

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

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

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

BETWEEN:

STATE BANK OF INDIA (CANADA)

Applicant

-and-

**1585396 ONTARIO INC.
o/a AAA TRADING CO.**

Respondent

**SECOND REPORT OF THE INTERIM RECEIVER
DATED JANUARY 29, 2009**

INTRODUCTION

1. On December 23, 2009, the Applicant, State Bank of India (Canada) (the “**Bank**”) filed for and obtained an ex-parte Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). Pursuant to the Order of this Honourable Court dated December 23, 2009 (the “**Appointment Order**”), Deloitte & Touche Inc. was appointed as interim receiver (in such capacities, the “**Interim Receiver**”) without security, of all the assets, undertakings and properties of 1585396 Ontario Inc. o/a AAA Trading Co. (“**AAA Trading**” or the “**Company**”).
2. On December 31, 2009, an Order was issued by this Honourable Court to extend the Appointment Order to the earlier of: (a) the taking of possession of the Property (as defined in the Appointment Order) by a receiver within the meaning of subsection 243(2) of the BIA; and (b) the taking of possession of the Property by a trustee in bankruptcy.

Following an agreed upon timetable between the Bank and AAA Trading, the Application for Bankruptcy Order and the Company's motion to set aside the Appointment Order are scheduled to be heard on February 12, 2010 before this Honourable Court.

3. On January 7, 2010, counsel for AAA Trading served a Notice of Dispute, notifying the Bank of the Company's intention to oppose the making of a bankruptcy order in respect of the Application for Bankruptcy Order.
4. On January 22, 2010, the Company served its motion to set aside the Appointment Order. As noted above, the Company's motion is to be heard by this Honourable Court on February 12, 2010.

PURPOSE

5. The purpose of this second report of the Interim Receiver (the "**Second Report**") is to provide this Honourable Court with an update on the activities of the Interim Receiver since its first report dated December 31, 2009 (the "**First Report**").

TERMS OF REFERENCE

6. In preparing this Second Report, the Interim Receiver has relied upon the Company's books and records, including financial and management information prepared by AAA Trading, and discussions with parties associated with AAA Trading. The Interim Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Interim Receiver expresses no opinion or other form of assurance on the information contained in this Second Report.
7. Unless otherwise stated, all monetary amounts contained herein are expressed in US dollars.

ACTIVITIES OF THE INTERIM RECEIVER SINCE THE FIRST REPORT

8. On January 5, 2010, the Interim Receiver attended the offices of the Company's external accountant, Mr. Vijay Sastry, CGA, CPA, CA (India), located at 5511 Tomken Road,

Suite 211, Mississauga. The Interim Receiver provided Mr. Sastry with a copy of the Appointment Order and Mr. Sastry granted the Interim Receiver with access to his files pertaining to his client, AAA Trading. Mr. Sastry advised the Interim Receiver that his primary role in his relationship with the Company included assisting with the preparation of corporate tax returns, financial statements and financial projections. Mr. Sastry advised the Interim Receiver that he also prepares personal tax returns for the principals of the Company. The Interim Receiver has secured the Company's books and records located at Mr. Sastry's offices. The Interim Receiver also took copies of all email and electronic data located on Mr. Sastry's office computer that was related to AAA Trading as identified by him.

9. On January 8, 2010, the Interim Receiver sent sixty-two (62) demand letters by registered mail (also facsimile where possible) to those customers and suppliers identified by the Company's books and records as having outstanding balances owed to AAA Trading of approximately \$6.3 million and \$6.7 million, respectfully. It should be noted that the majority of the Company's customers and suppliers are located outside of Canada, primarily in Africa and Asia. A detailed customer and supplier account listing is attached as **Exhibit "A"**.
10. Demand letters were also sent on January 8, 2010 to Atan International Inc. (a company whose registered principal is Atanu Bhowmic, son of the principal of AAA Trading) and ABN Amro Bank NV domiciled in The Netherlands ("**ABN**") to collect monies that may have been transferred to these parties but remain owing to AAA Trading.
11. As at January 26, 2010, the Interim Receiver has only received telephone, email, fax or letter responses from a total of sixteen (16) customers and/or suppliers, all of whom have stated that no monies were owed to AAA Trading based on their books and records. In addition, the Interim Receiver received a fax and letter from Atan International Inc. stating that no monies had been received by Atan International Inc. on account of AAA Trading.
12. The Interim Receiver contacted ABN regarding monies that may have been transferred by one of the Company's customers, Vijay Bros, to an account held at one of its

