

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
CONQUEST VACATIONS INC.
A COMPANY INCORPORATED PURSUANT TO THE LAWS OF NOVA SCOTIA AND
CARRYING ON BUSINESS IN THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

TRUSTEE'S SECOND REPORT

DATED JANUARY 19, 2010

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SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.

**IN ITS CAPACITY AS THE TRUSTEE OF THE ESTATE OF CONQUEST
VACATIONS INC., A BANKRUPT**

DATED JANUARY 19, 2010

1.0 PURPOSE OF THIS REPORT

On April 24, 2009, Conquest Vacations Inc. (the “**Company**” or “**Conquest**”) made an assignment in bankruptcy naming Ira Smith Trustee & Receiver Inc. (“**ISI**”) as trustee in bankruptcy (the “**Trustee**”). The Official Receiver appointed ISI as Trustee on April 27, 2009 (the “**Date of Bankruptcy**”). The appointment of ISI as Trustee was confirmed by the creditors at the First Meeting of Creditors on May 14, 2009. The retainer of Miller Thomson LLP as the Estate Solicitor (“**Miller**”) was confirmed by the Inspectors on the same date.

The purpose of this report is to advise this Honourable Court (and creditors) concerning:

- (i) the TICO Claim (defined below), the disallowance of the TICO Claim delivered by the Trustee and TICO's appeal of the disallowance; and
- (ii) the general administration of this bankruptcy Estate.

2.0 BACKGROUND INFORMATION

The Company was incorporated under the laws of Nova Scotia on May 29, 1998 as Conquest Vacations Company and on December 12, 2006 changed its name to Conquest Vacations Inc. Conquest operated as a travel wholesaler. The Company's head office was located at 85 Brisbane Road, Toronto, ON. The head office operations also occupied space at 99 Brisbane Road, Toronto, ON (the next building to the East of 85 Brisbane Road). There was a sales office located at Unit 311-5400 Airport Road South, Richmond B.C. and a kiosk terminal at Toronto Pearson International Airport.

On April 15, 2009, the Company ceased operations and surrendered the operating licence to the Registrar of the Travel Industry Council of Ontario ("TICO").

The Trustee is in possession of the corporate records. Based on the corporate search of conquest, Mr. Errol Francis and Mr. Simon Bala were the sole Directors of the Company as at the Date of Bankruptcy (the "**Directors**"). Mr. Bala is also the Designated Officer of the Company.

Due to the number of creditors involved and the cost of compliance with section 102 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), the Trustee sought and was granted an Order on April 29, 2009, allowing for an alternative method of complying with the requirements of the BIA in providing notice to the creditors with respect to the first meeting of creditors on

May 14, 2009. Attached hereto as **Schedule "A"** is a copy of the issued and entered April 29, 2009 Order.

In accordance with that Order, on May 1, 2009, a cover letter and the Notice of First Meeting was mailed to all known creditors of the Company, and documentation including the Statement of Affairs, a Proof of Claim form and a proxy form were posted on the Trustee's website. The Notice of Bankruptcy and meeting of creditors was published in the May 7, 2009 edition of Report on Business in The Globe and Mail.

3.0 CAUSES OF FINANCIAL DIFFICULTY

The Trustee has been advised that the major causes of the Company's financial difficulties arose as a result of: (i) overcapacity and price wars among the major tour operators and scheduled airlines entering the leisure market and offering highly discounted air fares; (ii) continuing losses; (iii) the rising cost of processing travel related transactions; and (iv) the challenges associated with the flow of credit card payments.

The Trustee's investigations, with the approval of the Estate Inspectors, are ongoing.

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4.0 ASSETS

According to the sworn Statement of Affairs, as at the Date of Bankruptcy, the assets of this Estate consist of:

| | Estimated to Realize |
|-------------------------|---------------------------------|
| | \$ |
| Furniture and Equipment | 30,000 |
| Accounts Receivable | 383,639 |
| Cash | <u>1,591,438</u> |
| Total | <u>2,005,077</u> |

The Trustee has not audited or otherwise verified any of the information contained within the Company's books and records. The estimated value is that of the Designated Officer in his sworn Statement of Affairs. Therefore, the Trustee makes no representations or warranties as to the accuracy or completeness of the financial information set out above.

The offers received by the Trustee for the Furniture and Fixtures located at the various leased locations were lower than the anticipated preferred claims of the landlords (as further indicated below, the Trustee was and continues to be unaware of any party who claims a security interest in these assets). With Inspector approval these assets were abandoned and the premises leases disclaimed on June 30, 2009.

As of December 31, 2009, the Trustee has gross receipts of \$646,237.53, consisting of:

| Source | Amount \$ |
|---|----------------------------|
| Cash Transferred from Conquest Accounts | 274,418.42 |
| CRA Refund | 363,971.86 |
| Other Misc. Commissions / Refunds | 7,969.68 |

There are three accounts at the Royal Bank of Canada (the “**Bank**”):

| Name | Account Number | Balance as of 12/31/09 |
|-------------------------------|-----------------------|-------------------------------|
| Canadian Dollar Trust Account | 2874-000-112-3 | \$526,044.87 |
| US. Dollar Trust Account | 2874-400-000-6 | US\$102,558.33 |
| Commission Trust Account | 2875-000-113-1 | \$358,622.51 |

The Bank is also holding an additional \$86,000.00 security deposit pending the settlement of various Letters of Credit issued on behalf of Conquest.

The Trustee continues to pursue other amounts owed to Conquest.

5.0 MAREVA INJUNCTION

Prior to the Bankruptcy, on April 17, 2009, CanJet Airlines, a division of I.M.P. Group Limited (“**CanJet**”) obtained a Mareva injunction in Nova Scotia, without notice to the Company, freezing the Company’s Canadian assets (the “**Mareva Injunction**”).

Upon appointment, the Trustee issued a Notice of Stay of Proceedings, and provided it to both the Nova Scotia Court and CanJet’s legal counsel. Despite communications between the Trustee and Miller with CanJet’s counsel in May and June, 2009, CanJet would not initially agree to

vacating the Mareva Injunction. As a consequence and pursuant to a resolution of the Inspectors, Nova Scotia counsel was engaged to seek the dissolution of the Mareva Injunction and ultimately a consent order was granted dissolving and vacating the Mareva Injunction on July 31, 2009. That consent order stated, inter alia, that the Mareva Injunction is dissolved and vacated without costs to any party.

6.0 TICO

TICO is an organization mandated by the Ontario government to administer the Ontario *Travel Industry Act, 2002* (the “TIA”). As part of its mandate, TICO administers a travel compensation fund. On its website, TICO describes its mission and mandate as follows.

“The Travel Industry Council of Ontario's mission is to promote a fair and informed marketplace where consumers can be confident in their travel purchases. We also support the mission of the Ontario Ministry of Small Business and Consumer Services to maintain a fair, safe and informed marketplace as it relates to Ontario's Travel Industry Act, 2002.

We accomplish this through developing high standards and efficient, effective and relevant regulatory mechanisms in areas such as:

- consumer protection
 - consumer education and awareness
 - registration, inspection, supervision and discipline of registrants
- investigating and mediating disputes between consumers and registrants”

On April 15, 2009, the Director under the TIA issued an Order freezing the Company's bank accounts with the Bank located in North York, Ontario (the “TICO Freeze Order”). A copy of the TICO Freeze Order is attached as **Schedule “B”**.

The Trustee has advised the Bank that all Conquest funds in accounts subject to the TICO Freeze Order are not to be paid out to any party pending resolution of TICO's secured claim (further described below). A copy of the Trustee's letter to the Bank dated April 27, 2009 is attached as **Schedule “C”**. The Trustee advised the Bank on August 31, 2009 that the Mareva Injunction

had been dissolved, and advised that the three accounts affected by the TICO Claim were to remain frozen. A copy of the letter dated August 31, 2009 is attached as **Schedule "D"**.

The Trustee was in contact with TICO immediately after the bankruptcy filing to discuss matters related to consumer claims and Conquest's cessation of operations on April 15, 2009. The Trustee has maintained a dialogue with TICO.

TICO filed a Proof of Claim, dated May 13, 2009 with the Trustee in which TICO claimed a secured claim against the Estate in the amount of \$1,086,592.84 (the "**TICO Claim**"). TICO delivered an amended Proof of Claim in the amount of \$2,242,007.57 dated November 22, 2009 in conjunction with this appeal. It is anticipated that a further amended Proof of Claim will be received from TICO once it has completed processing consumer claims in accordance with its statutory mandate. Attached as **Schedule "E"** is a copy of the TICO Claim. Attached as **Schedule "F"** is a copy of TICO's Amended Proof of Claim.

The quantum of the TICO Claim, as amended, has not yet been reviewed and it is the Trustee's understanding that TICO's appeal relates to whether TICO is a secured creditor with respect to its claim and not the quantum of the TICO Claim. The Trustee will require the following further information to review and determine the allowable amount of the final TICO Claim amount:

- Names, travel dates, destination, booking reference numbers for each claim paid to individuals.
- Names, travel dates, booking reference numbers for each claim paid to travel service providers.

In order to consider whether the TICO Claim should be allowed or disallowed as a secured claim, the Trustee reviewed the TICO Claim, requested further information from TICO,

reviewed all additional information submitted by TICO, and the Trustee instructed Miller to review the TICO Claim.

On April 22, 2009, an e-mail was sent to Mary-Ann Harrison, CFO and Director of Operations for TICO requesting a copy of any signed agreements between TICO and Conquest and/or the Bank establishing the alleged Trust account. On the same date, Ms. Harrison replied indicating that TICO did not have an agreement with Conquest regarding the trust account, but there was a letter from the Bank acknowledging the account. These e-mails are attached as **Schedule "G"**.

After the appointment of ISI as Trustee, a copy of the Bank's letter dated June 3, 1998 was provided to the Trustee. A copy of this correspondence is attached as **Schedule "H"**.

Following this review, the TICO Claim was addressed at a duly convened meeting of the Inspectors on September 29, 2009. At that meeting, the Inspectors resolved that:

- (i) the TICO Claim be disallowed; and
- (ii) the Trustee was authorized to report to the Court and attend before the Court, with Miller, to oppose any appeal of the Trustee's disallowance of the TICO Claim.

Attached as **Schedule "I"** is an excerpt of the Minutes of the Third Inspectors meeting containing the Inspectors resolution, with respect to the disallowance of the TICO Claim.

Attached as **Schedule "J"** is a copy of the disallowance dated October 26, 2009.

With respect to the Trustee's disallowance of the TICO Claim as a secured creditor, the Trustee notes as follows:

6.1 No evidence of a properly perfected secured claim

TICO has not provided evidence of an agreement, security agreement or registration under the Ontario, Nova Scotia or British Columbia Personal Property Security Registration Systems (or otherwise) to demonstrate that it has a perfected security interest. A description of the registrations is set out in Part VII of this Report below.

The TICO Claim does not reference any provisions of the TIA or the TIA Regulations (the “**Regulations**”) which provide the basis for it to advance a secured claim against the Company.

6.2 Regulations provide simply for reimbursement of TICO and not a secured claim for reimbursement

The reimbursement requirement in section 70 of the Regulations does not reference the reimbursement claim as a secured claim or a trust claim payable out of the Trust Account established as required by the regulations.

Section 70 of the Regulations provide as follows:

70. A registrant is required to reimburse the Fund for any claims paid to the registrant’s customers under the following circumstances:
1. The registrant is bankrupt or insolvent or has ceased to carry on business.
 2. The registrant purchased travel services on the customer’s behalf, extending credit to the customer, and the customer paid the registrant for the travel services after the supplier of the travel services had become bankrupt or insolvent or ceased to carry on business. O. Reg. 26/05, s. 70.

6.3 Regulations impress Trust Account with obligations to consumers and travel service providers and not in favour of TICO

Section 27 of the Regulations requires that registrants maintain a trust account for all money received from customers for travel services. However, the trust is not specifically in favour of TICO. In fact, the funds are impressed with the requirement that the funds in the trust account can only be disbursed:

- (a) to make payment to the supplier of the travel services for which the money was received;
- (b) to make a refund to a customer; or
- (c) after the supplier of the travel services has been paid in full, to pay the registrant's commission.

As a result, there is no statutory trust created in favour of TICO to reimburse it for compensation fund payments made by it. Consequently, the Trustee anticipates that it will require directions of the Court and a Court Order prior to distributing the funds held by Conquest in the Bank account noted as "Trust Account" to anyone other than unpaid travel service providers or to consumers for refunds, unless these amounts have been paid in full.

The Trustee respectfully submits that such an Order is consistent with the aims of the BIA, as the funds would be held by the Trustee in the Estate trust bank account for the general benefit of all creditors awaiting distribution in accordance with the provisions of the BIA.

Section 27 of the Regulations provides:

Trust accounts

27. (1) A registrant shall maintain a trust account for all money received from customers for travel services. O. Reg. 26/05, s. 27 (1).

(2) The trust account shall be designated as a Travel Industry Act trust account. O. Reg. 26/05, s. 27 (2).

(3) A registrant shall hold all money received from customers for travel services in trust and shall deposit all such money into the trust account within two banking days after receiving it. O. Reg. 26/05, s. 27 (3).

(4) No registrant shall maintain more than one trust account under subsection (1) without the registrar's written consent, obtained in advance. O. Reg. 26/05, s. 27 (4).

(5) A registrant shall file with the registrar,

(a) a copy of the trust agreement with the financial institution, within five days after establishing a trust account; and

(b) a copy of any changes to the trust agreement, within five days after making the changes. O. Reg. 26/05, s. 27 (5).

(6) No registrant shall disburse or withdraw any money held in a trust account under subsection (1), except,

(a) to make payment to the supplier of the travel services for which the money was received;

(b) to make a refund to a customer; or

(c) after the supplier of the travel services has been paid in full, to pay the registrant's commission. O. Reg. 26/05, s. 27 (6).

