

ONTARIO

SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SAPPHIRE TOWER DEVELOPMENT CORP.

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,  
C. C-36, AS AMENDED

FIFTH REPORT OF THE MONITOR AND INTERIM RECEIVER  
BDO DUNWOODY LIMITED  
JANUARY 10, 2008

A. INTRODUCTION

1. On July 20, 2007, Sapphire Tower Development Corp. (the "**Applicant**") filed for and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended ("**CCAA**") pursuant to an order of this Honourable Court dated July 20, 2005 (the "**Initial Order**").
2. Pursuant to the Initial Order, BDO Dunwoody Limited ("**BDO**") was appointed Monitor of the Applicant (the "**Monitor**").
3. By order dated August 16, 2007 an extension of the CCAA proceedings was granted to September 4, 2007. At the same time BDO was appointed as Interim Receiver (the "**Interim Receiver**") with a mandate to prepare a marketing and sale process, to disseminate it to stakeholders and to bring the same before the Court for approval on September 4, 2007. As part of the extension motion BDO filed its First Report dated August 14, 2007 ("**First Report**").

4. By Order dated September 4, 2007 an extension of the CCAA proceedings was granted to November 9, 2007. As part of the extension motion BDO filed its Second Report, dated August 30, 2007 (“**Second Report**”). As part of the Order, the Court approved a marketing and sale process as set out in Schedule “A” to the Second Report, and instructed the Monitor and Interim Receiver to direct all known creditors, in writing, to review the materials regarding the marketing and sale process on the Sapphire Website, and to invite interested parties to apply to the Court by September 11, 2007 to vary or amend the sale process, such Motion to be returnable on September 24, 2007. No party brought such a motion. On November 7, 2007, the Court granted an extension of the Stay Period as defined in the Initial Order (the “**Stay Period**”) to December 14, 2007, to allow for the completion of the Sale Process. On December 14, 2007 the Court granted a further extension of the Stay Period to January 31, 2008.
5. The purpose of this Fifth Report of the Interim Receiver (“**Fifth Report**”) is to:
  - (a) report to this Honourable Court in detail on the completion of the sale of the debtor’s property located at 66 Temperance Street, Toronto, Ontario (the “**Property**”), to Skyline International Development Inc. (“**Skyline**”);
  - (b) report on the claims process for determining amounts owing to the secured creditors of the Applicant; and
  - (c) to approve an interim distribution of the proceeds of sale of the Property to the secured creditors.
6. The Monitor and Interim Receiver expects it will appear in court again before January 31, 2008 to obtain an extension of the Stay Period. This will also allow the Interim Receiver, and the Representative Counsel appointed on behalf to the Unsecured Creditors, as defined below, further time to evaluate certain claims of secured creditors, as detailed below, and potentially make a second interim distribution at that time.
7. Capital terms not defined in this Third Report are as defined in the Initial Order.

**B. TERMS OF REFERENCE**

8. In preparing this Fifth Report, the Interim Receiver has relied upon unaudited financial information, company records, claims submitted by creditors, and discussions with management of the Applicants, various stakeholders and consultants and advisors. The Monitor and Interim Receiver has not performed an audit, review or other verification of such information.
9. The Monitor and Interim Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this report. Any use which any party, other than the Court, makes of this report, or any reliance on or decision based on it, is the responsibility of such party.

**C. BACKGROUND**

10. The Applicant is a single purpose entity incorporated and resident in the Province of Ontario, that owns the Property which is a single parcel of undeveloped real estate located at 66 Temperance Street, Toronto in the core downtown area of Toronto. The site is currently leased out as a parking lot. The Applicant has no active employees other than Harry Stinson (“**Stinson**”), who is the sole officer shareholder and director of the Applicant, and is resident in Toronto. The Applicant had been pursuing the development of this site as a high rise condominium project of 50 or more stories in height.
11. The stakeholders in this matter are various parties holding mortgages or liens on the property, trade creditors, and various individuals who appear to be unsecured creditors who had advanced money in arrangements which included an interest in units in the prospective development.

**D. POSTING OF ORDERS AND REPORTS OF THE MONITOR AND INTERIM RECEIVER**

12. The Monitor and Interim Receiver has posted all court material on its website at <http://www.bdo.ca/Sapphire>, as required by the Order of the Honourable Mr. Justice Cumming, dated September 4, 2007.

