor Vehicle Amount: \$33,375; Maturity Date: March 13, 2012 2008 Honda CRV VIN# 5J6RE485X8L809445	*Note: Lorna M. McDougall (dob August 4, 1962) and Roy W. McDougall (dob June 6, 1931) are shown as debtors.

SCHEDULE "D"

SUMMARY OF SUB-SEARCH OF TITLE

A. Description of Property: 9 & 11 Vanbrugh Avenue, Scarborough, Ontario

Municipal Address: 9 & 11 Vanbrugh Avenue, Scarborough, Ontario

Registered Owners: Craiglee Nursing Home Limited

Subsearch as of: November 16, 2011

Short Legal Description: Consolidation of various properties: Firstly: Part of Lot 526, Plan M388, designated as Part 1, Plan 66R20226; Secondly: Part of Lot 525, Plan M388, designated as Part 3, Plan 66R20226, City of Toronto

PIN Number: 06432-0409 (LT)

Registered Encumbrances:

- Application to Change Name of Owner from Multi-Care Nursing Services Ltd. to Craiglee Nursing Home Limited registered on January 29, 2001 as Instrument No. E389708
- Plan of Reference re Plan of Survey of lots 525 & 526, Plan 66M388, Scarborough, City of Toronto registered on February 18, 2003 as Instrument No. 66R20226
- Application to Consolidate registered on March 11, 2003 as Instrument No. AT118898
- Charge granted by Craiglee Nursing Home Limited in favour of Scotia Mortgage Corporation in the amount of \$126,000 registered on September 8, 2008 as Instrument No. AT1889172
- Charge granted by Craiglee Nursing Home Limited in favour of Desjardins Financial Security Life Assurance Company in the amount of \$11,781,565 registered on February 20, 2009 as Instrument No. AT2015651
- Notice of Assignment of Rents General granted by Craiglee Nursing Homes Limited in favour of Desjardins Financial Security Life Assurance Company registered on February 20, 2009 as Instrument No. AT2015652
- Charge granted by Craiglee Nursing Homes Limited in favour of Extendicare (Canada) Inc. in the amount of \$350,000 registered on March 6, 2009 as Instrument No. AT2025023

B. Description of Property: Craiglee Drive, Scarborough, Ontario Property

Municipal Address:	10 Sharpe Street, Scarborough, Ontario 94 Craiglee Drive, Scarborough, Ontario 96 Craiglee Drive, Scarborough, Ontario 102 Craiglee Drive, Scarborough, Ontario
Registered Owners:	Craiglee Nursing Home Limited
Subsearch as of:	November 16, 2011
Short Legal Description:	Consolidation of various properties Lots 508, 509, 510, 513, 514, 523, 524 on Plan M388; Part of Lot 526 on Plan M388 designated as Part 2 on Plan 66R20226, Part of Lot 525 on Plan M388 designated as Part 4 on Plan 66R20226; Part of Lot 512 being the Westerly 7 feet 10 inches on Plan M388; Lot 511 (except Part 1 on Plan 66R11153), Part of Lot 512, lying to the East of the Northerly 7 feet 10 inches on Plan M388; Scarborough, City of Toronto
PIN Number:	06432-0413 (LT)
Registered Encumbrances:	<ul style="list-style-type: none"> • Notice of Agreement with The Corporation of the Borough of Scarborough registered on November 30, 1972 as Instrument No. A375207 • Plan of Reference registered on July 26, 1979 as Instrument No. 66R11153 • Notice of Agreement with The Corporation of the Borough of Scarborough registered on May 27, 1980 as Instrument No. A853871 • Application to Change Name of Owner from Multi-Care Nursing Services Ltd. to Craiglee Nursing Home Limited registered on January 29, 2001 as Instrument No. E389708 • Notice of Agreement between Craiglee Nursing Home Limited and City of Toronto registered on September 20, 2002 as Instrument No. E603543 • Application (General) to Change Name of Owner from Craiglee Nursing Home Ltd to Craiglee Nursing Home Limited registered on September 27, 2002 as Instrument No. AT4936 • Plan of Reference re Plan of Survey of Lots 525 & 526, Plan 66M388, Scarborough, City of Toronto registered on February 18, 2003 as Instrument No. 66R20226 • Application to Consolidate registered on March 11, 2003 as Instrument No. AT118898 • Application to Consolidate registered on March 11, 2003 as Instrument No. AT118899 • Charge granted by Craiglee Nursing Home Limited in favour of First National Financial Corporation in the amount of \$11,781,565 registered on January 22, 2004 as Instrument No. AT391092 • Notice of Assignment of Rents General granted by Craiglee Nursing Home Limited in favour of First National Financial Corporation registered on January 22, 2004 as Instrument No. AT391093

- Notice attaching Assignment of Material Contracts and Agreements granted by Craiglee Nursing Home Limited in favour of First National Financial Corporation in the amount of \$11,781,565 registered on January 22, 2004 as Instrument No. AT391094
- Notice of Security Interest in the amount of \$11,781,565 registered on January 22, 2004 as Instrument No. AT391095
- Application to Consolidate registered December 19, 2005 as Instrument No. AT1014167
- Transfer of Charge referenced as Instrument No. AT391092 granted by First National Financial Corporation in favour of Desjardins Financial Security Life Assurance Company, registered on December 21, 2005 as Instrument No. AT1017117
- Notice of Assignment of Assignment of Rents General referenced as Instrument No. AT391093 granted by First National Financial Corporation in favour of Desjardins Financial Security Life Assurance Company registered on December 21, 2005 as Instrument No. AT1017118
- Notice under s. 71 of Land Titles Act attaching Assignment of Assignment of Material Contracts and Agreements granted by First National Financial Corporation to Desjardins Financial Security Life Assurance Company re Instrument No. AT391094 registered December 21, 2005 as Instrument No. AT1017119
- Notice of Security Interest by Desjardins Financial Security Life Assurance Company registered on December 21, 2005 as Instrument No. AT1017120
- Notice by Desjardins Financial Security Life Assurance Company registered to Craiglee Nursing Home Limited registered on December 23, 2005 as Instrument No. AT1019710
- Charge in the amount of \$350,000.00 granted by Craiglee Nursing Home Limited in favour of Extendicare (Canada) Inc. registered March 6, 2009 as Instrument No. AT2025023

TAB 2H



EXECUTION CERTIFICATE / CERTIFICAT D'EXÉCUTION FORCÉE

SHERIFF OF / SHÉRIF DE : CITY OF TORONTO (TORONTO)

CERTIFICATE # / 27363811-6574385B

N° DE CERTIFICAT :

DATE OF CERTIFICATE / 2015-DEC-11

DATE DU CERTIFICAT :

SHERIFF'S STATEMENT

THIS CERTIFIES THAT LISTED BELOW ARE ALL WRITS OF EXECUTION, ORDERS AND CERTIFICATES OF LIEN FILED AND ENTERED INTO THE ELECTRONIC DATABASE MAINTAINED BY THIS OFFICE IN ACCORDANCE WITH SECTION 10 OF THE *EXECUTION ACT* AT THE TIME OF SEARCHING AGAINST THE REAL AND PERSONAL PROPERTY OF:

DÉCLARATION DU SHÉRIF

LE PRÉSENT CERTIFICAT ATTESTE QUE TOUTES LES ORDONNANCES ET TOUS LES BREFS D'EXÉCUTION FORCÉE ET CERTIFICATS DE PRIVILÈGE ÉNUMÉRÉS CI-DESSOUS ONT ÉTÉ DÉPOSÉS ET INSCRITS DANS LA BASE DE DONNÉES ÉLECTRONIQUE MAINTENUE PAR CE BUREAU AUX TERMES DE L'ARTICLE 10 DE LA *LOI SUR L'EXÉCUTION FORCÉE* AU MOMENT DE LA RECHERCHE VISANT LES BIENS MEUBLES ET IMMEUBLES DE :

NAME SEARCHED / NOM RECHERCHÉ

PERSON OR COMPANY / PERSONNE OU SOCIÉTÉ	NAME OR SURNAME, GIVEN NAME(S) / NOM OU NOM DE FAMILLE, PRÉNOM(S)
COMPANY / SOCIÉTÉ	CRAIGLEE NURSING HOME LIMITED

SEARCH RESULTS / RÉSULTATS DE LA RECHERCHE

EXECUTION # / N° D'EXÉCUTION FORCÉE	DEBTOR NAME(S) / NOM(S) DU(DES) DÉBITEUR(S)
13-0008942*	CRAIGLEE NURSING HOME LIMITED

CAUTION TO PARTY REQUESTING SEARCH:

1. IT IS THE RESPONSIBILITY OF THE REQUESTING PARTY TO ENSURE THAT THE NAME SEARCHED IS CORRECT.
2. WRITS, ORDERS OR CERTIFICATES OF LIEN MAY BE REMOVED FROM THE SHERIFF'S INDEX ANYTIME AFTER THIS SEARCH AND THEREFORE MAY NOT APPEAR ON A SUBSEQUENT SEARCH FOR THE SAME NAME ON THIS DATE OR IN FUTURE.
3. WRITS FILED WITH THE SHERIFF DO NOT BECOME EFFECTIVE WITHIN THE WRITS SYSTEM UNTIL THE FOLLOWING BUSINESS DAY.

AVERTISSEMENT À LA PARTIE QUI DEMANDE LA RECHERCHE :

1. IL INCOMBE À LA PARTIE QUI DEMANDE LA RECHERCHE DE S'ASSURER QUE LE NOM RECHERCHÉ EST EXACT.
2. LES BREFS D'EXÉCUTION FORCÉE, LES ORDONNANCES OU LES CERTIFICATS DE PRIVILÈGE PEUVENT ÊTRE RETIRÉS DU RÉPERTOIRE DU SHÉRIF EN TOUT TEMPS APRÈS CETTE RECHERCHE ET, PAR CONSÉQUENT, ILS PEUVENT NE PAS

APPARAÎTRE LORS D'UNE RECHERCHE SUBSÉQUENTE VISANT LE MÊME NOM À CETTE DATE OU À L'AVENIR.

3. LES BREFS D'EXÉCUTION FORCÉE DÉPOSÉS AUPRÈS DU SHÉRIF NE PRENNENT EFFET DANS LE SYSTÈME DE BREFS
QUE LE PROCHAIN JOUR OUVRABLE

CHARGE FOR THIS CERTIFICATE CDN 11.50
/ FRAIS POUR CE CERTIFICAT :

(*) WRIT REGISTERED AT LAND TITLES / BREF ENREGISTRÉ AU BUREAU D'ENREGISTREMENT DES DROITS IMMOBILIERS

TAB 2I

Eric Golden

From: Eric Golden
Sent: December 11, 2015 1:40 PM
To: 'Eric Kupka'
Subject: RE: Craiglee Nursing Home
Attachments: Craiglee_WritCert_12 11 15.pdf; MOF writ.pdf

Eric,

I was completing the Receiver's motion material earlier today, and in the course of that pulled an updated Writ search against Craiglee – see attached.

It turns out that WSIB did not renew its Writ and allowed it to expire. My understanding is that the WSIB Writ can no longer be renewed, and at this stage all WSIB can do is move under Rule 60.07(2) of the Rules of Civil Procedure for an Order granting it leave to issue a brand new writ. However, any new WSIB writ would rank behind the Desjardins mortgage security.

As a result, Desjardins no longer has to bankrupt Craiglee to reduce the WSIB debt to an unsecured debt that ranks behind Desjardins' security. In any event, for what it's worth, I don't expect that Desjardins would have been prepared to offer WSIB very much in respect of the WSIB Writ since a Court attendance is imminent and motion material/Receiver's Report had to be prepared for that attendance anyway.

Let me know if you have any questions.

From: Eric Golden
Sent: December 10, 2015 2:41 PM
To: 'Eric Kupka'
Subject: RE: Craiglee Nursing Home

Thanks. That would be great. Sorry if I'm the one who didn't get back to you.

The next court attendance will be on December 23, and we'd like to serve our material this Monday, so if we can resolve tomorrow that would be ideal.

From: Eric Kupka [mailto:Eric_Kupka@wsib.on.ca]
Sent: December 10, 2015 1:29 PM
To: Eric Golden
Subject: RE: Craiglee Nursing Home

Hi Eric:

I am well; I hope you are too.

My notes show that I did try to call you after Jan. 10, 2013 to discuss what instructions I was given, although the matter appears to have gone silent after that.

In any event, I would need to refresh my instructions. Let me do that and hopefully get back to you in the next day. I imagine that we would be still open to settlement, but let me confirm.

Thanks

Eric

From: Eric Golden [<mailto:egolden@blaney.com>]
Sent: Wednesday, December 09, 2015 3:58 PM
To: Eric Kupka
Subject: RE: Craiglee Nursing Home

Hi Eric,

How are you?

The outstanding issues in the Receivership have been resolved, save and except for the issue of the WSIB Writ.

We are in the process of taking steps to have the Receivership brought to a close, and I realized I never heard back from you regarding our exchange of emails below.

So as part of the wrap-up, the Receiver needs to know whether to also move for an Order bankrupting Craiglee so as to eliminate the WSIB Writ, or whether WSIB is prepared to enter into a settlement for less than the 15-20K in costs typically associated with bankrupting a company in these circumstances. Since we're going to be in Court anyway for a number of purposes (such as approving the Receiver's actions to date, disbursing the remaining funds, approving fees, etc...), the costs for a bankruptcy Order would be on the low end of the scale.

Please let me know as soon as possible if WSIB is prepared to settle this matter, and for what amount, as I'd like to schedule a hearing date in Commercial Court for the time required (and the time will depend on whether or not as part of the relief sought we are seeking a bankruptcy order, which will depend on WSIB's position on its writ).

From: Eric Golden
Sent: January 10, 2013 12:24 PM
To: 'Eric Kupka'
Subject: RE: Craiglee Nursing Home

k. thx

From: Eric Kupka [mailto:Eric_Kupka@wsib.on.ca]
Sent: Thursday, January 10, 2013 7:48 AM
To: Eric Golden
Subject: RE: Craiglee Nursing Home

Hi Eric - I hope to have instructions by early next week. I will contact you then.

Thanks

Eric

From: Eric Golden [<mailto:egolden@blaney.com>]
Sent: Wednesday, January 09, 2013 10:15 AM
To: Eric Kupka
Subject: RE: Craiglee Nursing Home

Hi Erik,

Happy New Year. Hope you had a good holiday season.

Just following up on the email below.

From: Eric Golden
Sent: December 18, 2012 1:58 PM
To: 'Eric Kupka'
Subject: RE: Craiglee Nursing Home

Hi Erik,

You are correct. We are not proposing to deal with the WSIB Writ at the motion on Dec. 20.

I'll diarize for Jan 2, 2012. Let's talk early in the New Year.

