

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE "A" HERETO

Applicants

- and -

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP LTD.
and EGLINTON CASTLE INC.

Respondents

- and -

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE
BOUND BY THE BY THE RESULT

MOTION RECORD
(RETURNABLE MARCH 5, 2014)

March 2, 2015

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Walton and Ronauld Walton (the "Receiver").

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investment Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen's Corner Inc.
14. DBDC Queen's Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Industrial Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE "B" COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline - 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
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20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.
31. Eddystone Place Inc.
32. Richmond Row Holdings Ltd.
33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.

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TAB 1

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SUPERIOR COURT OF JUSTICE
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and EGLINTON CASTLE INC.

Respondents

- and -

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE
BOUND BY THE BY THE RESULT

**NOTICE OF MOTION
(RETURNABLE MARCH 5, 2015)**

Ira Smith Trustee & Receiver Inc., in its capacity as the Court appointed receiver (the "Receiver") of all of the assets, undertakings and properties of Norma Walton and Ronauld Walton (the "Debtors" or the "Waltons"), will make a motion to a judge, on Thursday March 5, 2015, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR an Order:

- (a) abridging the time for and validating service of this notice of motion and the motion record and dispensing with further service thereof;
- (b) approving the second report of the Receiver (the "Second Report") and the activities of the Receiver described therein since its First Report dated November 25, 2014;

- (c) approving the accounting of the receipts and disbursements of the Receiver from November 26, 2014 to February 24, 2015;
- (d) approving the fees, disbursements and other costs incurred from November 25, 2014 to February 24, 2015 by the Receiver and its legal counsel, Miller Thomson LLP (“MT”); and
- (e) such other relief as this Court may deem appropriate.

THE GROUNDS FOR THE MOTION ARE:

- (a) The Receiver was appointed receiver without security, of all of the assets, properties and undertaking of the Debtors by the Appointment Order.
- (b) The grounds set out in the Second Report.
- (c) Rules 1.04, 1.05, 3.02, 14.05(2), 37 and 39 of the *Rules of Civil Procedure*;
- (d) Section 101 of the *Courts of Justice Act* (Ontario);
- (e) Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C., 1985; and
- (f) Such further and other grounds as counsel may advise and this Court may permit.

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

- (a) The Second Report of the Receiver;
- (b) Such further and other materials as counsel may advise and this Honourable Court may permit.

March 2, 2015

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DBDC SPADINA LTD. et al

Applicants

NORMA WALTON, RONALD WALTON et al

and

Respondents

Court File No.: CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF MOTION

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TAB 2

Court File No. CV-13-10280-00CL

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

BETWEEN:

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO

Applicants

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Respondents

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**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
NORMA WALTON AND RONAULD WALTON**

DATED FEBRUARY 26, 2015

**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
NORMA WALTON AND RONALD WALTON**

DATED FEBRUARY 26, 2015

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**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
NORMA WALTON AND RONAULD WALTON**

DATED FEBRUARY 26, 2015

Exhibits

- Exhibit "A" Order of the Honourable Mr. Justice Newbould dated September 5, 2014
- Exhibit "B" Receiver's First Report to Court dated December 1, 2014
- Exhibit "C" First Approval Order
- Exhibit "D" Ms. Sims' email and attachment of the Receiver's letter dated December 3, 2014
- Exhibit "E" Order of the Court dated January 6, 2015, vacant possession of the real property described as 44 Park Lane Circle
- Exhibit "F" S. Wilson & Co. Bailiffs Limited Report on Chattels
- Exhibit "G" Insolvency search on Corporate Respondents
- Exhibit "H" Receiver's Statement of Receipts and Disbursements for the period September 5, 2014 to February 25, 2015
- Exhibit "I" Affidavit of Mr. Ira Smith in connection with the Receiver's fee and disbursements including the detailed statement of account for the period from November 26, 2014 to February 24, 2015
- Exhibit "J" Affidavit of Mr. David Reynolds in connection with Miller Thomson LLP's fee and disbursements including the detailed statement of account for the period from November 26, 2014 to February 24, 2015

**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF**

NORMA WALTON AND RONALD WALTON

DATED FEBRUARY 26, 2015

A. INTRODUCTION

1. Pursuant to the Reasons for Decision dated August 12, 2014¹(the “**Reasons**”) and the Order of The Honourable Mr. Justice D.M. Brown of the same date, Schonfeld Inc. was appointed on an interim basis as Receiver of all of the assets, properties and undertaking of Norma Walton and Ronald Walton. In accordance with the Reasons, by Order of the Honourable Mr. Justice Newbould dated September 5, 2014 (but not issued until September 12, 2014) (the “**Appointment Order**”), Ira Smith Trustee & Receiver Inc. (“**ISI**”) was appointed receiver (the “**Receiver**”) without security, of all of the assets, properties and undertaking of Norma Walton and Ronald Walton (collectively the “**Debtors**” or the “**Waltons**”), replacing Schonfeld Inc.

A copy of the Appointment Order is attached as **Exhibit “A”**.

¹See Reasons Page 78, paragraph 233, DBDC Spadina Ltd. v. Walton, 2014 ONSC 4644. This decision has also been reported at (2014) 121 O.R. (3d) 449.

2. Schonfeld Inc. remains as Manager, as defined and described in various Court Orders in the litigation of DBDC Spadina Ltd. v. Walton (the “**Manager**”)².

3. By Order of the Honourable Mr. Justice Pattillo dated December 8, 2014, the actions and activities of the Receiver, as contained in the Receiver’s First Report to Court dated December 1, 2014 (the “**First Report**”), and the First Report, were approved by this Honourable Court (the “**First Approval Order**”). A copy of the First Report (without exhibits) is attached as **Exhibit “B”**. A copy of the First Approval Order is attached as **Exhibit “C”**.

B. PURPOSE OF REPORT

4. The purpose of this report (the “**Second Report**”) is to report to this Honourable Court on the financial position of the Debtors, the actions and activities of the Receiver and to support a motion by the Receiver to obtain an Order of the Court approving:

- i. this Second Report and the actions and activities of the Receiver described herein since the activities reported upon in the First Report;

²Schonfeld Inc. is manager of: (i) certain companies listed in Schedule “B” to the Order of Mr. Justice Newbould dated November 5, 2013 together with the real estate properties owned by specific companies, as amended by Order of Mr. Justice Newbould dated January 16, 2014; and (ii) the properties listed at Schedule “C” to the Order of Mr. Justice Brown dated August 12, 2014, all of which was confirmed in the Appointment Order.

- ii. the accounting for the receipts and disbursements of the Receiver from September 5, 2014 to February 25, 2015; and
- iii. the fees, disbursements and other costs incurred for the period from November 26, 2014 to February 24, 2015 by the Receiver and its legal counsel, Miller Thomson LLP (“MT”).

C. DISCLAIMER

5. In preparing this Second Report, the Receiver, where stated, has relied upon unaudited and draft, internal financial information obtained from the Debtors’ books and records and discussions with third parties as stated herein (collectively, the “**Information**”). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information and expresses no opinion, or other form of assurance, in respect of the Information.

6. This report is prepared solely for the use of the Court and the stakeholders in this proceeding, for the purpose of assisting the Court in making a determination whether to approve the actions and activities of the Receiver, and other relief being sought. It is based on the Receiver’s analysis of the Information as stated herein, which included unaudited financial statements and internal financial reporting. The Receiver’s procedures did not constitute an audit or financial review engagement of the Debtors’ financial reporting. Where stated, the Receiver has relied upon

the financial statements and financial and other records of the Debtors in reaching the conclusions set out in this report.

D. BACKGROUND AND OVERVIEW

7. In the First Report, the Receiver provided background and overview information in relation to Norma Walton and Ronauld Walton. Norma Walton is a lawyer whose licence to practice law has been revoked by The Law Society of Upper Canada (“LSUC”) with ongoing regulatory proceedings³. Ronauld Walton is a lawyer who is restricted from practicing law in Ontario as a result of his voluntary undertaking to LSUC and whose licence is now suspended administratively.

8. Readers of this Second Report are referred to Section D of the First Report for further background and overview information.

E. ASSETS

9. In the First Report, the Receiver reported on its understanding of the assets owned by one or both of the Debtors as follows:

- a) the real property described as 44 Park Lane Circle, Toronto, ON;

³ *Law Society of Upper Canada v. Walton*, 2015 ONLSTA 8 (CanLII), February 18, 2015, Tribunal File No.: LAP07/14

- b) 2011 Nissan Armada, VIN#5N1AA0NE5BN620916;
- c) Office furniture and equipment;
- d) Bank and investment accounts; and
- e) Shareholdings in various private corporations not under the administration of the Manager identified as follows:
 - i. 1659126 Ontario Inc.
 - ii. 1793530 Ontario Inc.
 - iii. 364808 Ontario Limited
 - iv. Carport Realty Holdings Inc.
 - v. CCI Interactive Inc.
 - vi. College Lane Ltd.
 - vii. Corporate Communications Interactive Inc.
 - viii. CCI
 - ix. Gerrard Church 2006 Inc.
 - x. Gerrard House Inc.
 - xi. Handy Home Products Inc.
 - xii. Hazelton Property Management Inc.
 - xiii. Highland Creek Townes Inc.

- xiv. Invictus Employment Training Centre Inc.
- xv. Legal Audit Inc.
- xvi. McCaul Mansions Inc.
- xvii. Metro Spa Ltd.
- xviii. Palmer Productions Ltd.
- xix. Plexor Plastics Corp.
- xx. Quest Beyond the Stars Ltd.
- xxi. Re-Memory Productions Inc.
- xxii. Richmond East Properties Ltd.
- xxiii. Rose and Thistle Asset Management Ltd.
- xxiv. Rose and Thistle Construction Ltd.
- xxv. Rose and Thistle Homes Ltd.
- xxvi. Rose and Thistle Media Inc.
- xxvii. Rose and Thistle Properties Ltd.
- xxviii. Rose and Thistle Group Ltd.
- xxix. Urban Amish Interiors Inc.