#### E. POSSESSION OF ASSETS

13. Immediately following its appointment as Interim Receiver, the Monitor and Interim Receiver took possession of all of the personal property and books and records of the Applicant. The Monitor and Interim Receiver has taken steps to ensure that the rental payments by the tenant of the company's real property are made to the Monitor and Interim Receiver. The Monitor and Interim Receiver has not gone into possession of the real property owned by the Applicant as it does not believe that there is any necessity to do so at this time.

#### F. CONSULTATION WITH INVESTORS/UNSECURED CREDITORS

14. Following its appointment, the Monitor and Interim Receiver has had various discussions and meetings with stakeholders with a view to soliciting their input and views. In particular, the Monitor and Interim Receiver met with certain creditors whose advances included a contracted interest in units which were to be built in the contemplated condominium project. Input from these creditors included the fact that there may be interest in a purchase arrangement which could include the opportunity for stakeholders to continue to be invested in the project.
15. In addition, persons in this group raised the issue of legal representation for this group being obtained and funded out of the project. The Monitor and Interim Receiver was supportive of this group obtaining representation, and supported the concept of a charge being given in favour of counsel for this group, so long as such a charge was given a ranking immediately behind the interest of the secured creditors.
16. Accordingly, by the endorsement of the Honourable Mr. Justice Cumming dated October 19, 2007, the Court appointed Page, Martin LLP as representative counsel (the "**Representative Counsel**") for all unsecured creditors, and Page, Martin LLP was granted a charge on the assets ranking immediately behind the administrative charges and the interest of the valid secured creditors, in accordance with paragraph 12 of the Monitor's Second Report.

### **G. STATUS OF SALE OF PROPERTY TO SKYLINE**

17. On December 14, 2007 Justice Cumming granted a Sale Approval and Vesting Order approving the sale of the Property to Skyline. The Interim Receiver and its counsel have been proceeding to complete the transaction with Skyline and to fulfill all conditions to completing the APS. The Interim Receiver contemplates that the transaction will close on January 14, 2008 as anticipated, and that the Interim Receiver will receive the sale proceeds on that date. In order to maximize realizations to the unsecured creditors, by minimizing payments of interest costs under mortgages registered on the Property, the Interim Receiver wishes to distribute the sale proceeds generated by the sale of the Property to those secured creditors whose claims are not disputed by the Interim Receiver as soon as possible after receiving the sale proceeds.

### **H. CLAIMS PROCEDURE FOR SECURED CREDITORS**

18. In order to implement the above-mentioned distribution, on December 21, 2007 the Interim Receiver sent a form of proof of claim by mail to all creditors of the Applicant known to the Interim Receiver, including those who had registered claims against the Property. The instruction sheet sent along with the proof of claim form requested that all proofs of claim be submitted to the Interim Receiver by January 4, 2008 to enable the Interim Receiver to report to the Court by January 8, 2008, and to enable a distribution on or about the closing date for the transaction with Skyline on January 14, 2008. Copies of the instruction sheet and the proof of claim are attached as Appendix "A" to this Fifth Report. Attached as Appendix "B" to this Fifth Report is a copy of the abstract of title for the property.
19. As a result of the request for claims, 45 secured creditors have submitted claims as at the writing of this report. The Interim Receiver requested that each of the proofs of claim be sworn as affidavits to ensure that the Interim Receiver had an evidentiary basis for recommending the distributions claimed in the proofs of claim to the Court. Of the 45 proofs of claim filed, all but 2 proofs of claim were properly sworn as requested by the Interim Receiver. The claims filed are as follows:

(i) **Graphic Arts Building Incorporated Mortgage (the “GA Mortgage”)**

20. The first charge that remains registered on title to the Property is a mortgage in favour of Graphic Arts Building Incorporated (“**Graphic Arts**”) which was registered on May 5, 2005 in the amount of \$10,500,000. Attached as Appendix “C” to the Fifth Report is a copy of the GA Mortgage. The GA Mortgage was a “vendor take back mortgage” granted to Graphic Arts by the Applicant as part payment of the purchase price of \$14,500,000 for the purchase of the Property by the Applicant .
21. The balance was due under the GA Mortgage on December 1, 2006. The GA Mortgage has a rate of interest of 9%, compounded monthly, not in advance. The monthly payments, as stipulated in the mortgage, were \$78,750.00, on account of interest only. The GA Mortgage could be renewed at the sole discretion of Graphics Arts. To the knowledge of the Interim Receiver, the GA Mortgage was not renewed and matured on December 1, 2006.
22. Graphic Arts has filed a proof of claim for amounts owing under the GA Mortgage in response to the call for claims by the Interim Receiver. Attached as Appendix “D” to the Fifth Report is a copy of the Graphic Arts Proof of Claim (the “**GA Claim**”). In the Graphic Arts Proof of Claim, Graphic Arts claims that it is owed \$10,500,000.00 of unpaid principal, \$918,868.93 of unpaid interest, costs of \$55,094.09 for a total claim of \$11,710,213.02, with per diem interest of \$2,736.38 after January 14, 2008.
23. The Interim Receiver has reviewed the GA Claim and the calculation of the amounts owing as at January 14, 2008 declared therein, has compared the claim to the books and records of the Applicant, and recommends that the amount of \$11,549,477.93 be distributed to Graphic Arts out of the proceeds of sale. The Interim Receiver disputes the calculation of the interest in the GA Claim which resulted in an over-calculation of the interest in the amount of \$160,735.09, most of it for the periods March, April, May and June, 2006, and January, 2008. The Interim Receiver will reserve that amount of \$160,735.09 pending determination of this issue.

ii) **\$6 Million Syndicated Mortgage in Favour of Stinson Financial Corporation as Trustee (the “Syndicated Mortgage”)**

24. The second charge that remains registered on title to the Property is a syndicated mortgage in favour of Stinson Financial Corporation (“SFC”) as trustee on behalf of a syndicate of investors, which was registered on May 5, 2005 in the amount of \$6,000,000. Attached as Appendix “E” to the Fifth Report is a copy of the Syndicated Mortgage. The principal amount of the Syndicate Mortgage was advanced by a syndicate of individual investors each holding an interest in the mortgage in varying amounts, and administered by SFC as trustee. The largest investor is Jeffrey Family Trust (the “Jeffrey Trust”) which advanced \$2,000,000. SFC was replaced by the Jeffrey Trust as Trustee of the Syndicated Mortgage by the Order of Justice Cumming dated November 7, 2007.
25. The balance was due under the Syndicated Mortgage on May 1, 2006. The Syndicated Mortgage has a rate of interest of 16%, calculated monthly, not in advance. The amount of the interest for the first term of the mortgage was deducted from the proceeds of the final advance, and was payable on maturity. The lawyers who completed the security arrangement for the mortgage, Hacker Gignac Rice (“HGR”) withheld an interest reserve of \$1,000,000 from the funds raised, and, on or about the maturity date of the mortgage, being May 2, 2006, utilized these funds to pay the interest owing on the mortgage to that date.
26. Other than three individual investors, all of the investors in the Syndicated Mortgage, disclosed to the Interim Receiver by the Applicant, have filed proofs of claim for amounts owing under the Syndicated Mortgage in response to the call for claims by the Interim Receiver. In addition Jeffrey Trust has filed a proof of claim as trustee on behalf of all of those investors. Jeffrey Trust has not filed a separate claim dealing with its investment alone. Attached as Appendix “F” to this Fifth Report is a copy of a summary of the proofs of claim filed, and the amounts accepted by the Interim Receiver and the disputed amounts.
27. The trust account ledger of HGR was recently made available to the Interim Receiver. It records the receipt of an additional \$700,000 from nine additional apparent investors not

previously made known to the Interim Receiver. It is possible, however, that these potential claimants were previously repaid by the Applicant. The Interim Receiver has not yet had an opportunity to fully investigate these apparent investors, but in the absence of an explanation to the contrary, and in the event that these persons were not paid, there may be further secured claims in the principal amount of \$700,000.00 plus outstanding interest of \$190,860.27 for a total of \$890,860.27, which the Interim Receiver recommends be reserved.

