

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

BETWEEN:

MORRIS J. WAXMAN  
Applicant

- AND -

CHESTER WAXMAN, BAILEY WAXMAN, AARON WAXMAN, WAXMAN INDUSTRIAL  
SERVICES CORP., WARREN WAXMAN and I. WAXMAN & SONS LIMITED

Respondents

**SUPPLEMENT TO  
THIRD REPORT OF DELOITTE & TOUCHE INC.  
IN ITS CAPACITY AS RECEIVER OF THE  
ASSETS, PROPERTIES AND UNDERTAKINGS OF  
I. WAXMAN & SONS LIMITED**

August 20, 2007

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## Purpose of Report

1. The report of Deloitte & Touche Inc., in its capacity as receiver (the "Receiver") of all of the assets, properties and undertakings of I. Waxman & Sons Limited ("IWS" or the "Company") has been prepared as a supplement to the Receiver's Third Report dated August 9, 2007 (the "Third Report"). This supplement is hereafter referred to as the "Supplemental Third Report".
2. The purpose of the Supplemental Third Report is to advise the Ontario Superior Court of Justice (the "Court") of events since the August 14, 2007 motions discussed below and provide a revised allocation of costs to the Windermere Property and the effect of this revision on the requested authorizations from the Court.
3. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Third Report.

## August 14 Motions

4. As set out in the Third Report, the Receiver was bringing motions to (a) approve a cost allocation and seek related relief with respect to costs of the sale of the Windermere Property, Centennial Property and Fixed Assets of IWS as well as seek authority to make a distribution of approximately \$1.7 million to Morriston Investments Limited ("Morriston") in respect of its half interest in the Windermere Property (the "Cost Allocation Motion"); and (b) approve the fees and disbursements of the Receiver and its legal counsel, Ogilvy Renault LLP (the "Fee Motion").
5. On August 14, 2007 the Receiver agreed to an adjournment of the Cost Allocation Motion (except with respect to the distribution to Morriston) as a result of specific objections that had been made by Chesterton Investments Limited ("Chesterton").
6. On August 14, 2007, Justice Pepall issued an endorsement adjourning the entirety of the Cost Allocation Motion except for a distribution to Morriston Investments Limited ("Morriston") to a 9:30 a.m. appointment on August 21, 2007. Attached as Exhibit "A" is a copy of the Order and endorsement in this regard. On the same date, Justice Pepall adjourned the Fee Motion to August 23, 2007. Attached as Exhibit "B" is the endorsement in this regard.

## Events Subsequent to August 14, 2007

7. On August 14, 2007, Chesterton served the Receiver with a Notice of Cross-Examination of Karen Cramm (the "Notice") which requested that Ms. Cramm make herself available on August 17, 2007 for cross-examination as well as included a request of documents to be produced no later than August 15, 2007. A copy of the Notice is attached as Exhibit "C".
8. The Receiver responded to the Notice by agreeing to the cross-examination and spent considerable time throughout the day on August 15, 2007 compiling and providing the documents that had been requested in the Notice to be provided to Chesterton. Copies of all documents that were provided to Chesterton were also provided to Morriston.
9. On August 16, 2007, the Receiver held discussions with representatives of Chester Waxman, Chesterton, Lightning Distribution Inc. ("Lightning"), Morris Waxman and Morriston to discuss the allocation. The Receiver considered the options that were proposed, particularly in light of a lease dated as of December 20, 1983 (the "Lease") among Chester Waxman, Chesterton, Morris Waxman and Morriston, as landlords, and IWS, as tenant relating to the Windermere Property. The terms of the Lease allocated to IWS responsibility for payment of all occupancy costs.
10. As a result of the subsequent discussions, the Receiver has agreed to make certain revisions to some of the cost allocation related to the Windermere Property. There is no change to the allocation of pre-receivership costs allocated to the property at 480-500 Centennial Parkway, Hamilton, Ontario (the "Centennial Property").
11. On August 16, 2007, following the discussions referenced in paragraph 9 above, Chesterton cancelled its cross-examination of Ms. Cramm.