10. In the First Report, the Receiver advised of the results of its conservatory measures, appraisals obtained and investigations conducted in connection with the Debtors' above noted assets. For the complete description of the Receiver's findings as of that date, readers are referred

to the First Report. The Receiver's major findings in the First Report can be summarized as follows:

- a) The real property was under the administration of the Manager. Therefore, the Receiver did not spend any time in dealing with any issues concerning the realty (see further discussion below).
- b) The Receiver retained Corporate & General Liquidators and Auctioneers (the "Appraiser") to: (i) perform an appraisal of the contents of the Park Lane Circle residence; (ii) take possession of the Nissan Armada in order to appraise it and seek offers to purchase it; and (iii) perform an appraisal of the office furniture and equipment located on the business premises used by Norma and Ronald Walton's companies, being 1 William Morgan Drive.
- c) The Appraiser's Report indicated that the liquidation value of the assets, property and undertaking of Norma Walton and Ronald Walton located in the Park Lane Circle residence (prior to consideration of moving, storage, insurance and realization costs) was the amount of \$12,650. Given the exemptions the Debtors are entitled to under provincial law, at the time of the First Report the Receiver had not taken possession of any of those assets.

- d) The Appraiser's Report indicated that the liquidation value of the assets, property and undertaking owned by Corporate Communications Interactive Inc. ("CCI") located at the William Morgan premises (prior to consideration of moving, storage, insurance and realization costs) was the amount of \$2,235. As indicated in the First Report, CCI is an active corporation and consequently continues to use those assets.
- e) The Appraiser took possession of the 2011 Nissan Armada, stored it at the Appraiser's premises, 361 Steelcase Road West, Unit 7, Markham, ON. The Receiver's initial desktop appraisal indicated that this vehicle had an approximate value in the range of \$28,000 to \$30,000. The Appraiser advised the Receiver that in their opinion, given the condition and mileage of the vehicle, it had a value of \$25,000. The Appraiser also advised the Receiver that this vehicle was not in great demand.
- f) Investment accounts maintained with D&D Securities Inc. ("D&D") in Toronto. In response to the Receiver's demand letters, Mr. P. Lilly, President of D&D advised that there were six accounts maintained at D&D. Two cash accounts which have no balance, two RRSP accounts and one cash account having a total of \$199.43 and one account being a locked-in retirement account ("LIRA") owned by Ronauld Walton. The Receiver was advised that the LIRA contains cash and securities with a balance of \$30,724.39. Norma Walton is the Designated Beneficiary under the LIRA.

- g) The Receiver's review indicated that in January 2014 Ronauld Walton obtained the amount of \$75,139.20 through a deregistration of his RRSP account no. 2D-BJC and Norma Walton obtained the amount of \$62,983.43 through a deregistration of her RRSP account no. 2D-BBB.
- h) That the only one of the above-listed corporations that was operating was CCI, the Receiver's implementation of sufficient financial controls to allow it to operate and that CCI was continuing to operate on only a break-even basis.
- i) The accounting records and financial statements of the above-listed companies were incomplete and could not be relied upon, as well as specific individual findings based on the review of the available books and records.

F. ACTIVITIES SINCE THE FIRST REPORT

11. Besides the above-noted approvals obtained in the First Approval Order, the Court also approved in advance the sale, in a commercially reasonable manner, of the vehicle described as a 2011 Nissan Armada, VIN#5N1AA0NE5BN620916, owned by Norma Walton. The First Approval Order also amended paragraph 4(k) of the Appointment Order to provide the Receiver with the authority to enter into agreements and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, without the prior approval of the Court in the case of any asset being sold for a maximum amount of \$30,000 (excluding HST).

The prior approval of the Court continues to be required for the sale of any asset for proceeds in excess of this threshold.

2011 Nissan Armada -

12. The Appraiser sold the 2011 Nissan for the Receiver. The gross proceeds of sale was the amount of \$19,000.00, costs and commission incurred was the amount of \$4,915.50 and on December 19, 2014 the Appraiser provided the Receiver with its accounting and a cheque in the net amount of \$14,084.50. The funds were deposited into the Receiver's trust bank account maintained for this receivership administration.

Ronald Walton LIRA -

13. On December 3, 2014, the Receiver wrote to Ronald Walton in concerning the Receiver's ongoing investigation into his LIRA. The Receiver issued the letter by email c/o Norma Walton.

14. Norma Walton confirmed receipt of the letter and advised that she would use her best efforts to respond. The Receiver advised her that it required the written response of Ronald Walton. Norma Walton was not prepared to provide an assurance satisfactory to the Receiver that either she would provide the letter to her husband or that he would provide the requested response.

15. Accordingly, on the same day, the Receiver sent by registered mail to Ronauld Walton, a letter containing the same contents and requests concerning his LIRA. The letter went unclaimed and was returned to the Receiver by Canada Post.

16. Therefore, on January 12, 2015, Ms. M. Sims of MT provided by email a copy of the Receiver's December 3, 2014 letter to Mr. Walton to his legal counsel, Mr. H. Cohen of Cohen, Sabsay LLP. Attached as **Exhibit "D"** is a copy of Ms. Sims' email and attachment of the Receiver's letter dated December 3, 2014. To date, Mrs. Walton and neither Mr. Walton nor Mr. Cohen have responded/cooperated with the Receiver. The Receiver will obtain advice from MT regarding Mr. Walton's apparent contempt of the Appointment Order.

Chattels owned by the Debtor located upon the 44 Park Lane Circle real property -

17. Mr. J. Carhart of MT had previously been contacted by Mr. L. Zimmerman of Zimmerman Associates, who advised that he is legal counsel to a mortgagee of the 44 Park Lane Circle real property. In December, 2014, Mr. Zimmerman advised that the mortgagee entered into a private agreement to sell the real property and fixtures located thereon, but not any of the chattels.

18. Discussions ensued between Mr. Zimmerman and Mr. Carhart, Mr. I. Smith of the Receiver and Mr. L. Wallach, Barrister & Solicitor, who was assisting Mr. Zimmerman. The matters discussed concerned: (i) the private sale of the real property and its fixtures; (ii) the

agreement reached between the mortgagee and the Debtors to vacate the 44 Park Lane Circle residence; (iii) the Receiver's position that the chattels located upon the real property were available for the Receiver to realize upon; and (iv) the Receiver's need for satisfactory arrangements to be made with the Receiver to allow for the Receiver's access to the property for the removal of the chattels.

19. By Order of the Court dated January 6, 2015, the mortgagee obtained vacant possession of the real property no earlier than February 5, 2015 (the "**Vacant Possession Order**").

Attached as **Exhibit "E"** is a copy of the Vacant Possession Order.

20. The Receiver made arrangements with the Debtors to have the Appraiser attend at the Park Lane Circle premises on February 2, 2015 as the Debtors advised that they would be moving out between February 2 and 5, 2015. On February 3, 2015, Norma Walton advised the Receiver that they have moved out of the Park Lane Circle residence and that their new address is 15 Montessor Drive, Toronto, ON. The Appraiser attended at 9AM on February 2 and found the Debtors had already moved out and the mortgagee had secured the premises and posted security. The Appraiser, on behalf of the Receiver, was denied access to the premises.

21. Further discussions ensued between Messrs. Zimmerman, Wallach, Carhart and Smith regarding the denial of entry and access to the Debtors' assets and the Receiver's view that this was in contradiction of the provisions of the Appointment Order.

22. The Receiver's position was that the mortgagee could either purchase the Receiver's right, title and interest, if any, in the chattels owned by the Debtor located upon the real property, thereby allowing it to also convey the chattels to the purchaser. Alternatively, they could provide the Receiver with access in order for the chattels to be removed.

23. The chattels located upon the real property after the Debtors moved out consisted of high end built in fridge and freezer units, as well as various hanging ceiling lighting. The Appraiser had not considered these items in its appraisal report to the Receiver. The Receiver and the Appraiser were of the view that the realizeable value of these items were minimal, after the cost of removal, storage, insurance and sales commission were considered.

24. The mortgagee requested its bailiff, S. Wilson & Co. Bailiffs Limited (the "**Bailiff**"), to prepare a report on the net realizeable value of the chattels (after consideration of sales costs). Attached as **Exhibit "F"** is a copy of the Bailiff's report indicating a net realizeable value in the range of \$1,419.00 to \$1,947.88 (plus HST). The Bailiff is well known to the Receiver as an experienced liquidator and accordingly the Receiver as prepared to rely upon the Bailiff's assessment. Mr. Carhart advised Messrs. Zimmerman and Wallach that the Receiver was prepared to sell its right, title and interest, if any, in the chattels for the amount of \$2,000 plus HST.

25. The mortgagee agreed and the Receiver issued its standard Bill of Sale for this transaction made as of February 5, 2015. As of this date, the Receiver has received the principal amount of \$2,000 which has been deposited into the Receiver's trust bank account maintained for this receivership administration. The Receiver is awaiting receipt of the HST (which has been acknowledged on behalf of the mortgagee as owing) and the signed Bill of Sale from the mortgagee.

CCI -

26. The Receiver has continued its financial controls and supervision of the financial affairs of CCI, including signing cheques and dealing with the CCI's bank account maintained at Meridian Credit Union Limited. The Receiver advises that CCI continues to operate at only a break-even level.

Norma Walton motion dated February 20, 2015 returnable March 5, 2015 -

27. On behalf of the Receiver, MT was served with a copy of Norma Walton's motion record. The relief being sought by Norma Walton is as follows:

- i. an Order be made requiring the Manager and/or the Receiver to release the amount of \$200,000 plus HST to Norma Walton for ongoing legal expenses in the litigation that led to the appointment of the Manager and the Receiver; and

- ii. an Order be made requiring the Manager and/or the Receiver to pay the monthly amount of \$9,000 to Norma Walton to contribute to the funding of her family living expenses.