28. The Interim Receiver has reviewed the proofs of claim filed and the calculation of the amounts owing as at January 14, 2008 declared therein, and has compared the claim to the records of the Applicant. There are arithmetical and calculation differences between the claim filed by Jeffrey Trust and the proofs of claim filed by the individual investors. The method of calculation of the interest payable under the mortgages differs between Jeffrey Trust, some of the investors, and the Interim Receiver. The differences between the claims of individuals and Jeffrey Trust appear to result from inconsistent treatment of the "Administrative Fee" and method of calculation of interest in the individual claims. The difference between the aggregate total interest outstanding as calculated by Jeffrey Trust and by the Interim Receiver is minimal, less than \$4,600, and undoubtedly results from a difference in the method of calculations or number of days of interest included. However, there are consistent variances between the calculation by Jeffrey Trust and the individual investors' proofs of claim on an individual by individual basis, that the Interim Receiver is unable to explain.
29. As noted above, Jeffrey Trust, in its capacity as successor trustee under the mortgage, submitted a claim on behalf of all of the 41 unit holders in the mortgage. That claim is in the amount of \$7,966,369.80 consisting of the principal, plus \$1,463,404.80 simple interest of 16% per annum, calculated on the principal balance outstanding to the unit holders of \$5,350,000.00, plus \$1,123,500.00 for an "Administrative Fee" of 1% per month of the outstanding principal balance, after default, plus \$34,029.34 for legal fees.
30. Paragraph 11 of the Syndicated Mortgage reads:

"PROVIDED that in the event that the entirety of the principal sum owing under the Charge is not paid in full on or prior to the



maturity date, or in the event of any default under the Charge and for so long as such default remains unremedied, then the Chargee shall be entitled to an administration fee equivalent to one percent (1%) per month or part thereof on the outstanding principal balance after date of default or maturity, as the case may be, so long as the Charge remains unpaid or so long as any default continues, as the case may be.”

31. The Interim Receiver has not accepted claims for the additional 1% per month “administrative fee” on the basis that this provision violates s.8 of the *Interest Act*, and will reserve the amount of \$1,123,500 pending determination of this issue, if necessary.
32. Therefore the Interim Receiver recommends, at this time, that each of the investors under the Syndicated Mortgage be paid:
- (i) all principal amounts owing to each of the investors in the aggregate amount of \$5,350,000;
  - (ii) simple interest on each claim re-calculated monthly at the rate of 16% from May 3, 2006 to January 14, 2008 in the aggregate amount \$1,458,840.55; and
  - (iii) the legal costs of Simpson Wigle claimed for acting as counsel for Jeffrey Trust and as counsel for the Substituted Trustee, as permitted under the mortgage as costs of the mortgagee, in the total amount of \$34,029.34

The Interim Receiver proposes that the aggregate amounts of \$6,842,869.89, are to be paid in the amounts set out in Schedule “G” to the Fifth Report. The Interim Receiver will reserve the amount of \$1,123,500.00 for the disputed “Administrative Fee” claim, and a further \$900,000 will be reserved pending investigation of the potential additional investors.

**iii) Construction Lien Claim by Turner Fleischer Architects Inc. ( “TFA”)**

33. The third charge that remains registered on title to the Property is a construction lien which was registered by TFA on January 15, 2007 in the amount of \$93,889,000. Attached as Appendix “H” to this Fifth Report is a copy of the claim for lien as registered.
34. TFA has filed a proof of claim for amounts owing under the lien claim in response to the call for claims by the Interim Receiver. Attached as Appendix “I” to the Fifth Report is a

copy of the TFA Proof of Claim (the “**TFA Claim**”). TFA claims that it is owed \$56,474.04. This reflects a reduction from its original amount claimed under the claim for lien due to payments of \$65,000.00 made by the Applicant to TFA prior to the CCAA filing. However, TFA also claims additional amounts due, in particular, interest of \$6,136.02, and legal fees of \$21,448.76.

35. The Interim Receiver has reviewed the TFA Claim and the calculation of the amounts owing as at January 14, 2008 declared therein, and has compared the claim to the books and records of the Applicant. Counsel for the Interim Receiver has requested that counsel for TFA provide further particulars of the work done by TFA with respect to the Property. The Interim Receiver therefore will retain a reserve in the amount \$56,474.04 pending further review of the claim.