From: Eric Kupka [mailto:Eric_Kupka@wsib.on.ca]
Sent: December 18, 2012 1:32 PM
To: Eric Golden
Subject: RE: Craiglee Nursing Home

Hi Eric - I've reviewed some of the materials but have not had a chance to secure instructions. I know your motion is tomorrow, but the issue of putting the company into bankruptcy would be argued at a later date, correct? I just don't know if I can obtain instructions before tomorrow, given that everyone tends to be busy just before the holidays. By when do you need our position?

Thanks

Eric

From: Eric Golden [<mailto:egolden@blaney.com>]
Sent: Tuesday, December 18, 2012 1:16 PM
To: Eric Kupka
Subject: FW: Craiglee Nursing Home

Hi Erik,

Just following up on the email below now that you've had a chance to review the Receiver's 3rd Report.

From: Eric Golden
Sent: December 12, 2012 10:50 AM
To: 'eric_kupka@wsib.on.ca'
Subject: Craiglee Nursing Home

WITHOUT PREJUDICE

Eric,

Further to our discussion earlier this week, I confirm that we are counsel to the first secured creditor over Craiglee Nursing Home Limited, Desjardins Financial. We are also counsel to the Receiver Deloitte & Touche. On April 29, 2009, Deloitte was appointed as Receiver over Craiglee Nursing Home Limited. I have attached the Receivership Order.

The main asset of Craiglee Nursing Home Limited is a Nursing Home. The Nursing Home has been sold, and there is a motion that's going to be heard on Dec. 20, 2012, to deal with distribution of most of the proceeds of sale. However, an issue that needs to be resolved at some point is the priority between the attached WSIB Writ against Craiglee registered on June 24, 2008, for approximately \$43,000.00 plus interest, and the Desjardins Second Mortgage (as defined below).

As matters now stand, there are insufficient funds to pay out the Desjardins First Mortgage (as defined below) from the proceeds of sale of the Nursing Home, and there will be a shortfall of over \$3 million (the "**Shortfall**"), meaning that anyone who ranks behind the Desjardins First Mortgage will not recoup anything (subject to the priority issue between WSIB and Desjardins that related to the Desjardins Second Mortgage). For example, the attached Writs registered on behalf of the Ministry of Finance rank behind the Desjardins First and Second Mortgages, and the MOF will not recoup anything under those Writs.

Craiglee's real property consists of the Nursing Home, and a single family dwelling municipally known as 9 Vanbrugh (the "**Vanbrugh Property**"). Desjardins holds a first mortgage over all of Craiglee's real property save and except for the Vanbrugh Property, and a second mortgage over the Vanbrugh Property.

This is the exact mortgage security:

- a) a charge/mortgage of land from Craiglee in favour of First National Financial Corporation ("**First National**") which was registered on title to the real property as Instrument No. AT3911092 on January 22, 2004, assigned by First National to Desjardins pursuant to a general assignment of rights dated December 2005 and a Transfer of Charge registered as Instrument No. AT1017117 on December 21, 2005, and as amended pursuant to an agreement amending charge/mortgage dated December 20, 2005 between Craiglee, Desjardins and Roy and Doris McDougall (the "**Desjardins First Mortgage**"). This First Mortgage covers all of Craiglee's real property save and except for the Vanbrugh Property; and
- b) a second charge/mortgage of land from Craiglee in favour of Desjardins which was registered on title to the real property bearing property identification number 06432-0409(LT) as Instrument No. AT2015651 on February 20, 2009 (the "**Second Mortgage**"). This Second Mortgage covers all of Craiglee's real property including the Vanbrugh Property over which Scotia Mortgage Corporation held a first mortgage that was paid out of the proceeds of sale of Craiglee Nursing Home.

The Scotia Mortgage Corporation first mortgage over the Vanbrugh Property was already paid out of the proceeds of sale (about \$110K) because it was a first ranking encumbrance. However, between the time the Scotia Mortgage Corporation first mortgage was registered over the Vanbrugh Property, and the Desjardins Second Mortgage was registered over the Vanbrugh Property, WSIB registered the attached Writ.

As a result, as matters now stand, the WSIB Writ has priority over the Second Mortgage.

However, if Desjardins were to take steps to bankrupt Craiglee, the priorities would be reversed (while Craiglee is in Receivership, there has been no need to date to bankrupt it). In a bankruptcy, the Second Mortgage would rank ahead of the WSIB Writ, which would rank as unsecured debt with all other unsecured debts against Craiglee, and which will not be paid out because of the Shortfall.

The WSIB priority issue will not be determined on the motion on December 20, 2012. There is a reserve of approximately \$1 million being held back for contingencies such as the WSIB Writ (other than the WSIB Writ, the remaining reserve is in respect of potential adjustments to the purchase price for the Nursing Home that will be determined over time) . If a settlement cannot be reached with WSIB, the priority issue between the WSIB Writ and the Desjardins Second Mortgage will be dealt with on a later date mutually convenient to the parties. At that later date, Desjardins would move for an Order bankrupting Craiglee.

That being said, there is a cost to the Receiver of bankrupting Craiglee, which I would estimate at between \$15K and \$20K. As a result, Desjardins is prepared to negotiate a settlement with WSIB wherein WSIB would get paid something less than the cost to Desjardins of bankrupting Craiglee, so that Desjardins would spend less than the 15-20K it would cost to bankrupt Craiglee, and WSIB would receive more than what it would obtain if Craiglee was bankrupted, so that WSIB would collect more than nothing.

Please contact me after you have reviewed this email to let me know if WSIB wishes to enter into such settlement discussions, or whether Desjardins should start taking the steps required to obtain an Order placing Craiglee into bankruptcy.

There is no urgency to reaching a settlement, and you may be in a better position to consider this matter after you review a copy of the Receiver's motion record for the distribution motion on December 20, 2012, which will set out the entire history of the Craiglee Receivership in much more detail. I will add you to the distribution list for that motion.

I look forward to hearing from you.

Eric Golden

EXPECT THE BEST

TEL 416.593.3927
egolden@blaney.com



Blaney McMurtry LLP
 2 Queen Street East, Suite 1500
 Toronto, Canada M5C 3G5
 416.593.1221 TEL
 416.593.5437 FAX
www.blaney.com

**Blaney
 McMurtry**
ADVOCATES & SOLUTORS LLP

This communication is intended only for the party to whom it is addressed, and may contain information which is privileged or confidential. Any other delivery, distribution, copying or disclosure is strictly prohibited and is not a waiver of privilege or confidentiality. If you have received this telecommunication in error, please notify the sender immediately by return electronic mail and destroy the message.



Consider the environment. Please don't print this email unless you really need to.

TAB 2J



WRIT DETAILS REPORT / RAPPORT DES DÉTAILS DU BREF

SHERIFF OF / SHÉRIF DE : CITY OF TORONTO (TORONTO)

CERTIFICATE # / 27363814-6000268B

N° DE CERTIFICAT :

DATE OF CERTIFICATE / 2015-DEC-11

DATE DU CERTIFICAT :

SHERIFF'S STATEMENT

IT IS HEREBY CERTIFIED THAT THE INFORMATION CONTAINED BELOW IS A TRUE REPRESENTATION OF INFORMATION WITHIN THE ELECTRONIC DATABASE MAINTAINED BY THIS OFFICE IN ACCORDANCE WITH SECTION 10 OF THE *EXECUTION ACT*, AT THE TIME OF THE REPORT REQUEST.

DÉCLARATION DU SHÉRIF

IL EST CERTIFIÉ, PAR LA PRÉSENTE, QUE LES RENSEIGNEMENTS CI-APRÈS REPRODUISSENT EXACTEMENT L'INFORMATION CONTENUE DANS LA BASE DE DONNÉES ÉLECTRONIQUE MAINTENUE PAR CE BUREAU AUX TERMES DE L'ARTICLE 10 DE LA *LOI SUR L'EXÉCUTION FORCÉE* AU MOMENT DE LA DEMANDE DE RAPPORT.

FILE DETAILS / DÉTAILS DU DOSSIER

EXECUTION # / N° D'EXÉCUTION FORCÉE : 13-0008942
 ISSUE DATE / DATE DE DÉLIVRANCE : 2013-SEP-17
 EFFECTIVE DATE / DATE DE PRISE D'EFFET : 2013-NOV-07
 COURT FILE OR REFERENCE # / N° DE DOSSIER DU TRIBUNAL OU DE RÉFÉRENCE : 101188191TE0001
 COURT TYPE / TYPE DE TRIBUNAL : OTHER
 JURISDICTION / TERRITOIRE DE COMPÉTENCE : MOF

DEBTOR SEARCH NAME(S) / NOM(S) DU(DES) DÉBITEUR(S) RECHERCHÉ(S)

#	DEBTOR TYPE / TYPE DE DÉBITEUR	DEBTOR NAME(S) / NOM(S) DU(DES) DÉBITEUR(S)
1.	COMPANY / SOCIÉTÉ	CRAIGLEE NURSING HOME LIMITED

PARTY DETAILS / COORDONNÉES DES PARTIES

DEFENDANT / DÉFENDEUR

1.	NAME / NOM	CRAIGLEE NURSING HOME LIMITED
----	------------	-------------------------------

CREDITOR / CRÉANCIER

☐ C/O LAWYER/AGENT / A/S PROCUREUR/AGENT

1.	COMPANY / SOCIÉTÉ	MINISTRY OF FINANCE
	ADDRESS / ADRESSE :	COLLECTIONS BRANCH, COLLECTIONS SUPPORT OPERATIONS, 33 KING STREET WEST, 3RD FLOOR, OSHAWA, ONTARIO, CANADA, L1H 8H5
	TELEPHONE / TÉLÉPHONE :	1-866-668-8297
	FAX / TÉLÉCOPIEUR :	905-433-6760

LAWYER/AGENT / PROCUREUR/AGENT ☐ SAME AS FIRST CREDITOR / MÊME QUE LE PREMIER CRÉANCIER

NAME / NOM	NASON, B
FIRM NAME / NOM DE L'ENTREPRISE	MINISTRY OF REVENUE (OSHAWA)
ADDRESS / ADRESSE	REVENUE COLLECTIONS BRANCH 33 KING STREET WEST PO BOX 627 OSHAWA, ONTARIO L1H 8H5 TEL:1-866-668-8297 FAX:(905) 433-6277

JUDGMENT/COST DETAILS (FROM ORIGINAL WRIT) / DÉTAILS DU JUGEMENT/DÉPENS (DU BREF ORIGINAL)

#	JUDGMENT OR COSTS / JUGEMENT OU DÉPENS	AMOUNT / MONTANT	INTEREST RATE / TAUX D'INTÉRÊT	START DATE / DATE DE DÉBUT
1.	JUDGMENT / JUGEMENT	CDN 611,930.63	0.0000%	2013-SEP-17
	COSTS / DÉPENS	CDN 0.00	0.0000%	
	AGAINST DEBTORS / CONTRE LES DÉBITEURS	ALL DEBTORS / TOUS LES DÉBITEURS		

COMMENTS / REMARQUES

2013-11-06 - AND INTEREST AT THE PRESCRIBED RATE AND CALCULATED IN THE PRESCRIBED MANNER

CAUTION:

ENSURE THAT THE NAME AND EXECUTION# (NUMBER) MATCH YOUR REQUEST.

AVERTISSEMENT :

ASSUREZ-VOUS QUE LE NOM ET LE NUMÉRO DU DOSSIER D'EXÉCUTION FORCÉE SONT LES MÊMES QUE CEUX QUI SE TROUVENT DANS VOTRE DEMANDE.

CHARGE FOR THIS REPORT / FRAIS POUR CE RAPPORT : CDN 6.30

TAB 2K

FIRST NATIONAL FINANCIAL LP



MORTGAGE DISCHARGE STATEMENT

Mortgage No: 504680
Mortgagor(s): Craiglee Nursing Home Ltd.
Property Address: 102 Craiglee Dr Scarborough ON
Closing Date: September 28, 2015

Interest Rate	7.13%	Principal & Interest	81,790.00
Payment Frequency	Monthly	Property Tax	31,569.27
Maturity Date	January 1, 2026	Escrow	0.00
		TOTAL PAYMENT	113,359.27

Principal Balance \$ 1,433,465.28
 Accrued Interest to **September 28, 2015** 7,966.23
 Late Interest 78,224.34
 Tax Account Balance - DEBIT (CREDIT) 0.00
 Prepayment Penalty 0.00
 Administration Fee 0.00
 Escrow Balance - DEBIT (CREDIT) 0.00
 Outstanding Fees 35.00
 Suspense 0.00
Total Amount Required in Certified Funds by 1:00 p.m. EST on September 28, 2015 \$ 1,519,690.85
 Per Diem \$ 295.30

CONDITIONS

This statement is correct only if all payments up to and including **September 28, 2015**, have been made and honoured. For adjustable rate mortgages, if the rate changes prior to payout this statement will be void and a new statement must be issued.

Should the mortgage be in arrears, the Principal Balance shown above will be as at the due date of the last paid installment. 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 and will be added to the total amount required to be paid.

Funds received after 1 p.m. EST on the proposed discharge date will be subject to an additional per diem charge of \$ **295.30** until paid. If the proposed discharge date is a Friday, funds received after 1:00 p.m. EST will be subject to additional interest until the next business day. **Please note the funds must be forwarded to the Toronto office.**

It is the responsibility of your office to ensure that the appropriate discharge documents are prepared and forwarded to First National Financial LP for execution by the mortgagee. This includes any applicable PPSA discharge documentation.

This statement is valid up to 5 days from the expected payout date and is subject to the correction of any errors or omissions.

First National Financial LP
 Commercial Mortgage Administration
 E: commercial@firstnational.ca

E. & O. E.

TAB 3

Court File No. CV-09-8156-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

DESJARDINS FINANCIAL SECURITY
LIFE ASSURANCE COMPANY

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondents

**AFFIDAVIT OF HARTLEY M. BRICKS
(Sworn November 10, 2015)**

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

1. I am a Senior Vice-President of Deloitte Restructuring Inc., the court-appointed interim receiver and receiver and manager (the “**Receiver**”) of the assets, undertakings and properties of Craiglee Nursing Home limited (“**Craiglee**”). 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 Craiglee from November 1, 2012 to September 28, 2015.
3. Attached hereto as **Exhibit “B”** are true copies of the accounts of the Receiver with respect to Craiglee, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. The Receiver’s last account, for the period ending September 28, 2015, includes 25 hours of time for work incurred or to be


- 2 -

incurred after September 28, 2015 to complete the receivership proceedings, which hours are set out in a schedule attached at the back of Exhibit "B". The Receiver's average hourly rate charged over the period of the accounts is \$469. I confirm that these accounts accurately reflect the services provided or to be provided by the Receiver in this proceeding.

4. Based on my review of the Craiglee accounts and my personal knowledge of this matter, the accounts represent a fair and accurate description of the services provided or to be provided and the amounts charged by the Receiver.

5. 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 November 10, 2015.



Commissioner for Taking Affidavits

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte Restructuring Inc.,
Trustee in Bankruptcy,
Expires July 10, 2016.