28. The Receiver's overall position on Norma Walton and Ronauld Walton's application is as follows:

- i. Firstly, the Receiver is not in possession of any funds in excess of the amounts encumbered by the Receiver's Charge as set out in paragraph 18 of the Appointment Order. As a result, the Receiver is not in possession of any funds that are available to be paid as requested by the Debtors, if, in all the circumstances, this Honourable Court was inclined to direct funds to be paid to the Debtors.
- ii. Secondly, the Receiver is of the view that if this Honourable Court determines that any amounts held by the Manager are the property of Norma Walton or Ronauld Walton, and are not in fact claimed or payable to the Applicants or other claimants, then any such funds should first be paid to the Receiver pursuant to the Appointment Order and not paid as requested by Norma Walton or Ronauld Walton.

29. As an independent Court Officer, the Receiver takes no position on the issue of whether Norma Walton should have the Court appoint representative counsel for her in this litigation, including a mechanism for funding such representative counsel. The Receiver's understanding is that the Manager and/or the Applicants will have submissions to make to this Honourable Court.

30. With respect to Norma Walton's request that either the Manager or the Receiver pay to her the monthly amount of \$9,000 to assist in the funding of her family's living expenses, the Receiver advises as follows:

- i. Her application is framed such that this payment is towards "...the reasonable living expenses of Norma Walton and her family...". The Receiver's review of her motion record does not disclose any evidence that these are reasonable (emphasis added) living expenses.
- ii. Norma Walton does not provide in her evidence a copy of her employment or independent contractor agreement as the case may be, with Blue Parrott Properties Ltd., to evidence her claim as to what her monthly income from that source is. The Receiver's view is that full disclosure is required so that this Honourable Court, when assessing her evidence, can satisfy itself that there is no other remuneration involved such as performance bonuses or profit sharing. Norma Walton's evidence merely states that her total monthly income from both Blue

Parrott and CCI is the monthly amount of \$5,865.94 in net monthly income. The Receiver advises that CCI pays Norma Walton the monthly amount of \$2,865.94, net of payroll deductions.

- iii. Norma Walton quotes various aspects of the First Report as to the Receiver's findings as of that date on the state of Norma and Ronald Walton's assets. However, Norma Walton fails to mention the existence or use of the amounts the Receiver determined Norma and Ronald Walton received from collapsing certain of their assets prior to the Receiver's appointment.

31. As indicated above, Norma Walton is aware of the Receiver's request for information concerning Ronald Walton's LIRA. The Receiver notices that she has failed to provide any useful information concerning Ronald Walton's LIRA although she makes reference to it in her Affidavit and presumably has full knowledge of its details, including those requested by the Receiver.

Ronald Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc. (the "Respondents") motion dated February 24, 2015 returnable March 5, 2015 -

32. On behalf of the Receiver, MT was served with a copy of the Respondents' motion record. The relief being sought by the Respondents is as follows:

- i. an Order be made requiring the Manager and/or the Receiver to release to the Respondents a yet to be determined amount for currently outstanding and future legal expenses in the litigation that led to the appointment of the Manager and the Receiver; and
- ii. an Order be made requiring the Manager and/or the Receiver to pay a yet to be determined monthly amount to contribute to the funding of the reasonable living expenses of the Respondents.
- iii. Notwithstanding the wording in the Notice of Motion, in paragraph 11 of his sworn Affidavit, Mr. Walton determines that he requires the monthly amount of \$7,350 towards his total monthly family living expenses of \$14,715.00.

33. The Receiver's overall position on the Respondents' application is the same as indicated above in paragraph 28 of this Second Report in connection with the application by Norma Walton.

34. With respect to the Respondents' request that either the Manager or the Receiver pay to them a yet to be determined monthly amount to fund the Respondents' reasonable living expenses, the Receiver advises as follows:

- i. Although the request to fund living expenses is on behalf of all Respondents, it appears that the only evidence in support of the request is solely in relation to Ronauld Walton's living expenses. Although the corporate respondents do not have "living expenses", the inference is that no funds are being requested on behalf of the corporate respondents, other than for the above-mentioned legal fees. The Receiver's review of their motion record does not disclose any evidence that these are reasonable (emphasis added) living expenses.
- ii. The Respondents do not provide any evidence of their current financial position and whether or not the corporate respondents have any capability of producing revenue, a portion of which may be available to Mr. (and Mrs.) Walton as salary, dividends or otherwise. The Receiver notes that neither of the corporate respondents are currently directly in any form of insolvency proceedings. Attached as **Exhibit "G"** is a copy of the insolvency searches performed by the Receiver.
- iii. Ronauld Walton's evidence is that he is unemployed and earns no income. Mr. Walton does not provide any evidence, such as a redacted copy of prior income tax returns, in support of his submission that he earns no income. Mr. Walton

also does not state that he is searching for employment. He also does not provide any medical evidence that he is infirm and unable to work.

- iv. The Receiver's limited understanding is that Mr. and Mrs. Walton chose that Mr. Walton not work but rather be available to chauffeur their children to and from school and sporting activities and otherwise be available to attend to their needs. This lifestyle choice may no longer be appropriate given Mr. and Mrs. Walton's changed family and financial circumstances.
- v. Mr. Walton largely adopts the position of Mrs. Walton as it relates to the family unit. Mr. Walton's monthly family expenses appear identical to those in Mrs. Walton's motion record.
- vi. In her Affidavit, as indicated above, Mrs. Walton indicates that her monthly family living expenses are the amount of \$14,715.00 and that she has net monthly income of \$5,865.94 (although in her listing of monthly family expenses included in Exhibit "O" to her sworn Affidavit it indicates net monthly income of \$5,965.94). She also states that she has a monthly shortfall of \$8,749.06. In his sworn Affidavit, as indicated above, Mr. Walton adopts Mrs. Walton's budget as his family budget, with a total monthly expenditure of \$14,715.00 and he states in paragraph 11 of his sworn Affidavit that he requires a monthly contribution of

\$7,350.00. Mrs. Walton's Notice of Motion indicates that she requires a monthly contribution of \$9,000.00. When added to Mr. Walton's request, this totals the monthly amount of \$16,350.00, which is in excess of what each of them have attested to as being their monthly family expenses totalling \$14,715.00. Further, in paragraph 19(a) of her sworn Affidavit, Mrs. Walton attests that she earns \$5,865.94 in net monthly income (as indicated above and subject to the initial concerns raised by the Receiver in this Second Report). Based on Mrs. and Mr. Walton's request for monthly funding in the total amount of \$16,350, it raises the question what is Mrs. Walton using her net employment income for if not family living expenses?

- vii. Based on the above, the Receiver believes that the accounting provided by Mrs. and Mr. Walton attempts to show that they are taking Mrs. Walton's income into account, but based on the total of their funding requests, they are clearly not allocating any of her net monthly income to family living expenses. Further, the Receiver recommends that before this Honourable Court considers any funding request, Mrs. and Mr. Walton should be required to submit one combined monthly family budget, pared down to only essential living expenses commensurate with their current situation, clearly take Mrs. Walton's net monthly income to offset those expenses and provide complete backup for all income and

expense line items. Only then can a proper assessment of actual needs of reasonable expenses be considered.

G. OTHER MATTERS

Assets –

35. As indicated above, Ronauld Walton through his counsel is aware of the Receiver's request for information concerning his LIRA. Mr. Walton has failed to provide any useful information concerning his LIRA and continues to contravene the requirements of the Appointment Order in providing such information which is within either his possession or control to the Receiver. No doubt Mr. Walton is in possession or control of the information concerning his LIRA requested by the Receiver.

36. The Receiver needs to consider what sales process would be appropriate under the circumstances to realize upon the known assets of the Debtors. Subject to further information to be obtained regarding Ronauld Walton's LIRA, and any other new information which may become available, the currently known assets for which a sales process could be conducted would be the shares of CCI and the other 28 inactive corporations indicated above owned by the Debtors.

37. The Receiver is currently determining the options available to realize upon the various shareholdings and will further Report to this Honourable Court.

Receiver's website -

38. The Receiver continues to maintain and update its website page dedicated to this receivership administration. The Receiver refers any party enquiring about the status of the receivership to the Norma Walton and Ronald Walton receivership webpage:

http://www.irasmithinc.com/case_studies/normawalton/index.html

H. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

39. Attached as **Exhibit "H"** is the Receiver's Statement of Receipts and Disbursements for the period September 5, 2014 to February 25, 2015, indicating funds on hand in the amount of \$17,003.63 (the "**Statement of Receipts and Disbursements**").

I. PROFESSIONAL FEES AND DISBURSEMENTS

40. Attached as **Exhibit "I"** is a copy of the Affidavit of Mr. Ira Smith in connection with the Receiver's fee and disbursements including the detailed statement of account for the period from November 26, 2014 to February 24, 2015 in the amount of \$14,981.28 (inclusive of HST). As

indicated in the Affidavit (and the Statement of Receipts and Disbursements), to date, the amount of \$NIL has been advanced on account of the fees and disbursements.

41. Attached as **Exhibit "J"** is a copy of the Affidavit of Mr. David Reynolds in connection with MT's fee and disbursements including the detailed statement of account for the period from November 26, 2014 to February 24, 2015 in the amount of \$58,465.61 (inclusive of HST). As indicated in the Statement of Receipts and Disbursements, to date, the amount of \$NIL has been advanced on account of MT's fees and disbursements.

J. CONCLUSION AND RECOMMENDATIONS

42. For the reasons set out in this Second Report, the Receiver respectfully requests that this Honourable Court approve:

- i. this Second Report and the actions and activities of the Receiver described herein since the date of the First Report;
- ii. the accounting for the receipts and disbursements of the Receiver for the period September 5, 2014 to February 25, 2015; and
- iii. the fees, disbursements and other costs incurred for the period from November 26, 2014 to February 24, 2015 by the Receiver and its legal counsel, MT described herein.

