

**ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 47(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c.B-3 as amended

AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.

MOTION RECORD

(Vesting Order and Approve Activities)

LAWRENCE, LAWRENCE, STEVENSON LLP

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**TO: MINDEN, GROSS, GRAFSTEIN
AND GREENSTEIN**

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Solicitor for Royal Bank of Canada

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Attention: Robert C. Harason

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Solicitor for Local 853 of the
Sprinkler Fitters of Ontario

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Collections Manager
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DAMON STODDARD

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WOODBINE PONTIAC BUICK GMC LTD.

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M9W 6N2

HUMBERVIEW MOTORS INC.

3109 Bloor Street West
Toronto, Ontario
M8X 1E2

ONSET CAPITAL CORPORATION

666 Burrard Street, Suite 300
Vancouver, BC
V6C 2X8

NEC CANADA INC.

100 - 1235 North Service Road West
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MTC LEASING INC.

3310 South Service Road
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IN THE MATTER OF SECTION 47(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c.B-3 as amended

AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.

I N D E X

1. Notice of Motion

2. Interim Receiver's First Report to the Court
including Affidavit of Darryl McConnell at Appendix XIV, Section 1
which can be accessed at <http://www.bdo.ca/shield/shield.cfm?menu=home>

3. Affidavit of Anthony E. Bak sworn January 19, 2007

Exhibit "A" Summary of Accounts

Exhibit "B" Accounts

Exhibit "C" Schedule of Hours Spent

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AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.

NOTICE OF MOTION

The Plaintiff will make a motion to a judge presiding on the Commercial List on January 29, 2007 at 9:30 a.m. or as soon after that time as the motion can be heard at the court house, 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order that service of this motion on any other interested party is dispensed with, that this motion is properly returnable this date and no further service is required;
2. A Vesting Order substantially in the form of the draft attached hereto as Schedule "A";

3. An Order approving all activities, actions and steps taken by the Interim Receiver since October 16, 2006 including its Receipts and Disbursements to December 31, 2006 and an Order approving the professional fees of the Interim Receiver and its legal counsel, Lawrence, Lawrence, Stevenson for the period to December 31, 2006 in the form attached as Schedule "B" hereto;

4. An Order for advice and directions on the following matters:
 - i) The distribution of the receipts realized from the property of the Company, including the sale of the real property, its personal property and the collection of its accounts receivable;

 - ii) The sale of the personal property of the Company, alternatively the release of the personal property to creditors claiming a secured interest;

 - iii) The priority of the claims of secured creditors as described in this report, and the enforceability of the security against other creditors and the Trustee in Bankruptcy;

5. Such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

1. On October 16, 2006, Royal Bank of Canada (“RBC”) obtained an interim receivership order against Shield Fire Sprinkler Systems Inc. (“Shield”) appointing BDO Dunwoody Limited Interim Receiver of Shield (the “Order”).
2. RBC obtained the Order because the principal of Shield had made a personal assignment into bankruptcy and notified RBC that he was turning over the company’s assets and keys to RBC.
3. The Interim Receiver has been fulfilling its authorized functions since its appointment, including, *inter alia*, entering into an agreement to sell real property owned by Shield conditional upon obtainment of a Vesting Order.
4. The Interim Receiver has completed its First Report to the Court discussing the aforesaid sale as well as its activities in respect of the liquidation of Shield’s assets for which its seeks approval from the Court.
5. There are various potential priority issues in relation to the assets of Shield which are discussed briefly in the Report. The Interim Receiver has reviewed these issues and is prepared to be of whatever assistance the court may deem appropriate.
6. Section 100 of the *Courts of Justice Act R. S.O. 1990. c. C. 43*;

7. Paragraphs 17, 18, 19 and 24 of the Order of the Honourable Mr. Justice Campbell dated October 16, 2006; and,
8. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Interim Receiver's First Report to the Court which can be accessed at <http://www.bdo.ca/shield/shield.cfm?menu=home>
2. The affidavit of Darryl McConnell contained within the First Report to the Court;
3. The affidavit of Anthony E. Bak as to fees and disbursements; and,
4. Such further and other evidence as counsel may advise and this Honourable Court may permit.