)
)
)
)
)
)



Hartley M. Bricks

TAB 3A

(This is Exhibit "A" only)
 in the Affidavit of Hartley m. Gides.
 Signed and sworn to this 10th day of
 November 2015
 JAG

EXHIBIT "A"

Summary of Invoices Issued by the Receiver for Services Rendered
as Interim Receiver and Receiver and Manager of Craiglee Nursing Home Limited
For the Period November 1, 2012 to September 28, 2015

Anna Koroneos, a Commissioner, etc.,
 Province of Ontario
 for Debitte Restructuring Inc.,
 Trustee in Bankruptcy,
 Expires July 10, 2016.

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including HST)</u>
02-Dec-12	November 1 to November 30, 2012	\$ 38,773.13
25-Feb-13	December 1, 2012 to January 31, 2013	24,267.88
12-Aug-13	February 1 to July 31, 2013	17,473.76
09-Jan-14	August 1 to December 31, 2013	15,283.82
19-Dec-14	January 2 to November 30, 2014	9,534.94
07-Aug-15	December 1, 2014 to July 31, 2015	9,200.46
29-Sep-15	August 1 to September 28, 2015	<u>24,802.37</u>
		\$ 139,336.36

TAB 3B

Deloitte.

Deloitte & Touche Inc.
Brookfield Place
181 Bay Street
Suite 1400
Toronto, Ontario M5J 2V1

Tel: 416-601-6150

Fax: 416-601-6690

www.deloitte.ca

in the Affidavit of Huntly M Bricks
Sworn before me this 10th day of November
A Commissioner, etc.

Private and confidential

Craiglee Nursing Home Limited
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: December 14, 2012
Invoice No: 3218913
Client/Mandate No: 741075.5600598
Billing Partner: Daniel R. Weisz
HST Registration No: 133245290

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte Restructuring Inc.,
Trustee in Bankruptcy,
Expires July 10, 2016.

Invoice #36

REGARDING: Craiglee Nursing Home Limited ("Craiglee" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Craiglee for the period November 1 to November 30, 2012:

Date	Description
11/1/2012	Discussion with Mr. Keith McIntosh of Southbridge with respect to the closing date and various closing matters; attendance on a conference call with Mr. McIntosh and Ms. Jane Buckrell of Southbridge to discuss transitional matters; review of draft Amending Agreement No. 14 and Escrow Agreement and prepare comments; correspondence with Mr. John Papadakis of Blaney McMurtry LLP ("Blaneys") with respect to closing matters; correspondence with Ms. Ashley Melo of Extendicare (Canada) Inc. ("Extendicare") regarding cash flow funding; review and execute an offer letter of employment; correspondence with Mr. Robert Yoanidis of Southbridge regarding the statement of adjustments.
11/2/2012	Correspondence with Mr. McIntosh with respect to the closing date; prepare letter to the Ministry of Health and Long-Term Care (the "MOH") with respect to surrender of the current nursing home licence and the closing date; review of draft Amending Agreement No. 14 and Escrow Agreement; correspondence with Ms. Melo with respect to an employee list; correspondence with Mr. Patrick Brown of Craiglee with respect to washer issue and correspondence with Mr. McIntosh regarding same; review of September 2012 operating statements and forward same to Mr. McIntosh; Trust Banking Administration - Disbursement cheques; prepare courier to send funding of payroll cheques.
11/5/2012	Review of Southbridge's comments on the draft statement of adjustments and messages to Ms. Melo and Mr. Jeff Rhinelanders of Extendicare with respect to same; attendance on a conference call with Mr. William Anderson of Blaneys and Mr. Papadakis regarding employee matters.
11/6/2012	Review and consider email from Mr. Anderson with respect to outstanding labour

Date	Description
	issues at closing; correspondence with Mr. John Jensen of John A. Jensen Realty Inc. regarding the status of closing and review of invoice provided by Mr. Jensen and forward same to Mr. Papadakis.
11/7/2012	Correspondence with Mr. Steven Martin of Desjardins Financial Security Life Assurance Company regarding MOH approval and the status of the closing; review of correspondence from Ms. Carol Woodcock of Southbridge regarding employee matters and discuss same with Mr. Brown; review of closing documents; attendance at a meeting at Craiglee to meet with staff to discuss closing and transitional matters; review of correspondence from Mr. Yoanidis regarding the MOH Closing Adjustment; discussion with Mr. McIntosh regarding various closing matters; conference call with Mr. Papadakis to discuss closing matters.
11/8/2012	Attendance on a conference call with Mr. Yoanidis, Ms. Waller, Mr. Dwayne Kuiper, of Miller Thomson, counsel to Southbridge and Mr. Papadakis to discuss closing matters; correspondence with Ms. Melo regarding employee list; review of closing agenda and discuss same with Mr. Papadakis; correspondence with Mr. Rhinelander regarding employee matters.
11/9/2012	Correspondence with Ms. Woodcock regarding various closing matters; review of correspondence from Mr. Rhinelander regarding employee matters and forward same to Mr. Papadakis; discussion with Mr. Papadakis with respect to closing matters; correspondence with Mr. Yoanidis regarding employee matters and the MOH Closing Adjustment; discussion with Ms. Melo with respect to information required for closing; review and revise various closing documents; prepare correspondence to suppliers regarding the closing and cut off; prepare correspondence to employees regarding the closing; review of correspondence received from the Ontario Labour Relations Board regarding <i>Ontario Health and Safety Act</i> matters.
11/12/2012	Correspondence with Mr. Yoanidis with respect to the MOH Closing Adjustment, the Statement of Adjustments and various other closing matters; discussion with Mr. Papadakis and Mr. Eric Golden of Blaneys with respect to closing matters; revise and finalize the letter to suppliers; review and revise statement of adjustments and forward to Mr. Papadakis; correspondence with Mr. Joe Grossman of Rachlin & Wolfson LLP regarding a collection matter; review various closing documents and discussion with Mr. Papadakis regarding same; discussion with Ms. Melo with respect to information required for closing.
11/13/2012	Review revised mutual indemnity and discussion with Mr. Papadakis regarding same; meeting with Mr. Papadakis to execute closing documents; correspondence with Mr. Grossman regarding a collection matter; correspondence with Mr. Martin regarding the status of closing; correspondence with Mr. Papadakis regarding the discharge of the Scotiabank Mortgage on 9 Vanbrugh Ave.;
11/14/2012	Correspondence with Ms. Leila Burden Nixon of Gowling Lafleur Henderson LLP regarding the escrow fund for Craiglee;
11/15/2012	Review email and enclosure from Ms. Burden Nixon with respect to receipt for escrow funds, and respond to Ms. Burden Nixon regarding same; review and execute disbursements; prepare correspondence to Marsh Canada regarding termination of insurance coverage; correspondence with Mr. Brown with respect to removal of a photocopier; correspondence with Mr. Papadakis regarding wire instructions for transfer of proceeds from the sale; review of trust account reconciliation provided by Mr. Papadakis;
11/16/2012	Prepare support materials for statement of adjustments; correspondence with Mr. McIntosh regarding post-closing matters; Trust Banking Administration - Confirm incoming wire received at TD Bank; input into Ascend and set up investment for 30 days; correspondence with Mr. Anderson regarding correspondence to be sent to

Date	Description
	counsel for the union regarding the closing of the transaction; correspondence with Mr. Grossman regarding a collection matter.
11/19/2012	Correspondence with Ms. Melo and Mr. Dave Rough of Extendicare with respect to post-closing accounting matters and cut off of management fees; prepare supporting documentation for the statement of adjustments.
11/20/2012	Review of correspondence prepared by Mr. Anderson to counsel for the union; prepare supporting documentation for the statement of adjustments and forward to Mr. Papadakis.
11/22/2012	Review and execute disbursements; correspondence with Mr. Rough with respect to the MOH monthly payment.
11/23/2012	Correspondence with Mr. Yoanidis regarding the MOH November monthly payment deposited into the Receiver's account by the MOH, and arrange for transfer of the funds to the purchaser; prepare court report for distribution motion; Trust Banking Administration - Record EFT received & disbursements (cheques and wire payment).
11/26/2012	Correspondence with Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation regarding the status of the closing of the sale and distribution motion; prepare court report for distribution motion;
11/28/2012	Prepare court report; correspondence with Mr. Golden with respect to court date for distribution motion; correspondence with Ms. Melo with respect to post-closing matters; Trust Banking Administration - disbursement cheque.
11/29/2012	Draft court report; correspondence and discussion with Mr. Martin regarding payout statement and timing for distribution; correspondence with Mr. Golden regarding information for court report; review of October 2012 monthly report prepared by Extendicare and forward same to Mr. McIntosh.
11/30/2012	Prepare court report; prepare fee affidavit; correspondence with Ms. Melo regarding information required for court report.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Craiglee Nursing Home Limited - Receivership
 December 14, 2012
 Page 4 of 4 – Invoice #36

A summary of hours and rates is as follows:

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CA•CIRP, CIRP	Senior Vice President	12.7	\$575.00	\$ 7,302.50
Hartley Bricks, MBA, CA•CIRP	Vice President	55.6	\$480.00	26,688.00
Rose Brown	Estate Administrator	<u>2.3</u>	\$140.00	322.00
Total hours and professional fees		<u>70.6</u>		\$ 34,312.50
HST @ 13%				4,460.63
Total payable				\$ 38,773.13

Payable upon receipt to Deloitte & Touche Inc.



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

Deloitte.

Deloitte & Touche Inc.
Brookfield Place
181 Bay Street
Suite 1400
Toronto, Ontario M5J 2V1

Tel: 416-601-6150
Fax: 416-601-6690
www.deloitte.ca

Private and confidential

Craiglee Nursing Home Limited
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: February 25, 2013
Invoice No: 3250159
Client/Mandate No: 741075.5600598
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #37

REGARDING: Craiglee Nursing Home Limited ("Craiglee" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Craiglee for the period December 1, 2012 to January 31, 2013:

Date	Description
12/3/2012	Review and revise the Third Report to the Court (the "Third Report") and forward to Blaney McMurtry LLP ("Blaneys") for comments; prepare fee affidavit and materials; review correspondence from Mr. Steven Martin of Desjardins Financial Security Life Assurance Company ("Desjardins") regarding the mortgage statement, discuss same with Mr. Eric Golden of Blaneys and respond to Mr. Martin.
12/4/2012	Correspondence with Mr. John Papadakis of Blaneys regarding comments on the Third Report; review and revise fee affidavit.
12/5/2012	Correspondence with Ms. Ashley Melo of Extendicare (Canada) Inc. ("Extendicare") with respect to the Ministry of Health and Long-Term Care ("MOH") closing adjustment; review and execute disbursements; correspondence with Gowling Lafleur Henderson LLP ("Gowlings") and make revisions to the Third Report.
12/6/2012	Review Blaneys comments on the Third Report and discussion with Mr. Golden regarding same; correspondence with Mr. Martin regarding further details on the mortgage statement; correspondence with Ms. Melo regarding post-closing adjustments; correspondence with Mr. Golden regarding priority of claims.
12/7/2012	Further correspondence with Mr. Golden with respect to priority of claims and review of files regarding same.
12/10/2012	Discussion with Mr. Golden with respect to the Third Report; review and execute disbursements; correspondence with Mr. Martin regarding the mortgage statement.
12/11/2012	Discussion with Mr. Golden regarding his comments on the Third Report and prepare revisions to same; discussion with Mr. Martin with respect to the mortgage statement; discussion with Ms. Melo with respect to the MOH closing adjustment, review of materials and prepare correspondence to Mr. Keith McIntosh of Southbridge Inc.

Date	Description
	regarding same.
12/12/2012	Discussion with Mr. Dwayne Kuiper of Miller Thomson LLP, counsel to Southbridge, regarding the timing of service of the motion materials and the Third Report; various discussions with Mr. Golden with respect to court report matters; correspondence with Ms. Melo regarding post-closing matters.
12/13/2012	Review of Blaneys further comments on the Third Report; review of post-closing adjustment documents provided by Ms. Melo; correspondence with Mr. Joe Grossman of Rachlin & Wolfson LLP regarding a mutual release, review of the mutual release and respond to Mr. Grossman.
12/14/2012	Review of notice of motion and draft order and discuss comments with Mr. Golden; finalize the Third Report and attend at Blaneys' offices to meet with Mr. Golden and sign the Third Report; correspondence with Marsh Canada Inc. regarding the status of the insurance premium refund.
12/17/2012	Prepare schedule for Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC") of updated closing proceeds available for distribution; correspondence with Ms. Melo regarding post-closing matters; arrange for posting of the notice of motion and Third Report on website.
12/18/2012	Discussion with Mr. John Jensen of John A. Jensen Realty Inc. with respect to FINTRAC information and email to Mr. Papadakis regarding same; correspondence with Mr. Golden regarding motion materials; correspondence with Mr. Golden and Mr. Prophet regarding issues with reserved funds and revisions to the draft order; correspondence with Mr. O'Rafferty regarding the estimated timing for completion of the receivership.
12/19/2012	Discussion with Mr. Golden with respect to the motion and proposed revisions to the draft order; discussion with Mr. Lou Brzezinski of Blaneys with respect to information for court appearance; Trust Banking Administration - Disbursement cheques; review of questions from Southbridge regarding the MOH Closing Adjustment.
12/20/2012	Prepare for and attend in court with respect to the Receiver's motion to court for, among other things, an interim distribution to Desjardins; review executed order and prepare wire transfer for distribution of funds to Desjardins.
12/20/2012	Arrange for cancellation of electricity account for 9 Vanbrugh Ave. and correspondence to Mr. Robert Yoanidis of Southbridge regarding same.
12/21/2012	Review and execute disbursements; correspondence with Ms. Melo with respect to the MOH Closing Adjustment; correspondence with Desjardins regarding the wire transfer; Trust Bank Administration - Transfer/wire.
12/27/2012	Email to Desjardins to confirm wire transfer received.
12/28/2012	Attend upon getting cash flow funding cheque for Extendicare, draft cover letter and send.
01/02/2013	Trust Banking Administration – Disbursement cheque.
01/07/2013	Review and approve final electricity bill for 9 Vanbrugh and execute disbursement; Trust Banking Administration – Disbursement cheque.
01/09/2013	Review of correspondence from Mr. Martin regarding reserved funds, review of files and telephone call with Mr. Martin regarding same.
01/10/2013	Review of information requested by Mr. Martin, review of files and respond to same.
01/15/2013	Discussion with Mrs. David of NCN regarding a City of Toronto fine issued against Craiglee prior to the receivership and provide Mrs. David with the Appointment Order.
01/16/2013	Review of correspondence from Mr. Grossman and execute mutual release with respect to same.
01/21/2013	Discussion with Ms. Jane Buckrell of Southbridge regarding employee grievance matters.