## Revised Allocation of Costs for Windermere Property

12. A summary of the proposed revisions to the cost allocation are as follows:
  - (i) Pre-Receivership Transaction Costs. With respect to the Pre-Receivership Transaction Costs previously set out in Exhibit C to the Third Report, fees and costs of the Marketing Agent totalling \$73,493 (professional fees of \$71,731 and costs of \$1,762) have been removed from the costs allocated to the Windermere Property and have been re-allocated as part of the Receiver's Post-Receivership Transaction Costs. Attached as Exhibit D to this Supplemental Third Report is a revised summary of the Pre-Receivership Transaction Costs.
  - (ii) Post-Receivership Transaction Costs. With respect to the Post-Receivership Transaction Costs previously set out in Exhibit D to the Third Report, the adjustments are as follows:

- a. The costs described as security, utilities, cleaning services, rent, contractor – Brian Landman and property insurance, previously allocated to Morriston and Chesterton as owners of the Windermere Property, have been reallocated to IWS on the basis of the contractual responsibility for such costs as set out in the Lease;
  - b. Legal costs attributed to the Windermere Property are adjusted from \$80,515 to \$80,000 and are based on an estimate of Ogilvy Renault LLP, legal counsel to the Receiver, as to the post-receivership legal fees attributable to the sale of the Windermere Property; and,
  - c. The Receiver's fees attributed to the Windermere Property are increased from \$123,000 to \$143,500 and are based on a commission rate of 3.5% of the Windermere Property's selling price of \$4.1 million (these allocated Receiver's fees are part of the total Receiver's fees before the Court for taxation and not in addition to these fees). The Receiver has been advised that a reasonable commission rate on the sale of commercial property, such as the Windermere Property, is in the range of 2.5% to 3.5% of the gross selling price. The high-end of the range has been selected to cover the Marketing Agent's pre-receivership fees and costs and the post-receivership fees and costs of the Receiver.
13. Attached as Exhibit E to this Supplemental Report is a revised summary of the Post-Receivership Transaction Costs.
  14. As a result of the revised allocation, in addition to the amount that was originally distributed to Morriston subsequent to the August 14, 2007 motion, Morriston will be entitled to an additional \$53,635 out of the sale proceeds of the Windermere Property.
  15. On August 20, 2007, a representative of Lightning indicated that the acreage of the Centennial Property allocated to it on Exhibit D may be slightly higher than the 1.4 acres currently allocated to it. If, upon review of the requisite documents, the percentage ownership is slightly higher (and thus allocated proceeds and costs) the calculations will be adjusted accordingly before a final distribution is made.

## Fees Motion

16. Neither Chesterton nor Morriston now object to the approval of the fees and disbursements of the Receiver and Ogilvy as set out in the Third Report, the affidavit of Karen Cramm sworn August 8, 2007 and the affidavit of Mario Forte sworn August 7, 2007.

## Bankruptcy Orders

17. Representatives of Chester Waxman and Chesterton have now raised concerns with respect to the making of the bankruptcy order. The Receiver was not aware at the time of the filing of the Third Report that there were any such concerns from any party since at the time of the Receivership Order it was generally conceded that the financial circumstances of IWS were such as to warrant the implementation of an insolvency proceeding.
18. Attached as Exhibits "F" and "G" respectively, are copies of the current listing of estimated assets of IWS and known creditors. The list of known creditors includes related party claims of Morris Waxman and Solid Waste Reclamation totalling \$46.4 million and \$5.0 million respectively. Robert Waxman has advised the Receiver that he believes the claims of Morris Waxman and Solid Waste Reclamation should be significantly reduced. To date there has been no formal claims process to prove the listed claims.

## Recommendation

19. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in paragraph 3(c) of the Third Report with the following amendments:
  - (i) authorizing the Receiver to recover from the Windermere Property sale proceeds certain selling costs totalling \$71,427 paid by IWS prior to the issuance of the Receivership Order plus certain post receivership fees and costs totalling \$223,500 paid by the Receiver; and
  - (ii) approving a distribution to Morriston of \$53,635, being the amount owing to Morriston taking into account the revised allocation of costs as outlined above.