As indicated above, the Trustee's understanding is that there is no trust agreement, as required under section 27 of the Regulations. **On bankruptcy, any deemed trust would lose its priority status unless the requirements of the Act were met and there is no evidence they were met.**

Even if there is an argument that Section 27 creates a security interest in favour of TICO, the TIA is provincial legislation and any priority charge created under the TIA or the Regulations loses its priority on bankruptcy. However, it is noted that the language of the TIA does not appear to support a security interest having been created in favour of TICO.

No evidence has been submitted to the Trustee or located by the Trustee to indicate that the requirements for deemed trust priority status has been satisfied.

7.0 SECURED CREDITORS, PROPERTY CLAIMS AND PREFERRED CLAIMS

A search of the Ontario Personal Property Security Registration System as at the Date of Bankruptcy indicates the following parties are claiming a security interest in the assets of the Company:

1. Nexcap Finance Corporation
2. Financialinx Corporation
3. Honda Canada Finance Inc.
4. CBCS Capital
5. Royal Bank of Canada
6. 2148608 Ontario Inc.

A copy of the search of the Ontario Personal Property Security Registration System is attached as **Schedule “K”**.

As indicated above, the Company is a Nova Scotia company, its head office was in Ontario and it also maintained a sales office in British Columbia. As a result of the multi-jurisdictional nature of the Debtor’s business, searches of the Personal Property registration systems in Nova Scotia and British Columbia have also been undertaken. As of the Date of the Bankruptcy, there were no registrations in either the Nova Scotia or the British Columbia Personal Property Security Registration Systems. A copy of those search results are attached as **Schedule “L”**.

The Trustee reports as follows at this time concerning the security registrations.

7.1 Nexcap Finance Corporation

No claim has been filed by Nexcap to date.

7.2 Financialinx Corporation (“Financialinx”)

The leased vehicle covered by the Financialinx security, was delivered by the Designated Director to the Trustee. Upon determining that there was no equity associated with the lease of the vehicle it was released to a representative of Financialinx. No claim has been filed by Financialinx to date.

7.3 Honda Canada Finance Inc. (“Honda”)

The Trustee has been advised that Honda had taken possession of vehicles covered under its security prior to the Date of Bankruptcy. No claim has been filed by Honda to date.

7.4 CBCS Capital

The leased copier was returned by the Trustee to representatives of CBCS. CBCS filed an unsecured claim in the Estate for the balance of lease payments owed.

7.5 The Bank

The Bank registered security in respect of a term deposit pledged by the Company to it in the amount of \$503,267. This pledge was to support outstanding letters of credit totalling \$321,000 at that time. On May 6, 2009, RBC filed a secured Proof of Claim in the amount of \$127,427.27. As of December 31, 2009 there remained \$76,000 in outstanding letters of credit. As agreed between the Bank and the Trustee, \$86,000 is being held pending settlement of the outstanding letters of credit and the Bank’s legal costs.

7.6 2148608 Ontario Inc. (“214”)

We have been advised by Mr. Simon Bala, the beneficial owner of 214 and the Designated Officer, that as of the Date of Bankruptcy, no amounts covered by the registered security are owed to 214.

The Trustee instructed Miller to review the general security agreement (the “**General Security Agreement**”) dated as of March 19, 2009, granted by the Debtor in favour of 214, and the transactions noted in Conquest’s books and records as “Shareholder Loan Repayments” to 214.

Following receipt of Miller’s opinion, the Inspectors resolved that:

- (i) 214 be notified that the General Security Agreement, and the associated registration, is a charge granted during the period that is three months before the date of the making of the Assignment in Bankruptcy and as such is void as against the Trustee;
- (ii) as the General Security Agreement was granted as of March 19, 2009, the charge will be presumed to be a preference in the absence of evidence to the contrary, and to provide 214 with an opportunity to submit evidence to the contrary; and
- (iii) demand repayment of the \$750,000 paid by Conquest to 214 in March and April, 2009.

In response to the letter from Miller to counsel for 214, 214 has informed the Trustee that the General Security Agreement related to a form of revolving account put in place by 214 to finance Conquest's operations, and 214 takes the position that its security is valid and there are no funds owing by 214 to Conquest. The Trustee will seek instructions and directions from the Inspectors

with respect to this matter. Attached as **Schedule "M"** is a copy of the letter dated November 25, 2009 from Miller to counsel for 214 and attached as **Schedule "N"** is a copy of the letter from counsel for 214 to Miller dated December 15, 2009

7.7 Other Leases

Other assets subject to valid lease agreements have been returned to the appropriate parties.

7.8 Deemed Trusts

A payroll audit was conducted by Canada Revenue Agency. They have determined that \$29,639.61 is owed by Conquest. A portion of this amount, \$19,603.64, is a deemed trust claim on account of CPP/EI which should have been withheld from employees in their final payroll and remitted to Canada Revenue Agency, which has priority over all secured and unsecured creditors. The Trustee is awaiting the assessment notice from Canada Revenue Agency.

7.9 Landlord

As agreed by between the Trustee and the landlords of the Toronto head office premises, there will be no preferred claims by the landlords as the Trustee abandoned all furniture and fixtures located at leased locations to them and has disclaimed the leases. To date, the landlords of the various leased locations have not filed claims in the Estate of Conquest.

7.10 Wage Earner Protection Program Act ("WEPPA")

The Trustee's review of the books and records of the Company indicated that employee wages and vacation pay were paid up to the Date of Bankruptcy and an amount equal to one month's wages was paid to each employee on account of severance and termination.

As required by the WEPPA, the Trustee registered with Service Canada and provided all required information. As of December 28, 2009, \$204,967.73 had been paid to former employees pursuant to the WEPPA. The payments made under WEPPA relate to severance and termination and the Trustee has been advised by Miller, that these do not constitute a priority claim pursuant to section 81.3 of the BIA.

The Ministry of Labour (“**MOL**”) conducted an audit and determined that there are severance and termination amounts owing in excess of what was paid by WEPPA to employees based on their length of employment with the Company. These claims have been filed as unsecured claims in the Estate by the MOL on behalf of these employees.

7.11 E-Commerce Risk Management

E-Commerce Risk Management Limited (“**E-Commerce**”) is a company carrying on business in London, England. E-Commerce was the credit card processing intermediary pursuant to an Agreement between Conquest and E-Commerce dated September, 2007 (the “**Agreement**”).

We were advised by the designated officer that there were substantial unpaid amounts owing by E-Commerce to Conquest with respect to unremitted credit card payments from Conquest customers. Upon appointment, the Trustee made demand for payment and requested a full accounting of funds held and anticipated chargebacks. A copy of the Trustee’s letter to E-Commerce dated April 28, 2009 is attached as **Schedule “O”**.

In May, 2009, E-Commerce submitted a proof of claim related to potential chargeback claims that were in excess of the unpaid amounts. The Agreement had a six-month chargeback period, and, as the chargeback period set out in the Agreement has expired, the Estate Solicitor

requested on November 28, 2009, a detailed accounting of (i) E-Commerce's claim for charge-backs under the Agreement, (ii) the funds held by E-Commerce belonging to Conquest, and (iii) an updated Proof of Claim. To date, E-Commerce has not responded to the Trustee.

7.12 Summary

As set out above, TICO has appealed the disallowance of its secured claim. The determination by the Court with respect to TICO's appeal of the disallowance will determine whether or not the TICO Claim is that of a secured creditor which will rank in priority to the unsecured creditors.

Accordingly and subject to the Court's determination of TICO's appeal, it is the Trustee's current understanding that the only claims which rank in priority to the claims of the ordinary unsecured creditors are:

1. the deemed trust portion of the claim of Canada Revenue Agency for unremitted source deductions (described above);
2. the secured claim of RBC (described above); and
3. the taxed fees and costs of the Trustee and the Estate Solicitor in accordance with section 136(1)(b) of the BIA.

The above is subject to the ongoing review of claims received by the Trustee which have not yet been subject to review and additional claims that may be received by the Trustee.

8.0 CREDITORS' CLAIMS

The known creditor claims as at the Date of Bankruptcy, according to the sworn Statement of Affairs, compared to the Proofs of Claim received by the Trustee as at 5:00 p.m. on December 31, 2009, are summarized as follows:

| | Creditor Claims per Statement of Affairs | Creditor Claims Filed to Date |
|--------------------|---|--|
| | \$ | \$ |
| Secured | 445,005.00 | 2,369,434.84 |
| Preferred | 80,000.00 | 206,979.85 |
| Ordinary unsecured | <u>20,653,405.41</u> | <u>47,238,384.49</u> |
| Total | <u>21,178,410.41</u> | <u>49,814,799.18</u> |

9.0 ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION

The Trustee anticipates that there will be distributions to Canada Revenue Agency on account of its anticipated deemed trust claim and to ordinary unsecured creditors. The amount of the distribution to unsecured creditors is dependent upon the quantum of any realization arising from: (i) the settlement of the funds held by the RBC pursuant to the TICO Claim; and (ii) recovery of other amounts, if any.

Accordingly, it is premature at this time, and will no doubt take a considerable amount of time before the Trustee is in any position, to forecast what amount of dividend, will be payable to the ordinary unsecured creditors from this bankruptcy administration.

**

**

**

All of which is respectfully submitted at Vaughan, Ontario this 19th day of January, 2010.

IRA SMITH TRUSTEE & RECEIVER INC.

The Trustee of the Estate of Conquest Vacations Inc., a bankrupt

Per:

President

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
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AND CARRYING ON BUSINESS IN THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO**

TRUSTEE'S SECOND REPORT

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Schedule “A”



Court File No. 31-1197427
Estate No. 31-1197427

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY)**

REGISTRAR JANET E. MILLS

) WEDNESDAY, THE 29th
)
) DAY OF April, 2009

**IN THE MATTER OF THE BANKRUPTCY OF CONQUEST VACATIONS INC.
A COMPANY INCORPORATED PURSUANT TO THE LAWS OF NOVA SCOTIA
AND CARRYING ON BUSINESS
IN THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

ORDER

THIS EX PARTE MOTION, made by Ira Smith Trustee & Receiver Inc., in its capacity as trustee in bankruptcy of Conquest Vacations Inc. (the "**Trustee**"), was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Ira Smith, sworn April 29, 2009, filed and exhibits thereto and upon hearing the submissions of counsel for the Trustee:


1. THE COURT ORDERS that the Trustee is hereby authorized to fulfil the requirements of section 102 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended S.C. 1992, c.1 (the "**BIA**") by sending the notice of first meeting of creditors, the list of creditors with claims of \$25 or more (the "**List of Creditors**"), a proof of claim form and a proxy form (collectively the "**Initial Package**") to every known creditor within five days of the Trustee's appointment by:

- (a) mailing a cover letter, in the form attached as Exhibit "C" to the Affidavit of Ira Smith, sworn April 29, 2009, and notice of first meeting of creditors to every known creditor,

- (b) advising creditors in the cover letter that the proof of claim form, the proxy form and the List of Creditors is available on the Trustee's Website, and
- (c) posting the proof of claim form, the proxy form, and List of Creditors on the Trustee's Website

(the "**Distribution Method**").

2. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.



JANET E. MILLS
Deputy Registrar in Bankruptcy *Registraire adjoint des faillites*
Superior Court of Justice *Cour supérieure de justice*

IN THE MATTER OF THE BANKRUPTCY OF CONQUEST VACATIONS INC.
A COMPANY INCORPORATED PURSUANT TO THE LAWS OF NOVA SCOTIA
AND CARRYING ON BUSINESS IN THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

Court File No. 31-1197427
Estate No. 31-1197427

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY)

Proceeding commenced at TORONTO

ORDER

MILLER THOMSON LLP
SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
P.O. BOX 1011
TORONTO, ON CANADA M5H 3S1

Margaret Sims LSUC#: 39664I
Tel: 416.595.8577
Fax: 416.595.8695

Lawyers for Ira Smith Trustee & Receiver Inc.,
in its capacity as trustee in bankruptcy of
Conquest Vacations Inc.

Schedule “B”



Travel Industry Council of Ontario

April 15, 2009

VIA PERSONAL SERVICE

| | |
|---|---|
| Royal Bank of Canada 5001 Yonge Street, 2 nd Floor North York, ON M2N 6P6 | Conquest Vacations Inc. 85 Brisbane Road, Donwsvie, ON M3J 2K3 |
| Attention: Branch Manager | Attention: Mr. Errol Francis, President |

Dear Sirs:

Re: Conquest Vacations Inc.

Enclosed please find Freeze Order signed by the Director, *Travel Industry Act, 2002*, pursuant to her authority under section 23 of the *Travel Industry Act, 2002*.

Yours truly,

Travel Industry Council of Ontario



Soussanna S Karas
Legal Counsel
Phone: 905-624-6241, ext. 226
Fax: 905-624-8631



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30 Schedule D,
and Regulation 26/05,

- and -

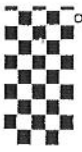
IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.

DIRECTOR'S ORDER

TAKE NOTICE THAT pursuant to and under the authority of Section 23 of the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30 Schedule D ("the Act"), the Director orders **Conquest Vacations Inc.** to refrain from withdrawing any assets or trust funds from any person having any of them on deposit or under control or for safekeeping and to hold any such assets or any trust funds of clients, customers or others in their possession or control or that come into their possession or control in trust.

AND TAKE NOTICE THAT this Order applies to, but is not limited to, any and all funds on deposit or to be deposited with the Royal Bank of Canada, 5001 Yonge Street, 2 Floor, North York, ON M2N 6P6, including but not limited to account numbers:

- 1) 02874 000-113-1 ✓
- 2) 02874 000-112-3 ✓
- 3) 02874 400-000-6 ✓
- 4) ~~02874 102-000-2~~



-2-

AND TAKE NOTICE THAT the Director directs the branch of the Royal Bank of Canada, to hold any and all assets and trust funds on deposit or under control or for safekeeping, which are being or have been kept and maintained by **Conquest Vacations Inc.** or any of them in any account, howsoever named, numbered or designated, including but not limited to account numbers: 02874 000-113-1, 02874 000-112-3, 02874 400-000-6, 02874 102-903-2.