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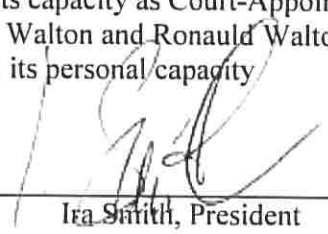
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All of which is respectfully submitted at Toronto, Ontario this 26th day of February, 2015.

IRA SMITH TRUSTEE & RECEIVER INC.
solely in its capacity as Court-Appointed Receiver
of Norma Walton and Ronald Walton
and not in its personal capacity

Per:



Ira Smith, President

TAB 2A

ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List

THE HONOURABLE)	FRIDAY, THE 5th
)	
JUSTICE NEWBOULD)	DAY OF SEPTEMBER, 2014

B E T W E E N:

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO

Applicants

and

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP
LTD. and EGLINTON CASTLE INC.

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

ORDER

(Appointing Receiver over Property of the Waltons)

THIS MOTION made by the Applicants for an Order appointing a receiver without security, of all of the assets, undertakings and properties of Norma Walton and Ronauld Walton (the "Waltons", reference to which also includes each of the Waltons individually), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Return of Application, Motion and Cross-Motion and the proposed Fresh as Amended Notice of Applicants of the Applicants, the Notice of Motion of the Respondent Norma Walton, the Affidavit of James Reitan sworn June 26, 2014 and the Exhibits thereto, the Affidavit of Norma Walton sworn June 26, 2014 and the Exhibits thereto, the

Affidavits of various shareholders in the Schedule C Companies (defined below) and the Exhibits thereto, the Affidavit of James Reitan sworn July 3, 2014 and the Exhibits thereto, the Affidavit of Norma Walton sworn July 3, 2014 and the Exhibits thereto, the Affidavit of Carlos Carreiro sworn July 3, 2014 and the Exhibits thereto, the Affidavit of Yvonne Lui sworn July 3, 2014 and the Exhibits thereto, the Affidavit of Steven Williams sworn July 3, 2014 and the Exhibits thereto, the Affidavit of Talea Coghlin sworn July 4, 2014 and the Exhibits thereto, the Affidavit of George Crossman sworn July 4, 2014 and the Exhibits thereto, the Reports of the Inspector Schonfeld Inc. and the Affidavit of Christine Dejong sworn July 8, 2014, the Motion Record for discharge of the Interim Receiver dated August 29, 2014, including the First Report of the Interim Receiver, and upon hearing from counsel for the Applicants, the Respondents, the Inspector, the Dejongs, certain of the Schedule C Mortgagees and from Norma Walton, counsel for the Respondents Ronauld Walton, the Rose & Thistle Group Ltd. and Eglinton Castle Inc. appearing but making no submissions, and for reasons for decision released August 12, 2014 (the "Reasons") and in conjunction with the Order of this Court dated August 12, 2014 appointing and Schonfeld Inc. Receivers + Trustees ("Schonfeld") as Interim Receiver of all of the current and future assets, undertakings, books and records and properties, real and personal, of the Waltons ("Interim Receiver"), and the Order of this Court dated September 5, 2014 discharging Schonfeld as Interim Receiver,

CONTINUATION OF ORDERS

1. THIS COURT ORDERS that the Orders of the Court dated October 4, 2013, October 25, 2013, November 5, 2013, December 18, 2013 and March 21, 2014 continue in full force and effect, except as modified by this Order.

SERVICE

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

APPOINTMENT

3. THIS COURT ORDERS that Ira Smith Trustee & Receiver Inc. (in such capacity, the "Receiver") is hereby appointed Receiver in replacement of the Interim Receiver, without security, of all of the current and future assets, undertakings, books and records and properties, real and personal, of the Waltons of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, excluding any assets, undertakings or properties in relation to which Schonfeld has been appointed Manager pursuant to the Orders of the Court, (collectively, the "Property") effective upon the granting of this Order.

RECEIVER'S POWERS

4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to have the sole and exclusive right and control of the Waltons' bank accounts wherever located in accordance with this Order;
- (c) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise

of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Waltons or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Waltons and to exercise all remedies of the Waltons in collecting such monies, including, without limitation, to enforce any security held by the Waltons;
- (g) to settle, extend or compromise any indebtedness owing to the Waltons;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Waltons, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Waltons, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to enter into agreements and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, with the prior approval of this Court in respect of any transaction, and in

each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Waltons;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Waltons may have; and
- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Waltons, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Waltons, (ii) all of the Waltons' current and former employees, agents, accountants, and legal counsel, and all other persons acting on the instructions or behalf of one or both of them, (iii) Meridian Credit Union, and (iv) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request, if such Property has not already been delivered to Schonfeld.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the Property, business or affairs of the Waltons, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure, if such disclosure and access has not already been provided to Schonfeld.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy

any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that Schonfeld, in its capacity as Receiver/Manager of the Schedule B Companies and Schedule C Properties (as defined in the Order of this Court dated August 12, 2014) and Interim Receiver of the Property, may share with the Receiver, information, documents and records in its possession and control related to the Waltons. For greater clarity, Schonfeld is a Person as defined in this Order.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Waltons or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Waltons or the Property are hereby stayed and suspended pending further Order of this Court. Notwithstanding any other provision in this Order, the parties shall not be precluded from taking any steps in Ontario Superior Court of Justice, Court File No. CV-13-10280-00CL (Commercial List) or in Ontario Superior Court of Justice, Court File No. CV-14-501600, including steps arising out of the Reasons and that the Receiver is empowered to bring a motion for approval of an Order of this Court approving a Claims Process to determine the validity, quantum and priority of any claims by creditors of the Waltons, subject to the Orders of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that, except as may be provided herein, all rights and remedies against the Waltons, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided that nothing in this paragraph shall (i) empower the Receiver or the Waltons to carry on any business which the Waltons are not lawfully entitled to carry on, (ii) exempt the Receiver or the Waltons from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Waltons, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Waltons or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Waltons are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Waltons' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Waltons or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Waltons, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release

or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. The Receiver shall further enjoy the protections from liability as would otherwise be afforded to a trustee in bankruptcy under section 14.06 of the *Bankruptcy and Insolvency Act* or under similar legislation applicable to trustees and receivers.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "D" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Waltons.

27. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

28. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

30. THIS COURT ORDERS that any court materials in these proceedings may be served by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time.

[Handwritten signature]

ENTERED IN THE COURT OF APPEALS
OF THE STATE OF CALIFORNIA
LEGISLATIVE CLERK

SEP 12 2014

MB

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investment Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen's Corner Inc.
14. DBDC Queen's Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Industrial Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE "B" COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline – 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.
31. Eddystone Place Inc.

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32. Richmond Row Holdings Ltd.
33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.

SCHEDULE "C" PROPERTIES

1. 3270 American Drive, Mississauga, Ontario
2. 0 Luttrell Ave., Toronto, Ontario
3. 2 Kelvin Avenue, Toronto, Ontario
4. 346 Jarvis Street, Suites A, B, C, E and F, Toronto, Ontario
5. 1 William Morgan Drive, Toronto, Ontario
6. 324 Prince Edward Drive, Toronto, Ontario
7. 24 Cecil Street, Toronto, Ontario
8. 30 and 30A Hazelton Avenue, Toronto, Ontario
9. 777 St. Clarens Avenue, Toronto, Ontario
10. 252 Carlton Street and 478 Parliament Street, Toronto, Ontario
11. 66 Gerrard Street East, Toronto, Ontario
12. 2454 Bayview Avenue, Toronto, Ontario
13. 319-321 Carlaw, Toronto, Ontario
14. 260 Emerson Ave., Toronto, Ontario
15. 44 Park Lane Circle, Toronto, Ontario
16. 19 Tennis Crescent, Toronto, Ontario
17. 646 Broadview Avenue, Toronto, Ontario

SCHEDULE "D"**RECEIVER CERTIFICATE**

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

DBDC SPADINA LTD., and those corporations listed on Schedule A
hereto
Applicants

-and- NORMA WALTON et al.

Respondents

Court File No. CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

ORDER

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Email: sroy@litigate.com

Lawyers for the Applicants

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TAB 2B

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF**

NORMA WALTON AND RONAULD WALTON

DATED DECEMBER 1, 2014

A. INTRODUCTION

1. Pursuant to the Reasons for Decision dated August 12, 2014¹(the “Reasons”) and the Order of The Honourable Mr. Justice D.M. Brown of the same date, Schonfeld Inc. was appointed on an interim basis as Receiver of all of the assets, properties and undertaking of Norma Walton and Ronauld Walton. In accordance with the Reasons, by Order of the Honourable Mr. Justice Newbould dated September 5, 2014 (but not issued until September 12, 2014) (the “Appointment Order”), Ira Smith Trustee & Receiver Inc. (“ISI”) was appointed receiver (the “Receiver”) without security, of all of the assets, properties and undertaking of Norma Walton and Ronauld Walton (collectively the “Debtors” or the “Waltons”), replacing Schonfeld Inc.

A copy of the Appointment Order is attached as Exhibit “A”.

¹See Reasons Page 78, paragraph 233, DBDC Spadina Ltd. v. Walton, 2014 ONSC 4644. This decision has also been reported at (2014) 121 O.R. (3d) 449.

2. Schonfeld Inc. remains as Manager, as defined and described in various Court Orders in the litigation of DBDC Spadina Ltd. v. Walton (the "Manager")².

B. PURPOSE OF REPORT

3. The purpose of this report (the "First Report") is to report to this Honourable Court on the financial position of the Debtors, the actions and activities of the Receiver and to support a motion by the Receiver to obtain an Order of the Court approving:

- i. this First Report and the actions and activities of the Receiver described herein since September 5, 2014;
- ii. in advance the sale of a vehicle, in a commercially reasonable manner, described as a 2011 Nissan Armada, VIN#5N1AA0NE5BN620916, owned by Norma Walton;
- iii. the amendment of paragraph 4(k) of the Appointment Order to allow for sales of assets out of the ordinary course of business, without the prior approval of the Court

²Schonfeld Inc. is manager of: (i) certain companies listed in Schedule "B" to the Order of Mr. Justice Newbould dated November 5, 2013 together with the real estate properties owned by specific companies, as amended by Order of Mr. Justice Newbould dated January 16, 2014; and (ii) the properties listed at Schedule "C" to the Order of Mr. Justice Brown dated August 12, 2014, all of which was confirmed in the Appointment Order.