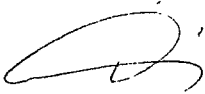
Craiglee Nursing Home Limited - Receivership
 February 25, 2013
 Page 3 of 3 – Invoice #37

Date	Description
01/24/2013	Review of legal invoices and arrange for payment; correspondence with Ms. Melo regarding post-closing matters; Trust Banking Administration – Disbursement cheque.
01/30/2013	Review and execute disbursements; correspondence with Extendicare regarding CRA filings.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

A summary of hours and rates is as follows:

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CA•CIRP, CIRP	Senior Vice President	11.1	\$575.00	\$ 6,382.50
Hartley Bricks, MBA, CA•CIRP	Vice President	29.0	\$480.00	13,920.00
Anna Koroneos, CIRP	Manager	3.3	\$275.00	907.50
Rose Brown	Estate Administrator	<u>1.9</u>	\$140.00	266.00
Total hours and professional fees		<u>45.3</u>		\$21,476.00
HST @ 13%				2,791.88
Total payable				\$24,267.88

Payable upon receipt to Deloitte & Touche Inc.



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

Deloitte.

Deloitte Restructuring Inc.
 Brookfield Place
 181 Bay Street
 Suite 1400
 Toronto, Ontario M5J 2V1

Tel: 416-601-6150
 Fax: 416-601-6690
 www.deloitte.ca

Private and confidential

Craiglee Nursing Home Limited
 c/o Deloitte & Touche Inc.
 181 Bay Street, Suite 1400
 Toronto, Ontario
 M5J 2V1

Date: August 12, 2013
 Invoice No: 3390397
 Client/Mandate No: 741075.5600598
 Billing Partner: Paul Casey

HST Registration No: 133245290

Invoice #38

REGARDING: Craiglee Nursing Home Limited ("Craiglee" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc., now known as Deloitte Restructuring Inc., ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Craiglee for the period February 1, 2013 to July 31, 2013:

Date	Description
2/4/2013	Telephone call with Ms. B. Panchal of Canada Revenue Agency ("CRA") regarding deemed trust payment; review of records and prepare distribution to CRA.
2/12/2013	Review of correspondence from Mr. Bob Yoanidis of Southbridge regarding the post-closing reconciliation; review of files and respond to same; correspondence with Ms. Ashley Melo of Extendicare (Canada) Inc. ("Extendicare") regarding information required for post-closing reconciliation; review of proposed amendment to Mutual Indemnity and forward same to Mr. Eric Golden of Blaney McMurtry LLP ("Blaneys").
2/14/2013	Correspondence with Mr. Patrick Browne of Craiglee regarding disbursements; correspondence with Mr. William Anderson of Blaneys regarding a grievance issued by an former employee.
2/20/2013	Discussion regarding mutual indemnity and wage increase matter and correspondence with Mr. Anderson regarding same; discussion regarding purchaser's request to extend mutual indemnity period; review draft proposed amending document.
2/21/2013	Correspondence with Ms. Melo regarding bank account matters.
2/26/2013	Review and respond to correspondence from Mr. Chris Sebben of First National Financial LP regarding the receivership account and statement of adjustments.
2/27/2013	Review of files regarding EHT filings and correspondence with Extendicare regarding same.
3/1/2013	Review of Ontario Labour Relations Board's ("OLRB") decision regarding the claim of a former employee; review and respond to correspondence from Ms. Melo regarding financial statements and post-closing matters.
3/4/2013	Correspondence with Extendicare regarding closing payroll bank account; telephone

Craiglee Nursing Home Limited - Receivership
 August 12, 2013
 Page 2 of 4 – Invoice #38

Date	Description
	discussion with Mr. M. Henderson of Royal Bank of Canada ("RBC") regarding account closure; sign letter to RBC regarding account closure; review of correspondence from Mr. Yoanidis regarding the proposed amendment to the Mutual Indemnity.
3/5/2013	Review of correspondence from Mr. Anderson regarding the status of a grievance filed by a former employee.
3/13/2013	Review and respond to correspondence from Mr. Anderson regarding the Union Agreement and removal of references to the Receiver; correspondence with Southbridge regarding the Mutual Indemnity; discussion regarding status of the grievance matter; review of Mr. Anderson's email to counsel for the Union; correspondence with Mr. Golden regarding receivership matters
3/15/2013	Review of correspondence from Ms. Melo including the 2012 financial statements; preparation of post-closing reconciliation; correspondence with Mr. Golden regarding the amendment to the Mutual Indemnity.
3/21/2013	Correspondence with Mr. Golden regarding the amendment to the Mutual Indemnity.
4/15/2013	Review of files and correspondence regarding post-closing reconciliation with Southbridge.
4/18/2013	Correspondence with Mr. Anderson regarding the employee grievance matter; correspondence with Ms. Melo regarding information required to complete post-closing adjustments.
4/22/2013	Review of information provided by Ms. Melo and prepare an analysis of post-closing adjustments.
4/23/2013	Review of email from Mr. Jeff Rhinelander of Extendicare and Ms. Carol Woodcock of Southbridge regarding a wage arbitration award, review of files and discuss same with Mr. Anderson and respond via email with Receiver's position.
4/26/2013	Review of correspondence from Mr. Anderson regarding settlement with the Union and review of minutes of settlement; review of information received from Extendicare regarding post-closing matters; prepare reconciliation.
4/29/2013	Correspondence with Ms. Woodcock and Mr. Anderson regarding Union settlement and minutes of settlement; review of post-closing documentation provided by Ms. Melo.
4/30/2013	Review and provide comments on minutes of settlement in connection with the Union settlement.
5/1/2013	Review of information from Extendicare regarding post-closing adjustments.
5/2/2013	Review of correspondence regarding the an OLRB complaint filed by a former employee and discussion with Mr. Anderson regarding same
5/3/2013	Review of correspondence regarding the Union settlement matter.
5/6/2013	Further review of correspondence regarding the OLRB complaint.
5/7/2013	Various correspondence regarding the grievance matter, review of e-mails; correspondence with Blaneys and CVH regarding intervening in the OLRB complaint and discuss same with D. Weisz.
5/9/2013	Review of correspondence from Mr. Anderson regarding Union grievance settlement and respond to same.
5/10/2013	Review and respond to correspondence from Mr. Yoanidis regarding post-closing adjustments; finalize post-closing calculations.
5/13/2013	Prepare information for post-closing adjustments and correspondence to Ms. Melo regarding Ministry of Health (the "MOH") amounts.
5/14/2013	Discussion with A. Melo regarding MOH reconciliation as part of post-closing adjustments; execute amendment to mutual indemnity; review of OLRB complaint

Craiglee Nursing Home Limited - Receivership
 August 12, 2013
 Page 3 of 4 – Invoice #38

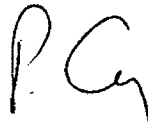
Date	Description
	response prepared by Mr. Anderson.
5/15/2013	Review of information provided by Ms. Melo and prepare for and attendance on a telephone call with Mr. Yoanidis regarding post-closing adjustments; correspondence from the MOH regarding an outstanding invoice.
5/17/2013	Discussion with Ms. Melo regarding reconciliations; discussion with Ms. P. Kennedy of Extendicare regarding trust account matters; correspondence with Mr. Golden regarding post-closing adjustments.
5/22/2013	Prepare letter to arbitrator regarding payment of fees and forward copy of payment to Extendicare and Southbridge; review of acknowledgement regarding post-closing adjustments prepared by Southbridge and forward to Blaneys for comments.
5/24/2013	Review of acknowledgement regarding final adjustments.
5/27/2013	Discussion with Mr. Golden of Blaneys regarding the trust fund shortfall amount and respond to correspondence from Extendicare regarding same.
6/19/2013	Review of correspondence from Mr. Anderson regarding the status of the OLRB complaint settlement meeting.
6/27/2013	Correspondence with Ms. Melo regarding the status of the final post-closing reconciliation.
7/30/2013	Review of post-closing reconciliation and correspondence provided by Southbridge and respond to same.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Craiglee Nursing Home Limited - Receivership
 August 12, 2013
 Page 4 of 4 – Invoice #38

A summary of hours and rates is as follows:

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CA•CIRP, CIRP	Senior Vice President	1.3	\$575.00	\$ 747.50
Hartley Bricks, MBA, CA•CIRP	Vice President	29.9	\$480.00	14,352.00
Rose Brown	Estate Administrator	<u>2.6</u>	\$140.00	364.00
Total hours and professional fees		<u>33.8</u>		\$ 15,463.50
HST @ 13%				2,010.26
Total payable				\$ 17,473.76

Payable upon receipt to Deloitte Restructuring Inc.


 Paul Casey, CPA, CA•CIRP
 Senior Vice President

REMITTANCE ADDRESS:
 Deloitte Management Services LP
 5140 Yonge Street, Suite 1700
 Toronto, ON M2N 6L7 CANADA

Wire Transfer Information:
 Bank of Nova Scotia, Toronto Business Centre, 20 Queen Street West, Toronto, Ontario M5H 3R3

Transit #47696	US Bank Account	Canadian Bank Account
Bank Code# 002	Account #476968822816	Account #476960440019
	Swift Code and ABA Address	Swift Code Address – Canada / Int'l Wires
	NOSCCATT	NOSCCATT
	ABA # 026002532	

Please reference the invoice number listed above when wiring funds.

We accept payment by cheque, wire, Electronic Funds Transfer and online bill payment (select either Deloitte LLP or Deloitte s.e.n.c.r.l. through your financial institution and quote the first 6 digits of your client number).

Please return one copy with remittance

Payable upon receipt to: Deloitte LLP

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

Deloitte Restructuring Inc.
 Brookfield Place
 181 Bay Street
 Suite 1400
 Toronto, Ontario M5J 2V1

Tel: 416-601-6150
 Fax: 416-601-6690
 www.deloitte.ca

Private and confidential

Craiglee Nursing Home Limited
 c/o Deloitte Restructuring Inc.
 181 Bay Street, Suite 1400
 Toronto, Ontario
 M5J 2V1

Date: January 9, 2014
 Invoice No: 3469411
 Client/Mandate No: 741075.5600598
 Billing Partner: Paul Casey

HST Registration No: 122893605

Invoice #39

REGARDING: Craiglee Nursing Home Limited ("Craiglee" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc., now known as Deloitte Restructuring Inc. ("Deloitte"), as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Craiglee for the period August 1, 2013 to December 31, 2013:

Date	Description
8/12/2013	Review of Ontario Labour Relations Board ("OLRB") decision concerning an application made by a former Craiglee employee and correspondence from W. Anderson of Blaney McMurty LLP ("Blaneys") regarding same.
8/13/2013	Correspondence with B. Yoanidis of Southbridge regarding the 2012 audit of the Long Term Care Home Annual Report ("ARR").
8/14/2013	Correspondence with P. Brown of Craiglee regarding unpaid invoices.
8/15/2013	Correspondence with A. Melo of Extendicare (Canada) Inc. ("Extendicare") and B. Yoanidis regarding the audit of the 2012 ARR.
8/19/2013	Correspondence with W. Anderson of Blaney McMurty LLP ("Blaneys") regarding ongoing grievance matters regarding former employees; correspondence with S. Martin regarding funds in the Receiver's account.
8/20/2013	Review of correspondence from the Ministry of Health and Long-Term Care regarding the 2011 annual reconciliation; correspondence with B. Yoanidis regarding the status of post-closing adjustments.
8/23/2013	Correspondence with B. Yoanidis of Southbridge regarding the status of post-closing adjustments; completion of on-going trust account banking administration, and disbursement processing.
8/26/2013	Correspondence with A. Melo regarding the 2011 ARR reconciliation.
8/29/2013	Correspondence with B. Yoanidis regarding the audit of the 2012 ARR.
9/10/2013	Review of correspondence concerning a Human Rights Tribunal matter.
9/16/2013	Correspondence with P. Brown regarding outstanding invoices; correspondence with A. Melo regarding the audit of the 2012 ARR.

9/17/2013	Completion of on-going trust account banking administration, and disbursement processing.
10/1/2013	Review and analysis of reconciliation schedule sent by A. Melo.
10/8/2013	Review of post-closing adjustments forward by A. Melo and review of files regarding same and request further information.
10/17/2013	Review of further version of post-closing adjustment schedule and detail and discuss same with A. Melo.
10/22/2013	Review of an OLRB decision concerning a request for reconsideration of a previous decision concerning a former Craiglee employee.
10/24/2013	Review of e-mail from A. Melo regarding further post-closing adjustment details.
10/29/2013	Review of reconciliation and telephone discussion with A. Melo regarding same; correspondence with A. Melo regarding allocation of audit fees.
11/4/2013	Review and respond to a question form A. Melo regarding accreditation of Craiglee.
11/25/2013	Review of correspondence from B. Yoanidis regarding post-closing adjustments.
11/28/2013	Review of CRA source invoice and General Ledger for payments with H. Bricks and review email from Extendicare.
12/12/2013	Review and respond to correspondence from A. Melo regarding revisions to post-closing adjustments
12/17/2013	Review of files and post-closing reconciliation matters.
12/18/2013	Review of post-closing adjustments and correspondence with A. Melo of Extendicare regarding same.
12/19/2013	Prepare correspondence to B. Yoanidis regarding finalization of post-closing adjustments and review and respond to further correspondence from B. Yoanidis and A. Melo regarding same.
12/20/2013	Prepare further correspondence to B. Yoanidis regarding finalization of the post-closing adjustments;
12/23/2013	Prepare final reconciliation support and cover letter for payment of post-closing adjustment; completion of on-going trust account banking administration, and disbursement processing and prepare courier slip.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Craiglee Nursing Home Limited - Receivership

January 9, 2014

Page 3 of 3 – Invoice #39

A summary of hours and rates is as follows:

Professional	Level	Hours	Rate	Fees
Hartley Bricks, MBA, CA•CIRP	Vice President	27.8	\$480.00	\$13,344.00
Anna Koroneos, CIRP	Manager	0.1	\$275.00	27.50
Rose Brown	Estate Administrator	1.1	\$140.00	154.00
Total hours and professional fees		29.0		\$13,525.50
HST @ 13%				1,758.32
Total payable				\$15,283.82

Payable upon receipt to Deloitte Restructuring Inc.



for Paul Casey, CPA, CA•CIRP
Senior Vice President

REMITTANCE ADDRESS:

Deloitte Restructuring Inc.
5140 Yonge Street, Suite 1700
Toronto, ON M2N 6L7 CANADA

Wire Transfer Information:

Bank of Nova Scotia, Toronto Business Centre, 20 Queen Street West, Toronto, Ontario M5H 3R3

Transit #47696	US Bank Account	Canadian Bank Account
Bank Code# 002	Account #476968822816	Account #476960440019
	Swift Code and ABA Address	Swift Code Address – Canada / Int'l Wires
	NOSCCATT	NOSCCATT
	ABA # 026002532	

Please reference the invoice number listed above when wiring funds.

We accept payment by cheque, wire, Electronic Funds Transfer and online bill payment (select either Deloitte LLP or Deloitte s.e.n.c.r.l./s.r.l. through your financial institution and quote the first 6 digits of your client number).