Dated the 20<sup>th</sup> day of August, 2007.

**RESPECTFULLY SUBMITTED,**

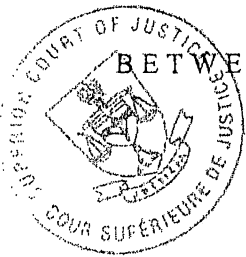
Deloitte & Touche Inc.,  
in its capacity as Receiver of  
all of the assets, properties and undertakings of  
I. Waxman & Sons Limited  
and not in its personal capacity.

A handwritten signature in black ink, appearing to read 'K M C', is written over a horizontal line.

**Karen Cramm, CA-CIRP, MBA**  
Senior Vice-President

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM            )            TUESDAY, THE 14<sup>TH</sup>  
  )              
JUSTICE PEPALL                    )            DAY OF AUGUST, 2007



BETWEEN:

MORRIS WAXMAN

Applicant

- and -

CHESTER WAXMAN, BAILEY WAXMAN, AARON WAXMAN, WAXMAN  
INDUSTRIAL SERVICES CORP., WARREN WAXMAN and  
I. WAXMAN & SONS LIMITED

Respondents

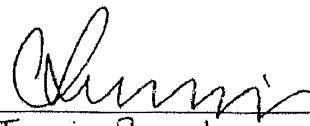
APPLICATION under sections 207 and 248 of the *Business  
Corporations Act* (Ontario)

**ORDER**

**THIS MOTION**, made by made by Deloitte & Touche Inc. in its capacity as court-appointed receiver (the "Receiver") of the assets, properties and undertakings (collectively, the "Property") of I. Waxman & Sons Limited ("IWS") for an order substantially in the form included at Tab 3 of the Receiver's Motion Record dated August 9, 2007 (the "Motion Record") was heard this day at 330 University Avenue, Toronto, Ontario.


**ON READING** the Third Report of the Receiver dated August 9, 2007 (the "Third Report") and on hearing the submissions of counsel for the Receiver, Morris Waxman, Morrision Investments Limited ("Morrision"), Chester Waxman, Chesterton Investments Limited ("Chesterton"), and on consent of Morris Waxman and Morrision, and Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Sandra Vanderbrug sworn August 10, 2007 filed:

1. **THIS COURT ORDERS** that the motion is properly returnable today and further that the requirement for service of the notice of motion and motion record herein upon interested parties, other than those served, is hereby dispensed with and that the service of the notice of motion, the Third Report and motion record is hereby validated in all respects.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Third Report.
3. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to distribute to Morrision, \$1,762,827.16, from the sale proceeds from the sale of the Windermere Property net of (a) allocated selling and caretaking costs related to the Windermere Property and (b) Morrision's allocated percentage of the selling costs from the Centennial Property, which order is made without prejudice to any argument, which Chesterton or Lightning Distribution Inc. may wish to raise on the return of the motion to approve such allocation in accordance with paragraph 4 below.
4. **THIS COURT ORDERS** that the remainder of the relief sought in the Notice of Motion set out in the Motion Record is hereby adjourned to August 21, 2007 at 9:30.

  
\_\_\_\_\_  
C. Irwin, Registrar

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

AUG 14 2007

PER/PAR:   
DOCSTOR: 13292734

MORRIS WAXMAN  
Applicant

and  
CHESTER WAXMAN, et al.  
Respondents

Court File No: 05-CL-5881

**ONTARIO  
SUPERIOR COURT OF JUSTICE-  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

Ogilvy Renault LLP  
Suite 3800

Royal Bank Plaza, South Tower  
200 Bay Street  
P.O. Box 84

Toronto, Ontario M5J 2Z4  
Canada

Mario Forte LSUC#: 27293F  
Tel: (416) 216.4870  
Fax: (416) 216.3930

Jennifer Stam LSUC#: 46735J  
Tel: (416) 216.2327  
Fax: (416) 216.3930

Solicitors for Deloitte & Touche Inc., in its  
capacity as receiver of the assets, properties and  
undertaking of I. Waxman & Sons Limited, and  
not in its personal capacity