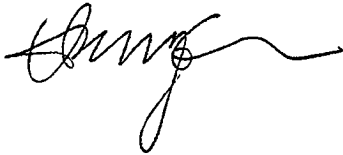
branches. The ABN account manager informed the Interim Receiver that the account in question has a balance of approximately \$148K and is registered to company identified as AAA Trading S.A. According to ABN, AAA Trading S.A. is a corporation registered in the Dominican Republic, with a mailing address in the Ivory Coast and Mr. Prasenjit Mitra as the registered signing authority on the account. Mr. Mitra is the same contact person associated with Mitfam International Ltd., a supplier of AAA Trading with an outstanding balance of approximately \$348K owing to the Company. ABN had agreed to freeze the account temporarily allowing the Interim Receiver to provide additional documentation to support the claims against the monies held in the account. The Interim Receiver received an email on January 27, 2010 from ABN noting that AAA Trading Co. was not the same company registered to the respective account (AAA Trading S.A.) and thus the account would resume normal activity. The response from ABN is noted in Exhibit "B".

13. The Interim Receiver has recovered 12,768 unique emails from the imaged computer hard drives belonging to the Company and secured on December 23, 2009. The Interim Receiver has uploaded this information into a secure email retrieval program entitled Clearwell to provide the Bank, its legal counsel and the Company's legal counsel with access to analyze, search and filter through the Company's emails.
14. The Interim Receiver has attempted to contact Mr. Prakash Avasarala, a part-time bookkeeper for the Company, on numerous occasions since December 31, 2009 to arrange for Mr. Avasarala to attend the Interim Receiver's office and assist in assembling the supporting documentation required to realize on the Company's outstanding balances previously noted. Mr. Avasarala had previously informed the Interim Receiver that he was willing to assist the Interim Receiver in this manner. However, as of the date of the Second Report, the Interim Receiver has not received any assistance from Mr. Avasarala.
15. The Interim Receiver has been in regular communications with the Bank and the Bank's legal counsel to provide updates on its activities, as well as provide access to and copies of the Company's books and records from time to time, pursuant to the access protocol noted in Exhibit "C".

16. The Interim Receiver is considering next steps relating to additional collection efforts of the Company's customer and supplier outstanding balances, the associated professional fee costs and the willingness of the respective stakeholders to fund these collection costs.
17. At this time the Interim Receiver is satisfied that substantially all of the Company's book and records have been secured as anticipated under the Appointment Order.

All of which is respectfully submitted this 29th day of January, 2010.

DELOITTE & TOUCHE INC.
In its capacity as Court-appointed Interim Receiver of
1585396 Ontario Inc. o/a AAA Trading Co.
and not in its personal capacity.

A handwritten signature in black ink, appearing to read 'Huey Lee', with a long horizontal flourish extending to the right.