January 19, 2007

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Robert J. van Kessel (29721E)
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BDO Dunwoody Limited

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Schedule "A"

Court file no. 06-CL-6689

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COMMERCIAL LIST**

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BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c.B-3 as amended**

**AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.**

The Honourable
Justice

)
)

day, the day of
January, 2007

ORDER

THIS MOTION, made by BDO Dunwoody Limited solely in its capacity as interim receiver of Shield Fire Sprinkler Systems Inc. ("Shield") and not in its personal or corporate capacity (the "Interim Receiver"), for an Order approving an Agreement of Purchase and Sale dated January 8, 2007 (the "Agreement") made between the Interim Receiver as Vendor and Dino Beltrame in Trust as purchaser (the "Purchaser"), pursuant to which the Property shall be sold to the Purchaser for \$225,000 on terms described in the Agreement (the "Purchase Price") and a Vesting Order vesting lands and premises described as 13 Kenview Blvd., Unit 10, Brampton, Ontario (the "Property") in the Purchaser upon payment of the Purchase Price and completion of the Purchaser's obligations contained in the Agreement, was heard this day at 330 University Avenue,

Toronto, Ontario.

ON READING the Motion Record, the Interim Receiver's First Report to the Court, and on hearing the submissions of counsel for the Interim Receiver, Royal Bank of Canada, Canada Revenue Agency and _____,

1. **THIS COURT ORDERS** that this motion is properly returnable this day and no further service of the Motion Record or its First Report to the Court is required such that all parties entitled to notice of this motion have been properly served.

2. **THIS COURT ORDERS** that the Agreement be and the same is hereby approved and that the Interim Receiver is at liberty to complete the Agreement with the Purchaser in accordance with its terms.

3. **THIS COURT ORDERS** that upon payment of the Purchase Price by the Purchaser to the Interim Receiver and the performance by the Purchaser's of all of its/his covenants in accordance with the Agreement, the Property shall vest and is hereby vested in the Purchaser absolutely and forever free and clear of and from any and all rights, title, interests, estates, licences, mortgages, charges, pledges, liens, encumbrances, hypothecs, security interests, executions, judgment, trust or deemed trusts, set-off claims, leases, assignments, options, adverse claims, levies, taxes, rights of distress, title retention agreements, or any other claims, interests, or any other rights, rights of use, disputes and debts of all persons or entities of whatever kind whatsoever and whether direct, indirect,

absolute or contingent or whether contractual, legal, equitable, statutory or otherwise as of the date hereof.

4. **THIS COURT ORDERS** that immediately upon the vesting of title to the Property in the Purchaser, the charge registered against the Property as Instrument No. PR1042034 in favour of Royal Bank of Canada (the “**RBC Charge**”) shall continue to attach to and shall retain the same validity, priority and enforceability with respect to the cash proceeds collected from the sale of the Property (the “**Proceeds**”) as the RBC Charge had against the Property prior to the vesting of the Property in the Purchaser and that the Proceeds from the sale of the property shall stand in the place and stead of the Property.

Schedule "B"

Court file no. 06-CL-6689

**ONTARIO SUPERIOR COURT OF JUSTICE
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BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c.B-3 as amended**

**AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.**

THE HONOURABLE) DAY, THE DAY OF
JUSTICE)
)
) JANUARY, 2007

ORDER

THIS MOTION, made by BDO Dunwoody Limited solely in its capacity as interim receiver of Shield Fire Sprinkler Systems Inc. ("Shield") and not in its personal or corporate capacity (the "Interim Receiver"), for an Order approving all activities, actions and steps taken since October 16, 2006 including its Receipts and Disbursements to December 31, 2006 and an Order approving the professional fees of the Interim Receiver and its legal counsel, Lawrence, Lawrence, Stevenson for the period to December 31, 2006, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record, the Interim Receiver's First Report to the Court, the affidavits of Darryl McConnell and Anthony Bak, and on hearing the

submissions of counsel for the Interim Receiver, Royal Bank of Canada, Canada Revenue Agency and _____,

1. **THIS COURT ORDERS** that this motion is properly returnable this day and no further service of the Motion Record or its First Report to the Court is required such that all parties entitled to notice of this motion have been properly served.