Aug. 14, 2007

MORRIS WAXMAN  
Applicant  
and  
CHESTER WAXMAN, et al.  
Respondents

Court File No: 05-CL-5881

ONTARIO  
SUPERIOR COURT OF JUSTICE-  
COMMERCIAL LIST  
Proceeding commenced at Toronto

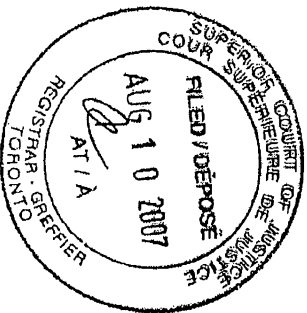
MOTION RECORD  
(Returnable August 14, 2007)

Ogilvy Renault LLP  
Suite 3800  
Royal Bank Plaza, South Tower  
200 Bay Street  
Toronto, Ontario M5J 2Z4

Mario Forte LSUC#: 27293F  
Tel: (416) 216.4870  
Fax: (416) 216.3930

Jennifer Stam LSUC#: 46735J  
Tel: (416) 216.2327  
Fax: (416) 216.3930

Solicitors for Deloitte & Touche Inc.,  
in its capacity as receiver of the  
assets, properties and undertaking of  
I. Waxman & Sons Limited, and not  
in its personal capacity



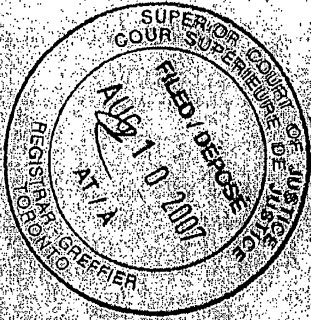
Aug 14/07  
on consent of Receiver, Morris Waxman +  
Moniston, (Chester Waxman + Chester Waxman being  
opposed), order to issue as per  
amended order signed by me.  
Remainder of relief ATBST  
on Aug 21/07 at 9:30 before me.  
R. Pyall, J.

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Aug 14/07  
Adj'd to Aug 23/07 for 2 hours  
before me.

*SM Pappal, J.*

MORRIS WAXMAN  
Applicant and  
Respondents  
CHESTER WAXMAN, et al.



*Aug 14, 2007*  
Court File No. 05-GU-881

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
Proceeding commenced at Toronto

NOTION RECORD  
RETURNABLE AUGUST 14, 2007 (RE FEES)

Ogilvy Renault LLP  
Suite 3800  
Royal Bank Plaza, South Tower  
200 Bay Street  
P.O. Box 84  
Toronto, Ontario M5J 2Z4  
Canada

Jennifer Stam ESQC# 46735J  
Tel: (416) 216-2327  
Fax: (416) 216-3930

Solicitors for Deloitte & Touche Inc., in its capacity as receiver of the assets, properties and undertaking of J. Waxman & Sons Limited, and not in its personal capacity



One Main Street West  
Hamilton, Ontario  
Canada L8P 4Z5  
Telephone (905) 540-8208  
Facsimile (905) 528-5833  
www.gowlings.com

Jennifer Dagsvik  
Direct (905) 540-3291  
Direct Fax (905) 523-2948  
jennifer.dagsvik@gowlings.com  
File No. H140153

August 14, 2007

VIA EMAIL

Ms. Jennifer Stam  
Ogilvy Renault LLP  
Barristers and Solicitors  
Suite 3000  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2Z4

Dear Ms. Stam:

**Re: Morris J. Waxman v. Chester Waxman et al.**  
**Court File No. 05-CL-5881**

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Please be advised that we wish to cross-examine Karen Cramm on her affidavit sworn August 8, 2007 and on the Third Report of the Receiver dated August 9, 2007. Accordingly, please find attached our notice of examination returnable August 17, 2007, which is served upon you pursuant to the *Rules of Civil Procedure*.

We have listed on the notice the documents that we request Ms. Cramm bring to the cross-examination. Further to our conversation after our appearance before Pepall J. this afternoon, we request that you forward the documents listed in the notice in advance of the cross-examination as they become available to you. In order to facilitate the resolution of this matter, we ask that you provide the documents to us by Wednesday, August 15, 2007. We may request further documents as our review of the materials continues. If you object to producing any of the documents listed, please advise at your earliest convenience.