Per: Huey Lee, MBA, CMA, CIRP
Vice President

EXHIBIT A - Customer and Supplier Listing

Supplier	Address	Valid email address (note A)	Amount demanded in Jan e letter (note B)	Valid company info as per SBI	Communication		Response Received?
					Letter sent? (note C)	Fax Sent? Transmission failed	
1 Ashill Milira	Ivory Coast		36,696	✓	✓		
2 Akuban Industries Ltd	Nigeria		331,780	✓	✓		
3 Afro Asia	Bangladesh		35,000	X	✓		
4 Al Mehab Trading Co LLC	Dubai, UAE	X	285,465	X	✓		Yes
5 Al Nawab Ltd	Nigeria	✓	137,455	✓	✓		
6 Brooks Trading Co, LLC	Dubai, UAE	X	187,675	X	✓		Yes
7 Capay Camyon	USA		159,875	X	✓		Yes
8 Co-operative Baraka Da Korhogo	Ivory Coast		235,675	X	✓		
9 Dhat & Dhat LDA	Guinea Bissau		106,464	X	✓		
10 Fort Trading Ltd	United Kingdom	X	107,739	X	✓		Yes
11 Ghana Import Export	Ivory Coast	X	15,875	X	✓		
12 Khose Heison Khoellawan	Indonesia	X	267,550	X	✓		
13 MAM International Import Export	Madagascar	X	128,000	✓	✓		
14 Madinah Challenge	Ghana		61,739	✓	✓		
15 Madikony Nigeria Ltd	Nigeria		527,860	✓	✓		
16 Milien International Ltd.	United Kingdom		348,670	✓	✓		✓
17 Moolley Resources	Singapore	X	285,197	✓	✓		
18 Multitape Ltd	Nigeria		1,117,269	X	✓		
19 Novant Ltd	Hong Kong	✓	20,688	X	✓		Yes
20 ON Tak Lung Trading Ltd	Hong Kong	X	145,670	X	✓		Yes
21 Pindurin Nigeria Ltd	Nigeria	✓	932,885	✓	✓		Yes
22 Pt. Bumi Perlim Lestari	Indonesia	X	243,675	X	✓		Yes
23 Riverwest Ltd	USA	X	202,116	X	✓		Yes
24 Sczapom	Canada		23,020	X	✓		Yes
25 Shinnai Impex LTD	Ghana	X	136,755	X	✓		Yes
26 Sigma Impex Ltd	Ghana	X	96,755	X	✓		Yes
27 Tan Woie SAKL	Ivory Coast	X	531,324	X	✓		
28 Vietnam THKD Company	Vietnam	X	6,751,567	X	✓		

EXHIBIT A - Customer and Supplier Listing

ID	Debtor	Address	Valid email address (note A)	Amount demanded in Jan 6 letter (note B)	Company info as per SBI	Letter sent? (note C)	Communication		Response Received?
							Fax Sent?	Email Sent?	
29	Katia Timber, Chittagong, Bangladesh	Bangladesh		51,180	✓	✓			
30	Adityan Impex, India	India		73,904	✓	✓			
31	Adityan Traders & Inds Ltd, Nigeria	Nigeria		58,000	✓	✓			
32	Atina Enterprises, Chittagong, Bangladesh	Bangladesh		20,605	✓	✓			
33	Al Mahab Trading Co. LLC	Dubai, UAE	X	498,000	X	✓			Yes
34	Nilegex	Vienam		252,500	X	✓			
35	Vienam I H & D	Vienam	X	214,552	X	✓			
36	Amas Trade, Chittagong, Bangladesh	Bangladesh		10,886	✓	✓			
37	B V International REC	Canada		66,961	✓	✓			Yes
38	Bangladesh Timber	Bangladesh		42,242	✓	✓			
39	Bangladesh Timber	Bangladesh		15,008	✓	✓			
40	Brooks Trading Co. LLC	Dubai, UAE	X	202,000	X	✓			Yes
41	Bhavana Sales Corporation, India	India		119,423	X	✓			
42	BVG Trade Links, India	India		760,212	X	✓			
43	Borghex Enterprises, Hong Kong	Hong Kong	X	319,354	X	✓			
44	Cornul Grove foods	Canada		840	✓	✓			Yes
45	Gama Import & Export	Ivory Coast	X	328,948	✓	✓			
46	Iwanatu Saw Mills	India		9,254	✓	✓			Yes
47	K Coladina Impex Ltd	Nigeria		486,631	✓	✓			
48	Kamal Enterprise	Bangladesh		24,166	✓	✓			
49	Kamal Enterprise	Bangladesh		14,663	✓	✓			
50	Kamal Enterprise	Bangladesh		14,512	✓	✓			
51	Kohinoor Foods	Canada		2,053	✓	✓			
52	Mama Bhagna, Bangladesh	Bangladesh		20,138	✓	✓			
53	Nut Timber	Bangladesh		49,659	✓	✓			Yes
54	P Bumi Lestari, Jakarta	Indonesia		198,000	X	✓			
55	Pinnam Agro & Allied Products	Nigeria		333,821	✓	✓			Yes
56	Royal Kerala Foods	Canada		170	✓	✓			
57	SSI Impex, Shalimar Bagh, Delhi	India	X	84,000	X	✓			
58	Silvawan Holdings SDN, BHD	Malaysia	X	695,462	X	✓			
59	SNV Force Ltd	Hong Kong	X	1,013,780	X	✓			
60	Simeco Dakik Ltd.	Vienam	X	152,500	X	✓			
61	Tisha International, Dhaka, Bangladesh	Bangladesh		25,636	✓	✓			
62	Viney Brothers, India	India		436,452	✓	✓			
				6,291,912					
Communication									
63	Other Party	Address	Valid email address (note A)	Amount demanded in Jan 6 letter (note B)	Company info as per SBI	Letter sent? (note C)	Fax Sent?	Email Sent?	Response Received?
63	ABN AMRO Bank NV	Netherlands			✓	✓	✓	✓	Yes
64	Aian International	Canada			✓	✓	✓	✓	Yes

