

District of: Ontario
Division No.: 35-1245698
Estate No.: 35-1245698

IN THE MATTER OF THE BANKRUPTCY OF:

Saint Anne Adoption Centre
DEBTOR

BDO Dunwoody Limited
TRUSTEE

ORDINARY ADMINISTRATION

Minutes of the First General Meeting of Creditors:

Date September 1, 2009 Time 10:00am

Place Holiday Inn, Kitchener, Ontario

Chairperson Glenn Schmid Official Receiver Glenn Schmid

ATTENDANCE

The attendance is recorded as per the attached list.

QUORUM

The chairperson examined the proof of notification, proofs of claim and established the quorum.

CALL TO ORDER

The chairperson declared the meeting legally constituted and called the meeting to order.

Authority - Section 105 of the BIA

*Purpose - consider affairs of bankrupt - affirm appointment of trustee - appoint inspectors
- give directions to trustee*

*Table - assignment/receiving order - statement of affairs - trustee's affidavit of mailing
- proof of publication - examination - trustees preliminary report*

ISSUE REGARDING MEDIA PRESENCE

The issue of whether the media would be allowed to attend the meeting of creditors was put forth to the creditors. The creditors agreed to not allow the media to attend.

REPORT TO CREDITORS BY TRUSTEE

A total of 13 claims are identified on the Preliminary Report, including the 8 US fund claims - updated to 19 claims received as of 10:00 am this morning, totalling \$323,174. An additional 6 more families had filed with Imagine Adoption and will be included in the Saint Anne's figures.

About \$45,000 was seized and is in the trust account now. Although there are other assets, they are owned by Imagine Adoption, not Saint Anne's, so nothing else is expected to be realized upon. From St. Anne's account, \$5000 cheques were each written to Sue Haehow one to Andrew Morrow in the last 3 months - both looked business related. Rent was about \$3400/mth, paid out of funds. Most disbursements were payroll. There were typically deposits from \$10-30,000 a month, identified as payments from families and Imagine Adoption. The money transfers coming in and out of Imagine Adoptions' accounts will be looked into. In July 2008, the 3 bank balances totalled about \$110,000, by July 2009 the balances were down to about \$40,000. There was a \$22,000 transaction to Renovation and Design that will be further investigated by both the trustee and the police. If there is a restitution order to pay monies back, the trustee is not sure if the money would go to Imagine Adoption or to Saint Anne's. There was money deposited into the account from Orphan's Hope, then the money was paid out to a family - it seems that a family was taking their file to another adoption agency.

Executive Director/CFO salaries were discussed. The trustee struggles to find the legal position to take to say that they were overpaid and demand salary monies back. She mentioned that to do more work to check if salary levels are reasonable and find a way to ask for money back will cost additional money to the estate.

QUESTION PERIOD

For assets purchased (such as the horse) will you track exactly who's money was used for the purchase (Kids Link vs. St. Anne) and refund that specific account?

Yes.

There is a \$70,000 debt for St. Anne's listed in Kids Link bankruptcy, will this be considered?

It is not forgotten and will be addressed.

What is Orphan's Hope?

Orphan's Hope provides grants for adoptions - that's why there has been money coming into the account from Orphan Hope.

If funds recouped are unbalanced once recovered and (Kids Link vs. St. Anne), is there any recourse?

This would be a good question to ask police.

If the investigation is done and St. Anne's owes Kids Link money, how do we know that the money went into St. Anne's in the first place and not towards Kids Link operations?

The 4th part of the review might be looking at all the family names for the last 4 years to trace monies received by each family. The trustee was given reports that there were a couple families in Haiti, where the files are split between Kids Link and St. Anne. The trustee feels it'll be easy to identify Equador/Columbian families. She should know by the contracts how much money should have been paid in by each of the families.

Money was put in trust when given to the adoption agency, would you say the in trust rules were followed?

The money should have been held in a proper trust account. However, in this case, they threw all the money together, there was no sub-listing account that related each dollar back to a family. According to the Bankruptcy legislation, since we cannot identify exactly whose money is whose, we can't return money as trust because we can't identify it.

Was there a responsibility by the Executive Director to have that in place?

There may be further investigation required, which would be done by the police rather than the trustee.

Could we get restitution from the Director's personal assets and is there a point for fighting for money (they'll say they have none and parents wouldn't get anything)?