This Order shall apply with immediate effect from the date of service of this Order and it shall remain and continue to remain in effect until the Director revokes or the Licence Appeal Tribunal cancels the Order or consents to the release of any particular assets or trust funds from the Order.

AND TAKE NOTICE THAT pursuant to Section 23, the Director believes it advisable to make this Order for the protection of customers or clients of **Conquest Vacations Inc.** for the reason that proceedings in relation to a contravention of the Act and the Regulation are about to be or have been instituted against **Conquest Vacations Inc.** that are connected with or arise out of the business in respect of which registration is required under the Act.

With the view to facilitate and ensure full and proper compliance with the Order made herein, a copy of the Act is attached.

Dated in Toronto this 15th day of April, 2008

Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Branch Manager
Royal Bank of Canada
5001 Yonge Street, 2nd Floor
North York, ON M2N 6P6

AND TO: Conquest Vacations Inc.
85 Brisbane Road
Downsview, ON M3J 2K3

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30 Schedule D,
and Regulation 26/05,

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S ORDER

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002

Cheryl Deshane

From: Simon Bala [sbala@conquestvacations.com]
Sent: April 21, 2009 2:27 PM
To: Ira Smith
Subject: FW: Conquest

See email to Royal bank by Pepper

From: Michael Pepper [mailto:MPEPPER@tico.ca]
Sent: Thursday, April 16, 2009 12:43 PM
To: sbala@conquestvacations.com
Cc: efrancis@conquestvacations.com
Subject: FW: Conquest

Simon:

FYI. I will be sending the release to the bank this afternoon. I have sent this message to Mark Swanson so that these funds are released also lifting the freeze on the general account.

Michael Pepper

From: Michael Pepper
Sent: April 16, 2009 11:35 AM
To: mark.swanson@rbc.com
Subject: Conquest

Mark:

Thank -you for your message. I will be sending a release from the trust accounts for two amounts payable to Sky Service Airlines. One for C\$ 43,470.00 (forty three thousand four hundred and seventy) and the other from the US trust account for US\$3,738.00 (three thousand seven hundred and thirty eight).

Also I will send you a release on the general Canadian Dollar account # 02874 102 903 2, lifting the freeze on this account only. So please honour any cheques for this account.

Regards,

Michael Pepper

*President & CEO
Travel Industry Council of Ontario
2700 Matheson Blvd East
#402, West Tower,
Mississauga, ON. L4W 4V9
Tel: 905 624-6241 ext 222
web: www.tico.ca*

Schedule “C”

Ira Smith

TRUSTEE & RECEIVER INC.
167 Applewood Crescent, Suite 6, Concord, Ontario, Canada L4K 4K7

Elaine Kilmer-Choi
Tel. (905) 738-4167 x154
Fax (905) 738-9848
Email: elaine@irasmithinc.com
Website: www.irasmithinc.com

April 27, 2009

VIA FAX NO. 416-512-4601

Royal Bank of Canada
5001 Yonge Street
North York ON M2N 6P6

-and-

VIA EMAIL

Royal Bank of Canada
Special Loans Group
9th floor
20 King St. W.
Toronto, ON M5H 1C4

Attention: Mr. Mark Swanson

In the Matter of the Bankruptcy of Conquest Vacations Inc.

**Accounts: 02874-0001123
02874-0001131
02874-1029032
02874-4000006
00180079434**

Dear Sirs:

Please be advised on April 27, 2009, Conquest Vacations Inc. ("Conquest") filed an Assignment under the Canadian *Bankruptcy and Insolvency Act* ("BIA"), appointing Ira Smith Trustee & Receiver Inc. ("ISI") as the trustee in bankruptcy. We enclose a copy of the Certificate of Appointment for your files. attached for your information.

We hereby request that you **immediately freeze** the above noted and any other accounts that the bankrupt may have with you.

We understand that there may be accounts where various parties may be claiming that they are subject to a trust. At this time we advise you that the trustee is undertaking to determine if these funds are in fact subject to a trust, or if they may be subject to priority claims under the BIA or the *Wage Earner Protection Program Act (Canada)*, including, but not limited to, the interest of the trustee. No funds should be paid out, without our prior written permission.

We appreciate your assistance in this matter. If you have any questions, please contact the undersigned.

Yours truly,

IRA SMITH TRUSTEE & RECEIVER INC.,
The Trustee of the Estate of Conquest Vacations Inc., a bankrupt.

Per:



Elaine Kilmer-Choi
Senior Manager

Encl.

cc: Mr. J. Berkow
Ms. A. Lev-Farrell
Mr. M. Kaplan
Mr. J. Carhart
Mr. M. Korn



Office of the Superintendent
of Bankruptcy Canada

An Agency of
Industry Canada

Bureau du surintendant
des faillites Canada

Un organisme
d'Industrie Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-1197427
Estate No. 31-1197427

In the Matter of the Bankruptcy of:

CONQUEST VACATIONS INC.

Debtor

IRA SMITH TRUSTEE & RECEIVER INC.

Trustee

Ordinary Administration

| | | | |
|------------------------------|---|-----------|--------|
| Date and Time of Bankruptcy: | April 27, 2009, 14:43 | Security: | \$0.00 |
| Date of Trustee Appointment: | April 27, 2009 | | |
| Meeting of Creditors: | May 14, 2009, 10:00 HILTON GARDEN INN TOSCANA BALLROOM A&B HIGHWAY 7 WEST VAUGHAN, Ontario Canada, | | |
| Chairman: | Trustee | | |

CERTIFICATE OF APPOINTMENT - Section 49; Rule 85

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed Trustee of the Estate of the Debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable to call in the prescribed manner, a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the Official Receiver.

E-File/Dépôt Electronique

Date: April 27, 2009, 14:48

Official Receiver

25 St. Clair Avenue East, 6th floor, Toronto, Ontario, Canada, M4T1M2, (416)973-6486

Canada

Schedule “D”

Ira Smith

TRUSTEE & RECEIVER INC.
167 Applewood Crescent, Suite 6, Concord, Ontario, Canada L4K 4K7

Elaine Kilmer-Choi
Tel. (905) 738-4167 x154
Fax (905) 738-9848
Email: elaine@irasmithinc.com
Website: www.irasmithinc.com

August 31, 2009

VIA FAX NO. 416-512-4601

Royal Bank of Canada
5001 Yonge Street
North York ON M2N 6P6

-and-

VIA FAX NO. 416-974-0528

Royal Bank of Canada
Special Loans Group
9th floor
20 King St. W.
Toronto, ON M5H 1C4

Attention: Mr. Mark Swanson

In the Matter of the Bankruptcy of Conquest Vacations Inc.

Dear Sirs:

As you are aware, on April 27, 2009, Conquest Vacations Inc. ("Conquest") filed an Assignment under the Canadian *Bankruptcy and Insolvency Act* ("BIA"), appointing Ira Smith Trustee & Receiver Inc. ("ISI") as the trustee in bankruptcy. A copy of our Certificate of Appointment has been previously provided to you.

The funds in various Conquest account at the Royal Bank of Canada ("RBC") were subject to a Mareva Injunction dated April 17, 2009 issued by the Supreme Court of Nova Scotia.

On July 31, 2009, the Order issued April 17, 2009 was dissolved and vacated in its entirety. We attach a copy of the Consent Order.

We hereby request that you release the funds in the RBC account 02874-1029032 to the Trustee immediately.

The investment held in account 00180079434 is held as collateral against outstanding LC's issued by Royal Bank of Canada. As there are currently two outstanding LC's totaling \$76,000 remaining, we request that you reduce the amount of required collateral and remit the surplus in the account to the Trustee.

There are three accounts as follows:

02874-4000006
02874-0001123
02874-0001131

These accounts are subject to secured claims by TICO and may be subject to a trust. At this time we advise you that the trustee is undertaking to determine if these funds are in fact subject to a trust, or if they may be subject to priority claims under the BIA or the *Wage Earner Protection Program Act (Canada)*, including, but not limited to, the interest of the trustee. No funds should be paid out from these accounts, without our prior written permission.

We appreciate your assistance in this matter. If you have any questions, please contact the undersigned.

Yours truly,

IRA SMITH TRUSTEE & RECEIVER INC.,
The Trustee of the Estate of Conquest Vacations Inc., a bankrupt.

Per:

COPY

Elaine Kilmer-Choi
Senior Manager

Encl.

Schedule "E"

PROOF OF CLAIM
(see reverse for instructions)

May 27 2009
RECEIVED
MAY 14 2009
IRA SMITH TRUSTEE &
RECEIVER INC.

IN THE MATTER OF THE BANKRUPTCY OF CONQUEST VACATIONS INC. (referred to in this form as "the debtor") and the claim of Travel Industry Council of Ontario (TICO) (referred to in this form as "the creditor")

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

Telephone: 905 624 6241 ext 252 Fax: 905 624 8631
I, MARY-ANN HARRISON residing in the CITY
of MISSISSAUGA in the Province of ONTARIO

Do hereby certify that:

If an officer of the company, state position or title

1. I am the creditor or I am CFO of the creditor
(state position or title)

The attached statement of account must specify the vouchers or other evidence in support of the claim

2. I have knowledge of all the circumstances connected with the claim referred to in this form.
3. The debtor was, at the date of bankruptcy, namely the 27th day of April, 2009 and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account attached hereto and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

Check and complete appropriate category. Other than as a customer contemplated by Section 262 of the Act

4. A Unsecured claim of \$ _____
In respect to the said debt, I do not hold any assets of the debtor as security and
(i) I do not claim a right to a priority or
(ii) I do claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act (the "Act").

Check appropriate description and attach a separate sheet to details to support priority claim

B Claim of landlord for disclaimer of a lease of \$ _____
That I hereby makes a claim under subsection 65.2(4) of the Act, particulars of which are as follows: _____

Give full particulars of the claim, including the calculations upon which the claim is based

C Secured claim of \$ 1006592.84
In respect of the said debt, I hold assets of the debtor valued at \$ 0 as security, particulars of which are as follows: TRUST ACCOUNT HEED AT RBC

Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents

Attach a copy of sales agreement and delivery receipts

D Claim by farmer, fisherman, or aquaculturist of \$ _____
That I hereby makes a claim under subsection 81.2(1) of the Act for the unpaid amount \$ _____

Check and complete appropriate category

E Claim by Wage Earner of \$ _____
(i) That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____
(ii) That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____

Check appropriate description

To be filed when a proposal provides for the compromise of claims against directors

F Claim against Director of \$ _____
That I hereby makes a claim under subsection 50(13) of the Act, particulars of which are as follows: _____

Give full particulars of the claim, including the calculations upon which the claim is based.

G Claim of a Customer of a Bankrupt Securities Firm of \$ _____
That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows: _____

Strike out "is" or "is not"

5. To the best of my knowledge, the creditor is **not** related to the debtor within the meaning of section 4 of the Act.

Attach a separate schedule if necessary

6. The following are the payments that the creditor has received from and the credits that the creditor has allowed to the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act, within the twelve months) immediately before the date of the initial bankruptcy event within the meaning of section 2 of the Act.

Applicable only in the case of the bankruptcy of an individual

7. I request to be advised of any material change in the financial situation of the bankrupt.
 I request to be advised of any amendment made regarding the amount that the bankrupt is required to pay.
 I wish to receive a copy of the trustee's report on the bankrupt's application for discharge.

Must be signed and witnessed

Dated at MISSISSAUGA, this 13th day of May, 2009
J. McKinnan Witness [Signature] (signature of individual completing this form)

Notes: All references to "the Act" refer to the Bankruptcy and Insolvency Act. If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.
Warning: If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations.
A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

Proof of Claim
Conquest Vacations Inc.

Schedule A

| Payments from Compensation Fund | | TOTAL CND |
|--|-----------------------------|---------------------------|
| Sandos Playacar Beach Resort & Spa and Sandos Caracol Eco Resort & Sap | 44,543.50 USD | 55,184.93 |
| Occidental Grand Xcaret Hotel & Resort | 16,240.00 USD | 20,119.74 |
| Valentin Maya Resort & Spa | 9,660.00 USD | 12,205.25 |
| Hotel Sun Beach | 1,680.00 CND | 1,732.00 |
| Grand Palladium Riveria Resort | 8,637.70 USD | 10,701.25 |
| Fantasy Island Beach Resort | 6,692.00 USD | 8,331.00 |
| Bahia Principe | 111,710.45 USD | 138,398.08 |
| Henry Morgan Resort, Hotel Las Sirenas, Hotel Paradise Vicorsa | 39,270.00 USD | 48,313.90 |
| Iberostar Hotel & Resorts | 15,239.00 USD | 18,840.16 |
| Grand Palladium Royal Suites | 8,412.00 USD | 10,615.47 |
| Oasis Cancun | 16,968.00 USD | 20,944.40 |
| Skyservice Airline | 56,883.26 365,848.48 USD | 507,320.12 |
| Skyservice Airline | 36,006.25 188,714.09 CND | 224,536.52 |
| Continental Airlines | 8,851.64 CND | 8,851.64 |
| US Airways | 498.38 CND | 498.38 |
| | | <hr/> <u>1,086,592.84</u> |



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.


DIRECTOR'S DIRECTION

TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|---------------------------------------|---|---|------------------------|
| Sandos Playacar Beach Resort & Spa | Accommodations Pax Departing: April 18-21, 2009 | 69 Passengers (See Schedule A for passenger manifest) | \$28,406.00 USD |
| Sandos Caracol Eco Resort & Spa | | | \$16,137.50 USD |
| Total | | | \$44,543.50 USD |

See Schedule A for passenger manifest for Sandos Hotel & Resort.