Sincerely,

GOWLING LAFLEUR HENDERSON LLP

Jennifer Dagsvik  
JD/ks  
Encls.

c.c. Robert S. Harrison  
Richard B. Swan  
Edward J. Babin  
Kevin O'Hara  
Michael J. Valente  
Wally Zimmerman  
Ken Rosenberg  
Alissa Mitchell  
Diane Winters  
Stan Fisher

Court File No.: 05-CL-5881

**ONTARIO  
SUPERIOR COURT OF JUSTICE - Commercial List**

**Application under sections 207 and 248 of the  
*Business Corporations Act (Ontario)***

BETWEEN:

**MORRIS WAXMAN**

Plaintiff

-and-

**CHESTER WAXMAN, BAILEY WAXMAN, AARON WAXMAN,  
WAXMAN INDUSTRIAL SERVICES CORP., WARREN WAXMAN and  
I. WAXMAN & SONS LIMITED**

Defendants

**NOTICE OF EXAMINATION**

**TO:** Karen M. Cramm, Vice-President of Deloitte & Touche Inc., 79 Wellington Street West, Suite 1900, TD Centre, Toronto, Ontario M5K 1B9

**YOU ARE REQUIRED** to attend for cross-examination on your affidavit sworn August 8, 2007 and on cross-examination on the Third Report of Deloitte & Touche Inc., in its capacity as receiver of the assets, properties and undertakings of I. Waxman & Sons Limited on **Friday, August 17, 2007 at 10:00 a.m.** at the office of Victory Verbatim Reporting, 222 Bay Street, Suite 900, Toronto, Ontario M5K 1H6, (416)360-6117.

**YOU ARE REQUESTED TO BRING WITH YOU** and produce at the examination the documents mentioned in subrule 30.04(4) of the Rules of Civil Procedure, and the following documents and things:

Any and all documents in your possession or under your control in any way relating to the matters which are within the scope of this proceeding or have any reference thereto, including but not limited to the following:

- All time docketts of Deloitte & Touche Inc. in its capacity as court appointed receiver (the "Receiver") of the assets, properties and undertakings of I. Waxman & Sons Limited ("IWS");
- All time docketts of Deloitte & Touche Corporate Finance Inc. in its capacity as court appointed marketing agent (the "Marketing Agent") of IWS;
- All time docketts of Deloitte & Touche LLP's Enterprise Risk Services group in connection with the sale of the properties known as the "Centennial Properties" and the property located at 75 Windermere Road in the City of Hamilton, Ontario (the "Windermere Property");
- All time docketts of Ogilvy Renault LLP in its capacity as counsel to the Marketing Agent;
- All time docketts of Ogilvy Renault LLP in its capacity as counsel to the Receiver;
- 1983 lease agreement between IWS and Chesterton Investments Limited and Morrison Investments Limited;
- All invoices of Earth Tech Canada Inc. in relation to the completion of the Phase I and II Environmental Site Assessment;
- The most recent list of the creditors of IWS;
- The most recent statement of IWS' assets and liabilities; and
- Any documents containing advice regarding a reasonable commission rate on the sale of the Windermere Property.

August 14, 2007

GOWLING LAFLEUR HENDERSON LLP.  
Barristers and Solicitors  
One Main Street West  
Hamilton, ON L8P 4Z5

**Louis A. Frapporti (LSUC # 32839B)**

Tel: (905) 540-3262  
Fax: (905) 523-2505

**Jennifer Dagsvik (LSUC 53297M)**

Tel: (905) 540-3291  
Fax: (905) 523-2948

Solicitors for Chester Investments Limited

TO: OGILVY RENAULT LLP.  
Barristers and Solicitors  
Royal Bank Plaza, South Tower  
Suite 3800  
200 Bay Street  
P.O. Box 84  
Toronto, ON M5J 2Z4