**iv) Mortgages granted to Leslie Steven Mason (the “Shibley Mortgages”)**

36. The fourth charge that remains registered on title to the Property is a mortgage in favour of Leslie Steven Mason, a partner of Shibley Righton LLP (“**Shibleys**”) which was registered on April 18, 2007 in the amount of \$250,000 (“**Shibley Mortgage #1**”). Attached as Appendix “J” to this Fifth Report is a copy of Shibley Mortgage #1. Shibleys act as the solicitors for the Applicant, as well as for Stinson, and this mortgage was registered to secure payment of legal fees owing to Shibleys.
37. The sixth charge that remains registered on title to the Property is a second mortgage in favour of Leslie Steven Mason, a partner of Shibleys which was registered on June 19, 2007 in the amount of \$275,000 (“**Shibley Mortgage #2**”). Attached as Appendix “K” to this Fifth Report is a copy of Shibley Mortgage #2. Shibley Mortgage #2 is in favour of the solicitors for the Applicant, as well as for Harry Stinson, and this mortgage was registered to secure payment of legal fees owing to Shibleys. (Collectively Shibley Mortgage #1 and Shibley Mortgage #2 will be referred to as the “**Shibley Mortgages**”).
38. In each of the Shibley Mortgages the balance was due on demand. To the knowledge of the Interim Receiver no such demand was ever issued by Shibleys. Each of the Shibley Mortgages secures amounts owing under promissory notes executed by, inter alia, the

Applicant, and each bear interest at a rate of interest of 12%, compounded monthly, not in advance.

39. Shibleys, on January 7, 2008, filed an extensive proof of claim and supporting docket material for amounts owing under the Shibley Mortgages in response to the call for claims by the Interim Receiver. Attached as Appendix "L" to this Fifth Report is a copy of the Shibley Proof of Claim (the "**Shibley Claim**"), without the supporting documents. In the Shibley Claim, Shibley claims that it is owed \$525,000.00 of unpaid principal, \$35,147.62 of unpaid interest, and further costs of \$102,356.41 claimed under the Administrative charge granted by the Initial Order, for a total claim of \$662,356.41 (mathematically \$662,504.03).
  40. The Interim Receiver has conducted a preliminary review of the Shibley Claim, and has noted that there are a number of minor arithmetical errors in its compilation. On January 10, 2008 the Interim Receiver provided the Shibley Claim to the Representative Counsel for their review and comment, as the unsecured creditors are the only known parties likely to have an interest in reviewing this claim. The Interim Receiver recommends that \$662,504.03 be reserved from the proceeds of sale pending review of the Shibleys Claim by any interested party.
- v) **Mortgage Granted to Oro Properties Limited (the "Oro Mortgage")**
41. The fifth charge that remains registered on title to the Property is a mortgage in favour of Oro Properties Limited ("**Oro**") which was registered on May 23, 2007 in the amount of \$250,000. Attached as Appendix "M" to this Fifth Report is a copy of the Oro Mortgage.
  42. The balance was due under the Oro Mortgage 18 months from the date of the mortgage, or on the sale of the Property. The Oro Mortgage, as registered, has a rate of interest of 16%, compounded quarterly, not in advance.
  43. Oro has filed a proof of claim for amounts owing under the Oro Mortgage in response to the call for claims by the Interim Receiver. Attached as Appendix "N" to the Fifth Report is a copy of the Oro Proof of Claim (the "**Oro Claim**"). Oro claims that it is

owed \$250,000.00 of unpaid principal, \$33,111.11 of unpaid interest, and legal costs of \$3,664.62 for a total claim of \$286,775.73, with per diem rate of interest of \$111.11.

44. The Interim Receiver has reviewed the Oro Claim and the calculation of the amounts owing as at January 14, 2008 declared therein, and has compared the claim to the records of the Applicant. The Interim Receiver will be requesting further documentation from Oro, and recommends that the amount of \$286,775.73 be reserved pending further review of the Oro Claim.

**vi) Mortgage to Walmsley, Bell and Mattson (the “WBM Mortgage”)**

45. The seventh charge that remains registered on title to the Property is a mortgage in favour of Peter Walmsley, Glenda Bell and Roberta Mattson which was registered on June 19, 2007 in the amount of \$155,000. Attached as Appendix “O” to this Fifth Report is a copy of the WBM Mortgage.

46. The balance was due under the WBM Mortgage 18 months after registration of the Mortgage or on the sale of the Property. The WBM Mortgage has a rate of interest of 10%, compounded quarterly, not in advance.