Dated in Toronto this 17th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
 2700 Matheson Blvd. East
 Suite 402, West Tower
 Mississauga, Ontario
 L4W 4V9

IN THE MATTER OF the *Travel Industry Act, 2002*
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
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- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

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| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|--|--|---|-----------------|
| Occidental Grand Xcaret Hotel & Resort | Accommodations Pax Departing: April 21, 2009 | 48 Passengers (See Schedule A for passenger manifest) | \$16,240.00 USD |

See Schedule A for passenger manifest for Occidental Grand Xcaret Hotel & Resort.

Dated in Toronto this 18th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
 2700 Matheson Blvd. East
 Suite 402, West Tower
 Mississauga, Ontario
 L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.

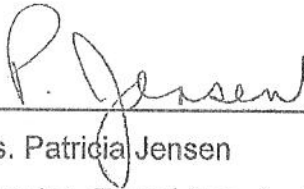
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| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|-------------------------------|---|---|-----------------------|
| Valentin Maya Resort & Spa | Accommodations Pax Departing: April 18 – 23, 2009 | 18 Passengers (See Schedule A for passenger manifest) | \$9,660.00 USD |

See Schedule A for passenger manifest for Valentin Maya Resort & Spa.

Dated in Toronto this 18th day of April, 2009



Ms. Patricia Jensen

Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

DIRECTOR'S DIRECTION

TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|-----------------|---|--|-----------------------|
| Hotel Sun Beach | Accommodations Pax Departing: April 21 – 28, 2009 | 5 Passengers (See Schedule A for passenger manifest) | \$1,680.00 CAD |

See Schedule A for passenger manifest for Hotel Sun Beach.

Dated in Toronto this 18th day of April, 2009



Ms. Patricia Jensen

Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
 2700 Matheson Blvd. East
 Suite 402, West Tower
 Mississauga, Ontario
 L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

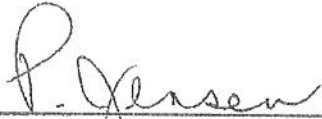
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| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|--------------------------------|---|--|-----------------------|
| Grand Palladium Riveira Resort | Accommodations Pax Departing: April 19 – 25, 2009 | 13 Passengers (See Schedule A for passenger manifest) | \$8,637.70 USD |

See Schedule A for passenger manifest for Grand Palladium Riviera Resort.

Dated in Toronto this 17th day of April, 2009



Ms. Patricia Jensen

Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

IN THE MATTER OF the *Travel Industry Act, 2002*
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

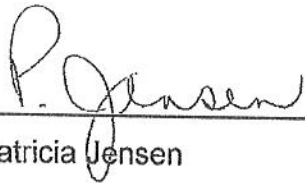
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TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|--------------------------------|---|--|-----------------------|
| Fantasy Island Beach Resort | Accommodations Pax Departing: April 17 – 24, 2009 | 8 Passengers (See Schedule A for passenger manifest) | \$6,692.00 USD |

See Schedule A for passenger manifest for Fantasy Island Beach Resort.

Dated in Toronto this 16th day of April, 2009



Ms. Patricia Jensen

Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.

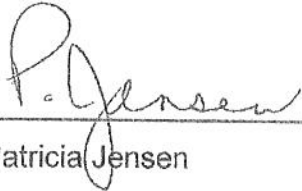
DIRECTOR'S DIRECTION

TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|----------------|---|--|--------------------------|
| Bahia Principe | Accommodations Pax Departing: April 18-26, 2009 | 120 Passengers (See Schedule A for passenger manifest) | \$30,373.70 USD |
| | | | \$81,336.75 USD |
| Total | | | \$ 111,710.45 USD |

See Schedule A for passenger manifest for Bahia Principe.

Dated in Toronto this 18th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*
Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

IN THE MATTER OF the *Travel Industry Act, 2002*
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.

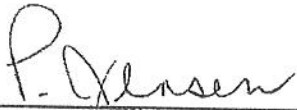
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| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|--|---|---|-----------------|
| Henry Morgan Resort Hotel Las Sirenas Hotel Paradise Vicorsa | Accommodations Pax Departing: April 17-24, 2009 | 61 Passengers (See Schedule A for passenger manifest) | \$39,270.00 USD |

See Schedule A for passenger manifest for the HM Resorts.

Dated in Toronto this 16th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
 2700 Matheson Blvd. East
 Suite 402, West Tower
 Mississauga, Ontario
 L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

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TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|---------------------------|---|---|------------------------|
| Iberostar Hotel & Resorts | Accommodations Pax Departing: April 18 – 21, 2009 | 19 Passengers (See Schedule A for passenger manifest) | \$15,239.00 USD |

See Schedule A for passenger manifest for the Iberostar Hotel & Resorts.

Dated in Toronto this 16th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

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TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|---------------------------------|---|--|-----------------------|
| Grand Palladium Royal Suites | Accommodations Pax Departing: April 21 – 22, 2009 | 5 Passengers (See Schedule A for passenger manifest) | \$8,412.00 USD |

See Schedule A for passenger manifest for Grand Palladium Royal Suites.

Dated in Toronto this 16th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
 2700 Matheson Blvd. East
 Suite 402, West Tower
 Mississauga, Ontario
 L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

DIRECTOR'S DIRECTION

TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|--------------------|---|---|-----------------|
| Oasis Cancun Hotel | Accommodations Pax Departing: April 18 – 21, 2009 | 32 Passengers (See Schedule A for passenger manifest) | \$16,968.00 USD |

See Schedule A for passenger manifest for Oasis Cancun Hotel.

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.

DIRECTOR'S DIRECTION

TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

TICO Rescue Flight with Skyservice April 26, 2009 to provide trip completion for 61 passengers in Punta Cana, Holguin and Varadero:

Flight 5G93 PUJ 12:00Z (08:00L) HOG 13:45Z (09:45L)

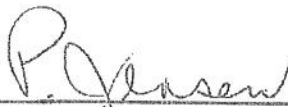
Flight 5G93 HOG 14:35Z (10:35L) VRA 15:45Z (11:45L)

Flight 5G93 VRA 16:35Z (12:35L) YYZ 19:55Z (15:55L)

See Schedule A for Skyservice Invoices, flight details and passengers manifests.

Payment to Skyservice: \$36,006.25 CAD and \$56,883.26 USD

Dated in Toronto this 21st day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
 2700 Matheson Blvd. East
 Suite 402, West Tower
 Mississauga, Ontario
 L4W 4V9



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.

DIRECTOR'S DIRECTION

TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

Skyservice Flights (northbound only) protected by TICO to provide trip completion for 1,467 passengers returning April 16 – 21, 2009:

April 16, 2009 – NAS/YYZ
April 16, 2009 – CUN/YYZ
April 17, 2009 – RTB/YYZ
April 17, 2009 – VRA/YYZ
April 18, 2009 – VRA/YYZ
April 18, 2009 – CUN /YYZ

April 19, 2009 – NAS/YYZ
April 19, 2009 – CUN/YYZ
April 19, 2009 – PUJ/YYZ
April 20, 2009 – HOG/YYZ
April 21, 2009 – VRA/YYZ
April 21, 2008 – CUN/YYZ

See Schedule A for Skyservice Invoices, flight details and passengers manifests.

Payment to Skyservice: \$188,714.09 CAD and \$365,848.48USD

Dated in Toronto this 16th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
 2700 Matheson Blvd. East
 Suite 402, West Tower
 Mississauga, Ontario
 L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

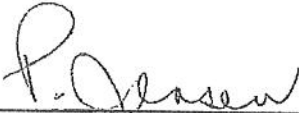
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| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|----------------------|---|---|------------------------|
| Continental Airlines | Trip Completion: RTB/YYZ April 24, 2009 | 14 Passengers (See Schedule A for passenger manifest) | \$8, 851.64 CAD |

See Schedule A for Continental Airlines E-tickets and Conquest flight manifest.

Dated in Toronto this 20th day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **CONQUEST VACATIONS INC.**
o/a Conquest Vacations Inc.

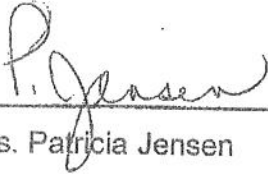
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| Supplier | Trip Completion Travel Services | Passenger(s) | Total Payment |
|--------------|---|---------------------------------------|----------------------|
| U.S. Airways | Trip Completion: CAN/YYZ April 28, 2009 | Mr. Ivan Sporcic Mrs. Rose Sporcic | \$ 498.38 CAD |

See Schedule A for U.S. Airways E-tickets and Conquest flight manifest.

Dated in Toronto this 22nd day of April, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05

- and -

IN THE MATTER OF **Conquest Vacations Inc.**

DIRECTOR'S DIRECTION

Ms. Patricia Jensen
Director, *Travel Industry Act*, 2002

Schedule “F”



AMENDED PROOF OF CLAIM (see reverse for instructions)

IN THE MATTER OF THE BANKRUPTCY OF CONQUEST VACATIONS INC. (referred to in this form as "the debtor") and the claim of Travel Industry Council of Ontario (referred to in this form as "the creditor")

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

Telephone: (905) 624-6241 x 252 Fax: (905) 624-8631
I, Mary-Ann Harrison residing in the City of Mississauga in the Province of Ontario

Do hereby certify that:

If an officer of the company, state position or title: CFO of the creditor
I have knowledge of all the circumstances connected with the claim referred to in this form.
The attached statement of account must specify the vouchers or other evidence in support of the claim. The debtor was, at the date of bankruptcy, namely the 27th day of April, 2009, and still is, indebted to the creditor in the sum of \$...

Check and complete appropriate category. Other than as a customer contemplated by Section 262 of the Act. Check appropriate description and attach a separate sheet to details to support priority claim. Give full particulars of the claim, including the calculations upon which the claim is based.

4. A Unsecured claim of \$... In respect to the said debt, I do not hold any assets of the debtor as security and (i) I do not claim a right to a priority or (ii) I do claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act (the "Act").

B Claim of landlord for disclaimer of a lease of \$... That I hereby makes a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
C Secured claim of \$2,242,007.57 In respect of the said debt, I hold assets of the debtor valued at \$... as security, particulars of which are as follows: Trust Account Held at RBC

D Claim by farmer, fisherman, or aquaculturist of \$... That I hereby makes a claim under subsection 81.2(1) of the Act for the unpaid amount \$...

E Claim by Wage Earner of \$... (i) That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$... (ii) That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$...

F Claim against Director of \$... That I hereby makes a claim under subsection 50(13) of the Act, particulars of which are as follows:

G Claim of a Customer of a Bankrupt Securities Firm of \$... That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

Strike out "is" or "is not" 5. To the best of my knowledge, the creditor is/is not related to the debtor within the meaning of section 4 of the Act.

Attach a separate schedule if necessary 6. The following are the payments that the creditor has received from and the credits that the creditor has allowed to the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act, within the twelve months) immediately before the date of the initial bankruptcy event within the meaning of section 2 of the Act.

Applicable only in the case of the bankruptcy of an individual 7. I request to be advised of any material change in the financial situation of the bankrupt. I request to be advised of any amendment made regarding the amount that the bankrupt is required to pay. I wish to receive a copy of the trustee's report on the bankrupt's application for discharge.

Must be signed and witnessed Dated at Toronto this 22nd day of November 2009

Notes: All references to "the Act" refer to the Bankruptcy and Insolvency Act. If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document. If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations. Warning: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
CONQUEST CLOSURE
SUMMARY OF TOTAL CLAIMS
NOVEMBER 17, 2009

| | |
|--|----------------------------|
| TRIP COMPLETION CLAIMS* | 209,694.02 |
| FUTURE TRAVEL CLAIMS* | 214,473.54 |
| | <hr/> |
| | 424,167.56 |
| TRIP COMPLETION (PAID TO SUPPLIERS) | 1,304,418.00 |
| | <hr/> |
| TOTAL CLAIMS PAID NOVEMBER 17, 2009 | 1,728,585.56 |
| RECOVERIES | -12,494.47 |
| | <hr/> |
| NET CLAIMS PAID | 1,716,091.09 |
| TRIP COMPLETION CLAIMS (PENDING)** | 324,663.74 |
| FUTURE TRAVEL CLAIMS (PENDING)** | 201,252.74 |
| | <hr/> |
| TOTAL PENDING CLAIMS NOVEMBER 17, 2009 | 525,916.48 |
| TOTAL CLAIMS PAID AND PENDING | <u><u>2,242,007.57</u></u> |

* Subrogated claims, Exhibits D & E to the Affidavit of Mary-Ann Harrison sworn November 23, 2009

** Future subrogated claims

TRAVEL INDUSTRY COUNCIL OF ONTARIO
CONQUEST CLOSURE
SUMMARY OF TOTAL
CLAIMS PAID
NOVEMBER 17, 2009

| TRIP COMPLETION (PAID TO SUPPLIERS) | | TOTAL CND |
|--|-----------------------------|------------------------------|
| Sandos Playacar Beach Resort & Spa and Sandos Caracol Eco | 44,543.50 USD | \$55,184.93 |
| Occidental Grand Xcaret Hotel & Resort | 16,240.00 USD | 20,119.74 |
| Valentin Maya Resort & Spa | 9,660.00 USD | 12,205.25 |
| Hotel Sun Beach | 1,680.00 CND | 1,732.00 |
| Grand Palladium Riveria Resort | 8,637.70 USD | 10,701.25 |
| Fantasy Island Beach Resort | 6,692.00 USD | 8,331.00 |
| Bahia Principe | 111,710.45 USD | 138,398.08 |
| Henry Morgan Resort, Hotel Las Sirenas, Hotel Paradise Vicorse | 39,270.00 USD | 48,313.90 |
| Iberostar Hotel & Resorts | 15,239.00 USD | 18,840.16 |
| Grand Palladium Royal Suites | 8,412.00 USD | 10,615.47 |
| Oasis Cancun | 16,968.00 USD | 20,944.40 |
| Skyservice Airline | 56,883.26 365,848.48 USD | 507,320.12 |
| Skyservice Airline | 36,006.25 188,714.09 CND | 224,536.52 |
| Continental Airlines | 8,851.64 CND | 8,851.64 |
| US Airways | 498.38 CND | 498.38 |
| <hr/> | | |
| Subtotal May 2009 | | 1,086,592.84 |
| Service Fees on wire transfers | | 300.00 |
| Recovery from Sky service | | (4,537.34) |
| Air Canada Vacations Claim # 107703 | | <u>222,062.50</u> |
| | | <u><u>\$1,304,418.00</u></u> |