Mario Forte  
Jennifer Stam

Tel: (416)216-2327  
Fax: (416)216-3930

Solicitors for Deloitte & Touche Inc., in  
its capacity as receiver of the assets,  
properties and undertaking of I. Waxman &  
Sons Limited, and not in its personal capacity

**Morris J. Waxman**

- and -

**Chester Waxman et al.**

Plaintiff

Defendants

**ONTARIO SUPERIOR COURT OF JUSTICE**  
Proceeding commenced at Toronto

**NOTICE OF EXAMINATION**

**GOWLING LAFLEUR HENDERSON LLP**  
Barristers and Solicitors  
One Main Street West  
HAMILTON, Ontario  
L8P 4Z5

**Louis Frapporti (LSUC 32839B)**  
Tel: (905) 540-3262  
Fax: (905) 523-2505

**Jennifer Dagsvik (LSUC 53297M)**  
Tel: (905) 540-3291  
Fax: (905) 523-2948

Solicitors for Chesterton Investments Limited

I. Waxman & Sons Limited in Receivership  
 Pre-Receivership Transaction Costs allocated to Centennial & Windermere Properties  
 As at July 31, 2007

Items	Note	Centennial Ownership					Windermere Ownership			Total Amount Centennial/ Windermere
		Morrison	Chesterton	Lightning	IWS	Total Centennial	Morrison	Chesterton	Total Windermere	
Total acreage		3.85	3.85	1.4	13	22.1	3.375	3.375	6.75	28.85
<b>Ownership</b>										
% Ownership interest by acreage based on each property		17.42%	17.42%	6.33%	58.82%	100.00%	50.00%	50.00%	100%	
% Ownership interest by acreage based on combined properties		13.345%	13.345%	4.853%	45.061%		11.698%	11.698%		100%
<b>Marketing Agent - Professional Fees (excl. GST)</b>										
Professional fees - real estate	(1)	\$ 18,381	\$ 18,381	\$ 6,684	\$ 62,064	\$ 105,509	\$ -	\$ -	\$ -	\$ 105,509
Professional fees - environmental reviews	(2)	3,866	3,866	1,406	13,055	22,193	-	-	-	22,193
Other transaction related activities	(3)	18,666	18,666	6,788	63,029	107,149	-	-	-	107,149
<b>Total Marketing Agent</b>		<b>40,913</b>	<b>40,913</b>	<b>14,877</b>	<b>138,148</b>	<b>234,851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>234,851</b>
<b>Other Professional Fees (excl. GST)</b>										
Legal fees - Ogilvy	(4)	16,147	16,147	5,872	54,523	92,690	14,155	14,155	28,310	121,000
Environmental studies - Earth Tech	(5)	22,129	22,129	8,047	74,720	127,024	19,398	19,398	38,797	165,821
Environmental studies - Earth Tech (Centennial only)	(6)	2,388	2,388	869	8,065	13,710	-	-	-	13,710
Real estate appraisal (Windermere only)	(7)	-	-	-	-	-	2,160	2,160	4,320	4,320
<b>Total other professional fees</b>		<b>40,664</b>	<b>40,664</b>	<b>14,787</b>	<b>137,308</b>	<b>233,424</b>	<b>35,714</b>	<b>35,714</b>	<b>71,427</b>	<b>304,851</b>
<b>Marketing Agent - other costs (excl. GST)</b>										
Out of pocket costs	(8)	359	359	131	1,213	2,062	-	-	-	2,062
Data room costs	(8)	646	646	235	2,181	3,708	-	-	-	3,708
<b>Total other costs</b>		<b>1,005</b>	<b>1,005</b>	<b>366</b>	<b>3,394</b>	<b>5,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,770</b>
<b>Total costs</b>		<b>\$ 82,583</b>	<b>\$ 82,583</b>	<b>\$ 30,030</b>	<b>\$ 278,850</b>	<b>\$ 474,045</b>	<b>\$ 35,714</b>	<b>\$ 35,714</b>	<b>\$ 71,427</b>	<b>\$ 545,472</b>

## Notes

(1) Represents the professional time of the Marketing Agent, allocated to the sales process for the Centennial Property. Amount includes a 6% administration fee. These fees were allocated based on the acreage owned as a percentage of the total acreage of the Centennial Property.