2. **THIS COURT ORDERS** that all activities, actions and steps taken by the Interim Receiver from October 16, 2006 to January _____, 2007, including its Receipts and Disbursements in that period, be and the same are hereby approved.

3. **THIS COURT ORDERS** that the professional fees and disbursements of the Interim Receiver and its legal counsel, Lawrence, Lawrence, Stevenson for the period to December 31, 2006, be and the same are hereby approved.

**ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 47(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c.B-3 as amended

AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.

AFFIDAVIT OF ANTHONY E. BAK

I, Anthony E. Bak, of the Town of Halton Hills, in the Regional Municipality of Halton,
make oath and say:

1. I am a member of the law firm of Lawrence, Lawrence, Stevenson, solicitors for the Interim Receiver, BDO Dunwoody Limited (the "Interim Receiver"), and as such I have knowledge of the matters herein deposed.

2. I have from time to time discussed issues and legal proceedings with my partner, Robert van Kessel, the solicitor with carriage of this file in our office. As a result of those discussions, I verily believe that since October 16, 2006, counsel for the Interim Receiver has provided a security opinion to the Interim Receiver and has advised on issues involving commencing Court action, entering into an agreement to sell real property and in respect of the liquidation of assets. This accounts for substantial time spent by counsel on behalf of the Interim Receiver.

3. The statements of account for professional services rendered by our firm to the Interim Receiver in connection with this receivership from October 16, 2006 are listed on the Summary of Accounts attached as Exhibit "A" hereto and copies of those respective statements of account are attached collectively as Exhibits "B" hereto (the "Accounts").

4. Attached hereto and marked as Exhibit "C", is a true copy of the schedule of hours spent, hourly rates and the names of the corresponding lawyers and staff that performed the services referred to in the Accounts. I am informed by Robert van Kessel, the solicitor with principal carriage of this matter, and I do verily believe that each of the solicitors of our firm have performed the services described therein.

5. I verily believe that the fees shown in the Accounts accurately reflect the legal services and the value of those services provided to the Interim Receiver.

6. I make this affidavit in support of the Order referred to in the Notice of Motion by which the Interim Receiver seeks the approval of its fees and disbursements and payment of solicitor's fees from October 16, 2006.

SWORN before me at the City)
of Brampton, in the Regional)
Municipality of Peel,)
this 19th day of January, 2007)

E. G. Upeniewski

A Commissioner for Taking Affidavits, etc.

E. G. UPENIEWSKI



ANTHONY E. BAK

*This is Exhibit "A" referred to in the
affidavit of Anthony E. Bak
sworn before me, this^{19m}.....
day of January, 2007*

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

A handwritten signature in black ink, appearing to be 'EJB', is written over the dotted line of the Commissioner's name.

IN THE MATTER OF
THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.

**Summary of Accounts to Interim Receiver,
BDO Dunwoody Limited**

Tab No	Date of Invoice	Fees Billed	Disbursements Billed	GST Billed	Total Account
1	November 29, 2006	\$4,840.00	\$625.90	\$309.17	\$5,775.07
2	January 11, 2007	\$ 270.00	\$ 72.00	\$18.60	\$360.60
	Total	\$5,110.00	\$697.90	\$327.77	\$6,135.67

*This is Exhibit "B" referred to in the
affidavit of Anthony E. Bak
sworn before me, this^{19th}.....
day of January, 2007*

.....
A COMMISSIONER FOR TAKING AFFIDAVITS



BDO Dunwoody Limited
 1 City Centre Drive
 Suite 1040
 Mississauga, ON
 L5B 1M2

IN ACCOUNT WITH

LAWRENCES

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 43 Queen Street West
 Brampton, Ontario, Canada L6Y 1L9
 Telephone 905-451-3040 • Fax 905-451-5058
 www.lawrences.com

Date: November 29, 2006
 File Number: 017104-023
 (Please quote your file number on your remittance)
 G.S.T. # 122561491

Account due when rendered. E. & O.E. Interest charged on overdue accounts pursuant to Solicitors Act. @4.5% p.a.