Notes:

(1) This is the amount submitted to Trustee on original Proof of Claim

TRAVEL INDUSTRY COUNCIL OF ONTARIO/TRAVEL COMPENSATION FUND

4315

| REFERENCE NUMBER | INVOICE DATE | GROSS AMOUNT | DISCOUNT TAKEN | CHEQUE DATE | NET AMOUNT PAID |
|--------------------|--------------|--------------|----------------|-------------|-----------------|
| Ref Claim # 107703 | | 222,062.50 | 0.00 | 10/23/09 | 222,062.50 |
| TOTAL | | 222,062.50 | 0.00 | | 222,062.50 |



TRAVEL INDUSTRY COUNCIL OF ONTARIO
 TRAVEL COMPENSATION FUND
 2700 MATHESON BLVD. E., STE. 402 WEST TOWER
 MISSISSAUGA, ONTARIO L4W 4Y9

RBC ROYAL BANK
 MAIN BRANCH - ROYAL BANK PLAZA
 200 BAY STREET - MAIN FLOOR
 TORONTO, ONTARIO M5J 2J5

4315

PAY Two Hundred Twenty-Two Thousand Sixty-Two and 50/100*****

10/23/09

***222,062.50

TO THE Air Canada Vacations
 ORDER 1440 rue Sainte Catherine Ouest, Suite 800
 OF Montreal, Quebec H3G 1R6

TRAVEL INDUSTRY COUNCIL OF ONTARIO / TRAVEL COMPENSATION FUND

PER

⑈004315⑈ ⑆00002⑈003⑆ 123⑈790⑈8⑈

TRAVEL INDUSTRY COUNCIL OF ONTARIO/TRAVEL COMPENSATION FUND

4315

| | | | | | |
|--------------------|--|------------|------|----------|------------|
| Ref Claim # 107703 | | 222,062.50 | 0.00 | 10/23/09 | 222,062.50 |
|--------------------|--|------------|------|----------|------------|

Oct 22 09 04:02p

Patricia

416 481-1971

p. 11

OCT. 22. 2009 3:35PM

TRAVEL INDUSTRY COUNCIL OF ONT.

NO. 697 P. 12



Travel Industry Council of Ontario

IN THE MATTER OF the *Travel Industry Act*, 2002
S.O. 2002, Chapter 30, Schedule D,
and Ontario Regulation 26/05
- and -

IN THE MATTER OF CONQUEST VACATIONS INC.
o/a Conquest Vacations Inc.

DIRECTOR'S DIRECTION

TAKE NOTICE THAT pursuant to and under the authority of Section 69 of Ontario Regulation 26/05 made under the *Travel Industry Act*, 2002 S.O. 2002, Chapter 30, Schedule D ("the Act"), the Director directs the Travel Industry Council of Ontario (TICO) to make the following payments from the Compensation Fund to pay or assist in paying the cost of trip completion and necessary accommodation and meals before the trip can be completed for the customer or other person listed who is experiencing hardship or inconvenience because he or she has begun a trip that cannot be completed because travel services have not been provided:

| Special Trip Completion Exhibits | Flights | Passengers | Total Payment |
|----------------------------------|---------|------------------|------------------|
| #11 - Air Canada Vacations | 44 | 1,008 Passengers | \$222,062.50 CAD |

See attached Special Trip Completion Exhibit.

Oct 22 09 04:02p

Patricia

416 481-1971

P. 12

OCT. 22. 2009 3:35PM

TRAVEL INDUSTRY COUNCIL OF ONT.

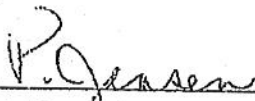
NO. 637

P. 13

-2-

the cost of the...
can be...

Dated in Toronto this 22nd day of October, 2009



Ms. Patricia Jensen
Director, *Travel Industry Act, 2002*

Encl.

TO: Travel Industry Council of Ontario
2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

Schedule “G”

You forwarded this message on 18/06/2009 2:07 PM.

Elaine Kilmer-Choi

From: Mary-Ann Harrison [MAHARRISON@tico.ca] **Sent:** Wed 22/04/2009 2:30 PM
To: Ira Smith
Cc: Tracey McKiernan; Elaine Kilmer-Choi
Subject: RE: Conquest
Attachments:

Hi Ira

We don't have an agreement with Conquest regarding the trust account, we have a letter from the bank acknowledging the account. Can you please make a list of the information that you require and once you have been appointed the trustee we can provide all the information to you at that time.

Regards,

Travel Industry Council of Ontario
Mary-Ann Harrison, C.A.
CFO and Director of Operations

"This message, including any attachments may contain confidential information intended only for the person(s) named above. If you are not the intended recipient or have received this message in error, please notify me immediately by reply e-mail and permanently delete the original transmission from me, including any attachments, without disseminating, distributing or making a copy. Thank you."

-----Original Message-----

From: Ira Smith [<mailto:ira@irasmithinc.com>]
Sent: April 22, 2009 2:16 PM
To: Mary-Ann Harrison
Cc: Tracey McKiernan; Elaine Kilmer-Choi
Subject: Conquest

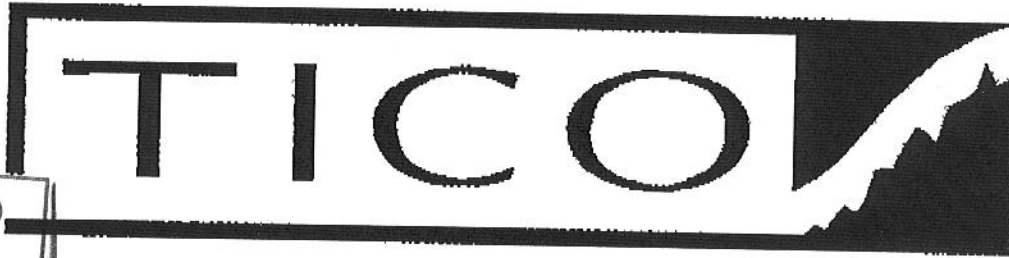
Any luck finding the signed agreement(s) with Conquest establishing the trust accounts?

Ira

Ira Smith MBA CA CIRP
Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Concord, Ontario Canada L4K 4K7
P: 905.738.4167
F: 905.738.9848
Email: ira@irasmithinc.com
www.irasmithinc.com

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Schedule “H”



TRAVEL INDUSTRY COUNCIL OF ONTARIO

RECEIVED
JUN 12 2009
IRA SMITH TRUSTEE &
RECEIVER INC.

FAX TRANSMITTAL SHEET

TO: Elaine Kilmer-Choi
COMPANY: Ira Smith
FAX: 905-738-9848
TELEPHONE: 905-467-9691

FROM: Doug Fritz
FAX: 905-624-8631
TEL: 905-624-6241, ext. 253
1-888-451-8426
EMAIL: dfritz@tico.ca

DATE: June 12, 2009

TOTAL NO. OF PAGES INCLUDING COVER: 2

RE: Conquest Vacations

Elaine

The only other document that identifies these accounts is the Application to Register Conquest Vacations Company as a Travel Wholesaler under the Travel Industry Act and the Terms & Conditions of Registration, which compels Conquest to maintain trust accounting. Let me know if you want those documents.

Regards

Doug Fritz



ROYAL BANK

199852

C.M.R. (MIKE) DANBY
Account Manager
Tel: (416) 512-4519
INTERNET: MIKE.DANBY@ROYALBANK.COM

North York/North Toronto Business Banking Centre
5001 Yonge Street, 2nd Floor
North York, Ontario M2N 6P6
TRANSIT #06872
Fax: (416) 512-4569

4613063

June 3, 1998

This will confirm that Conquest Vacations Company maintains the following accounts at this bank:

- Account No. 102-903-2 (\$CAD) ✓ Conquest Vacations Company
General Account
- Account No. 000-112-3 (\$CAD) ✓ Conquest Vacations Company
"Travel Industry Act Trust Account"
- Account No. 000-113-1 (\$CAD) ✓ Conquest Vacations Company
"Travel Industry Act Trust Account"
- Account No. 400-000-6 (SUS) ✓ Conquest Vacations Company
"Travel Industry Act Trust Account"

Mike Danby
Account Manager

RECEIVED

JUN 09 1998

TRAVEL INDUSTRY COUNCIL
OF ONTARIO

Schedule “I”

Ira Smith

TRUSTEE & RECEIVER INC.
167 Applewood Crescent, Suite 6, Concord, Ontario, Canada L4K 4K7

Tel. (905) 738-4167
Fax (905) 738-9848
Website: www.irasmithinc.com

Estate No. 31-1197427

**IN THE MATTER OF THE BANKRUPTCY OF
CONQUEST VACATIONS INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

Minutes of the Third Meeting of Inspectors:

September 29, 2009 – 2:00 PM
Offices of Miller Thomson
40 King St. W, Suite 5800, Toronto, Ontario

Chair: Mr. Ira Smith
Secretary: Ms. Elaine Kilmer-Choi

Attendance

Mr. Ira Smith – Trustee's office
Ms. Elaine Kilmer-Choi – Trustee's office
Mr. Jeffrey Carhart – Estate Solicitor
Ms. Margaret Sims – Estate Solicitor
Mr. Neil Gill – Inspector

Via Conference Line

Mr. Frank Demarinis - Inspector
Ms. Sarah Yurman – Inspector
Mr. Brian Pereira – Inspector

Absent

Marti Aragaones - Inspector

The meeting was called to order and a quorum was declared with four of the five inspectors in attendance. It was noted that Brian Pereira could not remain on the line for the entire meeting due to a personal conflict. Marti Aragones could not attend but has requested that a copy of the Meeting Minutes be sent to him.

Resolution:

On motion made by Mr. Gill, seconded by Ms. Yurman, the Inspectors resolved that:

- TICO's secured claim is disallowed with full reasons (from the Miller Thompson memo) without prejudice to their right to file a definitive final claim as an ordinary unsecured creditor (once fully quantified by the actual amount of money paid out by TICO).
- If there is an appeal then the trustee is to attend in court with legal counsel for the purpose of assisting the court in its decision.

The motion was opposed by Mr. Frank Demarinis but carried by the majority.

Frank offered the following comment on the rationale for his opposition:

- I do take a different view because in maintaining the trust account in the industry those are clients' funds and at the end of the day the reason for the trust account is to maintain that – to maintain that as a credibility and essentially what is happening here is we are disallowing the consumers to have access to their own money.

There was some general discussion regarding TICO's role, the purpose of the trust fund, TICO's anticipated reaction and the general level of claims by the different groups in the Conquest Estate.

2. Review of the Books and Records

Elaine Kilmer-Choi reviewed the findings of the Trustee's review of the books and records of Conquest. The detailed report, along with supporting spreadsheets had been previously provided to the inspectors.

The following is a summary:

From the Canadian Trust account the following transactions to 2148608 Ontario Inc. were noted as Shareholder Loan repayments:

| <u>Date</u> | <u>Reference #</u> | <u>Amount</u> |
|----------------|--------------------|---------------|
| March 18, 2009 | 5907702247 | 300,000.00 |
| April 2, 2009 | 5909200720 | 200,000.00 |
| April 14, 2009 | 5910402660 | 150,000.00 |
| April 15, 2009 | 5910500887 | 100,000.00 |
| | | 750,000.00 |

One was for the period up to the middle of June, which was \$13,930. There was a next bill dated July 22nd which covers the period up until July 9, 2009 totalling \$21,009.71 and the final one that covered time up until August 18th for \$6,700.95. We are looking for the inspectors to approve those three bills.

Resolution:

On motion made by Mr. Demarinis and seconded by Mr. Gill, the Inspectors resolved that:

The three presented invoices for Miller Thomson are approved for payment.

Motion was carried unanimously.

Interim Draw Approval

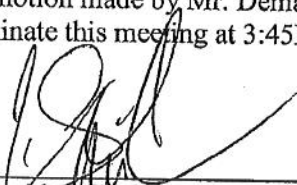
The Trustee's billing for June 1 to September 15, 2009 was provided to the inspectors for review. The total amount including expenses and GST was \$132,103.56. The Trustee requested an interim draw on account of the Trustee's fee in the amount \$75,000 on account of fee plus GST, and disbursements of \$170.41 plus GST.

Resolution:

On motion made by Mr. Gill, seconded by Mr. Demarinis and carried unanimously, the Inspectors resolved that the interim draw for the Trustee on account of its fee in the amount of \$75,000 plus disbursements and GST.

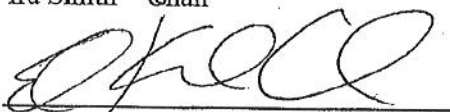
Termination

On motion made by Mr. Demarinis, and carried unanimously, the Inspectors resolved to terminate this meeting at 3:45PM.



