

COURT FILE NO.: 06-CL-006633
07-CL-7077
00-CV-187886CM4
DATE: 20071109

SUPERIOR COURT OF JUSTICE - ONTARIO
(Commercial List)

RE: RE: 1261746 Ontario Inc., Wilnor Holdings Ltd., Lighthouse Equities Ltd., William H. Brown and Robert Hart (Applicants) and Peter Sabourin, Sabourin and Sun Canada Inc., Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Group North Properties Ltd., Whispering Pines Golf Course Limited, 166815 Ontario Inc., 1684164 Ontario Ltd., 1692373 Ontario Ltd., 1692374 Ontario Ltd., Almaguin Parklands Inc., 1670342 Ontario Ltd., carrying on business as Pickeral Lake Lodge Limited, 1681114 Ontario Ltd., carrying on business as Group West Ltd., 1673227 Ontario Inc., carrying on business as Birchwood Camp, 1689542 Ontario Ltd., carrying on business as Pines Cottage Resort, 1695083 Ontario Ltd., carrying on business as Privilege Resorts International Inc., Vector Financial Services Limited, Hanna Minsky, Risa Share, Howis Share, Tamara Weisz, Sherri Weisz, Robert Weisz, Florence Shuber, CIBC Trust Corporation as Trustee for SDRRSP No. 19499 and Citizens Bank of Canada (Respondents)

BEFORE: Justice Cumming

COUNSEL: *Simon Zucker*, for Receiver and for the Applicants

Jordan B. Farkas, for Muskoka North Properties Ltd. and Joe Martins

Martin Banach, for the Weisz group

D. Garbig, for Vector and 1369574

Yvonne Chisholm and *Cullen Price*, for the Ontario Securities Commission

David Sloan, for Citizens Bank

Michael Cassone, for Deere Credit Inc.

Peter R. Jervis and *Caroline Jindar*, for the Defendants - Plaintiffs by Counter-Claim in 06-CL-006633

DATE HEARD: November 8, 2007

ENDORSEMENT

[1] Mintz & Partners ("Mintz") has filed its First Report as Receiver, dated November 6, 2007.

[2] The interim accounts of the Receiver are approved. The requested increase in the first charge for the Receiver's and its counsel's fees and disbursements from \$150,000 to \$300,000 is approved.

[3] Mr. David C. Moore appears. For greater certainty, and in correction of the First Report, it is to be noted that when Mr. Moore appeared on the motion for the appointment of a receiver he made it clear that he and his law firm had not been retained and that he was attending out of courtesy to the Court without instructions. Likewise, he is so attending November 8. I add that Mr. Moore's attendances and comments have been of considerable assistance in properly advancing the issues in the interest of the administration of justice.

[4] No respondents to the application in #07-CL-7077 (the so-called "Brown application") appear (other than several mortgagees). The Receiver advises all respondents have been served with a copy of the Appointment Order.

[5] The First Report has also been amended, as requested by counsel for the OSC, to properly reflect the OSC's involvement.

[6] Counsel for John Deere Credit appears with a motion to approve the sale of a boat subject to its security interest. The motion is granted upon the consent of the Receiver.

[7] The interests of the various mortgagees has been considered. The Receiver advises that all mortgages are considered to be valid with the possible exception of the Vector second mortgage on the Pickeral Lake property. After discussion, the mortgagees and the Receiver have come to a resolution in respect of issues relating to the mortgagees.

[8] The mortgagees are to proceed to sell the charged properties by way of powers of sale. The mortgagees have agreed to provide a charge upon the sale proceeds for insurance costs incurred by the Receiver, to compensate the Receiver for inspection services and to pay a portion of the Receiver's costs to date (\$4,000. per property) with the details to be formalized in a draft Order to be provided. The mortgagees will report monthly to the Receiver, will provide an accounting to the Receiver as to the property sales, and remit any surplus to the Receiver.

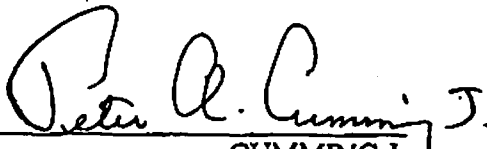
[9] An application will be made by Mr. Martins in respect of compelling the completion of the sale of the Pickeral Lake property as scheduled. This application, being opposed by the Receiver, is to be heard Nov. 26, 27, 2007. At that time, motions for judgment may also be heard in respect of both #06-CL-006633 (so-called "Laiken action") and #07-CL-7077 (so-called "Brown application").

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[10] Receiver's counsel is directed to type up the Appointment Order and provide same to the Court, and to all remaining parties to the Laiken action and to all parties to the Receivership at hand.

[11] Receiver's counsel has advised that he is preparing an amended Application Record as stipulated in my Endorsement following upon the October 5, 2007 motion for the appointment of a receiver.

[12] It is noted that there is a departure from the normative situation in this receivership inasmuch as the Receiver has selected counsel for the plaintiffs in the Brown application as the Receiver's counsel. Ideally, the Receiver's counsel is independent of any party to the proceeding. The Receiver advises that this exceptional approach is needed given that it is very uncertain as to whether there is sufficient funds in the estate of the Receivership to fund the Receiver and considerable expense has been saved in having Mr. Zucker appointed as counsel given his knowledge of the complex and confusing factual situation underlying the need for the appointment of the Receiver. No one has objected to Mr. Zucker being appointed as counsel to the Receiver.


CUMMING J.

DATE: November 9, 2007