BDO as the trustee could press charges and take a civil action to get the money back. Or the police in a criminal proceeding to lay a charge and have a criminal conviction, regardless of getting money back. If a charge was laid, the crown would have to decide if there will be a restitution order as well.

If we do a civil action, should we do Kids Link and St Anne's together?

It can be done as individual families, launch a civil action in groups, or band together and do a class action. She mentioned she is not the legal advisor, but only sharing information based on what she's seen. This seems to be getting a fair amount of police investigation time. The police have done an inventory of all the records. You could take civil action as an individual, but with the police you may end up with a restitution order in addition to criminal charges for the group.

How much money of ours has been paid to overseas employees (in Columbia, etc.), who's been paid, what's owed?

We have files which contain copies of your invoices and payments that were made by families.

For Equador families the fees paid were for translation fees. They assumed the money put up front would be dolled out as needed. How much of that money has actually already been paid out? They will need this money to continue an adoption with another agency to finalize.

Trustee thinks some of the files contain some information related to the money that was paid out, but not all of them. She doesn't have an answer right now, but will work on it on a go-forward basis.

There was a 3rd organization, Global Reach... Is there any money in their account?

There is \$635 in their bank account. The records were seized for Global Reach as well, but there is not a legal capacity to look at them. However, the transfers between St. Anne's and Imagine adoption seem to match up at this point. The production order from the police may have included Global Reach.

People are anticipating micro loans from Global Reach - has anyone told them money is not coming?

Can't comment because they are not actually bankrupt, there are inactive at this time.

There is a possibility that translators are not fully paid. Can we pay them back?

Anybody who's owed money at the date of bankruptcy is paid out the same pro rata dividend. It's not the intent of the law to put a creditor's payment in priority, but we can contact them and ensure they are aware they can file a claim.

Have there been transactions of money going to Equador?

Not that we've seen. Most money out has been for rent and payroll.

I was told the bank should have never accepted the money (the bank draft said "to St. Anne's in trust") if not in proper trust accounts. Has anyone spoken to Royal bank and is this a true statement?

As a licenced trustee, we must hold accounts in trust, it is overseen by the OSB. It is the trustee's responsibility to advise the bank that the account is in trust. The bank statements just say "St. Anne." It's a legal question that the trustee cannot answer.

There is talk of people donating money to help with the situation... Is the money only for Kids Link or will St. Anne's be included?

Donations must be through a charitable organizations. The intent of those donations are for new files, moving forward, not to repay anyone.

AFFIRMATION OF APPOINTMENT OR SUBSTITUTION

A motion to affirm the appointment of the trustee is:

Moved by: Ken Salsman

Seconded by: Erik Natvik

The motion to affirm the appointment of the trustee is carried.

APPOINTMENT OF INSPECTORS

The following inspectors are nominated for appointment:

Name David Chiarot _____ Email

Phone _____

Name Erik Natvick _____

Phone _____

Name Bernadette Quemerais _____

Phone _____

Email

Name Jaime Harper _____

Phone _____

Name Lesley Swift _____

Phone _____ Email

MOTION TO APPOINT NOMINATED INSPECTORS

Unanimous.

TRUSTEE INSTRUCTIONS

BDO currently owns the adoption licence for St. Anne (it has no value). As trustee, they know they will not take any action under this licence. The trustee will not cancel the licence, but will let it expire and ask the Ministry to do what they can for the families before it expires.

The trustee will do an in depth banking review from 2007-2009, going back further than a year to account for earlier payments from families. The trustee will take an aggregate look at all family fees in the last 3-4 years and cross check them with what is in the account Transfers in and out

of the account will be confirmed. The trustee will include in her banking review a review of any significant foreign contracts and the terms around them. The trustee will also seek evidence specific to the \$22,000 renovation bill. The Orphan's Hope transactions will be tracked and summarized. She will also look into what fees have been paid to other countries on behalf of families.

The trustee will stay in contact with police in clarifying any restitution for the benefit of St Anne and Kids Link in relation to financial banking review.

ADJOURNMENT

There being no further business, the meeting is adjourned. Time __11:28am_____.

Moved __Denise Salsman_____ Seconded __Bernadette Quemerais

No opposition to this motion.

Glenn Schmid

Chairperson

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