Ira Smith - Chair


October 29, 2009



Elaine Kilmer-Choi - Secretary

October 29, 2009

APPROVED:



Neil Gill - Inspector

^{NQV}
October 3, 2009

Frank Demarinis - Inspector

October __, 2009

Sara Yurman - Inspector

October __, 2009

Brian Pereira - Inspector

October __, 2009

APPROVED:

Neil Gill - Inspector

October , 2009


Frank Demarinis - Inspector

October 30, 2009

Sara Yurman - Inspector

October , 2009

Brian Pereira - Inspector

October , 2009

**Ira
Smith**
TRUSTEE & RECEIVED INC.



APPROVED:

Neil Gill – Inspector

October , 2009

Frank Demarinis – Inspector

October , 2009


Sara Yurman – Inspector

November 10
~~October~~ , 2009

Brian Pereira -- Inspector

October , 2009

RECEIVED
NOV 12 2009
IRA SMITH TRUSTEE &
RECEIVER INC.

Schedule “J”

Ira Smith

TRUSTEE & RECEIVER INC.
Suite 6-167 Applewood Crescent, Concord, Ontario, Canada L4K 4K7

Tel. (905) 738-4167
Fax (905) 738-9848
www.irasmithinc.com

District of Ontario
Division No. Toronto
Court No: 31-1197427
Estate No: 31-1197427

NOTICE OF DISALLOWANCE OF CLAIM, RIGHT TO PRIORITY OR SECURITY (Subsection 135(3))

IN THE MATTER OF THE BANKRUPTCY OF CONQUEST VACATIONS INC. A COMPANY INCORPORATED PURSUANT TO THE LAWS OF NOVA SCOTIA AND CARRYING ON BUSINESS IN THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

TAKE NOTICE THAT, as trustee of the above estate, we have disallowed your secured claim against the estate in whole, in the amount of \$1,086,592.84, pursuant to subsection 135(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "Act"), for the following reasons:

1. No evidence of a properly perfected secured claim.

Travel Industry Council of Ontario ("TICO") has not provided evidence of a security agreement or registration under the *Personal Property Security Act* (or otherwise) to demonstrate that it has a perfected security interest.

We assume that the secured claim is based upon the provisions of the *Travel Industry Act*, 2002 S.O. 2002 (the "*Travel Industry Act*") and the Regulations, but no provisions are referenced in the TICO Proof of Claim.

Conquest Vacations Inc. was a registrant under the *Travel Industry Act*.

2. Regulations provide simply for reimbursement of TICO and not a secured claim for reimbursement.

The reimbursement requirement in section 70 of the Regulations does not reference the reimbursement claim as a secured claim or a trust claim payable out of the Trust Account established as required by the regulations.

Section 70 of the Regulations provide:

9-

70. A registrant is required to reimburse the Fund for any claims paid to the registrant's customers under the following circumstances:
1. The registrant is bankrupt or insolvent or has ceased to carry on business.
 2. The registrant purchased travel services on the customer's behalf, extending credit to the customer, and the customer paid the registrant for the travel services after the supplier of the travel services had become bankrupt or insolvent or ceased to carry on business. O. Reg. 26/05, s. 70.

3. Regulations impress Trust Account with obligations to consumers and travel service providers and not in favour of TICO.

Section 27 of the Regulations require that registrants maintain trust account for all money received from customers for travel services. However, the trust is not specifically in favour of TICO. In fact, the funds are impressed with the requirement that the funds in the trust account can only be disbursed:

- (a) to make payment to the supplier of the travel services for which the money was received;
- (b) to make a refund to a customer; or
- (c) after the supplier of the travel services has been paid in full, to pay the registrant's commission.

As a result, there is no statutory trust created in favour of TICO to reimburse it for compensation fund payments made by it. The funds are in place to either (i) refund customers or (ii) make payments to suppliers of travel services, and once all such amounts are paid in full then Conquest can be paid its commissions on the travel services sold by it.

Section 27 of the Regulations provides.

Trust accounts

27. (1) A registrant shall maintain a trust account for all money received from customers for travel services. O. Reg. 26/05, s. 27 (1).
- (2) The trust account shall be designated as a Travel Industry Act trust account. O. Reg. 26/05, s. 27 (2).
- (3) A registrant shall hold all money received from customers for travel services in trust and shall deposit all such money into the trust account within two banking days after receiving it. O. Reg. 26/05, s. 27 (3).
- (4) No registrant shall maintain more than one trust account under subsection (1) without the registrar's written consent, obtained in advance. O. Reg. 26/05, s. 27 (4).
- (5) A registrant shall file with the registrar,
 - (a) a copy of the trust agreement with the financial institution, within five days after establishing a trust account; and
 - (b) a copy of any changes to the trust agreement, within five days after making the changes. O. Reg. 26/05, s. 27 (5).
- (6) No registrant shall disburse or withdraw any money held in a trust account under subsection (1), except,

- (a) to make payment to the supplier of the travel services for which the money was received;
- (b) to make a refund to a customer; or
- (c) after the supplier of the travel services has been paid in full, to pay the registrant's commission. O. Reg. 26/05, s. 27 (6).

4. On bankruptcy, any deemed trust loses its priority status unless Act requirements were met and there is no evidence that these were met.

Even if section 27 created a security interest in favour of TICO, the *Travel Industry Act* is provincial legislation and we maintain that any priority charge created under the *Travel Industry Act* or Regulations loses its priority on bankruptcy. This position is analogous to the loss of deemed trust priority which occurs with respect to PST on a bankruptcy and loss of priority for other Crown or provincial claims where there was prior registration of such a secured claim.

And further take notice that the disallowance of the secured claim of TICO is without prejudice to the right of TICO to file a definitive final claim as an ordinary unsecured creditor once the payments required to be made by TICO with respect to the bankruptcy of Conquest are fully quantified.

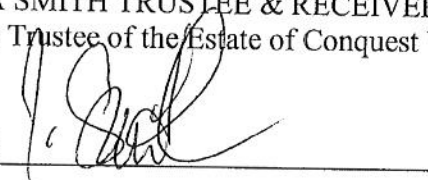
And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole or in part, you may appeal to the court within the 30-day period after the day on which this notice is served, or within such other period as the court may, on application made within the same 30-day period, allow.

Dated at Concord, Ontario, this 26th day of October, 2009.

IRA SMITH TRUSTEE & RECEIVER INC.

The Trustee of the Estate of Conquest Vacations Inc., a bankrupt

Per:



Ira Smith, President

TO:

Travel Industry Council of Ontario
2700 Matheson Boulevard East
Suite 402, West Tower
Mississauga, Ontario
L4W 4V9

Attention: Mary-Ann Harrison
Chief Financial Officer

REGISTERED MAIL

**Ira
Smith**
TRUSTEE & RECEIVER INC.

Schedule “K”



**ServiceOntario
Access Now - Personal Property Lien**

Web Page ID: WEnqResult

File Currency: 19APR 2009

System Date: 20APR2009

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← ← All Pages → →
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Note: All pages have been returned.

| | | | | | | | | | |
|---|---------------------------------------|-------------------------|--------------------|-------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 624366873 | 1 | 8 | 1 | 15 | 18APR 2011 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 624366873 | | 01 | 001 | | 20060418 1947 1530 2108 | P PPSA | 5 | | |
| Individual Debtor | Date of Birth | First Given Name | | Initial | Surname | | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | CONQUEST VACATIONS COMPANY | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 85 BRISBANE ROAD | | | TORONTO | ON | M3J 2K3 | | | |
| Individual Debtor | Date of Birth | First Given Name | | Initial | Surname | | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | NEXCAP FINANCE CORPORATION | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 5420 NORTH SERVICE RD, STE 504 | | | BURLINGTON | ON | L7L 6C7 | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | X | X | X | | | | |
| Motor Vehicle Description | Year | Make | | Model | | V.I.N. | | | |
| | | | | | | | | | |
| General | General Collateral Description | | | | | | | | |
| | | | | | | | | | |

| | | | | | | | | | |
|---|--|-------------------------|--------------------|-------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|
| Collateral Description | EQUIPMENT SUBJECT TO LEASE AGREEMENT 8533101 | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | |
| | Address | City | Province | Postal Code | | | | | |
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 | | | | | |
| END OF FAMILY | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 625887324 | 2 | 8 | 2 | 15 | 06JUN 2009 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 625887324 | | 01 | 001 | | 20060606 1943 1531 8989 | P PPSA | 3 | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | CONQUEST VACATIONS COMPANY | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 85 BRISBANE ROAD | | | TORONTO | ON | M3J 2K3 | | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | FINANCIALINX CORPORATION | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 2001 SHEPPARD AVE E. STE 600 | | | TORONTO | ON | M2J 4Z8 | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | X | | X | X | 33068 | 31MAY2009 | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| | 2006 | KIA | | | SPORTAGE LX | | KNDJE723167255682 | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

| | | | | | | | | | |
|---|--|-------------------------|--------------------|-------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|
| Registering Agent | Registering Agent | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | |
| | Address | City | Province | Postal Code | | | | | |
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 | | | | | |
| END OF FAMILY | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 629003268 | 3 | 8 | 3 | 15 | 18SEP 2010 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 629003268 | | 01 | 001 | | 20060918 1945 1531 6436 | P PPSA | 4 | | |
| Individual Debtor | Date of Birth | First Given Name | | Initial | Surname | | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | CONQUEST VACATIONS COMPANY | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 85 BRISBANE RD | | | TORONTO | ON | M3J 2K3 | | | |
| Individual Debtor | Date of Birth | First Given Name | | Initial | Surname | | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | HONDA CANADA FINANCE INC. | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 3650 VICTORIA PARK AVE NO.400 | | | NORTH YORK | ON | M2H 3P7 | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | X | | X | | | X | 32009 | 11SEP2009 | |
| Motor Vehicle Description | Year | Make | | Model | | V.I.N. | | | |
| | 2006 | HONDA | | CRV | | JHLRD78506C816785 | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | |

| | | | | |
|---|--|-------------------------|----------------------------|--------------------------------|
| Address | | City | Province | Postal Code |
| SUITE 180-13571 COMMERCE PARKWAY | | RICHMOND | BC | V6V2L1 |
| END OF FAMILY | | | | |
| Type of Search | Business Debtor | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | |
| File Currency | 19APR 2009 | | | |
| File Number | Family | of Families | Page | of Pages |
| 631638369 | 4 | 8 | 4 | 15 |
| Expiry Date | | Status | | |
| 21DEC 2010 | | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule |
| 631638369 | | 01 | 003 | |
| Registration Number | | Registered Under | Registration Period | |
| 20061221 1945 1531 2287 | | P PPSA | 4 | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname |
| | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation No. |
| | CONQUEST VACATIONS COMPANY | | | |
| Address | | City | Province | Postal Code |
| 85 BRISBANE ROAD | | TORONTO | ON | M3J 2K3 |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname |
| | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation No. |
| | | | | |
| Address | | City | Province | Postal Code |
| | | | | |
| Secured Party | Secured Party / Lien Claimant | | | |
| | CBSC CAPITAL | | | |
| Address | | City | Province | Postal Code |
| 100-1235 NORTH SERVICE RD W | | OAKVILLE | ON | L6M 2W2 |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts |
| | | | X | |
| | | | | X |
| | | | | X |
| Motor Vehicle Description | Year | Make | Model | V.I.N. |
| | | | | |
| General Collateral Description | General Collateral Description | | | |
| | TRAINING | | | |
| | "SERVICE - FINANCED, NON-RESIDUALIZED" | | | |
| | INSTALLATION COST | | | |
| Registering Agent | Registering Agent | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | |
| Address | | City | Province | Postal Code |
| 4126 NORLAND AVENUE | | BURNABY | BC | V5G 3S8 |
| CONTINUED | | | | |

| | | | | | | | | | |
|---|---------------------------------------|-------------------------|--------------------|-------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 631638369 | 4 | 8 | 5 | 15 | 21DEC 2010 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 631638369 | | 02 | 003 | | 20061221 1945 1531 2287 | | | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | | Model | V.I.N. | | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | COPIER - DIGITAL COPIEUR - NUMERIQUE | | | | | | | | |
| | FOREIGN BUYOUT | | | | | | | | |
| | FOREIGN BUYOUT - REFINANCED | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| CONTINUED | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search | | | | | | | | | |

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|---|---------------------------------------|-------------------------|--------------------|-------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|
| Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 631638369 | 4 | 8 | 6 | 15 | 21DEC 2010 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 631638369 | | 03 | 003 | | 20061221 1945 1531 2287 | | | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | | Model | V.I.N. | | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | DELIVERY | | | | | | | | |
| | | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| END OF FAMILY | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File | | of | | of | | | | |
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| | Number | Family | Families | Page | Pages | Expiry Date | Status | | |
| | 639976671 | 5 | 8 | 7 | 15 | 17OCT 2012 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 639976671 | | 01 | 001 | | 20071017 1943 1531 4153 | P PPSA | 5 | | |
| Individual Debtor | Date of Birth | | First Given Name | | Initial | Surname | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | CONQUEST VACATIONS INC. | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | 85 BRISBANE ROAD | | | | TORONTO | ON | M3J 2K3 | | |
| Individual Debtor | Date of Birth | | First Given Name | | Initial | Surname | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | ROYAL BANK OF CANADA | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | 180 WELLINGTON ST W BSC 3RD FL | | | | TORONTO | ON | M5J 1J1 | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | X | X | | | | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | 4126 NORLAND AVENUE | | | | BURNABY | BC | V5G 3S8 | | |
| END OF FAMILY | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 642328857 | 6 | 8 | 8 | 15 | 28JAN 2012 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |

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|---------------------------------------|--|-------------------------|--------------------|-------------------------------|----------------------------|--------------------------------|----------------------------|----------------------------|-------------------------------|
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 642328857 | | 01 | 003 | | 20080128 1942 1531 7082 | P PPSA | 4 | | |
| Individual Debtor | Date of Birth | First Given Name | | Initial | Surname | | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | CONQUEST VACATIONS COMPANY | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 85 BRISBANE ROAD | | | TORONTO | ON | M3J 2K3 | | | |
| Individual Debtor | Date of Birth | First Given Name | | Initial | Surname | | | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation No. | | | |
| | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | CBSC CAPITAL | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 100-1235 NORTH SERVICE RD W | | | OAKVILLE | ON | L6M 2W2 | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | X | | X | | | | X |
| Motor Vehicle Description | Year | Make | | | Model | V.I.N. | | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 4126 NORLAND AVENUE | | | BURNABY | BC | V5G 3S8 | | | |

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|----------------------------|-------------------------|---------------|--------------------|-------------|-----------------|--------------------|---------------|--|--|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 642328857 | 6 | 8 | 9 | 15 | 28JAN 2012 | | | |

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

| | | | | | | | |
|--------------------|-----------------------|----------------|--------------------|-------------------------------|----------------------------|-------------------------|----------------------------|
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
| 642328857 | | 02 | 003 | | 20080128 1942 1531 7082 | | |

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|---------------------------------------|--------------------------------|------------------|-----------|-------------------------|-------|------------------------|--------|---------------------|------------------------|
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation No. | | | | | |
| | Address | | City | Province Postal Code | | | | | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation No. | | | | | |
| | Address | | City | Province Postal Code | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | Address | | City | Province Postal Code | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| Motor Vehicle Description | Year | Make | Model | V.I.N. | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | Address | | City | Province Postal Code | | | | | |

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|---|-------------------------|------------------|--------------------|-------------------------------|----------------------------|-------------------------|----------------------------|
| Type of Search | Business Debtor | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | |
| File Currency | 19APR 2009 | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status |
| | 642328857 | 6 | 8 | 10 | 15 | 28JAN 2012 | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
| 642328857 | | 03 | 003 | | 20080128 1942 1531 7082 | | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | |

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|---|---------------------------------------|------------------|-------------------------|-------------------------------|----------------------------|-------------------------------|--------------------------------|----------------------------|-------------------------------|--|
| Business Debtor | Business Debtor Name | | | | | | Ontario Corporation No. | | | |
| | Address | | | | | City | Province | Postal Code | | |
| Individual Debtor | Date of Birth | | First Given Name | | | Initial | | Surname | | |
| Business Debtor | Business Debtor Name | | | | | | Ontario Corporation No. | | | |
| | Address | | | | | City | Province | Postal Code | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | | |
| General Collateral Description | General Collateral Description | | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | | |
| END OF FAMILY | | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | | Status | | |
| | 652163391 | 7 | 8 | 11 | 15 | 19MAR 2012 | | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | | Registered Under | Registration Period | | |
| 652163391 | | 001 | 1 | | 20090319 1110 1590 3527 | | P PPSA | 3 | | |
| Individual Debtor | Date of Birth | | First Given Name | | | Initial | | Surname | | |
| Business Debtor | Business Debtor Name | | | | | | Ontario Corporation No. | | | |
| | CONQUEST VACATIONS INC. | | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | | |

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|---|---------------------------------------|-------------------------|--------------------|--------------------------------|----------------------------|-------------------------------|----------------------------|----------------------------|-------------------------------|
| 85 BRISBANE ROAD | | TORONTO | | ON | M3J 2K3 | | | | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation No. | | | | | |
| | Address | | City | Province | Postal Code | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | 2158608 ONTARIO INC. | | | | | | | | |
| | Address | | City | Province | Postal Code | | | | |
| | 24 IVORDALE CRESCENT | | TORONTO | ON | M1R 2W6 | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | X | X | X | X | X | | | |
| Motor Vehicle Description | Year | Make | | Model | V.I.N. | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | FOGLER, RUBINOFF LLP | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 95 WELLINGTON ST. WEST, SUITE 1200 | | | TORONTO | ON | M5J 2Z9 | | | |
| END OF FAMILY | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 877982247 | 8 | 8 | 12 | 15 | 15NOV 2011 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 877982247 | | 01 | 001 | | 20011115 1801 1531 3571 | P PPSA | 5 | | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation No. | | | | | |
| | CONQUEST VACATIONS INC. | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 85 BRISBANE ROAD | | | DOWNSVIEW | ON | M3J 2K3 | | | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |

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|--|--|---------------------|---------------------------------|--|----------------------------|-------------------------------|-------------------------|----------------------------|-------------------------------|
| Business Debtor | Business Debtor Name | | Ontario Corporation No. | | | | | | |
| | Address | | City | Province Postal Code | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | ROYAL BANK OF CANADA | | | | | | | | |
| | Address | | City | Province Postal Code | | | | | |
| | 180 WELLINGTON ST W. (B.S.C.) 3RD FLOOR | | TORONTO | ON M5J 1J1 | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | X | X | X | X | X | | | |
| Motor Vehicle Description | Year | Make | | Model | | V.I.N. | | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | SUITE 180-13571 COMMERCE PARKWAY | | | RICHMOND | BC | V6V2L1 | | | |
| CONTINUED | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | | | | |
| | 877982247 | 8 | 8 | 13 | 15 | | | | |
| FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT | | | | | | | | | |
| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | | Registered Under | | |
| | | 01 | 001 | | 20020509 1022 1529 7122 | | | | |
| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | | Renewal Years | Correct Period | | |
| | 877982247 | | X | A AMNDMNT | | | | | |
| Reference Debtor/ Transferor | First Given Name | | | Initial | Surname | | | | |
| | | | | | | | | | |
| | Business Debtor Name | | | | | | | | |
| | CONQUEST VACATIONS INC. | | | | | | | | |
| Other Change | Other Change | | | | | | | | |
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| Reason / Description | | Reason / Description | | | | | | | |
| | | CHANGE BUSINESS DEBTOR'S NAME | | | | | | | |
| Debtor/ Transferee | | Date of Birth | First Given Name | | | Initial | Surname | | |
| | | | | | | | | | |
| | | Business Debtor Name | | | | | Ontario Corporation No. | | |
| | | CONQUEST VACATIONS COMPANY | | | | | | | |
| | | Address | | | City | | Province | Postal Code | |
| | | 85 BRISBANE ROAD | | | DOWNSVIEW | | ON | M3J 2K3 | |
| Assignor | | Assignor | | | | | | | |
| | | | | | | | | | |
| Secured Party | | Secured Party/ Lien Claimant/ Assignee | | | | | | | |
| | | | | | | | | | |
| | | Address | | | City | | Province | Postal Code | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
| Registering Agent | Registering Agent or Secured Party/ Lien Claimant | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | |
| | Address | | | City | | Province | Postal Code | | |
| | SUITE 180-13571 COMMERCE PARKWAY | | | RICHMOND | | BC | V6V2L1 | | |
| CONTINUED | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | | | | |
| | 877982247 | 8 | 8 | 14 | 15 | | | | |
| FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT | | | | | | | | | |
| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | | Registered Under | | |
| | | 01 | 001 | | 20061010 1947 1531 9395 | | | | |


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| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | Renewal Years | Correct Period | | | | |
| | 877982247 | | X | B RENEWAL | 5 | | | | | |
| Reference Debtor/ Transferor | First Given Name | Initial | Surname | | | | | | | |
| | | | | | | | | | | |
| | Business Debtor Name | | | | | | | | | |
| | CONQUEST VACATIONS COMPANY | | | | | | | | | |
| Other Change | Other Change | | | | | | | | | |
| | | | | | | | | | | |
| Reason / Description | Reason / Description | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Debtor/ Transferee | Date of Birth | First Given Name | Initial | Surname | | | | | | |
| | | | | | | | | | | |
| | Business Debtor Name | | | | | Ontario Corporation No. | | | | |
| | | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | | |
| | | | | | | | | | | |
| Assignor | Assignor | | | | | | | | | |
| | | | | | | | | | | |
| Secured Party | Secured Party/ Lien Claimant/ Assignee | | | | | | | | | |
| | | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | | |
| | | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date | |
| | | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | Model | | V.I.N. | | | | |
| | | | | | | | | | | |
| | General Collateral Description | | | | | | | | | |
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| | | | | | | | | | | |
| Registering Agent | Registering Agent or Secured Party/ Lien Claimant | | | | | | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | | |
| | 4126 NORLAND AVENUE | | | BURNABY | BC | V5G 3S8 | | | | |
| CONTINUED | | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | | |
| Search | | | | | | | | | | |

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| Conducted On | CONQUEST VACATIONS INC. | | | | | | | | |
| File Currency | 19APR 2009 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | | | | |
| | 877982247 | 8 | 8 | 15 | 15 | | | | |
| FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT | | | | | | | | | |
| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under | | | |
| | | 01 | 001 | | 20070219 1453 1530 9209 | | | | |
| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | Renewal Years | Correct Period | | | |
| | 877982247 | | X | A AMNDMNT | | | | | |
| Reference Debtor/ Transferor | First Given Name | | Initial | Surname | | | | | |
| | | | | | | | | | |
| | Business Debtor Name | | | | | | | | |
| | CONQUEST VACATIONS COMPANY | | | | | | | | |
| Other Change | Other Change | | | | | | | | |
| | | | | | | | | | |
| Reason / Description | Reason / Description | | | | | | | | |
| | DEBTOR NAME CHANGE | | | | | | | | |
| | | | | | | | | | |
| Debtor/ Transferee | Date of Birth | First Given Name | | Initial | Surname | | | | |
| | | | | | | | | | |
| | Business Debtor Name | | | | Ontario Corporation No. | | | | |
| | CONQUEST VACATIONS INC. | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | 85 BRISBANE ROAD | | | DOWNSVIEW | ON | M3J 2K3 | | | |
| Assignor | Assignor | | | | | | | | |
| | | | | | | | | | |
| Secured Party | Secured Party/ Lien Claimant/ Assignee | | | | | | | | |
| | | | | | | | | | |
| | Address | | | City | Province | Postal Code | | | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | Model | | V.I.N. | | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
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|--------------------------|--|-------------|-----------------|--------------------|
| Registering Agent | Registering Agent or Secured Party/ Lien Claimant | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | |
| | Address | City | Province | Postal Code |
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

LAST PAGE
Note: All pages have been returned.

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CSRS

CANADIAN SECURITIES
REGISTRATION SYSTEMS

4126 Norland Avenue
Burnaby, BC V5G 3S8
Phone: 604-637-4000 / 1-800-561-1404
Fax: 604-637-4001 / 1-800-590-3310

Order #: 2603073
Reference: 99618.2
Ordered on: 2009-09-18

Processed by: Wendy Stephenson tel: 604-637-4004 / fax: 604-637-4001

Attention: JESSIE TJEW
Client #: 12054
Miller Thomson LLP
Markham (Branch: 00002)
600 - 60 Columbia Way
Markham, ON, L3R 0C9

Phone: 905-415-6466

Requested services on the following:

Common to the following provinces : BC, NS
Business debtor names: CONQUEST VACATIONS COMPANY
CONQUEST VACATIONS INC.

Notes: RESULTS ATTACHED

Billing information:

Bill to: Client #: 12054
Miller Thomson LLP
Markham (Branch: 00002)

Return method:

E-Mail: JTJEW@MILLERTHOMSON.COM

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This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
 Type of Search: Debtors (Enterprise)

Search Criteria: CONQUEST VACATIONS COMPANY

Date and Time of Search: 2009-09-18 16:34
 Transaction Number: 5210399
 Searched By: S184683

The following table lists records that match the Debtors (Enterprise) you specified.

| Exact | Included | Original Registration Number | Enterprise Name | Place |
|-------|----------|------------------------------------|-----------------|-------|
|-------|----------|------------------------------------|-----------------|-------|

An "X" in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

An "I" in the 'Included' column indicates that the registration's details are included within the Search Result Report.

0 registration(s) contained information that **exactly** matched the search criteria you specified.

0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
 Type of Search: Debtors (Enterprise)

Search Criteria: CONQUEST VACATIONS INC.

Date and Time of Search: 2009-09-18 16:34
 Transaction Number: 5210402
 Searched By: S184683

The following table lists records that match the Debtors (Enterprise) you specified.

| Exact | Included | Original Registration Number | Enterprise Name | Place |
|-------|----------|------------------------------------|-----------------|-------|
|-------|----------|------------------------------------|-----------------|-------|

An 'X' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

An 'I' in the 'Included' column indicates that the registration's details are included within the Search Result Report.

0 registration(s) contained information that **exactly** matched the search criteria you specified.

0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

Confirmation Letter / Lettre de confirmation

CSRS a division of Resolve

Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8

Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques*.

Jessie Tjew, Corporate Search
Miller Thomson LLP
600, 60 Columbia Way
Markham, Ontario
L3R 0C9

2009/09/17 12:18:10 PM PDT

Ref / Objet: 02456455 99618.2/Kuyntjes

Tel/Tél: 1-905-415-6700
Fax/Télécopie: 1-905-415-6777

Acct# 1601

Dear Sir / Madam

Monsieur / Madame

Re: **Bank Act Security - Section 427**

Objet: **Garanties données en vertu de la *Loi sur les banques* - article 427**

We have processed your request(s) and hereby confirm the following results: (*see below).

Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (*voir ci-dessous).

REFERENCE

REFERENCE

(2) A search has been made of the notices of intention to give security under the Bank Act registered in the province of Ontario. As at the date and time above, our records indicate the following.

(2) Nous avons examiné les préavis qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: Ontario. À la date et à l'heure indiquées ci-dessus.

Your search for the company

Votre recherche pour la société

Conquest Vacations Inc.