Please return one copy with remittance

Payable upon receipt to: Deloitte Restructuring Inc.

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.



Deloitte Restructuring Inc.
 Brookfield Place
 181 Bay Street
 Suite 1400
 Toronto, Ontario M5J 2V1

Tel: 416-601-6150
 Fax: 416-601-6690
 www.deloitte.ca

Private and confidential

Craiglee Nursing Home Limited
 c/o Deloitte Restructuring Inc.
 181 Bay Street, Suite 1400
 Toronto, Ontario
 M5J 2V1

Date: December 19, 2014
 Invoice No: **3709748**
 Client/Mandate No: 741075.5600598
 Billing Partner: Paul Casey
 HST Registration No: 122893605

Invoice #40

REGARDING: Craiglee Nursing Home Limited ("Craiglee" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc., now known as Deloitte Restructuring Inc. ("Deloitte"), as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Craiglee for the period January 2, 2014 to November 30, 2014:

Date	Description
1/2/2014	Correspondence regarding receipt and deposit of post-closing adjustment payment.
1/9/2014	Review of correspondence from I. Rashid of First National Financial LP and respond to same; prepare correspondence to A. Melo of Extendicare (Canada) Inc. requesting information required by Canada Mortgage and Housing Corporation ("CMHC").
1/14/2014	Review of correspondence from B. Yoanidis of Southbridge and respond to same.
1/15/2014	Completion of on-going trust account banking administration, and disbursement processing.
1/16/2014	Review of correspondence from W. Anderson of Blaney McMurty LLP ("Blaneys") regarding Amodeo matter and respond to same.
1/22/2014	Review of rent, banking and disbursement information provided by Extendicare, prepare correspondence and DVD and forward information to CMHC.
1/23/2014	Completion of on-going trust account banking administration, and disbursement processing.
3/3/2014	Correspondence with C. McDougall regarding the location of employee files and direct her to contact Extendicare.
4/2/2014	Respond to call from Government of Canada regarding the status of the receivership.
5/2/2014	Review of correspondence from W. Anderson regarding the withdrawal of a Human Rights complaint.

Craiglee Nursing Home Limited - Receivership
 December 19, 2014
 Page 2 of 3 – Invoice #40

Date	Description
5/15/2014	Correspondence with A. Melo regarding closure of the Craiglee payroll account.
5/16/2014	Further correspondence with A. Melo regarding closure of the Craiglee payroll account.
7/8/2014	Correspondence with I. Rashid regarding further information requested by CMHC and correspondence with A. Melo regarding same.
7/14/2014	Review of information requested by CMHC and review of files regarding same.
7/16/2014	Review and accumulate information for CMHC and correspondence with E. Golden of Blaneys and I. Rashid regarding same.
7/17/2014	Attend at City Hall to obtain tax payment receipts; prepare correspondence to City of Toronto regarding tax history report; prepare correspondence to First National regarding information requested by CMHC; correspondence to Royal Bank of Canada regarding status of funds transfer.
7/17/2014	Completion of on-going trust account banking administration, and disbursement processing.
7/25/2014	Review of correspondence from I. Rashid regarding correspondence requested by CMHC, prepare same and forward to CMHC.
8/6/2014	Correspondence with C. Woodcock of CVH No.1 LP and W. Anderson regarding the status of a civil action.
8/25/2014	Review of correspondence from City of Toronto regarding tax history and forward same to I. Rashid.
10/15/2014	Trust Banking Administration - Deposit.
11/25/2014	Review of correspondence from I. Rashid and prepare schedule of disbursements since closing and funds available for distribution; correspondence with W. Anderson of Blaneys re status of litigation and claims made by a former employee.
11/26/2014	Completion of on-going trust account banking administration, and disbursement processing.
11/27/2014	Continue preparation of analysis of post-closing receipts and disbursements and funds available for distribution.
11/28/2014	Continue preparation of analysis of post-closing receipts and disbursements and funds available for distribution.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Craiglee Nursing Home Limited – Receivership
 December 19, 2014
 Page 3 of 3 – Invoice #40

A summary of hours and rates is as follows:

Professional	Level	Hours	Rate	Fees
Hartley Bricks, MBA, CPA, CA, CIRP	Vice President	17.2	\$480.00	\$ 8,256.00
Rose Brown	Estate Administrator	1.3	\$140.00	182.00
Total hours and professional fees		<u>18.5</u>		\$ 8,438.00
HST @ 13%				1,096.94
Total payable				\$ 9,534.94

PG

Paul Casey, CPA, CA, CIRP
 Senior Vice President

REMITTANCE ADDRESS:

Deloitte Restructuring Inc.
 5140 Yonge Street, Suite 1700
 Toronto, ON M2N 6L7 CANADA

Wire Transfer Information:

Bank of Nova Scotia, Toronto Business Centre, 20 Queen Street West, Toronto, Ontario M5H 3R3

Transit # 47696	US Bank Account	Canadian Bank Account
Bank Code# 002	Account #476968822816	Account #476960440019
	Swift Code and ABA Address	Swift Code Address – Canada / Int'l Wires
	NOSCCATT	NOSCCATT
	ABA # 026002532	

Please reference the invoice number listed above when wiring funds.

We accept payment by cheque, wire, Electronic Funds Transfer and online bill payment (select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the first 6 digits of your client number).

Please return one copy with remittance

Payable upon receipt to: Deloitte Restructuring Inc.

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.



Deloitte Restructuring Inc.
 Brookfield Place
 181 Bay Street
 Suite 1400
 Toronto, Ontario M5J 2V1

Tel: 416-601-6150
 Fax: 416-601-6690
 www.deloitte.ca

Private and confidential

Craiglee Nursing Home Limited
 c/o Deloitte Restructuring Inc.
 181 Bay Street, Suite 1400
 Toronto, Ontario
 M5J 2V1

Date: August 7, 2015
 Invoice No: **3884034**
 Client/Mandate No: 741075.5600598
 Billing Partner: Paul Casey
 HST Registration No: 122893605

Invoice #41

REGARDING: Craiglee Nursing Home Limited (“Craiglee” or the “Company”) - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc., now known as Deloitte Restructuring Inc. (“Deloitte”), as Court-appointed Interim Receiver and Receiver and Manager (“Receiver”) of Craiglee for the period December 1, 2014 to July 31, 2015:

Date	Description
12/1/2014	Prepare analysis of future reserves, distributable funds and status of various issues
12/2/2014	Prepare analysis of future reserves
12/3/2014	Correspondence with A. Melo of Extendicare regarding the status of the Ministry of Health and Long-Term Care’s review of the 2012 Annual Report; review of letter from the MOH; review of analysis of post-closing adjustment prepared by A. Melo
12/10/2014	Correspondence with S. Martin of Desjardins Asset Management regarding amount and timing of distribution to Desjardins; prepare correspondence and disbursement for distribution.
12/12/2014	Trust Banking Administration - Disbursement cheque.
12/15/2014	Discussion with a representative of Financial Debt Recovery regarding the status of an unsecured claim.
1/5/2015	Review of correspondence from A. Melo regarding 2011 ARR and post-closing adjustment, review of file
1/5/2015	Trust Banking Administration - Prepare of disbursement cheque.
5/13/2015	Review of correspondence from W. Anderson of Blaney McMurtry LLP regarding a matter involving a former Craiglee employee.
6/15/2015	Review of correspondence from C. Woodcock of CVH No. 1 LP and response from W. Anderson re status of the matter involving a former Craiglee employee.
6/17/2015	Review and respond to correspondence from W. Anderson of Blaney McMurtry LLP regarding a matter involving a former Craiglee employee.
6/19/2015	Correspondence from W. Anderson of Blaney McMurtry LLP

Craiglee Nursing Home Limited - Receivership
 August 6, 2015
 Page 2 of 4 – Invoice #41

6/22/2015	Review and respond to I. Rashid of First National Financial LP regarding former employee matter; discussion with E. Golden of Blaney McMurtry regarding same.
6/23/2015	Review of files and correspondence with A. Melo regarding the status of the MOH's final reconciliation of the 2012 Annual Report.
6/26/2015	Trust Banking Adm - Disbursement cheque.
6/30/2015	Review and respond to correspondence from W. Anderson
7/2/2015	Review and respond to further correspondence from W. Anderson.
7/8/2015	Discussion with W. Anderson concerning the former employee matter.
7/14/2015	Correspondence with U. Dunstan of the MOH regarding the status of the MOH's final reconciliation of the 2012 Annual Report.
7/21/2015	Review of correspondence from R. Lee of the MOH regarding the status of the MOH's final reconciliation of the 2012 Annual Report.
7/23/2015	Correspondence with C. Prophet of Gowling Lafleur Henderson LLP regarding the status of matters effecting the escrow fund.
7/23/2015	Trust Banking Administration - Disbursement cheque.
7/28/2015	Review of correspondence from W. Anderson regarding settlement of the former employee matter, prepare correspondence and disbursement regarding same.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

Craiglee Nursing Home Limited – Receivership
 August 6, 2015
 Page 3 of 4 – Invoice #41

A summary of hours and rates is as follows:

Professional	Level	Hours	Rate	Fees
Hartley Bricks, MBA, CPA, CA, CIRP	Vice President	16.7	\$480.00	\$ 8,016.00
Rose Brown	Estate Administrator	.9	\$140.00	126.00
Total hours and professional fees		<u>17.6</u>		\$ 8,142.00
HST @ 13%				1,058.46
Total payable				\$ 9,200.46

Paul Casey, CPA, CA, CIRP
 Senior Vice President

Payable upon receipt to Deloitte Restructuring Inc.

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.



Deloitte Restructuring Inc.
 Brookfield Place
 181 Bay Street
 Suite 1400
 Toronto, Ontario M5J 2V1

Tel: 416-601-6150
 Fax: 416-601-6690
 www.deloitte.ca

Private and confidential

Craiglee Nursing Home Limited
 c/o Deloitte Restructuring Inc.
 181 Bay Street, Suite 1400
 Toronto, Ontario
 M5J 2V1

Date: September 29, 2015
 Invoice No: **3910316**
 Client/Mandate No: 741075.5600598
 Billing Partner: Paul Casey
 HST Registration No: 122893605

Invoice #42

REGARDING: Craiglee Nursing Home Limited ("Craiglee" or the "Company") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc., now known as Deloitte Restructuring Inc. ("Deloitte"), as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Craiglee for the period August 1, 2015 to September 28, 2015:

Date	Description
8/5/2015	Prepare report to court.
8/6/2015	Prepare report to court.
8/7/2015	Prepare report to court.
8/10/2015	Prepare report to court.
8/18/2015	Review of Ministry of Health and Long-Term Care letter regarding final reconciliation of ARR for 2012, review of files regarding same and correspondence with A. Melo of Extendicare (Canada) Inc. regarding same.
8/20/2015	Review of correspondence from A. Melo regarding the 2012 ARR and review of files concerning same.
8/24/2015	Review and respond to correspondence from I. Rashid of First National Financial LP regarding the status of the receivership and timing for final distribution.
9/22/2015	Review of correspondence from A. Melo regarding the 2012 ARR, review of files and respond.
9/24/2015	Review and execute joint direction for release of Escrow Fund; review and respond to correspondence from S. Martin regarding timing for final distribution and correspondence with E. Golden of Blaney McMurtry LLP regarding same.
9/28/2015	Prepare report to court; correspondence with S. Martin and I. Rashid requesting Statement for Discharge Purposes.

Craiglee Nursing Home Limited - Receivership
September 29, 2015
Page 2 of 4 – Invoice #42

	To matters to be undertaken to effect the completion of the administration of the Receivership including finalization of the Fourth Report to Court, preparation of fee affidavit, review and prepare comments on motion materials, attendance in court, preparation of final distribution, and preparation and filing of section 246(2) and 246(3) BIA reports.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

Craiglee Nursing Home Limited – Receivership
 September 29, 2015
 Page 3 of 4 – Invoice #42

A summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Paul Casey	Senior Vice President	2.0	\$ 575.00	\$ 1,150.00
Adam Bryk	Senior Vice President	1.0	\$ 575.00	575.00
Hartley Bricks	Vice President	41.3	\$ 480.00	19,824.00
Rose Brown	Estate Administrator	4.0	\$ 100.00	400.00
Total hours and professional fees		<u>48.3</u>		\$ 21,949.00
HST at 13%				2,853.37
Total payable				\$ 24,802.37

Paul Casey, CPA, CA, CIRP
 Senior Vice President

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

Craiglee Nursing Home Limited

Time to be incurred to complete administration

September 29, 2015 onward

Task	H. Bricks	P. Casey	A. Bryk	R. Brown	Hours
Finalize court report (incl. revisions and comments)	8.0				8.0
Review and comment on motion materials	0.5				0.5
Prepare fee affidavit	1.0				1.0
Partner review		2.0			2.0
Quality review			1.0		1.0
Preparation for and attendance in Court	1.0				1.0
Preparation of distribution	0.5			1.0	1.5
Close bank account				3.0	3.0
Section 246 reports	4.0				4.0
Misc.	3.0				3.0
	18.0	2.0	1.0	4.0	25.0

Court File No.: CV-09-8156-00CL		
DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	- and -	CRAIGLEE NURSING HOME LIMITED
	ONTARIO SUPERIOR COURT OF JUSTICE (PROCEEDING COMMENCED AT TORONTO)	
	AFFIDAVIT OF HARTLEY M. BRICKS (Sworn November 10, 2015)	
	<p>Blaney McMurtry LLP Barristers and Solicitors 2 Queen Street East, Suite 1500 Toronto, Ontario M5C 3G5</p> <p>Eric Golden (LSUC #38239M)</p> <p>Telephone: (416) 593-3927 Facsimile: (416) 593-5437</p> <p>Solicitors for Deloitte Restructuring Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited</p>	

TAB 4

Court File No. CV-09-8156-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

AFFIDAVIT OF CHAD KOPACH

I, Chad Kopach, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am a partner with Blaney McMurtry LLP (“**Blaneys**”), counsel for the Applicant, Desjardins Financial Security Life Assurance Company (“**Desjardins**”) and the Receiver Deloitte Restructuring Inc. As such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and where so stated I verily believe it to be true.

- 2 -

2. Pursuant to an Order of the Honourable Mr. Justice Campbell dated April 28, 2009, Deloitte Restructuring Inc. (formerly Deloitte & Touche Inc.) was appointed as Interim Receiver and Receiver and Manager of Craiglee Nursing Limited (“**Craiglee**”). Blaneys has provided services and incurred disbursements in relation to the receivership of Craiglee (the “**Receivership**”) for the period from November 1, 2012 up to and including December 14, 2015 as described in the Legal Costs Summary attached hereto and marked as **Exhibit “A”** (setting out years of call, hours billed and billing rates for each individual at Blaneys who performed services for the Receiver), and in the related detailed accounts rendered by Blaneys, all of which are attached hereto and marked as **Exhibit “B”** (the “**Blaneys Accounts**”).
3. Based on my review of the Blaneys Accounts and my personal knowledge of this matter, the Blaneys Accounts represent a fair and accurate description of the services provided and the amounts charged by Blaneys. The accounts rendered by Blaneys included dealing with the following matters:
 - i. ongoing administration matters in the Receivership;
 - ii. the sale of the Respondent’s assets including the nursing home, and the allocation/distribution of proceeds to the required parties;
 - iii. the last motion in this receivership before Justice Morawetz in December, 2012; and
 - iv. the various proceedings brought by a former employee of the Respondent, Marianne Amodeo.

