

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

**ONTARIO SECURITIES COMMISSION**

**Applicants**

- and -

**1725887 Ontario Inc., carrying on business as HEALTH AND HARMONEY  
and HARMONEY CLUB INC.**


**Respondents**

**AFFIDAVIT OF BLAIR DAVIDSON**

I, **BLAIR DAVIDSON**, of the Town of Newmarket, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am the President of BDO Canada Limited, and as such have personal knowledge of the matters referred to herein.
2. By Order of the Honourable Madam Justice Hoy, dated August 5, 2010 (the Appointment Order), BDO Canada Limited was appointed Receiver and Manager of 1725887 Ontario Inc., carrying on business as Health and Harmony and Harmony Club Inc.
3. Pursuant to the Appointment Order, the Receiver has provided services and incurred disbursements which are more particularly described in the detailed accounts attached hereto and marked as Exhibit "A".
4. The time shown in the detailed accounts attached as Exhibit "A" are a fair and accurate description of the services provided and the amounts charged by the Monitor, which reflect the Monitor's time as billed at its standard billing rates.

5. The Monitor requests that the Court approve its fees and disbursements for the period from July 26, 2010 to September 2, 2010 in the amount of \$34,336.92 including HST of \$3,942.21, for the services set out in Exhibit "A".
6. This affidavit is sworn in support of the Receiver's motion for, among other things, approval of its fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN BEFORE ME at the City of )  
 Toronto, in the Province of Ontario, this )  
3<sup>rd</sup> day of September, 2010 )  
 )  
 Commissioner for Taking Affidavits, etc )

  
 Blair Davidson, CA-CIRP, CBV, CMC

Gary Vincenzo Cerrato, a Commissioner, etc.,  
 Province of Ontario, for BDO Canada LLP, Chartered  
 Accountants and Consultants and BDO Canada Limited,  
 Trustee in Bankruptcy, and their subsidiaries, associates  
 and affiliates. Expires April 19, 2011.



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INVOICE

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Health & Harmony  
c/o BDO Canada Limited  
123 Front Street, Suite 1200  
Toronto, Ontario M5J 2M2

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*Date*

*Invoice No.*

3 September 2010

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**Re: Health & Harmony**

**TO PROFESSIONAL SERVICES RENDERED** in connection with the above-noted Bankruptcy for the period from 26 July 2010 to 2 September 2010 as per the details below:

Our fee in All:		\$ 30,260.90
Add Disbursements:		
Travel	63.81	
Filing Fees	70.00	133.81
Sub-Total		30,394.71
HST (13%) - R101518124		3,942.21
Total Due:		<u>34,336.92</u>

Summary of Time Charges:	Hours	Rate	Amount
B. Davidson, Partner	13.50	\$ 475.00	\$ 6,412.50
G. Cerrato, Senior Manager	45.60	400.00	18,240.00
L. Rollo, Senior	19.25	250.00	4,812.50
Administrative Support	9.70		795.90



<i>Date</i>	<i>Professional</i>	<i>Comments</i>	<i>Time</i>
26-Jul-10	Davidson, Blair	Meet OSC H. Craig and Counsel J. Grout.	1.0
29-Jul-10	Cerrato, Gary	Call from Danny at TGF to discuss various issues and problems with initial order containing sales efforts and distribution proceedings; email to B. Davidson re same; review of draft Order revised; call to Danny at TGF.	2.0
30-Jul-10	Davidson, Blair	Review appointment Order and plan engagement.	1.0
30-Jul-10	Cerrato, Gary	Review of Court Order; emails to TGF re issues.	1.0
3-Aug-10	Davidson, Blair	Review files provided by OSC; develop work plan.	1.0
5-Aug-10	Davidson, Blair	Attend court re appointment; imitate contact for J. Blake and I. Buchanan; follow up on collecting funds.	2.5
5-Aug-10	Cerrato, Gary	Discussions with B. Davidson re file; call to J. Blake to discuss funds on hand and further funds to possibly be received from Winsome investment; draft letter to J. Blake; correspondence with Danny at TGF re obtaining endorsed Order; review of RBC bank statements; call to RBC to obtain contact to send funds request; draft letter re funds request and forward same.	2.5
9-Aug-10	Cerrato, Gary	Discussion re file administration with B. Davidson; review of investor claims.	1.5
9-Aug-10	Davidson, Blair	Follow up on Buchanan and Winsome Trust review.	0.5
10-Aug-10	Cerrato, Gary	Meet with C. Sturrock re review of investor claims; call to RBC branch re funds requested; call to RBC garnishment department; call back to RBC branch.	3.5
11-Aug-10	Cerrato, Gary	Review of customer files.	1.5
12-Aug-10	Cerrato, Gary	Draft Receiver's Notice and review of creditor list.	1.0
12-Aug-10	Davidson, Blair	Contact and arrange meet with I. Buchanan.	0.5
16-Aug-10	Cerrato, Gary	Meet with I. Buchanan and B. Davidson re investor claims and recovery of funds from Captial Ventures and Winsome; field investor calls re notice of receiver.	2.5
16-Aug-10	Davidson, Blair	Meet I. Buchanan to review investor claims and recovery sources - Winsome and Capital Ventures.	2.0
17-Aug-10	Cerrato, Gary	Investor calls.	0.8