47. The mortgagees under the WBM Mortgage have filed proofs of claim for amounts owing under the WBM Mortgage in response to the call for claims by the Interim Receiver. Attached as Appendix “P” to this Fifth Report are copies of the WBM Proofs of Claim (the “**WBM Claims**”). In them, they jointly claim that they are owed a total of \$155,000.00 of unpaid principal, \$22,868.69 of unpaid interest, but no costs, for a total claim of \$177,868.69. Two of the claims were calculated at an interest rate of 16% while the largest was calculated at 20%. The mortgage document was registered at 16%, however, and therefore we are of the view the secured claim should be limited to the 16% interest rate in the mortgage.

48. The Interim Receiver has reviewed the WBM Claims and the calculations of the amounts owing as at January 14, 2008 declared therein, compared the claims to the records of the Applicant, and recalculated the mortgage at the rate of 16% for a total outstanding balance at January 14, 2007 of \$176,268.63. Regardless of the re-calculation, the Interim

Receiver will request that further documentation be provided for the WBM Claims and recommends that the amount of \$177,868.69 be reserved pending that review.

**vii) Claims Under Administrative Charges**

49. The Initial Order, the Interim Receivership Order, and the Order of Justice Cumming dated October 19, 2007 (the “**Representative Counsel Order**”), each created administrative charges, with priority over the unsecured creditors.
50. Shibleys has claimed in the Shibleys Claim that the amount of \$102,356.41 is secured under the administrative charge under the Initial Order. This amount is part of the entire Shibleys Claim of \$662,504.03 discussed in paragraph 39.
51. Page Martin, as Representative Counsel, has filed the proof of claim attached as Appendix “Q” to this Fifth Report (the “**Page Martin Proof of Claim**”) claiming that the amount of \$8,663.66 is secured under the charge granted under the Representative Counsel Order. The Interim Receiver has reviewed the Page Martin Proof of Claim, and the calculation of the amounts owing as at January 14, 2008 declared therein, and recommends that the amount of \$8,663.66 be distributed to Page Martin out of the proceeds of sale.

**viii) Rayan Certificate of Pending Litigation**

52. In the course of preparing this report, counsel for the Interim Receiver reviewed a Certificate of Pending Litigation registered on title to the Property on May 11, 2007 by Jay and Usha Rayan. The Rayans have also filed a proof of claim with the Interim Receiver in the form of a letter from Goldman, Sloan. Counsel for the Interim Receiver has contacted Goldman Sloan, counsel for the Rayans who are the plaintiffs in the action. The Applicant is a defendant to the action, along with SFC, Stinson, Graphic Arts and Harry Stinson Realty Corporation. Counsel for the Rayans has agreed not to oppose the relief requested if the amount of \$630,000.00 is reserved by the Interim Receiver pending further order of the Court. The Interim Receiver has agreed to do so. Attached as Appendix “R” to the Fifth Report is a copy of the Rayan Certificate of Pending Litigation and the Rayan proof of claim.

**I SUMMARY OF DISTRIBUTION REQUESTED**

In summary, the Interim Receiver proposes to distribute the following aggregate amounts to the secured creditors of the Applicant out of the Sale Proceeds:

<b><u>Recommended Distribution</u></b>	
Graphic Arts	\$ 11,549,477.93
Syndicated Mortgage	\$ 6,842,869.89
Page Martin	\$ 8,663.66
	<u>\$ 18,401,011.48</u>

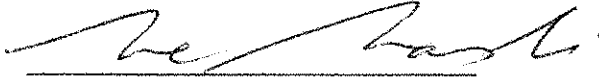
**J SUMMARY OF DISTRIBUTION REQUESTED**

In summary, the Interim Receiver proposes to reserve the following aggregate amounts out of the Sale Proceeds:

<b><u>Recommended Reserved</u></b>	
Graphic Arts	\$ 160,735.09
Syndicated Mortgage – 1% Admin Fee	\$ 1,123,500.00
Syndicated Mortgage, reserve creditors, paragraph 27	\$ 890,860.27
TFA	\$ 56,474.04
Shibleys	\$ 662,504.03
Oro	\$ 286,775.73
WBM	\$ 177,868.69
Rayan	\$ 630,000.00
	<u>\$ 3,988,717.85</u>

All of which is respectfully submitted this 10<sup>th</sup> day of January, 2008.

**BDO DUNWOODY LIMITED**  
**In its capacity as Court Appointed**  
**Monitor and Interim Receiver of the Applicant**



A handwritten signature in black ink, appearing to read "BDO Dunwoody", is written over a horizontal line.