- in the case of any asset being sold for a maximum amount of \$30,000 (excluding HST);
- iv. the lifting of the stay of proceedings against Norma Walton solely for the purpose of allowing the Law Society of Upper Canada ("LSUC") to continue its disciplinary proceedings against Norma Walton, on certain terms;
 - v. the accounting for the receipts and disbursements of the Receiver from September 5 to November 25, 2014; and
 - vi. the fees, disbursements and other costs incurred to November 25, 2014 by the Receiver and its legal counsel, Miller Thomson LLP ("MT").

C. DISCLAIMER

4. In preparing this First Report, the Receiver, where stated, has relied upon unaudited and draft, internal financial information obtained from the Debtors' books and records and discussions with third parties as stated herein (collectively, the "Information"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information and expresses no opinion, or other form of assurance, in respect of the Information.

5. This report is prepared solely for the use of the Court and the stakeholders in this proceeding, for the purpose of assisting the Court in making a determination whether to approve

the actions and activities of the Receiver, and other relief being sought. It is based on the Receiver's analysis of the Information as stated herein, which included unaudited financial statements and internal financial reporting. The Receiver's procedures did not constitute an audit or financial review engagement of the Debtors' financial reporting. Where stated, the Receiver has relied upon the financial statements and financial and other records of the Debtors in reaching the conclusions set out in this report.

D. BACKGROUND AND OVERVIEW

6. Norma Walton is a lawyer currently suspended by LSUC with ongoing regulatory proceedings. The Receiver's understanding is that on May 16, 2014, the Law Society discipline panel imposed the penalty of an 18-month suspension on Ms. Walton's licence, and on September 19, 2014, ordered Norma Walton to pay costs totalling \$172,632. The Receiver further understands that LSUC has appealed the penalty, arguing that she should have been disbarred, and Norma Walton has appealed at least the costs portion of the decision arguing that the Appointment Order stays the LSUC and its discipline panel. This situation is discussed further below.

7. Ronauld Walton is a lawyer who is restricted from practicing law in Ontario as a result of his voluntary undertaking to LSUC.

8. The Receiver's current understanding, based on its investigation to date, is that the Debtors are owners of the real property described as 44 Park Lane Circle, Toronto, which is currently under

the administration of the Manager. Norma Walton is the owner of one vehicle described as a 2011 Nissan Armada, VIN#5N1AA0NE5BN620916, and the Debtors are owners of various shares in private corporations, which in most cases, currently appear to be of limited or no value. Some of the corporations, or their primary assets, are under the administration of the Manager, and others not under the administration of the Manager are described below in this First Report.

9. After the issuance of the Reasons, and prior to the issuance of the Appointment Order, Mr. I. Smith, President of ISI, met with representatives of the Manager, in order to: (i) become familiarized with the assets, properties and undertaking of the Debtors; (ii) obtain a copy of the backup taken by the Manager of the computer server utilized by the Debtors and the various corporations managed and controlled by the Debtors so that the Receiver would have access to that financial and other information contained thereon; (iii) enter into arrangements on the division of duties between the Manager and ISI in its capacity as the Receiver over the assets, properties and undertaking of the Debtors so there would not be any duplication; and (iv) enter into discussions with Norma Walton, to obtain disclosure of the assets, properties and undertaking of the Debtors, so that the Debtors and the Receiver would both agree upon the protocol to be followed in connection with the receivership administration.

10. On September 16, 2014, the Receiver issued to all (then) known creditors its Notice and Statement of the Receiver in accordance with Sections 245(1) and 246(1) of the *Bankruptcy and*

Insolvency Act (Canada) (the "Receiver's Notice"). Attached as Exhibit "B" is a copy of the Receiver's Notice.

E. ASSETS

44 Park Lane Circle, Toronto, Ontario

11. As indicated above, this real property is under the administration of the Manager. Therefore, the Receiver has not spent any time in dealing with any issues concerning the realty or its occupants.

12. On September 5, 2014, our Mr. I. Smith met with Norma Walton and Ronald Walton at the 44 Park Lane Circle premises. The purpose of the visit was to:

- i. answer questions regarding the administration of this receivership, the rights and responsibilities of Norma Walton and Ronald Walton in their receivership and to enter into arrangements with Norma Walton and Ronald Walton given their complex situation in order for the Receiver to be able to carry out its duties, including all investigations, without unduly interfering with their personal lives;
- ii. tour the premises and determine which assets, if any, were available to take possession of under the Appointment Order while understanding their rights under the provincial *Execution Act*, R.S.O. 1990, CHAPTER E.24; and
- iii. make satisfactory arrangements to take possession of any available assets.

13. The Receiver inspected the registrations for the three vehicles used by Norma Walton and Ronauld Walton and inspected and photographed all of them. Two of the vehicles, being a 2013 Lincoln MKX and a 2013 Ford F150 truck, are both leased from Canadian Road Management Company, Oakville, ON. As stated above, the third vehicle, the Nissan Armada, is owned by Norma Walton. The Receiver also took a tour of the premises and took a video of the tour so that there would be a record of the possessions on site at that day. The Receiver made satisfactory arrangements with the Waltons to perform an appraisal of the contents early in the following week, and to take possession of the Nissan Armada. The Receiver confirmed that all three vehicles had current insurance coverage.

14. The Receiver retained Corporate & General Liquidators and Auctioneers (the "Appraiser") to perform an appraisal of the contents of the Park Lane Circle residence, to take possession of the Nissan Armada in order to appraise it and seek offers to purchase it and to also perform an appraisal of the office furniture and equipment located on the business premises used by Norma and Ronauld Walton's companies, being 1 William Morgan Drive, Toronto, ON (further discussed below). The Appraiser attended at the Park Lane Circle residence on September 9, 2014.

15. Attached as Exhibit "C" is a copy of the Appraiser's report dated September 11, 2014 indicating that the liquidation value of the assets inspected at both premises is as follows:

44 Park Lane Circle	\$12,650
1 William Morgan Drive	<u>2,235</u>
Total	<u>\$14,885</u>

16. Given the liquidation value of the assets, property and undertaking of Norma Walton and Ronauld Walton located in the Park Lane Circle residence and the exemptions they are entitled to under provincial law, the Receiver has not taken possession of any of those assets.

2011 Nissan Armada, VIN#5N1AA0NE5BN620916

17. As indicated above, the Appraiser took possession of this vehicle and has it stored at the Appraiser's premises, 361 Steelcase Road West, Unit 7, Markham, ON. The Receiver's initial desktop appraisal indicated that this vehicle had an approximate value in the range of \$28,000 to \$30,000. The Appraiser has advised the Receiver that in their opinion, given the condition and mileage of the vehicle, it has a slightly lower value. Notwithstanding these values, the Appraiser advised the Receiver that this vehicle is not in great demand.

18. The Appraiser was canvassing the marketplace of vehicle dealers known to it, and was receiving offers in the \$20,000 to \$22,000 range. The Receiver would have been prepared to negotiate and ultimately accept an offer in the \$22,000 range; however Paragraph 4(k) of the Appointment Order states that the Receiver is authorized:

“(k) to enter into agreements and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, *with the prior approval of this Court* (emphasis added) in respect of any transaction...”

19. Accordingly, we advised the Appraiser that we could not accept an offer prior to obtaining Court approval. They advised that no potential purchaser was interested in submitting an offer for one vehicle which could not be completed quickly, and that no potential purchaser was willing to have their offer outstanding with the inevitable time delay of the Receiver seeking Court approval.

20. The Receiver could not justify incurring the costs of a motion and Court attendance solely for the purpose of obtaining approval for the sale of the vehicle, and the Receiver did not have sufficient other information at that time to properly and fully advise this Honourable Court on in relation to the assets, properties and undertaking of Norma Walton and Ronauld Walton, as is currently the case. The Receiver therefore concluded that the only reasonable solution was that it had no choice but to wait for its First Report to Court and this motion in order to obtain approval in advance, to sell the vehicle in a commercially reasonable manner.

21. Given the inherent delay and additional storage costs incurred prior to obtaining Court approval for the sale of the vehicle, the Receiver respectfully recommends to this Honourable Court that it would be appropriate to amend paragraph 4(k) of the Appointment Order to read as follows:

to enter into agreements and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, without the prior approval of the Court in the case of any asset being sold for a maximum amount of \$30,000 (excluding HST) and with the prior approval of this Court in respect of any other transaction, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

Office furniture and equipment

22. Norma Walton advised that Corporate Communications Interactive Inc. ("CCI"), which at that time was located at 1 William Morgan Drive, Toronto, ON (see further discussion below), is the owner of those assets utilized by many of her companies, and the shares of CCI are the subject of this receivership administration. The Appraiser also attended at the 1 William Morgan Drive premises on September 9, 2014 for the purpose of performing the appraisal of the office furniture and equipment. Given that CCI was continuing to operate, at least in the short term (as further discussed below), and the office furniture and equipment is of minimal liquidation value, the Receiver has not interfered with CCI's use of those assets.

23. The Receiver notes that 1 William Morgan Drive is one of the properties listed on Schedule "C" to the Order of Mr. Justice Brown dated August 12, 2014, as confirmed in the Appointment Order, and therefore is in the Manager's administration. Accordingly, the Receiver is not dealing with any issues concerning this realty.

Shareholdings in various private corporations

24. As part of the Receiver's initial investigation and discussions with Norma Walton, the Receiver determined that Norma Walton and Ronauld Walton were shareholders in various private corporations which were used by the Debtors in their various business ventures. Some of the corporations were the subject matter of the Manager's administration, and accordingly, the Receiver has not spent any time in dealing with those corporations.

