

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

BETWEEN:

**BONNIE CUMMINGS IN HER CAPACITY AS ESTATE EXECUTRIX
OF THE ESTATE OF THE LATE JOHN CUMMINGS**

Applicant

- and -

**PEOPLEGE HR SERVICES INC., WINSTON PARK FINANCIAL
SERVICES LTD., CMC FRASER LTD. AND 1624452 ONTARIO
LIMITED**

Respondents

**FIRST REPORT OF BDO CANADA LIMITED
RECEIVER OF PEOPLEGE HR SERVICES INC.,
WINSTON PARK FINANCIAL SERVICES LTD., CMC FRASER LTD.
AND 1624452 ONTARIO
LIMITED**

November 5, 2012

INTRODUCTION AND PURPOSE OF REPORT

1. BDO Canada Limited (in its corporate capacity, “**BDO**”, or, in its capacity as receiver, the “**Receiver**”) was appointed as receiver pursuant to section 101 of the *Courts of Justice Act* R.S.O. 1990 C. c.43, as amended (the “**CJA**”), over all the assets, undertakings, and properties owned and/or administered by (a) Peopledge HR Services Inc. (“**Peopledge**”), and by (b) Winston Park Financial Services Ltd. (“**WPFS**”), CMC Fraser Ltd. (“**CMC**”) and 1624452 Ontario Limited (“**162**”) (collectively, the “**Related Companies**”) on October 29, 2012, pursuant to the order of the Honourable Justice Newbould (the “**Receivership Order**”). A copy of the Receivership Order has been filed and is available to the Court is attached as **Appendix A**.
2. The purpose of this First Report of the Receiver is to request the Court for an order substantially in the form attached to the Receiver’s notice of motion authorizing and directing the Receiver to enter into the Interim Facilitation Agreement (the “**Facilitation**”) with activpayroll Ltd. (“**activpayroll**”).
3. In issuing the Receivership Order, this Court considered the affidavit of Bonnie Cummings in her capacity as estate executrix of the Estate of the Late John Cummings (the “**Executrix Affidavit**”) and the preliminary report of BDO Canada, in its capacity as a proposed receiver of Peopledge and the Related Companies dated October 26, 2012 (the “**Preliminary Report**”). A copy of the Executrix Affidavit and the Preliminary Report are attached (without appendices) as **Appendices B and C**. The endorsement of Mr. Justice Newbould is attached as **Appendix D**.
4. This First Report is prepared on an urgent basis to provide the evidentiary basis to request the Court for an order substantially in the form attached to the receiver’s notice of motion, authorizing and directing the receiver to enter into the Facilitation.
5. As set out in the Executrix Affidavit, Peopledge was operating without directors or senior management, and with a significant operating deficit. Investigations

into the affairs of Peopledge revealed a significant amount of money presumably belonging to Peopledge which could not be located. The Receiver's role in these proceedings has been to oversee the immediate and orderly shut down of the Peopledge business, and to assist, where possible and where resources allowed such assistance, the transition of certain customer accounts to new service providers.

6. The Receiver has successfully assisted and accommodated the transition of a number of former Peopledge customers.

CUSTOMERS AND CUSTOMER ISSUES

activpayroll Ltd.

7. Peopledge acted as a payroll partner with certain international payroll service providers to provide payroll services in Canada and/or the USA for international clients, one of which is activpayroll based in Aberdeen, Scotland.
8. Peopledge administered payrolls for 13 customers of activpayroll.
9. activpayroll advised the Receiver it had been unable to transition its services to an alternative service provider in time for the upcoming payroll due for a US company with approximately 375 employees and the upcoming payroll for a Canada company with approximately 590 employees, both due to be processed tomorrow, November 6, 2012. activpayroll requested that the Receiver retain certain former Peopledge personnel involved in processing activpayroll's specific payrolls and arrange for the continuation of payroll processing services for an interim period at activpayroll's cost, and under activpayroll's direction and responsibility.
10. The relief requested by activpayroll from the Receiver requires the Receiver's immediate attention, however, without proper protections and funding in place, the Receiver cannot facilitate activpayroll's request.

11. The Receiver has been working diligently to assist activpayroll address its transition issues with the two imminent payrolls and certain remaining payrolls for an interim period to November 30, 2012, all of which is being done for the sole benefit of activpayroll and its clients.
12. The Receiver was not prepared to:
 - (a) assume any responsibility or liability for the accuracy, timing, completeness, or any other matter relating to the work to be done by the former employees of Peopledge; or
 - (b) arrange for the actual distribution of payroll funds.
13. To facilitate and establish the terms under which the Receiver will assist activpayroll in the transition and processing of payroll, the parties have entered into the Facilitation. The Facilitation is attached as **Appendix E**.

URGENCY AND RELIEF SOUGHT

14. The Receiver requires the direction of the Court to address the immediate payroll requirements for over 950 employees within the next day and for other payrolls over a limited period of time to November 30, 2012.
15. This is a short term temporary accommodation being made by the Receiver on an exceptional basis.

CONCLUSIONS


16. The Receiver respectfully requests that this Court grant the relief substantially as set out in the draft order provided in the within motion record.

All of which is respectfully submitted this 5th day of November, 2012.

BDO CANADA LIMITED

In its capacity as the Proposed Receiver of
Peopledge HR Services Inc.,
and not in its personal capacity

Per:



Vince Siciliano, CGA, CIRP, CMC
Senior Vice-President