- 3 -

4. A total of approximately 191.5 hours were expended by Eric Golden, Lou Brzezinski, William Anderson, Chris McClelland, Chad Kopach, Maria Kotsopoulos, John Papadakis, Mona Taylor, and various law clerks during the period noted above in performing legal services relating to the Receivership.
5. I am advised by Eric Golden, and verily believe, that the additional Blaneys fees and disbursements from December 15, 2015, through the completion of this matter should be approximately \$10,000.00.
6. I verily believe that the hourly billing rates, outlined in detail in the Blaneys Accounts, are in the range of normal average hourly rates charged by legal counsel for services rendered in relation to engagements similar to Blaneys' engagement as counsel for Desjardins.
7. I swear this Affidavit in support of a motion for, among other things, approval of Blaneys' fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME at
the City of Toronto,
in the Province of Ontario,
this 15th day of December, 2015


A Commissioner for Taking Affidavits

Patricia Louralea Keane, a Commissioner, etc.,
Province of Ontario, for Blaney McMurtry LLP,
Barristers and Solicitors.
Expires August 26, 2017.


CHAD KOPACH

TAB 4A

LEGAL COSTS SUMMARY

LAWYER	TOTAL HOURS	YEAR OF CALL	HOURLY RATE (to Jan. 31, 2013)	HOURLY RATE (Feb 1, 2013 to Jan 31, , 2014)	HOURLY RATE (Feb 1, 2014 to Jan 31, , 2015)	HOURLY RATE (Feb 1, 2015 to Jan 31, , 2016)
William Anderson	60.8	1991	\$525.00	\$525.00	\$545.00	\$550.00
Eric Golden	64	1996	\$395.00	\$425.00	\$425.00	\$450.00
Lou Brzezinski	4.10	1980	\$550.00			
Christopher McClelland	2.6	2008	\$300.00	\$300.00		
Chad Kopach	4.2	2003	\$325.00	\$325.00		\$375.00
Maria Kotsopoulos	8.2	2003	\$275.00	\$425.00		
Mona Taylor	0.3	1989	\$500.00			
John Papadakis	45.30	1994	\$500.00	\$525.00		
Terri Cutbush	0.5	Law Clerk	\$185.00			
Dawn Kearns	0.4	Law Clerk				\$250.00
Patricia Keane	1.10	Law Clerk				\$175.00

SUMMARY OF ACCOUNTS

No.	Date of Account	Fees	Disbursements	H.S.T.	Total
1.	November 30, 2012	\$26,700.00	\$223.91	\$3,494.65	\$30,418.56
2.	December 31, 2012	\$17,330.00	\$1,091.22	\$2,378.25	\$20,799.47
3.	February 28, 2013	\$12,545.00	\$250.47	1,660.29	\$14,455.76
4.	March 31, 2013	\$915.00	\$nil	\$118.95	\$1,033.95

No.	Date of Account	Fees	Disbursements	H.S.T.	Total
5.	April 30, 2013	\$3,465.00	\$nil	\$450.45	\$3,915.45
6.	May 31, 2013	\$3,835.00	\$145.56	\$517.47	\$4,498.03
7.	June 30, 2013	\$1,680.00	\$nil	\$218.40	\$1,898.40
8.	July 31, 2013	\$4,917.50	\$84.05	\$650.21	\$5,651.76
9.	November 30, 2013	\$2,257.50	\$4.00	\$294.00	\$2,555.50
10.	January 31, 2014	\$3,862.50	\$48.97	\$508.50	\$4,419.97
11.	May 31, 2014	\$1,992.50	\$nil	\$259.03	\$2,251.53
12.	January 20, 2015 (as at November 30, 2014)	\$575.50	\$50.00	\$81.32	\$706.82
13.	June 30, 2015	\$1,420.00	\$nil	\$184.60	\$1604.60
14.	July 31, 2015	\$1,122.50	\$nil	\$145.93	\$1,268.43
15.	December 15, 2015	\$8,205.00	\$17.80	\$1,066.65	\$9,289.45
TOTAL		\$90,823.00			\$104,767.68
Average Hourly Rate - (before H.S.T.)		Total fees (before H.S.T.): \$90,823.00 ÷ Total hours: 191.5 = \$474.27			

TAB 4B

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
November 30, 2012

Invoice No.
491799

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

**RE: Desjardins Financial Security Life Assurance
Company loan with
Craiglee Nursing Home Limited
as guaranteed by Roy Washington
McDougall and Doris May McDougall
against 94, 96 & 102 Craiglee Drive and
10 Sharpe Street, Toronto, Ontario
upon which is operated a 169-bed
nursing home facility known as
"Craiglee Nursing Home" - Post Closing
Enforcement Proceedings**

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the
above noted matter for the period ended November 30, 2012 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
November 1, 2012	EG	0.50	Telephone call with H. Bricks concerning closing issues; review same;
November 5, 2012	WA	0.70	Discussions with John Papadakis and Hartley Bricks regarding transaction to sell Craiglee; Email to Hartley regarding strategy in relations to grievances;

Date

November 30, 2012

Invoice No.

491799

File No.

070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
November 5, 2012	EG	2.70	Revise statement of adjustments; email from H. Bricks concerning MOH approval; emails between H. Bricks and Southbridge consultant concerning MOH adjustment; email from H. Bricks to Southbridge consultant concerning labour adjustments; email from MOH to Deloitte concerning MOH adjustment; emails between H. Bricks to Southbridge concerning same; emails from D. Weisz concerning closing; email from H. bricks concerning outstanding labour grievance; email to B. Anderson concerning same; email from Deloitte enclosing amending agreement no. 13; email from H. Bricks concerning conditional MOH approval and email from same to purchaser concerning questions arising out of same; email from Extencare with enclosures setting out response to MOH adjustment; emails between H. Bricks and purchaser concerning MOH pre-receivership claims; emails between purchaser and MOH concerning MOH approval; email from D. Weisz enclosing amendment no. 14 and escrow agreement; email from H. Bricks concerning Craiglee surrender of license;
November 5, 2012	JCP	3.50	Telephone communications exchanged with L. Burden Nixon, correspondence to and from M. Tummon, correspondence to and from H. Bricks
November 6, 2012	JCP	3.70	Review draft closing documents, lengthy telephone communications with L. Burden Nixon
November 7, 2012	EG	1.20	Vm from Kuiper concerning transaction; review file concerning outstanding issues for closing and communications with Papadakis

Date

November 30, 2012

Invoice No.

491799

File No.

070430-0362

-3-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			concerning same;
November 7, 2012	JCP	5.30	Review sub search of title, telephone communications with D. Weisz and H. Hicks, draft application for vesting order, review amended closing documents, correspondence to and from M. Tummon, correspondence to and from L. Burden Nixon, amend Certificate regarding Employee list, conference call with H. Bricks, D. Weisz, and L. Burden Nixon
November 8, 2012	EG	0.20	Emails from Deloitte enclosing WSIB certificate and assumed contracts;
November 8, 2012	JCP	5.60	Telephone communications with D. Kuiper, M. Tummon, H. Brick, D. Weisz, L. Nixon Burden, reviewing closing documents and statement of adjustments, lengthy conference call.
November 9, 2012	JCP	2.40	Redraft statement of adjustments, correspondence to and from H. Hicks, correspondence to and from M. Tummon, correspondence to and from L. Burden Nixon, telephone communications with L. Burden Nixon, telephone communications with M. Tummon
November 9, 2012	CMc	0.50	Amodeo; review Request for Reconsideration; draft e-mail to H. Bricks regarding same;
November 12, 2012	MRT	0.30	Meeting with J. Papadakis to discuss HST indemnity connected with the purchase of a business;
November 12, 2012	EG	3.30	Email from W. Anderson concerning Amodeo proceeding and request for reconsideration; emails from Deloitte concerning status of grievances and between Deloitte and purchaser concerning L&E

Date

November 30, 2012

Invoice No.

491799

File No.

070430-0362

-4-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			grievances and indemnity; telephone call with Hartley Bricks concerning same; review letter to suppliers; email from Bricks concerning D&T claim on nursing home arrears and counterclaim; conference call with H. Bricks and Papadakis; review statement of adjustments; review closing documentation;
November 12, 2012	JCP	10.80	Correspondence to and from H. Bricks, correspondence to and from M. Tummon, correspondence to and from L. Burden Nixon, correspondence to and from D. Weisz, telephone communications with H. Bricks, telephone communications with L. Burden Nixon, redraft indemnity agreement, redraft assumption agreement, redraft statement of adjustments, redraft direction regarding funds, redraft receipt, attend to preclosing matters;
November 13, 2012	EG	0.50	Emails between purchaser and Anderson concerning Amodeo; telephone call with Anderson concerning same; telephone call with Papadakis concerning BNS payout and closing; email from H. Bricks concerning Small Claims court issue; email from Papadakis to purchaser concerning closing documents;
November 13, 2012	JCP	7.70	Review amended Mutual Indemnity, correspondence to and from H. Hicks, meeting with D. Weisz, correspondence to and from M. Tummon, telephone communications with M. Tummon, correspondence to and from W. Kuiper, attend to closing, finalize schedule for Assumption Agreement;
November 14, 2012	EG	0.30	Emails from Papadakis concerning delay of closing and eventual completion of

Date
November 30, 2012

Invoice No.
491799

File No.
070430-0362

-5-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			transaction;
November 14, 2012	JCP	1.10	Correspondence to and from M. Tummon, correspondence to and from D. Weisz and H. Bricks, letter to BNS RE payment to discharge mortgage, letter to Real Estate Broker regarding payment of commissions, telephone communications with H. Bricks;
November 15, 2012	EG	0.20	Communications with Papdakakis concerning distribution of funds and payout of BNS mortgage;
November 15, 2012	JCP	0.90	Telephone communications with H. Bricks, correspondence to and from L. Burden Nixon, prepare trust reconciliation;
November 16, 2012	EG	0.10	Email from Papadakakis concerning distribution of proceeds;
November 20, 2012	JCP	1.80	Correspondence to and from H. Bricks, correspondence to and from M. Tummon, letter to M. Tummon, regarding enclosure of closing documents, prepare closing binders
November 22, 2012	EG	1.00	Communications with Papadakakis concerning filing of Receiver's certificate; review closing binder;
November 26, 2012	EG	0.30	Arrange to file Receiver's certificate;
November 28, 2012	EG	0.50	Emails from and to H. Bricks concerning disbursement motion; communications with Papadakakis concerning muni taxes;
November 29, 2012	EG	0.10	Communications with Papadakakis concerning Rceceiver's certificate;

OUR FEE HEREIN:	\$26,700.00
FEE HST:	\$3,471.00

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	0.70	\$525.00	\$367.50

Date

November 30, 2012

Invoice No.

491799

File No.

070430-0362

-6-

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Eric Golden	Partner	10.90	\$425.00	\$4,632.50
John C. Papadakis	Partner	42.80	\$500.00	\$21,400.00
Mona R. Taylor	Associate	0.30	\$500.00	\$150.00
Christopher McClelland	Associate	0.50	\$300.00	\$150.00

DisbursementsAmount

Computer Searches - R.E. (Teraview) * -
 Courier
 Fax Charges
 Reproduction Charges
 Computer Searches - R.E. (Teraview)

\$42.00
 \$96.96
 \$19.00
 \$12.95
 \$53.00

TOTAL DISBURSEMENTS: \$223.91

*HST is not charged

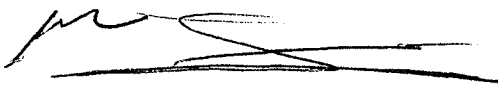
DISBURSEMENT HST: \$23.65

TOTAL FEES AND DISBURSEMENTS: \$26,923.91

TOTAL HST: \$3,494.65

TOTAL AMOUNT DUE: \$30,418.56

BLANEY McMURTRY LLP



Brett J. Tkatch
 E. & O.E

Fees may include charges for services provided by Lawco Limited.
 Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
December 31, 2012

Invoice No.
493580

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

**RE: Desjardins Financial Security Life Assurance
Company loan with
Craiglee Nursing Home Limited
as guaranteed by Roy Washington
McDougall and Doris May McDougall
against 94, 96 & 102 Craiglee Drive and
10 Sharpe Street, Toronto, Ontario
upon which is operated a 169-bed
nursing home facility known as
"Craiglee Nursing Home" - Post Closing
Enforcement Proceedings**

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended December 31, 2012 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
December 3, 2012	WA	0.50	Review final Report and employee/labour issues; Provide comments regarding same;
December 3, 2012	EG	0.10	Email from and to D. Weisz concerning Receiver's Certificate;
December 3, 2012	JCP	0.20	Correspondence to and from D. Kuiper
December 4, 2012	EG	0.10	Vm from and to court concerning motion

Date
December 31, 2012

Invoice No.
493580

File No.
070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			date;
December 4, 2012	JCP	0.70	Review Third Report to the Court, correspondence to and from H. Bricks.
December 5, 2012	EG	2.90	Request Form to court; emails from and to Hartley concerning latest report; review initial reports; review and revise third report;
December 6, 2012	EG	2.60	Revise report; telephone call with H. Bricks and D. Weisz concerning same; review Gowlings opinion; review searches; telephone call with MOF representative; email from court concerning motion date;
December 6, 2012	TC	0.50	Obtain Writ results x 4 regarding Craiglee Nursing Home Limited;
December 7, 2012	EG	3.00	Communications with D&T concerning report; review searches (real estate and PPSAs) concerning PPSA and writ priorities; emails to and communications with Brett concerning writs; emails to Papadakis concerning PPSA; amend report;
December 10, 2012	EG	2.80	Preparation of affidavit regarding fees; review dockets; follow-up email to Papadakis regarding PPSA issue; communications with same concerning same; telephone calls with WSIB concerning its writ; revise report; telephone call with H. Bricks concerning report;
December 10, 2012	JCP	0.30	Consultations with E. Golden regarding MOF PPSA registration
December 10, 2012	CK	0.60	Meeting with E. Golden regarding affidavit and draft notice of motion to approve accounts; preliminary review of file documents;
December 10, 2012	CMc	0.20	Amodeo; review decision of Board regarding additional documents; review file for copy of