25. The Receiver's initial investigation indicated that there were twenty nine (29) other private corporations not under the Manager's administration, where the Debtors either were the sole shareholders or were shareholders with others, all of which whose operations were controlled either by the Debtors or Norma Walton.

26. These corporations are identified as follows:

- i. 1659126 Ontario Inc.
- ii. 1793530 Ontario Inc.
- iii. 364808 Ontario Limited
- iv. Carport Realty Holdings Inc.
- v. CCI Interactive Inc.
- vi. College Lane Ltd.
- vii. Corporate Communications Interactive Inc.

- viii. CCI
- ix. Gerrard Church 2006 Inc.
- x. Gerrard House Inc.
- xi. Handy Home Products Inc.
- xii. Hazelton Property Management Inc.
- xiii. Highland Creek Townes Inc.
- xiv. Invictus Employment Training Centre Inc.
- xv. Legal Audit Inc.
- xvi. McCaul Mansions Inc.
- xvii. Metro Spa Ltd.
- xviii. Palmer Productions Ltd.
- xix. Plexor Plastics Corp.
- xx. Quest Beyond the Stars Ltd.
- xxi. Re-Memory Productions Inc.
- xxii. Richmond East Properties Ltd.
- xxiii. Rose and Thistle Asset Management Ltd.
- xxiv. Rose and Thistle Construction Ltd.
- xxv. Rose and Thistle Homes Ltd.
- xxvi. Rose and Thistle Media Inc.
- xxvii. Rose and Thistle Properties Ltd.
- xxviii. Rose and Thistle Group Ltd.

xxix. Urban Amish Interiors Inc.

27. Attached as **Exhibit "D"** is a memo to file prepared by Mr. S. Sugar of the Receiver arising from his investigation of the corporate minute books which the Receiver took possession of and information contained therein led to the identification of other corporations for which the minute books are not in the Receiver's possession as the shares were either sold or otherwise transferred prior to the appointment of the Receiver.

28. The Receiver's initial major findings can be summarized as follows:

- i. The minute books reviewed were not kept up to date, but each contained sufficient documentation to allow a basic review and understanding.
- ii. 163483 Ontario Inc. owned certain real estate, which the Receiver understands to be described as 14 Montcrest Blvd. and 646 Broadview Ave., both in Toronto, ON. The shares of the company apparently were either purchased by or transferred to "the Rawlings" on or about September 3, 2013. The Receiver's understanding is that they are Norma Walton's parents. Her parents were also indicated as investors in various companies. The Receiver also understands that the Montcrest property was sold in 2008. The unaudited financial statements as at September 2, 2013 prepared by the company's external accountant indicates the company owned property at a cost of \$1.33 million. The Receiver assumes this to be the Broadview Ave. property as both the internal accounting records and the financial statements do not state otherwise. The Receiver anticipates that further investigation of this issue may be required.

- iii. The shares of the Old Telegram Building Inc. were sold in a transaction designed to transfer ownership in the real estate owned by that corporation. It appears that Norma and Ronauld Walton benefitted personally from this sale, but the Receiver currently has insufficient documentation to be able to quantify the total amount of funds obtained by them personally.
- iv. Norma Walton created and ran a continual process of cancelling certain share certificates issued to investors in the various real estate projects and issuing new ones in different corporations either to satisfy equity requirements to obtain further funding to advance certain real estate projects, or to prove to investors that a new investment opportunity requiring funding has arisen.
- v. The Receiver did not find adequate evidence that the cancellation and issuance of shares was authorized by the respective Directors of the various corporations, notwithstanding the provisions of either the *Ontario Business Corporations Act* R.S.O. 1990, CHAPTER B.16 (“**OBCA**”) or the *Canada Business Corporations Act* R.S.C., 1985, c. C-44. Also, the share certificates reviewed by the Receiver also contain the wording “Restrictions on Transfer” on their face.
- vi. Evidence of backdating of transactions was found.
- vii. Invictus Employment Training Centre Inc. is a registered charity. Although it has apparently not filed its information return due no later than June 30, 2014, its status is still active and registered. Attached hereto as **Exhibit “E”** is a search conducted by the Receiver on November 24, 2014 evidencing its current status.
- viii. Handy Home Products Inc. (“**Handy**”) and Plexor Plastics Inc. should be considered as related. The Debtors owned 50% of the common shares of each

corporation while their business partner, inventor and manufacturer, Mr. R. Lambert, owned the other 50% of the common shares of each corporation. The Receiver's understanding is that the Debtors operated both corporations and that Mr. Lambert, who was in charge of production and marketing, allowed the Debtors to have full control of the financial management, legal matters and administration responsibilities of Handy.

The Receiver's further understanding is that in February 2014, the common shares of Handy were transferred to Mr. Lambert who became the sole shareholder of Handy. The Receiver also understands that there was no cash consideration for the share transfer. Rather, it was a settlement of unlitigated claims Mr. Lambert would make if not settled in his favour against the Debtors and Rose and Thistle Group Ltd. for the oppression remedy under the OBCA, including but not limited to alleged breaches of fiduciary duties as directors of Handy, claims in tort for conversion, conspiracy, unjust enrichment and breach of constructive trust none of which claims were admitted by the Debtors and all of which they denied. As a result of the settlement by way of the transfer of shares to Mr. Lambert, no litigation ensued. The Receiver's understanding is that Handy continues to operate and that Plexor Plastics Inc. is an inactive corporation. The Receiver anticipates that further investigation of this issue may be required.

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Bank and investment accounts

29. The Receiver was aware that Norma and Ronauld Walton each maintained a personal bank account at Meridian Credit Union (“Meridian”), where the Debtors also maintained various corporate bank accounts. The Manager had already frozen all the personal and corporate bank accounts maintained or controlled by the Debtors at Meridian. Other than for the account of CCI (further discussed below) all other bank accounts were either in overdraft or had extremely minimal balances. After numerous discussions and communications with representatives of both the Manager and Meridian, on September 22, 2014, the Receiver made arrangements with Meridan to take over control of the bank accounts maintained at Meridian that were not the subject of the Manager’s administration and therefore were subject to the receivership administration. Representatives of the Receiver became the sole signing authority for any activity dealing with such accounts maintained at Meridian. The Receiver also controls who may have online access to view the accounts online.

30. The Receiver had no knowledge whether or not the Debtors maintained bank accounts at any of the major chartered banks. Accordingly, the Receiver communicated with the banks: (i) putting them on notice of the receivership of the Debtors; (ii) providing a copy of the Appointment Order; and (iii) requesting that any funds, property or safety deposit boxes in the

name of either or both of Norma Walton or Ronauld Walton be frozen for the benefit of the Receiver.

31. The Receiver communicated with The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, The Bank of Nova Scotia, Bank of Montreal, Royal Bank of Canada, National Bank of Canada, HSBC Canada and Tangerine Bank Canada. No funds or other property was located in or recovered from those banks.

32. The Receiver was also aware of the possibility that investments/securities were held at D&D Securities Inc., CIBC Wood Gundy and/or Mackie Research Capital Corporation ("Mackie"). Accordingly, the Receiver issued similar freeze letters to these companies. CIBC Wood Gundy advised that there were no accounts held. Mackie advised that the Debtors jointly owned a Registered Education Savings Plan ("RESP") and provided the July 2014 statement. The statement indicates that the Debtors withdrew the contributed amount of \$30,020.07 on July 31, 2014 as a capital withdrawal and Mackie returned \$5,984.01 grant to the government. The balance of \$21,870.52 Mackie advises relates to only investment growth and that no contributed amount remains in the account. Mackie's position is that the growth is not property of the Debtors and therefore is not being distributed to the Receiver. The Receiver is currently looking into this situation further. Mackie advised that the Debtors also maintained a brokerage account

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that had a credit balance of \$54.13 and this amount was provided to the Receiver. The Receiver anticipates that further investigation of this issue may be required.

33. The Receiver was also aware of potential accounts maintained with D&D Securities Inc. ("D&D") in Toronto. In response to the Receiver's demand letters, Mr. P. Lilly, President of D&D advised that there six accounts maintained at D&D. Two cash accounts have no balance, two RRSP accounts and one cash account has a total of \$199.43 and one account being a locked-in retirement account ("LIRA") owned by Ronauld Walton contains cash and securities with a current balance of \$30,724.39. Norma Walton is the Designated Beneficiary under the LIRA. The Receiver's investigation of these accounts is ongoing.

34. The Receiver's review indicates that in January 2014 Ronauld Walton obtained the amount of \$75,139.20 through a deregistration of his RRSP account no. 2D-BJC and Norma Walton obtained the amount of \$62,983.43 through a deregistration of her RRSP account no. 2D-BBB.

35. The Receiver maintained the freezing on all accounts maintained at Meridian, other than for the account maintained by CCI.

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CCI

36. The Receiver determined that CCI is an active company. CCI had a few corporate customers for which it provides an e-Learning platform which allows companies to layer their specific training modules on top of CCI's e-Learning platform to provide their specific training modules to their respective employees. CCI can also assist in the deployment and updating of the customers' respective online learning training modules if requested. The Receiver's review indicated that CCI's common shares are owned by the Debtors (50%), Paul Duffy (37.5%) and Ange Boudle (12.5%).

37. The Receiver's understanding is that CCI's platform hosting infrastructure is fully managed by Nanotek Consulting Corp. ("Nanotek"), Units 1 & 2 – 81 Zenway Blvd., Woodbridge, ON. The Receiver also understands that the CCI source code currently resides in three locations: (i) Nanotek's servers; (ii) Nanotek's secure offsite mirror and backup; and (iii) locally on CCI's platform, which is an administrators development environment for development purposes. As needed copies or partial copies are provided to development contractors and these versions/contractors do not come in contact with CCI servers.