Conquest Vacations Inc.

returns the following results:

révèle les résultats suivants:

| Type | Registration Name | Address |
|------|-------------------|---------|
| Type | Enregistrement au | Adresse |
| | nom de | |

| Date | Expires | Number | Bank |
|------|---------|--------|--------|
| Date | Expires | Numéro | Banque |

(2) No matches were found / Aucune donnée correspondante au

registre

R. Conconi

For Registrar / Pour le Régistrare

We acknowledge receipt of fees
as follows:Nous accusons réception des droits prescrits dont
les montants s'établissent comme suit:

| Type Type | Fee Tarif | GST TPS | Quantity Quantité | TOTAL TOTAL | Receipt No. Numéro du reçu |
|--------------|--------------|------------|----------------------|----------------|-------------------------------|
| (2) | \$13.71 | \$0.29 | 1 | \$14.00 | 02456455 - R-R-SN- W |

\$14.00GST/TPS #:
86370 5620 RT0007

Schedule “M”

MILLER THOMSON LLP

Barristers & Solicitors
Patent & Trade-Mark Agents

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1
T: 416.595.8500
F: 416.595.8695
www.millerthomson.com

November 25, 2009

Fogler Rubinoff LLP
Barristers & Solicitors
95 Wellington Street West
Suite 1200
Toronto-Dominion Centre
Toronto, Ontario, M5P 2Z9
Attention: Martin R. Kaplan

Margaret Sims
Direct Line: 416.595.8577
Direct Fax: 416.595.8695
msims@millerthomson.com

File: 096618.2

Dear Mr. Kaplan:

**In the matter of the bankruptcy of Conquest Vacations Inc. ("Conquest"),
Ontario Superior Court of Justice (In Bankruptcy), Court File No. 31-1197427**

Re: 2148608 Ontario Inc. ("214")

As you are aware, we are counsel for the Trustee in Bankruptcy of Conquest (the "**Trustee**"). We understand that you act for 214 and Simon Bala.

We write with respect to the following matters:

- (i) the general security agreement (the "**General Security Agreement**") dated as of March 19, 2009, granted by the Debtor in favour of 2148608 Ontario Inc. ("**214**");
 - (ii) the transactions noted in Conquest's books and records as "Shareholder Loan Repayments" to 214; and
 - (iii) to demand repayment of payments made to 214 in the immediate two months preceding the bankruptcy.
- (i) **General Security Agreement**

As a result of the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), the security of 214 in the personal property of the Debtor described in the General Security Agreement is void as against the Trustee in Bankruptcy and Shareholder Loan Advances by 214 are unsecured claims as against the Conquest estate. The reasons are as follows.

1. The BIA provides that a charge on property made, a payment made or an obligation incurred, which has the effect of giving a creditor a preference over another creditor, in the period which is three months before the date of the initial bankruptcy event for

- arm's length creditors, and which is twelve months before the date of the initial bankruptcy event for non-arm's length creditors, is void as against the trustee in bankruptcy.
2. 214 is a creditor not dealing at arm's length with Conquest.
 - (a) The directors and officers of Conquest were Errol Francis and Simon Bala at the time in question.
 - (b) The sole director and officer of 214 is Shiva Simon Bala.
 - (c) The Trustee has been informed that Simon Bala is the beneficial owner of all of the shares of 214.
 3. Conquest made an assignment in bankruptcy on April 27, 2009.
 4. The General Security Agreement, and the associated registration, is a charge granted during the period that is three months before the date of the making of the assignment in bankruptcy and as such is void as against the trustee in bankruptcy.¹
 5. As the General Security Agreement was granted as of March 19, 2009, the charge will be presumed to be a preference in the absence of evidence to the contrary. We are not aware of evidence to the contrary being submitted by 214. If 214 wishes to submit evidence to the contrary, please do so as soon as possible and, in any event, no later than December 10, 2009.
- (ii) The Shareholder Loan Repayments made to 214 in the twelve months preceding the Conquest bankruptcy are void as against the trustee in bankruptcy.**

As a result of the provisions of the BIA, the Shareholder Loan Repayments made to 214 in the twelve months preceding the Conquest bankruptcy are void as against the trustee in bankruptcy. The reasons are as follows:

1. As set out above, 214 is a creditor not dealing at arm's length with Conquest and Conquest made an assignment in bankruptcy on April 27, 2009.
2. Further as set out above, payments made or obligations incurred in the period which is three months before the date of the initial bankruptcy event for arm's length creditors, and which is twelve months before the date of the initial bankruptcy event for non-arm's length creditors, is void as against the trustee in bankruptcy.

¹ It is noted that, as a non arm's length transaction, the review period is 12 months from the initial bankruptcy event. However, in this instance, the three month period set out in section 95(1)(a) of the BIA, as amended and declared in force on September 18, 2009, is sufficient to result in this charge being void as against the trustee in bankruptcy.

3. The payments made by Conquest to 214 had the effect of giving 214 a preference over other creditors of Conquest. As a consequence, the payments made by Conquest to 214 in the year before April 27, 2009 are void as against the trustee in bankruptcy.
4. In particular, the following payments from Conquest to 214 are void as against the trustee in bankruptcy.

| <u>Date</u> | <u>Reference #</u> | <u>Amount</u> |
|----------------|--------------------|---------------|
| March 18, 2009 | 5907702247 | 300,000.00 |
| April 2, 2009 | 5909200720 | 200,000.00 |
| April 14, 2009 | 5910402660 | 150,000.00 |
| April 15, 2009 | 5910500887 | 100,000.00 |
| | | <hr/> |
| | | \$750,000.00 |
| | | <hr/> |

5. As these payments were made in the 2 months preceding the bankruptcy and the security related to the underlying loan was granted as of March 19, 2009, the payments are void as against the Trustee in the absence of evidence to the contrary. We are not aware of evidence to the contrary being submitted by 214. If 214 wishes to submit evidence to the contrary, please do so as soon as possible and, in any event, no later than December 10, 2009.

(iii) Demand for Repayment to Estate

As a consequence of the foregoing, we are instructed to hereby demand repayment of the \$750,000 paid by Conquest to 214.

Please contact the writer or Jeffrey Carhart with respect to this matter.

Yours truly,
MILLER THOMSON LLP

Per:



Margaret Sims
MRS/mm

- cc. Ira Smith and Elaine Kilmer-Choi, Ira Smith Trustee and Receiver Inc.
Jeffrey Carhart

Schedule “N”

Fogler,
Rubinoff
LLP

Fogler, Rubinoff LLP Barristers & Solicitors
95 Wellington Street West
Suite 1200, Toronto-Dominion Centre
Toronto, ON M5J 2Z9
Tel: 416.864.9700 Fax: 416.941.8852
www.foglers.com

December 15, 2009

Reply To: Martin R. Kaplan
Direct Dial: 416.941-8822
E-mail: mkaplan@foglers.com
Our File No. 09/2526

VIA E-MAIL

Margaret Sims
Miller Thomson LLP
Scotia Plaza, Suite 5800
40 King Street West
P.O. Box 1011
Toronto, ON M5H 3S1

Dear Counsel:

Re: In the matter of the bankruptcy of Conquest Vacations Inc. ("Conquest"), Ontario Superior Court of Justice (In Bankruptcy), Court File No. 31-1197427

Re: 2148608 Ontario Inc.

We are counsel for 2148608 Ontario Inc. ("214") and write further to your correspondence dated November 25, 2009.

In or about March 2009, and due to the global economic credit crunch and credit card processing delays, Conquest's working capital and cash flow situation were severely impacted. The economic credit crunch affected the ability of credit card intermediaries to process credit card payments promptly and remit such funds to Conquest. Accordingly, the flow of funds to Conquest was often delayed to the detriment of Conquest's business affairs. Delayed payments resulted in less available working capital and, accordingly, affected Conquest's ability to make payments to employees, pay airlines and other suppliers promptly.

Given these concerns, it was impossible to carry on Conquest's operations without additional funding to off-set the credit processing delays. The shareholders, in response to the fact that other forms of financing were not available, elected to create a form of revolving account in order to ensure that Conquest's obligations and responsibilities could be met on time. The shareholders accordingly advanced the funds described in enumerated paragraph four of page three of your letter regarding 214 to Conquest in order that business operations could continue, in return for Conquest's agreement to provide security for all funds advanced.

These shareholder advances and repayments were made through 214 to Conquest as follows:

| | |
|---|-----------------------|
| Advance on March 3, 2009 to account no. 112-3 | 500,000 |
| Loan repaid, March 18, 2009 | -300,000 |
| General Security Agreement | March 19, 2009 |
| Loan repaid, April 2, 2009 | -200,000 |
| Advance on April 14, 2009 to account no. 112-3 | 250,000 |
| Loan repaid, April 14, 2009 | -150,000 |
| Loan repaid, April 15, 2009 | -100,000 |
| Advance on April 16 2009 to account no. 102-903-2 | 40,000 |
| Balance owing to 214 | 40,000 |

Essentially, on any day when Conquest was unable to meet its immediate daily cash requirements for, *inter alia*, payroll and/or airline departures, 214 advanced the necessary funds to fund any Conquest obligations on the understanding that same would be repaid out of Conquest's first available funds.

The foregoing is consistent with the statements made to the Trustee and reflected in the Trustee's original Report regarding shareholder loans.

The amount of \$250,000 was advanced on April 14, 2009 as there was not sufficient funds in Conquest to make the required airline payments for that day. The \$250,000 was advanced by Lawton o.b.o 214.

The shareholders realized that there would not be enough funds coming in for the flight payments required on April 15, 2009 and accordingly elected to cease operations effective that day. The Travel Industry Council of Ontario froze Conquest's trust accounts on the same day, leaving only the operating account still in operation.

On the same day the announcement was made that Conquest was ceasing operations, some funds were received from the credit processing company and, accordingly, the amount of \$250,000 was repaid to 214. At that time, 214 was a secured creditor of Conquest.

On April 16, 2009, \$40,000 was advanced by 214 to Conquest's operating account to cover employee compensation. These funds, however, were frozen as a result of the injunction obtained by Canjet Airlines in Nova Scotia.

As is evident from the foregoing, the advances made by 214 were designed solely to assist Conquest in carrying on business and to ensure that Conquest's suppliers and employees were

paid, and that its customers received the services paid for. We accordingly take the position that there are no funds owing by 214 to Conquest.

We trust the forgoing is clear and responsive to the concerns raised in your correspondence. Should you have any questions or concerns, please do not hesitate to contact the writer.

Yours truly,

FOGLER, RUBINOFF LLP

Martin R. Kaplan

MRK/dt

Schedule “O”

Ira Smith

TRUSTEE & RECEIVER INC.
167 Applewood Crescent, Suite 6, Concord, Ontario, Canada L4K 4K7

Elaine Kilmer-Choi
Tel. (905) 738-4167 x154
Fax (905) 738-9848
Email: elaine@irasmithinc.com
Website: www.irasmithinc.com

April 28, 2009

VIA FAX +44(0) 845-003-4258

E-commerce Risk Management Limited
Harwood House
Harwood Road
London SW6 4QP
United Kingdom

In the Matter of the Bankruptcy of Conquest Vacations Inc.

Dear Sirs:

Please be advised on April 27, 2009, Conquest Vacations Inc. ("Conquest") filed an Assignment under the Canadian *Bankruptcy and Insolvency Act* ("BIA"), appointing Ira Smith Trustee & Receiver Inc. ("ISI") as the trustee in bankruptcy. We enclose a copy of the Certificate of Appointment for your files.

The records of Conquest indicate there is a balance owing from E-Commerce Risk Management Limited to Conquest.

We understand that there may be claims by consumers for services not rendered by Conquest which may be offset against this balance owing. ISI will require a full reconciliation of these claims against the funds held.

We advise that all amounts payable to Conquest by you must be paid only to ISI in its capacity as trustee. **Payment to any other party will not relieve you from your liability.**

We thank you in advance for your co-operation. If you have any questions, you may contact the undersigned.

Yours truly,

IRA SMITH TRUSTEE & RECEIVER INC.,
The Trustee of the Estate of Conquest Vacations Inc., a bankrupt

Per:

A handwritten signature in black ink, appearing to read 'Elaine Kilmer-Choi', written over a horizontal line.

Elaine Kilmer-Choi
Senior Manager

Encl.



Office of the Superintendent
of Bankruptcy Canada

An Agency of
Industry Canada

Bureau du surintendant
des faillites Canada

Un organisme
d'Industrie Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-1197427
Estate No. 31-1197427

In the Matter of the Bankruptcy of:
CONQUEST VACATIONS INC.
Debtor
IRA SMITH TRUSTEE & RECEIVER INC.
Trustee
Ordinary Administration

| | | | |
|------------------------------|---|-----------|--------|
| Date and Time of Bankruptcy: | April 27, 2009, 14:43 | Security: | \$0.00 |
| Date of Trustee Appointment: | April 27, 2009 | | |
| Meeting of Creditors: | May 14, 2009, 10:00 HILTON GARDEN INN TOSCANA BALLROOM A&B HIGHWAY 7 WEST VAUGHAN, Ontario Canada, | | |
| Chairman: | Trustee | | |

CERTIFICATE OF APPOINTMENT - Section 49; Rule 85

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed Trustee of the Estate of the Debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable to call in the prescribed manner, a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the Official Receiver.

Date: April 27, 2009, 14:48

E-File/Dépôt Electronique

Official Receiver

25 St. Clair Avenue East, 6th floor, Toronto, Ontario, Canada, M4T1M2, (416)973-6486

Canada

IN THE MATTER OF THE BANKRUPTCY OF
CONQUEST VACATIONS INC.
A COMPANY INCORPORATED PURSUANT TO THE
LAWS OF NOVA SCOTIA AND CARRYING ON
BUSINESS IN THE CITY OF TORONTO IN THE
PROVINCE OF ONTARIO

Court File No. 31-1197427

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

TRUSTEE'S SECOND REPORT

DATED JANUARY 19, 2010

IRA SMITH TRUSTEE & RECEIVER INC.
Suite 6-167 Applewood Crescent
Concord, Ontario L4K 4K7

Ira Smith, MBA CA•CIRP
Tel: 905.738.4167
Fax: 905.738.9848