RE: Shield Sprinkler Fire Systems Inc. - Security Opinion

Invoice No. 36094

FEEES FOR PROFESSIONAL SERVICES RENDERED
 as detailed on the attached Record of Services

OUR FEE \$4,840.00

DISBURSEMENTS - NON TAXABLE

Institute proceedings	\$181.00	
Corporate search fee	\$132.00	
		\$313.00

DISBURSEMENTS - TAXABLE

Courier	\$13.69	
Photocopies	\$6.00	
Fax Transmissions	\$2.50	
Printer copies	\$0.50	
Process Server Fees	\$70.00	
Bank Act Search	\$40.21	
Corporate agency fee	\$120.00	
Teraview Agency Fee	\$11.00	
Teraview Execution Searches	\$22.00	
Teraview Photocopies	\$18.00	
Teraview Title Searches	\$9.00	
		\$312.90

GOODS AND SERVICES TAX

on Fees		290.40
on Taxable Disbursements		18.77

TOTAL ACCOUNT **\$5,775.07**

Less Trust Funds applied \$0.00

Disbursements made on your behalf but not posted to your account as of the date of this Account will be billed to you at a later date.

REMITTANCE SLIP

Please return this slip with your payment to ensure your account is properly credited.

BDO Dunwoody Limited

RE: Invoice No. . 36094

File Number	Previous Balance	Previous Payments	Current Balance	Total Owing
017104-023	\$0.00	\$0.00	\$5,775.07	\$5,775.07

PAYMENT ENCLOSED

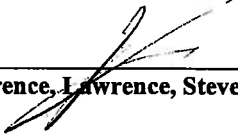
Lawrence, Lawrence, Stevenson LLP
 43 Queen St West, Brampton, Ontario L6Y 1L9

BALANCE DUE ON THIS ACCOUNT

\$5,775.07

THIS IS OUR ACCOUNT

per: _____

A handwritten signature in black ink, appearing to be 'Lawrence', is written over a horizontal line. The signature is slanted and extends above and below the line.
Lawrence, Lawrence, Stevenson LLP

LAWRENCES

LAWRENCE · LAWRENCE · STEVENSON · LLP

RECORD OF SERVICES

Client: BDO Dunwoody Limited

Matter: Shield Sprinkler Fire Systems Inc. - Security Opinion

File No: 017104-023

Date: November 29, 2006

<u>Date</u>	<u>Services Performed</u>
October 20, 2006	telephone conference with Darryl McConnell, email to Glen Lewis perform corporate search regarding Shield Sprinkler Fire Systems Inc; perform numerous PPSA searches in connection with amalgamating companies; request Bank Act search; instructing real estate department to conduct subsearch of property and execution searches
October 23, 2006	in-house conference with associate counsel; review of PPSA search results; review of PPSA; consideration of issues review of PPSA searches, review of corporate profile searches, telephone discussions with Darryl McConnell, preparation of opinion on security as against trustee in bankruptcy performance of searches
October 25, 2006	in-house conference with counsel concerning opinion parameters review of and revise opinion, preparation of statement of claim, email to client, telephone discussion with Darryl McConnell, review of corporate profile searches performance of searches perform corporate search regarding Ivanhoe Cambridge; telephone call to process server; preparation of Information for Court Use; preparation of Statement of Claim for issuing and instructing process server
November 08, 2006	telephone conference with client, research re solicitor lien, privilege issues, preparation of letter to Beard, Winter, review of letters from client and Beard, Winter
November 09, 2006	review of emails from Catherine Francis, letter to opposing counsel
November 10, 2006	telephone conference with Robert Harason, email to client
November 13, 2006	review of emails and instructions from Darryl McConnell
November 14, 2006	review of email from client, review and revise letter to Beard, Winter
November 15, 2006	telephone conference with Robert Harason, email to and from Robert Harason, email to and from client
November 17, 2006	receipt and review of emails from client, review of issues raised therein, telephone discussions with Darryl McConnell
November 20, 2006	e-mail from client, email to client, email to opposing counsel