38. Norma Walton advised the Receiver that in her view, CCI should continue operations. CCI has five (5) employees as follows: (i) Norma Walton - Manager; (ii) Mario Bucci – CFO; (iii) Amy Collins – Assistant to Mr. Bucci; (iv) Gina Karkanis – Programmer; and (v) Jim

Kitchingman – Programmer. The Programmers work from their respective home offices while Ms. Walton, Mr. Bucci and Ms. Collins worked from the 1 William Morgan Drive premises.

39. The Receiver's review of the available historical CCI accounting records indicated that CCI probably could continue on a break-even basis, but would not generate any profit. Norma Walton disagreed with this assessment, and at her request, Mr. Bucci prepared a budget provided to the Receiver indicating that CCI could generate as much as \$83,000 in free cash flow by the end of 2014.

40. Notwithstanding that the Receiver believed that Mr. Bucci's assessment was extremely optimistic and that CCI would likely only be able to operate on a break-even basis, the Receiver concurred that CCI should continue operating in the short term, as long as it could remain self-funding, subject to specific financial controls. The main reasons the Receiver has come to this conclusion are that:

- i. CCI itself was not in receivership or subject to any other insolvency proceedings;
- ii. the Receiver was the Receiver of the shares held by the Debtors in CCI, and not the assets, properties and undertaking of CCI;
- iii. the immediate shutdown of CCI by the Receiver would require consultation with the other shareholders;

- iv. the other shareholders, the customers and the employees of CCI could be harmed by a shutdown; and
- v. if CCI could operate profitably, there may be some value to the shares owned by the Debtors for the Receiver to realize upon.

41. Therefore, the Receiver believed that if sufficient financial controls could be put into place so that CCI would be allowed to operate, and could pay all of its expenses, including remittances of payroll source deductions and the employer share, as well as any net HST, if any (which was not the case prior to the date of the Appointment Order), then there was no harm in allowing CCI to operate on its own cash flow and there was potential harm if the Receiver unilaterally decided to cease CCI's operations.

42. The Receiver explained its concerns to Norma Walton, and the Receiver explained that for CCI to be allowed to operate, there would have to be specific financial controls put into place, including none of CCI's employees being allowed to sign cheques or instruct Meridian in the operation of the CCI bank account. Ms. Walton agreed to the Receiver's suggestions and such financial controls were put in place.

43. The Receiver believed that the best arrangement would be to place financial controls normally found in a Court-mandated Interim Receiver appointment; i.e. the Receiver would control receipts and disbursements and monitor operations, but CCI's management would remain in control otherwise of running the business. The Receiver would not make any management

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decisions but would allow existing management being Norma Walton and Mario Bucci to make all decisions in connection with CCI's business, while not having any ability to access CCI's funds maintained at Meridian. The Receiver also noted that CCI's customers paid by wire transfer into CCI's account maintained at Meridian, and that CCI's obligations were paid for by way of cheque.

44. In addition to the arrangements made with Meridian indicated above, which included exerting control over CCI's bank account maintained at Meridian, the Receiver required that Mr. Bucci provide the Receiver with regular reporting on CCI's operations. Further, the Receiver provided Mr. Bucci with its standard cheque requisition form. For any payment CCI management wished to make, the cheque requisition form had to be completed in full with complete backup of the proposed payment and the cheque and the form had to be approved by both Mr. Bucci and Ms. Walton prior to presentation to the Receiver for review and signing of the cheque. Upon review by the Receiver that the proposed disbursement appeared to be connected to furthering CCI's business operations, one of the two Receiver's representatives authorized to sign cheques on the Meridian account would do so. The cheque would then be provided to Mr. Bucci for delivery to the payee and the Receiver retained the cheque requisitions and respective backup documentation in its file.

45. Ms. Collins resigned in November 2014 to pursue another opportunity. Therefore CCI currently has four (4) employees earning the following gross pay amounts on a semi-monthly payroll: (i) Norma Walton – \$1,500; (ii) Mario Bucci – \$3,837.50; (iii) Gina Karkanis – \$2,708.33; and (iv) Jim Kitchingman – \$3,229.17.

46. The Receiver advises that to date, CCI is operating on a break-even basis, is not accumulating any cash above its operational needs, and the government remittances since the date of the Appointment Order are current. To date the Receiver and, to the best of the Receiver's knowledge, CCI have not been contacted by Canada Revenue Agency ("CRA") in connection with any arrears accumulated prior to the Receiver's appointment.

47. The mortgage payments on the 1 William Morgan Drive premises were in arrears and CCI and its employees could not remain there. Norma Walton arranged for CCI to lease three commercial offices within space leased by FR Safety Apparel Inc., 25 Hollinger Road, Unit 10, Toronto, ON. The lease term commences on October 1, 2014 and ends on August 31, 2015. The monthly lease cost is \$1,000 plus HST on a gross basis. The lease is currently in good standing as CCI has made the required rent payments to date out of its own cash flow.

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F. ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

48. Attached as **Exhibit "F"** is the memo of Mr. M. Wolfe of the Receiver concerning his review of the available internal accounting records of the various companies identified, as well as the financial statements and income tax returns prepared by the Mr. G. Crewe, Chartered Professional Accountant, the external accountant of all the companies. Mr. Crewe initially did not agree to provide the Receiver with the financial statements and income tax returns of the various companies and of Norma and Ronauld Walton. Mr. Crewe felt that he should be compensated for his time in compiling the documents for the Receiver. The Receiver advised Mr. Crewe of his duty to cooperate with the Receiver and deliver such property and directed him to the appropriate provisions within the Appointment Order. As a result, Mr. Crewe, under protest, provided the Receiver with the required documentation.

49. Mr. Crewe advised the Receiver that the various companies' books and records were never current and therefore could not be relied upon. The Receiver's review of the internal accounting records confirmed that they cannot be relied upon. Further, the Receiver's review of the internal accounting records also confirmed the evidence submitted in the litigation leading to this receivership appointment³.

³See Reasons Page 4, paragraph 8, DBDC Spadina Ltd. v. Walton, 2014 ONSC 4644

50. Accordingly, the Receiver will not repeat those findings and each finding as discussed in Exhibit "F" of this First Report. Rather, to summarize, the Receiver's initial findings are:

- i. the internal accounting records are incomplete and cannot be relied upon;
- ii. many of the transactions are recorded by way of global journal entries to summarize purported transactions, rather than recording each transaction as they occur in accordance with generally accepted accounting procedures;
- iii. the Debtors appeared to be taking on third party investors in their projects;
- iv. the Debtors were engaged in significant related party transactions in respect of the projects through and using Rose and Thistle Group Ltd. and other related entities;
- v. it appears that there was extensive co-mingling of funds;
- vi. investors whose investments were characterized as share purchases in various real estate project corporations were in some instances having their shares redeemed and transferred to other related entities, as the Debtors either needed to show that there was the opportunity for a new equity investment or that a specific entity had sufficient equity invested in order to obtain financing;
- vii. the share transfers appeared to have been made without regard to the provincial and federal legislation governing share transfers and any restrictions thereon;
- viii. arrears for HST and employee source deductions exist in various companies;
- ix. the business reason for various journal entries in the internal accounting records is not readily evident; and

- x. between January 1, 2012 and December 31, 2013, it appears that the Debtors on a net basis withdrew at least \$3 million in cash from various corporations.

51. As indicated in Exhibit "F", a significant further amount of investigation work would have to be performed to reach any definitive conclusions. The Receiver notes that the Manager has undertaken a significant amount of forensic work to date, so the Receiver would not undertake any further investigation work without first conferring with the Manager and the Applicants to ensure that there is not any duplication of efforts and that there is agreement amongst the significant stakeholders that the Receiver should undertake such further investigation work.

G. OTHER MATTERS

LSUC

52. On November 21, 2014, the Receiver's legal counsel, Mr. J. Carhart of MT, was contacted by Mr. J. Elcombe, lawyer for LSUC. Mr. Elcombe advised of the current status of the proceedings involving LSUC and Norma Walton described in paragraph 6 of this First Report. Mr. Elcombe also advised that Norma Walton is claiming due to these receivership proceedings, there is a stay of proceedings and therefore LSUC may not continue in either disciplinary proceedings or in the enforcement of any cost award. Mr. Elcombe has asked if the Receiver would consent to a lifting of the stay so that the proceedings may continue.

53. Mr. Carhart spoke with Mr. Elcombe, Ms. Jan Parnega and Ms. Arven Tillman - all of the LSUC - on November 27, 2014. They indicated to Mr. Carhart that the LSUC's immediate concern is to seek judicial recognition of their position that the issuance, by the LSUC discipline panel, of its September 19, 2014 decision is not nullified by (i) the Reasons or (ii) the Order of Justice Brown dated August 12, 2014; or (iii) the Appointment Order, although the LSUC understands that the enforcement of the financial aspects of the costs order has been stayed. The Receiver is prepared to consent to a lifting of the stay so as to allow the LSUC to seek that determination - such consent would be on the traditional terms for lifting stays in such situations which would include clarification that the Receiver need not defend any aspect of such a proceeding and that no costs or other amounts could be awarded against the Receiver or the Estate of either of the Waltons in that regard and that any costs which are incurred by the Receiver in connection with such matters may be recovered by the Receiver as well as the fact that the stay would not be considered to have been lifted for purposes of allowing the LSUC to take enforcement proceedings to collect any debt arising out of any cost order/ decision. Mr. Elcombe, Ms. Parnega and Ms. Tillman also indicated to Mr. Carhart that the LSUC's additional concerns relate to the ongoing dispute with Ms. Walton concerning the status of her licence to practice law and those matters may require further treatment in the future.

54. Accordingly, the Receiver respectfully recommends to this Honourable Court that the stay of proceedings in connection with Norma Walton be lifted in order to allow LSUC's normal

disciplinary process to be continued. The Receiver does not believe that LSUC would be prejudiced by distinguishing between disciplinary proceedings and enforcement on a debt.