Date
December 31, 2012

Invoice No.
493580

File No.
070430-0362

-3-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			same;
December 11, 2012	EG	2.70	Review and revise report; review City offer to settle; left vm for counsel for city; telephone call with same concerning motion; telephone calls with H. Bricks concerning outstanding issues and motion; email to S. Martin concerning mortgage payout; email from Hartley to purchaser concerning closing adjustment;
December 11, 2012	CK	1.30	Review accounts and prepare affidavit and account summary; draft notice of motion;
December 12, 2012	EG	0.50	Telephone calls with C. Seben concerning mortgage statement; telephone calls with H. Bricks;
December 12, 2012	EG	1.10	Email from City concerning settlement; telephone call with H. Bricks concerning same; email to WSIB;
December 12, 2012	CK	1.10	Draft and revisions to notice of motion; review WSIB issue;
December 13, 2012	FG	0.30	Email from Kuiper concerning motion; emails to Papadakis and Hartley concerning same;
December 13, 2012	CK	0.50	Finalize affidavit; review WSIB material and update service list;
December 14, 2012	EG	8.50	Revise notice of motion; emails from H. Bricks enclosing reports; prepare motion record; telephone call from counsel for BNS concerning mortgage payout; letter to parties concerning motion; email to Kuyper concerning holdback and motion; email from counsel for Purchaser concerning motion; email to all parties enclosing motion record;
December 15, 2012	EG	0.10	Email from J. Wenus concerning service of

Date
December 31, 2012

Invoice No.
493580

File No.
070430-0362

-4-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			motion record;
December 16, 2012	EG	0.20	Discussions with FN concerning payout; email to same and S.Martin concerning same and enclosing motion material;
December 17, 2012	EG	1.00	Emails to and from C. McDougall concerning service on her parents; attend to service of material on remaining parties; telephone call from counsel for BNS concerning payment of that mortgage; instructions to agent concerning filing of material;
December 17, 2012	JCP	0.30	Telephone communications with A. Romberg Regarding BNS discharge of mortgage
December 18, 2012	EG	0.90	Follow-up email to WSIB; emails from and to same concerning settlement; emails from and to purchaser concerning holdback; communications with John Papadakis and Hartley concerning same;
December 18, 2012	JCP	0.30	Correspondence to and from A. Mitchell
December 19, 2012	EG	2.00	Emails from and to from Alissa Mitchell concerning Order; telephone call with H. Bricks concerning same; emails to and from Prophet concerning fees affidavit; revise Order; instructions to Lou concerning same;
December 19, 2012	I.B	3.10	Receiving and reviewing motion record in respect of distribution and holdback. Meet with Eric Golden. Telephone discussions with Gary Weisz. Prepare for motion
December 20, 2012	LB	1.00	Attend before Morawetz J and obtain Order. Arrange for order to be issued and entered.
December 28, 2012	EG	0.90	Telephone call from FN and email to same concerning holdback calculation; review file concerning info requested; emails from and

Date
December 31, 2012

Invoice No.
493580

File No.
070430-0362

-5-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			to same and to and from Receiver concerning CMHC documentation;

OUR FEE HEREIN:	\$17,330.00
FEE HST:	\$2,252.90

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	0.50	\$525.00	\$262.50
Eric Golden	Partner	29.70	\$425.00	\$12,622.50
Lou Brzezinski	Partner	4.10	\$550.00	\$2,255.00
John C. Papadakis	Partner	1.80	\$500.00	\$900.00
Chad Kopach	Partner	3.50	\$325.00	\$1,137.50
Christopher McClelland	Associate	0.20	\$300.00	\$60.00
Terri Cutbush	Clerk	0.50	\$185.00	\$92.50

<u>Disbursements</u>	<u>Amount</u>
Court Fees* - Non-Taxable	\$127.00
Courier	\$62.35
Off-Site Copying (Not Photocopying)	\$90.30
Long Distance Charges	\$11.74
Fax Charges	\$7.00
Reproduction Charges	\$683.90
Binding and Tab Charges	\$68.93
Filing Fees	\$40.00

Date
December 31, 2012

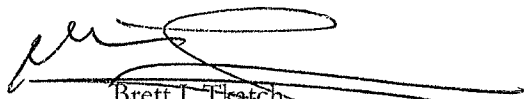
Invoice No.
493580

File No.
070430-0362

-6-

TOTAL DISBURSEMENTS:	\$1,091.22
*HST is not charged	
DISBURSEMENT HST:	<u>\$125.35</u>
TOTAL FEES AND DISBURSEMENTS:	\$18,421.22
TOTAL HST:	<u>\$2,378.25</u>
TOTAL AMOUNT DUE:	<u>\$20,799.47</u>

BLANEY McMURTRY LLP



Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date

February 28, 2013

Invoice No.

498023

File No.

070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

**RE: Desjardins Financial Security Life Assurance
Company loan with
Craiglee Nursing Home Limited
as guaranteed by Roy Washington
McDougall and Doris May McDougall
against 94, 96 & 102 Craiglee Drive and
10 Sharpe Street, Toronto, Ontario
upon which is operated a 169-bed
nursing home facility known as
"Craiglee Nursing Home" - Post Closing
Enforcement Proceedings**

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended February 28, 2013 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
January 2, 2013	EG	1.00	Emails from and to FN concerning Accounting; review file concerning same; telephone calls with same concerning same;
January 7, 2013	WA	2.60	Review documents and discussions with client regarding Glover termination Hearing;
January 8, 2013	WA	0.30	Email to opposing counsel and to Arbitrator

Date
February 28, 2013

Invoice No.
498023

File No.
070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			regarding productions.
January 9, 2013	EG	0.50	Emails from and to Bill Anderson concerning Glover termination; follow email to counsel for WSIB concerning its judgment; review to-do list to determine if all outstanding matters complete;
January 10, 2013	WA	1.80	Receive and review further documents from client related to Glover Arbitration and discussions regarding same;
January 10, 2013	EG	0.10	Email from and to WSIB concerning settlement;
January 11, 2013	WA	3.20	Telephone communications with Craiglee (Patrick and Jessica) and Extendicare (Jeff) regarding Glover Hearing; Review documents and complete document Brief; Dictate letter to opposing counsel to serve Brief;
January 14, 2013	WA	4.30	Attend at Craiglee to interview and prepare witnesses for Glover Arbitration;
January 14, 2013	JCP	0.30	Consultations with B. Anderson regarding Brenda Glover grievance and indemnity issues.
January 15, 2013	WA	6.50	Preparation for and attendance at Glover Arbitration;
January 16, 2013	WA	0.50	To preparation of formal offer to settle and review with Extendicare and D&T;
January 17, 2013	EG	0.20	Telephone call from WSIB;
January 24, 2013	WA	0.30	Exchange of emails regarding rescheduling 25 wage increase Arbitration;
January 28, 2013	WA	0.20	Exchange of communications regarding scheduling of 2% wage increase issue;
February 12, 2013	EG	0.30	Email from H. Bricks concerning email from purchaser about recalculations and

Date
February 28, 2013

Invoice No.
498023

File No.
070430-0362

-3-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			SEIU matter regarding adjustment telephone call with H. Bricks concerning same; emails to John Papadakis and W. Anderson concerning same;
February 19, 2013	WA	0.80	Communications to and from opposing counsel regarding 2% wage increase issue; Communications regarding Glover Arbitration issues;
February 20, 2013	WA	0.60	Communications with client and opposing counsel regarding preliminary jurisdictional issues related to 2% wage increase Arbitration and written submissions;
February 26, 2013	EG	1.00	Emails to and from H. Bricks concerning final accounting;

OUR FEE HEREIN:	\$12,545.00
FEE HST:	\$1,630.85

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	21.10	\$525.00	\$11,077.50
Eric Golden	Partner	3.10	\$425.00	\$1,317.50
John C. Papadakis	Partner	0.30	\$500.00	\$150.00

<u>Disbursements</u>	<u>Amount</u>
Computer Searches - R.E. (Teraview) * -	\$24.00
Agent's Fees & Disbursements	\$55.00
Courier	\$12.00
Reproduction Charges	\$51.10
Binding and Tab Charges	\$58.37
Filing Fees	\$50.00

Date
February 28, 2013


Invoice No.
498023

File No.
070430-0362

-4-

TOTAL DISBURSEMENTS:	\$250.47
*HST is not charged	
DISBURSEMENT HST:	<u>\$29.44</u>
TOTAL FEES AND DISBURSEMENTS:	\$12,795.47
TOTAL HST:	<u>\$1,660.29</u>
TOTAL AMOUNT DUE:	<u>\$14,455.76</u>

BLANEY McMURTRY LLP



Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
March 31, 2013

Invoice No.
500082

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

**RE: Desjardins Financial Security Life Assurance
Company loan with
Craiglee Nursing Home Limited
as guaranteed by Roy Washington
McDougall and Doris May McDougall
against 94, 96 & 102 Craiglee Drive and
10 Sharpe Street, Toronto, Ontario
upon which is operated a 169-bed
nursing home facility known as
"Craiglee Nursing Home" - Post Closing
Enforcement Proceedings**

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended March 31, 2013 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
March 1, 2013	WA	0.40	Receive and review Decision from OLRB regarding Reconsideration; Report to client;
March 1, 2013	EG	0.10	Email from W. Anderson enclosing Amodeo OLRB decision;
March 7, 2013	EG	0.10	Email from and to H. Bricks concerning indemnity issues;

Date
March 31, 2013

Invoice No.
500082

File No.
070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
March 13, 2013	WA	0.80	To confirming instructions and prepare communications regarding removal of Receiver from multi-employer pension documentation;
March 15, 2013	WA	0.30	Exchange of communication regarding 2% issue and proposed settlement;
March 15, 2013	EG	0.10	Email from and to H. Bricks concerning revision to mutual indemnity;

OUR FEE HERFIN:	\$915.00
FEE HST:	\$118.95

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	1.50	\$525.00	\$787.50
Eric Golden	Partner	0.30	\$425.00	\$127.50

TOTAL FEES AND DISBURSEMENTS:	\$915.00
TOTAL HST:	<u>\$118.95</u>

TOTAL AMOUNT DUE:	<u>\$1,033.95</u>
-------------------	-------------------

BLANEY McMURTRY LLP


Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

**Blaney
McMurtry**
BARRISTERS & SOLICITORS LLP

2 Queen Street East
Suite 1500
Toronto, Canada M5C 3G5
416.593.1221 TEL
416.593.5437 FAX
www.blaney.com

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
April 30, 2013

Invoice No.
502194

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended April 30, 2013 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
April 2, 2013	WA	0.30	Update to client on status of Glover hearing;
April 11, 2013	WA	0.30	Exchange of communications regarding Glover settlement and discontinuation of grievance procedure;
April 23, 2013	WA	0.40	Telephone communications with opposing counsel and with client regarding 2% wage increase hearing;
April 24, 2013	WA	5.60	Preparation for and attendance at 2% Arbitration Hearing; Report to client following hearing;

OUR FEE HEREIN:	\$3,465.00
FEE HST:	\$450.45

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	6.60	\$525.00	\$3,465.00

Date
April 30, 2013


Invoice No.
502194

File No.
070430-0362

-2-

TOTAL FEES AND DISBURSEMENTS:	\$3,465.00
TOTAL HST:	<u>\$450.45</u>
TOTAL AMOUNT DUE:	<u>\$3,915.45</u>

BLANEY McMURTRY LLP



Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL
Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
May 31, 2013

Invoice No.
504248

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended May 31, 2013 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
April 29, 2013	WA	0.50	To review and finalization of Minutes of Settlement with Purchaser;
May 3, 2013	WA	1.40	Exchange of communications regarding resolution of 2% wage increase and allocations between Receiver and purchaser; Review of issues related to Glover DFR Application;
May 6, 2013	WA	0.30	Exchange of communications regarding Glover DFR Application;
May 7, 2013	WA	0.20	Exchange of communications regarding Intervention in Glover matter;
May 13, 2013	WA	2.20	To drafting materials in Response to Glover Application;
May 13, 2013	WA	0.50	Communications with all interested parties regarding finalizing settlement and Award in

Date
May 31, 2013

Invoice No.
504248

File No.
070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			the 2% retroactive wage arbitration;
May 16, 2013	WA	1.20	To reviewing materials filed by SEIU in Response to Glover's Application;
May 23, 2013	JCP	0.40	Correspondence to and from H. Bricks, review Acknowledgement regarding Statement of Adjustments
May 24, 2013	EG	0.30	Email from and to H. Bricks concerning trust fund reconciliation; email from and to same concerning form of acknowledgement regarding reconciliation; email from H. Bricks concerning amendment to mutual indemnity; ; emails between H. Bricks, purchaser and Anderson concerning Glover matter;
May 27, 2013	WA	0.20	Exchange of communications regarding OLRB settlement meeting;
May 27, 2013	EG	0.20	Emails from and telephone call with H. Bricks concerning trust shortfall issue;

OUR FEE HEREIN:	\$3,835.00
FEE HST:	\$498.55

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	6.50	\$525.00	\$3,412.50
Eric Golden	Partner	0.50	\$425.00	\$212.50
John C. Papadakis	Partner	0.40	\$525.00	\$210.00

<u>Disbursements</u>	<u>Amount</u>
Courier	\$59.20
Scanned/Oversized/Colour Copies	\$59.50
Fax Charges	\$5.50
Reproduction Charges	\$14.70
Binding and Tab Charges	\$6.66

Date
May 31, 2013

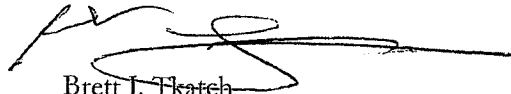
Invoice No.
504248

File No.
070430-0362

-3-

TOTAL DISBURSEMENTS:	\$145.56
*HST is not charged	
DISBURSEMENT HST:	<u>\$18.92</u>
TOTAL FEES AND DISBURSEMENTS:	\$3,980.56
TOTAL HST:	<u>\$517.47</u>
TOTAL AMOUNT DUE:	<u>\$4,498.03</u>

BLANEY McMURTRY LLP



Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

**Blaney
McMurtry**
BARRISTERS & SOLICITORS LLP

2 Queen Street East
Suite 1500
Toronto, Canada M5C 3G5
416.593.1221 TEL
416.593.5437 FAX
www.blaney.com

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
June 30, 2013

Invoice No.
506036

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended June 30, 2013 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
June 11, 2013	WA	3.20	Third party attendance at OLRB for OLRB officer meeting;

OUR FEE HEREIN:	\$1,680.00
FEE HST:	\$218.40

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	3.20	\$525.00	\$1,680.00

Date
June 30, 2013

Invoice No.
506036

File No.
070430-0362

-2-

TOTAL FEES AND DISBURSEMENTS:	\$1,680.00
TOTAL HST:	<u>\$218.40</u>
TOTAL AMOUNT DUE:	<u>\$1,898.40</u>

BLANEY McMURTRY LLP



Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
July 31, 2013

Invoice No.
507919

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended July 31, 2013 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
July 11, 2013	WA	0.40	Receive and review Glover Decision from the O.L.R.B; Report to client on same;
July 18, 2013	WA	1.40	Review Amadeo Human Rights Complaint in preparation of drafting Response;
July 23, 2013	WA	5.60	To drafting Response to Amodeo Human Rights Complaint;
July 24, 2013	MK	1.00	Reviewing and updating case law regarding s. 12 of the Human Rights Code;
July 24, 2013	CMc	0.50	Amodeo Human Rights Application; review and revise response;
July 25, 2013	CMc	1.00	Amodeo Human Rights Application; continue to review and revise response;
July 26, 2013	WA	0.30	Finalize and serve Amodeo Response to Human Rights Complaint;

Date
July 31, 2013

Invoice No.
507919

File No.
070430-0362

-2-

OUR FEE HEREIN: \$4,917.50
FEE HST: \$639.28

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	7.70	\$525.00	\$4,042.50
Maria Kotsopoulos	Partner	1.00	\$425.00	\$425.00
Christopher McClelland	Associate	1.50	\$300.00	\$450.00

<u>Disbursements</u>	<u>Amount</u>
Courier	\$8.00
Fax Charges	\$4.00
Reproduction Charges	\$60.20
Binding and Tab Charges	\$11.85

TOTAL DISBURSEMENTS: \$84.05

*HST is not charged


DISBURSEMENT HST: \$10.93

TOTAL FEES AND DISBURSEMENTS: \$5,001.55

TOTAL HST: \$650.21

TOTAL AMOUNT DUE: \$5,651.76

BLANEY McMURTRY LLP



Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management

c/o Deloitte & Touche Inc.