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 Suite 1040
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IN ACCOUNT WITH

LAWRENCES

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January 11, 2007
 Date: 017104-023
 File Number:
 (Please quote your file number on your remittance)
 G.S.T. # 122561491

Account due when rendered. E. & O.E. Interest charged on overdue accounts pursuant to Solicitors Act. @4.5% p.a.

RE: Shield Sprinkler Fire Systems Inc. - Security Opinion

Invoice No. 36516

FEEs FOR PROFESSIONAL SERVICES RENDERED
 as detailed on the attached Record of Services

OUR FEE		\$270.00
DISBURSEMENTS - NON TAXABLE		
Corporate PPSA Search	\$32.00	
		\$32.00
DISBURSEMENTS - TAXABLE		
Corporate Agency Filing/Search	\$40.00	
		\$40.00
GOODS AND SERVICES TAX		
on Fees		16.20
on Taxable Disbursements		2.40
TOTAL ACCOUNT		\$360.60
Less Trust Funds applied		\$0.00
BALANCE DUE ON THIS ACCOUNT		\$360.60

THIS IS OUR ACCOUNT

per: 
 Lawrence, Lawrence, Stevenson LLP

Disbursements made on your behalf but not posted to your account as of the date of this Account will be billed to you at a later date.

REMITTANCE SLIP

Please return this slip with your payment to ensure your account is properly credited.

BDO Dunwoody Limited

RE: Invoice No. 36516

File Number	Previous Balance	Previous Payments	Current Balance	Total Owing
017104-023	\$5,775.07	\$0.00	\$360.60	\$6,135.67

PAYMENT ENCLOSED

Lawrence, Lawrence, Stevenson LLP
 43 Queen St West, Brampton, Ontario L6Y 1L9

LAWRENCES

LAWRENCE LAWRENCE STEVENSON LLP

RECORD OF SERVICES

Client: BDO Dunwoody Limited

Matter: Shield Sprinkler Fire Systems Inc. - Security Opinion

File No: 017104-023

Date: January 11, 2007

Date	Services Performed
December 08, 2006	e-mail from client, email to Robert Harason
December 19, 2006	review of email from Darryl McConnell, review of Agreement of Purchase and Sale (draft), telephone discussion with Darryl McConnell, memo to file

*This is Exhibit "C" referred to in the
affidavit of Anthony E. Bak
sworn before me, this¹⁹.....
day of January, 2007*

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

IN THE MATTER OF
THE INTERIM RECEIVERSHIP OF
SHIELD SPRINKLER FIRE SYSTEMS INC.

SCHEDULE OF HOURS SPENT
(up to December 31, 2006)
Re: BDO Dunwoody and Shield Sprinkler Fire Systems Inc.

<i>Lawyer</i>	<i>Hours</i>	<i>Rate</i>	<i>Amount</i>
Robert J. van Kessel	15.4	\$300.00	\$4,620.00
William Sirdevan	0.8	\$325.00	260.00
Miel McGerrigle	0.4	\$125.00	50.00
 <i>Legal Assistants</i>			
Joanne Miller	1.8	\$100.00	\$ 180.00

IN THE MATTER OF THE INTERIM RECEIVERSHIP OF SHIELD SPRINKLER FIRE SYSTEMS INC.

Court file No. 06-CL-6689

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD

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Solicitors for the Interim Receiver,
BDO Dunwoody Limited