

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) WEDNESDAY, THE 4th DAY  
JUSTICE CUMMING )  
) OF APRIL, 2007  
)

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

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

**B E T W E E N:**

**PEOPLES TRUST COMPANY**

Applicant

- and -

**PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED**

Respondents

**O R D E R**

**THIS MOTION** made by Mintz & Partners Limited, appointed as interim receiver and receiver and manager (the "**Receiver**") pursuant to section 101 of the *Courts of Justice Act*, without security, of the property, assets and undertaking of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") pursuant to the terms of the Order of the Honourable Mr. Justice Cumming dated January 23, 2006 and effective 9:00 a.m. on January 24, 2006, was heard this day at 330 University Avenue, Toronto, Ontario.

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

1. **THIS COURT ORDERS** that service of the Notice of Motion and the Motion Record herein is hereby abridged, if necessary, and that this Motion is properly returnable today and that service, including the form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.
2. **THIS COURT ORDERS** that the First Report be and the same is hereby accepted and approved.
3. **THIS COURT ORDERS** that the conduct of the Receiver, its related entities and agents to date, as detailed in the First Report, be and the same is hereby approved.
4. **THIS COURT ORDERS** that the Statements of Receipts and Disbursements of the Receiver as at February 28, 2007 in respect of Paragon, Paragon Ontario and 1508669 as set out in Appendices "H", "I" and "J" to the First Report, filed, be and the same are hereby accepted and approved.
5. **THIS COURT ORDERS** that the fees of the Receiver relating to the receivership of Paragon and 1508669 for the period ending December 31, 2006 in the amount of \$262,226.56 in respect of Paragon and \$99,630.41 in respect of 1508669, as set out in the Affidavit of Daniel Weisz dated March 26, 2007, filed, be and the same are hereby approved.

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

*April 4, 2007* Peter A. Cumming J.