(2) Represents the professional time of Deloitte & Touche LLP's Enterprise Risk Services group in relation to environmental reviews. Amount includes a 6% administration fee. These fees were allocated based on the acreage owned as a percentage of the total acreage of the Centennial Property.

(3) Other activities relate to the Marketing Agent's management of the overall transaction, marketing material preparation, court orders, discussions, meetings with prospective purchasers and counsel. These amounts were calculated using each invoice and estimating the amount of time focused on real-estate related advisory services. Amounts includes a 6% administration charge. These fees were allocated based on the acreage owned as a percentage of the total acreage of the Centennial Property.

(4) Ogilvy has estimated that legal fees attributable to the pre-receivership marketing of the Centennial and Windermere Properties to be \$121,000. These fees were allocated based on the acreage owned as a percentage of the total acreage of the combined properties.

(5) Earth Tech Canada Inc. ("Earth Tech") was retained by IWS to complete a Phase I and Phase II Environmental Site Assessment for both the Centennial and Windermere Properties. Earth Tech provided services invoiced to both the Centennial and Windermere Properties for \$165,821. These amounts were paid by IWS directly. These fees were allocated based on the acreage owned as a percentage of the total acreage of the combined properties.

(6) Earth Tech provided services directly related to the Centennial Property for \$13,710. These amounts were paid by IWS directly. These fees were allocated based on the acreage owned as a percentage of the total acreage for the Centennial Property only.

(7) A real estate appraisal was completed by Pocrnic Realty Advisors Inc. on the Windermere Property at the time the Centennial Property and Windermere Property were being sold by the Marketing Agent. The amount of \$4,320 (excl. GST) was paid by IWS prior to the receivership order. These fees were allocated based on the acreage owned as a percentage of the total acreage for the Windermere Property only (50% Morrison / 50% Chesterton).

(8) Represents out-of-pocket and data room costs incurred by the Marketing Agent. These costs have been allocated based on the acreage owned as a percentage of the total acreage of the Centennial Property.

**I. Waxman & Sons Limited in Receivership**

Post-Receivership Transaction Costs allocated to the Windermere Property

As at July 31, 2007

Items	Note	Costs Allocated to Windermere Property	Windermere Ownership	
			Morriston	Chesterton
Acreage		6.75	3.375	3.375
Ownership		100%	50%	50%
Receiver's Costs (excl. GST)				
Legal fees incurred by Receiver	(1)	80,000	40,000	40,000
Receiver's fees	(2)	143,500	71,750	71,750
<b>Total Post-Receivership Transaction Costs</b>		<b>\$ 223,500</b>	<b>\$ 111,750</b>	<b>\$ 111,750</b>

**Notes**

(1) Ogilvy has estimated that post receivership legal fees attributable to the Windermere Property to be \$80,000.

(2) The allocation of the Receiver's fees is based on 3.5% of the Windermere Property's gross selling price of \$4.1 million. The Receiver has been advised that a reasonable commission rate on the sale of the Windermere Property ranges from 2.5% to 3.5% of the gross selling price. The high-end of the range has been selected to cover the Marketing Agent's pre-receivership fees and costs and the post receivership fees and costs of the Receiver.

**List of Estimated Assets of IWS as at August 20, 2007 (Note 1) (Revised)**

Cash on hand in the Receiver's trust account and in term deposits	\$25.7 million
Less: proceeds of sale from the Windermere Property plus accrued interest attributable to Chesterton Investments Limited and Morrison Investments Limited ("Morrison") net of interim distribution to Morrison	<u>(2.3)</u> 23.4
Add: Costs to be recovered by the Receiver on the Windermere and Centennial Properties	.8
Recovery on the sale of the Centennial Property	9.7
Less: Estimated income taxes which may be owing on the sale of IWS' assets and estimated costs of completing the administration of the receivership and pending bankruptcy	<u>(4.0)</u> 29.9
Add: Possible recoveries currently in dispute	
(i) recovery of legal fees paid by IWS on behalf of Chester Waxman	5.0
(ii) due from Lightning Distribution Inc.	<u>.6</u>
Total estimated recovery on assets of IWS	<u>\$35.5 million</u>