Notes:

- A Information discovered via the initial court documents and through sorting Company information recovered from the Mississauga home office location. It was noted that various customer and supplier email accounts were fake. The IR tested these accounts and were able to gain access to these email accounts with the passwords obtained in the Company records.
- B The IR used a greater of the Company's August 2009 and October 2009 balances to represent the outstanding customer and supplier advance balances.
- C Letters were sent via registered mail by the IR to address supplied on the customer and supplier documents included in the Company's documents and records. The IR did further work to confirm the addresses if possible with the use of the Internet. Where multiple addresses where found the IR was conservative and sent letters to both addresses.

EXHIBIT B - January 27, 2010 email response from ABN AMRO Bank NV

Patel, Pritesh (CA - Toronto)

From: gij.s.mulder@nl.abnamro.com
Sent: Wednesday, January 27, 2010 10:56 AM
To: Patel, Pritesh (CA - Toronto)
Subject: aaa-trading

Dear Mr Patel,

Reference is made to my mail of January 15.

Further investigation on our part made clear, that account number #NL 71 ABNA 047.55.76.217 is registered in our books in the name of:

AAA Trading Co SA

As a consequence AAA Trading Co is not the same legal entity as our client.

In spite of the verdict of the Superior Court of Justice of Ontario by virtue of which Deloitte & Touche was appointed Interim Receiver for AAA Trading Co, you therefore are not entitled to dispose of the creditbalance of the account of the SA in our books.

Apart from that, the authority of the Ontario Court is not acknowledged in the Netherlands and in your capacity of Interim Receiver you have no jurisdiction over here.

We trust you will appreciate that on these grounds we are not in a legal position to honour your request.

Yours very truly,

Gijs Mulder

ABN AMRO Corporate Non-residents department

This message (including any attachments) is confidential and may be privileged.

If you have received it by mistake please notify the sender by return e-mail and delete this message from your system.

Any unauthorised use or dissemination of this message in whole or in part is strictly prohibited.

Please note that e-mails are susceptible to change.

ABN AMRO Bank N.V, which has its seat at Amsterdam, the Netherlands, and is registered in the Commercial Register under number 33002587, including its group companies, shall not be liable for the improper or incomplete transmission of the information contained in this communication nor for any delay in its receipt or damage to your system. ABN AMRO Bank N.V. (or its group companies) does not guarantee that the integrity of this communication has been maintained nor that this communication is free of viruses, interceptions or interference.

Lonergan, Clark (CA - Toronto)

From: MacDonald, John [JMacDonald@osler.com]
Sent: Thursday, January 07, 2010 1:27 PM
To: markjoseph75@hotmail.com
Cc: Rappos, Sam; Lonergan, Clark (CA - Toronto); Wasserman, Marc
Subject: AAA Trading

I confirm our call of today and that it is agreed that each of the State Bank of India (Canada) and AAA Trading, together with their respective counsel, can have access to the AAA Trading documents in possession of the IR and that copies can be made at each party's expense and on such other terms that are reasonable. Also, there are no restrictions on the use by either party of such documents.

We also discussed your having access to the documents. In this regard, please contact Clark Lonergan of Deloitte at 416 775 7351 or clonergan@deloitte.ca. Mr Lonergan will assist in arranging access and addressing any other issues. I am also available if my input is required.

OSLER

John MacDonald

416.862.5672 DIRECT
416.862.6666 FACSIMILE
jmacdonald@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com

This e-mail message is privileged, confidential and subject to copyright. Any unauthorized use or disclosure is prohibited.

Le contenu du présent courriel est privilégié, confidentiel et soumis à des droits d'auteur. Il est interdit de l'utiliser ou de le divulguer sans autorisation.