<i>Date</i>	<i>Professional</i>	<i>Comments</i>	<i>Time</i>
18-Aug-10	Rollo, Laryssa	Meet with G. Cerrato to discuss required for file, set up of extranet site for investor/creditors, phone calls returned on behalf of G. Cerrato relating to receivership (approximately 20 calls explaining process).	6.0
18-Aug-10	Cerrato, Gary	Meet with L. Rollo re creditor calls and website preparation; field investor calls.	1.5
19-Aug-10	Cerrato, Gary	Meet with J. Blake and B. Davidson; conference call with R. Andres of Winsome re timing of recovery of funds; meet with L. Rollo to review website; draft communications for website; investor calls.	4.5
19-Aug-10	Rollo, Laryssa	Update and finalization of website, calls with investor/creditors, conference call with I. Buchanan to plan meeting, conference call with G. Cerrato and investor.	3.0
19-Aug-10	Davidson, Blair	Meet J. Blake re Winsome; conference call with R. Andres of Winsome re timing of recovery of funds.	2.5
20-Aug-10	Cerrato, Gary	Investor calls.	0.8
23-Aug-10	Cerrato, Gary	Meet with L. Rollo re issues raised in creditor calls; respond to creditor calls.	1.5
23-Aug-10	Rollo, Laryssa	Phone calls with investor/creditors.	1.25
24-Aug-10	Rollo, Laryssa	Calls with investor/creditors.	1.25
24-Aug-10	Cerrato, Gary	Investor calls.	1.0
25-Aug-10	Cerrato, Gary	Investor calls; meeting with L. Rollo re bank statement analysis; calls with I. Buchanan re various client issues and information required for report; attempt to track down Elgin Clemmons; call to Florida securities commission; discussions with I. Buchanan re Capital Ventures and Winsome; review of client agreements; review of Capital Ventures and Winsome agreements; review BIA re elements of trust; drafting report; review of release signed by H&H and Capital Ventures.	4.0
25-Aug-10	Rollo, Laryssa	Meet with G. Cerrato re bank statements tie in, call with I. Buchanan, calls with investors.	2.25
25-Aug-10	Davidson, Blair	Email Andres re details of Winsome's investments and repayment; review claims issues.	1.0





<i>Date</i>	<i>Professional</i>	<i>Comments</i>	<i>Time</i>
26-Aug-10	Rollo, Laryssa	Meet with G. Cerrato, tracing of investments to CV and WT, preparation of schedules for court report.	3.5
26-Aug-10	Cerrato, Gary	Creditor calls; drafting report.	1.5
27-Aug-10	Cerrato, Gary	Meet with L. Rollo to review and discuss bank statement activity and other issues; respond to investor calls; drafting report.	4.0
27-Aug-10	Rollo, Laryssa	Meet with G. Cerrato to discuss bank statement activity and schedules.	1.5
30-Aug-10	Cerrato, Gary	Call to S. Hart from Capital Ventures LLC; draft email to S. Hart; creditor calls; call to D. Nunes re issues; review of precedent report; draft report.	4.5
31-Aug-10	Cerrato, Gary	Respond to calls from investors.	4.0
31-Aug-10	Rollo, Laryssa		0.5
1-Sep-10	Cerrato, Gary	Work on report; meeting with B. Davidson re report; review of Winsome amortization schedule.	2
2-Sep-10	Davidson, Blair	Review report ; various emails.	1.5