**Note 1:** The Receiver has almost completed its liquidation of the assets of IWS with some anticipated minor price adjustments to come with respect to the sale of bins and inventory to American Iron & Metal Company Inc. In addition, the Receiver has engaged IWS' former accountants to prepare the 2006 financial statements and 2006 tax return and, once the date of bankruptcy is established, will be proceeding to prepare the 2007 financial statements and 2007 tax return. Until the tax returns are completed it is not possible to determine the tax implications arising from recoveries on the assets of IWS.





**Deloitte & Touche Inc.**  
**Receiver of L. Waxman & Sons Limited**  
**Creditor Listing (See Note 1, Below)**  
**As at August 14, 2007**

Trade		Employee		Related Party		Tax Authority	
Name	Amount per AP - Budget	Name	Amount	Name	Amount	Name	Amount
Town Media	563.00						
Travelle Tires & Service Inc.	5,443.18						
Union Gas	15,992.32						
Van Heers Farms	8.48						
Workplace Safety & Insurance Board	4,275.52						
	<u>176,555.85</u>						
<b>US Trade</b>	<b>FX Rate: 1.06</b>						
BOJ Canada	18.54						
BOJ International Inc.	424.00						
Bon L Canada	44,084.67						
Peter Hodges Transport Limited	23,536.89						
Stone Transport	4,107.39						
	<u>72,171.49</u>						
<b>CDN Waste</b>							
BFI Canada Inc.	1,253.31						
BFI Canada Inc. - Hamilton District	66,333.17						
Grace Transport Inc.	93,166.91						
Joseph K. Joseph	4,683.89						
Newella Industrial Services Inc.	9,438.96						
Norfolk Disposal Services Limited	10,065.19						
Provincial Environment Services Inc.	12,271.88						
Regional Disposal Service Inc.	2,827.80						
	<u>200,040.88</u>						
<b>US Waste</b>	<b>FX Rate: 1.06</b>						
Rockwood Lunell	11,886.24						
Waste Management Inc.	3,552.47						
	<u>15,438.72</u>						
<b>Sub Totals</b>	<b>1,504,939.49</b>						
<b>Grand Total</b>	<b>57,725,109.07</b>						
							<u>51,850,004.00</u>
							<u>2,845,705.00</u>

**Notes**  
 (1) The amounts included in this summary have been derived from IWS' books and records and from certain correspondence. None of the listed amounts have been verified by means of a formal claims process. These claims listed at \$1.00 have yet to be determined and/or valued.

(2) IWS' financial statements dated December 31, 2005, show an amount due to shareholder of \$1.9 million. At this time we have received correspondence from the shareholder to provide for a claim but no amount was provided. The notes to the financial statements advise that the claim is to be valued in accordance with the provisions of the Act. The notes to the financial statements also advise that the final determination of amounts owing in relation to the liquidation is the responsibility of the liquidator. Pending the final determination of amounts owing in relation to the liquidation, we have valued the amount at \$1.00 pending a formal claims process.

MORRIS WAXMAN  
Applicant

CHESTER WAXMAN, et al.  
Respondents

Court File No: 05-CL-5881

**ONTARIO  
SUPERIOR COURT OF JUSTICE-  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SUPPLEMENT TO  
THE THIRD REPORT**

Ogilvy Renault LLP  
Suite 3800  
Royal Bank Plaza, South Tower  
200 Bay Street  
P.O. Box 84  
Toronto, Ontario M5J 2Z4  
Canada

Mario Forte LSUC#: 27293F  
Tel: (416) 216.4870  
Fax: (416) 216.3930

Jennifer Stam LSUC#: 46735J  
Tel: (416) 216.2327  
Fax: (416) 216.3930

Solicitors for Deloitte & Touche Inc., in its  
capacity as receiver of the assets, properties and  
undertaking of I. Waxman & Sons Limited, and  
not in its personal capacity