181 Bay Street, Suite 1400

Toronto, ON M5J 2V1

Date

November 30, 2013

Invoice No.

516672

File No.

070430-0362

Attention: Hartley Bricks

VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended November 30, 2013 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
August 20, 2013	WA	0.40	Review Amodeo Reply to our submissions; Email to client;
October 22, 2013	WA	0.30	Receive, review and forward Glover decision to client;
November 13, 2013	WA	3.60	Preparation for and attendance at Human Rights Mediation;

OUR FEE HEREIN:	\$2,257.50
FEE HST:	\$293.48

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	4.30	\$525.00	\$2,257.50

<u>Disbursements</u>	<u>Amount</u>
Fax Charges	\$4.00

Terms: Payment upon receipt. Interest as allowed in the Solicitors' Act at a rate of 1.5% per annum, calculated monthly will be added to all amounts overdue 30 days or more.

Date
November 30, 2013

Invoice No.
516672

File No.
070430-0362

-2-

TOTAL DISBURSEMENTS:	\$4.00
*HST is not charged	
DISBURSEMENT HST:	<u>\$0.52</u>
 TOTAL FEES AND DISBURSEMENTS:	 \$2,261.50
TOTAL HST:	<u>\$294.00</u>
 TOTAL AMOUNT DUE:	 <u>\$2,555.50</u>

BLANEY McMURTRY LLP



Brett J. Tkatch
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date

January 31, 2014

Invoice No.

522502

File No.

070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended January 31, 2014 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
January 3, 2014	CMc	0.40	Begin reviewing documents in preparation for human rights hearing;
January 14, 2014	WA	0.50	Compile Amodeo list of documents and request Amodeo file;
January 16, 2014	WA	0.80	Review status of Amodeo claim; request additional documents from file; Commence preparation of materials to dismiss Application with a Hearing;
January 16, 2014	MK	1.00	Reviewing pleadings in order to prepare request for summary hearing;
January 17, 2014	MK	0.50	Drafting summary hearing request;
January 22, 2014	MK	0.90	Drafting summary hearing request;
January 23, 2014	MK	3.30	Drafting request for summary hearing; reviewing Tribunal jurisprudence regarding

Date
January 31, 2014

Invoice No.
522502

File No.
070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			s. 12 of the Code and summary hearing applications;
January 24, 2014	MK	1.50	Finalize request for summary hearing submissions;

OUR FEE HEREIN:	\$3,862.50
FEE HST:	\$502.13

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	1.30	\$525.00	\$682.50
Maria Kotsopoulos	Partner	7.20	\$425.00	\$3,060.00
Christopher McClelland	Associate	0.40	\$300.00	\$120.00

<u>Disbursements</u>	<u>Amount</u>
Courier	\$45.82
Reproduction Charges	\$3.15

Date
January 31, 2014

Invoice No.
522502

File No.
070430-0362

-3-

TOTAL DISBURSEMENTS:	\$48.97
*HST is not charged	
DISBURSEMENT HST:	<u>\$6.37</u>
 TOTAL FEES AND DISBURSEMENTS:	 \$3,911.47
TOTAL HST:	<u>\$508.50</u>
 TOTAL AMOUNT DUE:	 <u>\$4,419.97</u>

BLANEY McMURTRY LLP

Eric Golden
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL
Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
May 31, 2014

Invoice No.
530170

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended May 31, 2014 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
March 4, 2014	WA	0.20	Receive and respond to status inquiry from Carol Woodcock;
April 17, 2014	EG	0.20	Emails from and to Ifti concerning judgment against Craiglee;
May 1, 2014	WA	1.40	Commence preparation of document brief and witness statements to comply with HRT disclosure obligations;
May 2, 2014	WA	0.20	Exchange of emails regarding Amodeo withdrawal;
May 5, 2014	WA	1.40	Compile document brief and review witness requirements for Amodeo;
May 6, 2014	WA	0.30	Exchange of communications regarding status of Amodeo;

Terms: Payment upon receipt. Interest as allowed in the Solicitors Act at a rate of 1% per annum, calculated monthly will be added to all amounts overdue 30 days or more.

Date
May 31, 2014

Invoice No.
530170

File No.
070430-0362

-2-


OUR FEE HEREIN:	\$1,992.50
FEE HST:	\$259.03

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	3.50	\$545.00	\$1,907.50
Eric Golden	Partner	0.20	\$425.00	\$85.00

TOTAL FEES AND DISBURSEMENTS:	\$1,992.50
TOTAL HST:	<u>\$259.03</u>

TOTAL AMOUNT DUE:	<u>\$2,251.53</u>
-------------------	-------------------

BLANEY McMURTRY LLP


Eric Golden
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
January 20, 2015

Invoice No.
546454

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended November 30, 2014 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
November 11, 2014	WA	0.60	Email to carol Woodcock regarding status of Amodeo civil Action;
November 24, 2014	WA	0.30	Email to Hartley Bricks with update;
November 27, 2014	EG	0.20	Emails between FN and Deloitte's concerning final reconciliation; emails between Deloitte's and Anderson concerning Amodeo matter;

OUR FEE HEREIN:	\$575.50
FEE HST:	\$74.82

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	0.90	\$545.00	\$490.50
Eric Golden	Partner	0.20	\$425.00	\$85.00

Date
January 20, 2015


Invoice No.
546454

File No.
070430-0362

-2

<u>Disbursements</u>	<u>Amount</u>
Agent's Fees & Disbursements	\$50.00
TOTAL DISBURSEMENTS:	\$50.00
*HST is not charged	
DISBURSEMENT HST:	<u>\$6.50</u>
TOTAL FEES AND DISBURSEMENTS:	\$625.50
TOTAL HST:	<u>\$81.32</u>
TOTAL AMOUNT DUE:	\$706.82

BLANEY McMURTRY LLP


Eric Golden
E. & O.E.

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date
June 30, 2015

Invoice No.
559340

File No.
070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended June 30, 2015 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
January 7, 2015	EG	0.20	Review assignments of judgment and writs and email to Ifri enclosing same;
March 12, 2015	EG	0.10	Email form and to Ifri regarding Amodeo lawsuit;
June 1, 2015	WA	0.30	Letter to opposing counsel regarding Amodeo dismissal of action; Exchange of messages with opposing counsel regarding Amodeo;
June 17, 2015	WA	0.50	Receive and review correspondence from Amodeo counsel; Report to client regarding offer to settle;
June 22, 2015	WA	0.30	Draft email to client regarding status of Amodeo Action;
June 22, 2015	EG	0.50	Discussions with Anderson and Bricks regarding status and settlement of Amodeo

Date
June 30, 2015

Invoice No.
559340

File No.
070430-0362

2

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			matter and options; emails from and to same concerning same; review initial settlement offer made to Amodeo and recommendation to Anderson concerning same;
June 25, 2015	EG	0.10	Email from Bricks and to Bricks and Anderson regarding settlement of Amodeo matter;
June 30, 2015	WA	0.40	Email to client regarding offer to settle and options related to settlement;
June 30, 2015	EG	0.50	Follow-up with Anderson regarding Amodeo; email from same to Bricks concerning same; review correspondence relating to Desjardins motion and City of Toronto cross-motion regarding priority of utility payments; diarize to have motion and cross-motion dismissed at motion to discharge receiver;

OUR FEE HEREIN:	\$1,420.00
FEE HST:	\$184.60

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	1.50	\$550.00	\$825.00
Eric Golden	Partner	1.40	\$425.00	\$595.00

TOTAL FEES AND DISBURSEMENTS:	\$1,420.00
TOTAL HST:	<u>\$184.60</u>

Date
June 30, 2015

Invoice No.
559340

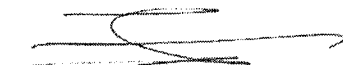
File No.
070430-0362

.3-

TOTAL AMOUNT DUE:

\$1,604.60

BLANEY McMURTRY LLP


Eric Golden
E. & O.E.

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date

July 31, 2015

Invoice No.

561139

File No.

070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended July 31, 2015 as more particularly described below:

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
July 2, 2015	EG	0.20	Emails between FN, H. Bricks and W. Anderson regarding Amodeo settlement; communications with Anderson concerning same;
July 7, 2015	WA	0.80	Communications with client regarding instructions on settlement; Prepare offer to settle and Release;
July 7, 2015	EG	0.10	Consulting with Bricks and Anderson regarding Amodeo;
July 28, 2015	WA	0.50	Exchange of emails regarding settlement of Amodeo claim;
July 28, 2015	EG	0.30	Email from Southbride GC regarding status of Amodeo settlement; communications with W. Anderson regarding same; emails between Anderson and Bricks regarding

Date
July 31, 2015

Invoice No.
561139

File No.
070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			terms of completion of Amodeo settlement;
July 29, 2015	WA	0.20	Telephone communications with Hartley Bricks regarding settlement payment;
July 31, 2015	EG	0.10	Telephone call with H. Bricks concerning remaining steps and discharge of Receiver;

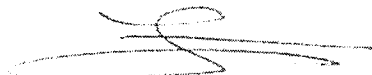
OUR FEE HEREIN:	\$1,122.50
FEE HST:	\$145.93

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
William Anderson	Partner	1.50	\$550.00	\$825.00
Eric Golden	Partner	0.70	\$425.00	\$297.50

TOTAL FEES AND DISBURSEMENTS:	\$1,122.50
TOTAL HST:	<u>\$145.93</u>

TOTAL AMOUNT DUE:	<u>\$1,268.43</u>
-------------------	-------------------

BLANEY McMURTRY LLP



Eric Golden
E. & O.E.

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL

Desjardins Asset Management
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date

December 15, 2015

Invoice No.

570943

File No.

070430-0362

Attention: Hartley Bricks
VP, Financial Advisory Serv.

RE: Craiglee Nursing Home Limited

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended December 14, 2015 as more particularly described below.

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
November 27, 2015	EG	2.80	Review most recent receiver's report including previous reports; begin to revise most recent report;
December 9, 2015	EG	3.20	Communications with court regarding motion date; form to same; complete revisions to fourth report and communications with Bricks regarding same; review Writ issue and email to counsel for WSIB regarding same; begin preparing motion material;
December 11, 2015	EG	5.80	Arrange for writ search against Craiglee and review results of same; communications with H. Bricks and C. Kopach regarding same; complete motion material; revise fourth report accordingly; email to counsel for WSIB regarding Receiver's position;

Date
December 15, 2015

Invoice No.
570943

File No.
070430-0362

-2-

<u>Date</u>	<u>Lawyer</u>	<u>Time</u>	<u>Description</u>
			email to Receiver enclosing revised report;
December 11, 2015	CK	0.70	Review and revise correspondence to lawyer for WSIB; review draft report regarding WSIB writ expiry; review caselaw regarding grounds for and terms of re-registration of writ following expiry;
December 11, 2015	DK	0.40	Attend to search for writs of execution against Craiglee Nursing Home Limited; obtain copy of certificate and details of outstanding writ with ministry of finance; review WSIB writ details; search for writ in system; obtain notification writ has expired;
December 14, 2015	EG	5.20	Email from Bricks enclosing revised report; final revisions to same; review Blaneys accounts and prepare fee affidavit; instructions to clerk regarding fee schedule; email from Bricks regarding NOM; revisions to same; draft order; instructions to clerk concerning index; review distribution list; compile motion record;
December 14, 2015	PK	1.10	Reconciling of accounts regarding discharge motion and all matters incidental thereto;

OUR FEE HEREIN:	\$8,205.00
FEE HST:	\$1,066.65

<u>Lawyer</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Eric Golden	Partner	17.00	\$450.00	\$7,650.00
Chad Kopach	Partner	0.70	\$375.00	\$262.50
Dawn Kearns	Clerk	0.40	\$250.00	\$100.00
Patricia Keane	Clerk	1.10	\$175.00	\$192.50

<u>Disbursements</u>	<u>Amount</u>
Computer Searches - R.E. (Teraview) * -	\$17.80

Date
December 15, 2015

Invoice No.
570943

File No.
070430-0362

-3-

TOTAL DISBURSEMENTS:	\$17.80
*HST is not charged	
DISBURSEMENT HST:	<u>\$0.00</u>
 TOTAL FEES AND DISBURSEMENTS:	 \$8,222.80
TOTAL HST:	<u>\$1,066.65</u>
 TOTAL AMOUNT DUE:	 <u>\$9,289.45</u>

BLANEY McMURTRY LLP



Eric Golden
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
Applicant

and **CRAIGLEE NURSING HOME LIMITED**
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c.
C-43, AS AMENDED

Proceeding Commenced at **TORONTO**

AFFIDAVIT OF CHAD KOPACH

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
Chad Kopach (LSUC #48084G)
(416) 593-1221 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Receiver, Deloitte Restructuring Inc. in its
capacity as Interim Receiver and Receiver and Manager of the
current and future assets, undertakings and properties of
Craiglee Nursing Home Limited

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
Applicant

and

CRAIGLEE NURSING HOME LIMITED
Respondent

ONTARIO

**SUPERIOR COURT OF JUSTICE
[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, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c.
C-43, AS AMENDED

Proceeding Commenced at **TORONTO**

**MOTION RECORD
(RETURNABLE DECEMBER 23, 2015)**

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
Chad Kopach (LSUC #48084G)
(416) 593-1221 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Receiver, Deloitte Restructuring Inc. in its
capacity as Interim Receiver and Receiver and Manager of the
current and future assets, undertakings and properties of
Craiglee Nursing Home Limited