Receiver's meeting with the Applicants et al

55. On October 2, 2014, Mr. I. Smith of the Receiver and Mr. Carhart met with Mr. S. Schonfeld and Mr. G. Moulton of the Manager and Dr. S. Bernstein and Mr. J. Reitan of the Applicants, and their respective legal counsel at the offices of MT. The purpose of the meeting was to provide both the Manager and the Applicants with a summary of the actions, activities and initial findings of the Receiver at that date, and to determine if either the Manager or the Applicants had information in their possession which would assist the Receiver.

56. The Receiver obtained and shared information and at the conclusion of the meeting, both the Manager and the Applicants agreed that the Receiver and MT should continue its activities, which the Receiver advises are consistent with the actions and activities described in this First Report.

57. The Receiver has obtained an indemnity for its funding from Dr. S. Bernstein. The Receiver advises that its ability to continue with its ongoing investigations and the receivership administration is dependent on the Receiver understanding the funding it can look to for the fees, disbursements and costs of the Receiver and MT.

The Debtors' Statement of Income and Expenses

58. In a bankruptcy proceeding, a trustee in bankruptcy is required to determine the bankrupt's personal and family situation for the purposes of subsection 68(3) of the *Bankruptcy and Insolvency Act* (Canada). It is necessary to establish the earnings and expenses of both the bankrupt and the bankrupt's family unit. The bankrupt must disclose the earnings and expenses of each member of the family unit by providing the trustee with income and expense statements for the entire period of bankruptcy.

59. There is no such requirement in this receivership proceeding akin to the requirements of determining surplus income in a bankruptcy. However, the living expenses of Norma Walton and Ronald Walton have been touched upon in the Manager's administration, and may become the subject matter of further Court supervision. Accordingly, the Receiver has requested to date that Norma Walton complete two monthly statements of income and expenses for her, Ronald Walton and their family. Norma Walton has complied.

60. The most recent monthly statement of income and expenses was prepared by Norma Walton on November 21, 2014 and can be summarized as follows:

	<u>Norma</u>	<u>Ronald</u>	<u>Total</u>
Employment income net of tax	\$2,866	-	\$2,866
Federal allowance	200	-	200
Assistance from parents	<u>5,369</u>	<u>\$2,500</u>	<u>7,869</u>
	<u>\$8,435</u>	<u>\$2,500</u>	10,935
Family expenses			<u>10,935</u>
Excess/ (deficiency)			\$ -

Receiver's website

61. The Receiver established on its website a webpage dedicated to this receivership administration. The Receiver refers any party enquiring about the status of the receivership to the Norma Walton and Ronald Walton receivership webpage:



http://www.irasmithinc.com/case_studies/normawalton/index.html

Attached as **Exhibit "G"** is a copy of the webpage.

H. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

62. Attached as **Exhibit "H"** is the Receiver's Statement of Receipts and Disbursements for the period September 5 to November 25, 2014, indicating funds on hand in the amount of \$1,374.13 (the "**Statement of Receipts and Disbursements**").

I. PROFESSIONAL FEES AND DISBURSEMENTS

63. Attached as **Exhibit "I"** is a copy of the Affidavit of Mr. Ira Smith in connection with the Receiver's fee and disbursements including the detailed statement of account for the period up to November 25, 2014 in the amount of \$174,671.93 (inclusive of HST). As indicated in the Affidavit (and the Statement of Receipts and Disbursements), to date, the amount of \$NIL has been advanced on account of the fees and disbursements.

64. Attached as **Exhibit "J"** is a copy of the Affidavit of Mr. David Reynolds in connection with MT's fee and disbursements including the detailed statement of account for the period up to November 25, 2014 in the amount of \$53,260.29 (inclusive of HST). As indicated in the Statement of Receipts and Disbursements, to date, the amount of \$NIL has been advanced on account of MT's fees and disbursements.

J. CONCLUSION AND RECOMMENDATIONS

65. For the reasons set out in this First Report, the Receiver respectfully requests that this Honourable Court approve:

- i. this First Report and the actions and activities of the Receiver described herein since September 5, 2014;
- ii. in advance the sale of a vehicle, in a commercially reasonable manner, described as a 2011 Nissan Armada, VIN#5N1AA0NE5BN620916, owned by Norma Walton;
- iii. the amendment of paragraph 4(k) of the Appointment Order to allow for sales of assets out of the ordinary course of business, without the prior approval of the Court in the case of any asset being sold for a maximum amount of \$30,000 (excluding HST);
- iv. the lifting of the stay of proceedings against Norma Walton solely for the purpose for allowing the Law Society of Upper Canada ("LSUC") to continue its disciplinary proceedings against Norma Walton;
- v. the accounting for the receipts and disbursements of the Receiver from September 5 to November 25, 2014; and
- vi. the fees, disbursements and other costs incurred to date by the Receiver and its legal counsel, MT.

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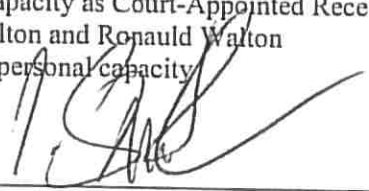
**

**

All of which is respectfully submitted at Toronto, Ontario this 1st day of December, 2014.

IRA SMITH TRUSTEE & RECEIVER INC.
solely in its capacity as Court-Appointed Receiver
of Norma Walton and Ronald Walton
and not in its personal capacity

Per:



Ira Smith, President

TAB 2C

Court File No.: CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

THE HONOURABLE
JUSTICE *Pattillo*

)
)
)

MONDAY, THE 8th
DAY OF DECEMBER, 2014

BETWEEN:

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE "A" HERETO

Applicants

- and -

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP LTD.
and EGLINTON CASTLE INC.

Respondents

- and -

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO,
TO BE BOUND BY THE BY THE RESULT

ORDER

THIS MOTION, made by Ira Smith Trustee & Receiver Inc., in its capacity as the Court appointed receiver (the "Receiver") of all of the assets, undertakings and properties of Norma Walton and Ronald Walton (the "Debtors" or the "Waltons"), for the relief sought in the Notice of Motion of the Receiver, dated December 1, 2014 (the "Notice of Motion"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report of the Receiver dated December 1, 2014 (the "First Report"), the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, counsel for ^x *the Applicants (DBDC, Spadina et al), Handelman Group (Mortgagees) &*

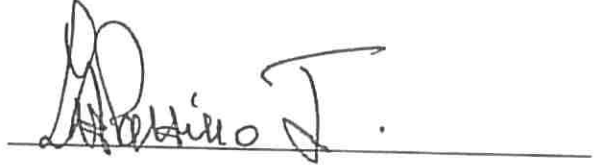
DA.

no one else appearing although served as evidenced by the Affidavit of Service sworn December __, 2014 filed;

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that the motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that the First Report, and the activities of the Receiver described therein since its appointment by the Court on September 5, 2014, are hereby approved.
3. THIS COURT ORDERS that the Receiver is hereby authorized to proceed with the sale the vehicle described as a 2011 Nissan Armada, VIN#5N1AA0NE5BN620916, owned by Norma Walton, on the basis of the parameters set out in the First Report.
4. THIS COURT ORDERS that paragraph 4(k) of the Appointment Order of Mr. Justice Newbould dated September 5, 2014 (the "Appointment Order") is hereby amended to provide as follows:
 4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

...
 - (k) to empower and authorize Receiver to enter into agreements and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, without the prior approval of the Court in the case of any asset being sold for a maximum amount of \$30,000 (excluding HST) and, with the prior approval of this Court, in respect of any other transaction, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

5. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Report and the Fee Affidavits, are hereby approved.

A handwritten signature in black ink, appearing to read "Arthur J. [unclear]", is written over a solid horizontal line. The signature is stylized and cursive.

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investment Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen's Corner Inc.
14. DBDC Queen's Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Industrial Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE "B" COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline - 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.
31. Eddystone Place Inc.
32. Richmond Row Holdings Ltd.
33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.

DBDC SPADINA LTD. et al

and

NORMA WALTON, RONALD WALTON et al

Applicants

Respondents

Court File No.: CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

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

Jeffrey C. Carhart LSUC#: 23645N
Margaret Sims LSUC#: 39664I
Tel: 416.595.8615 /8577
Fax: 416.595.8695
Email: jcarhart@millerthomson.com
Email: msims@millerthomson.com

Lawyers for the Receiver

000105

TAB 2D

Brandon Smith

From: Margaret Sims <msims@millერთhompson.com>
Sent: January-12-15 2:50 PM
To: cohen@cohensabsay.com
Cc: Jeffrey Carhart; Brandon Smith; Ira Smith
Subject: Walton - Receiver's Letter to Ronauld Walton (DBDC Spadina Ltd. et al and Walton et al)
Attachments: pic26477.gif; ltr to Ronauld Walton re LIRA History.pdf

Dear Howard Cohen,

As you are aware, we represent Ira Smith Trustee & Receiver Inc., in its capacity as the Court appointed receiver (the "Receiver") of the assets, undertakings and properties of Norma Walton and Ronauld Walton as set out in the Appointment Order of Mr. Justice Newbould dated September 5, 2014 (the "Appointment Order"). We understand that you are counsel for Ronauld Walton.

I write to deliver the attached letter addressed to Ronauld Walton from the Receiver. The letter sets out questions for your client from the Receiver as part of cooperation by your client required under the Appointment Order.

I note that the Receiver has previously attempted to deliver the sent the attached letter to Ronauld Walton first by email care of Norma Walton and then by registered mail. After Norma Walton provided a partial answer on his behalf and then refused to deliver it to him for a proper and complete reply, the Receiver sent the letter by registered mail. The letter has now been returned to the Receiver, unopened, with two Canada Post markings on it; (i) one of the markings indicates that there is a mail redirection in place for the Walton's to 15 Montessor Drive, Toronto, ON M2P 1Y9 and (ii) the other indicates that Ron failed to claim the registered letter.

Could you please acknowledge receipt of the letter on behalf of your client?

Thank you for your assistance.

Yours truly,

Margaret Sims
Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario, Canada M5H 3S1
Direct Line: 416.595.8577
Fax: 416.595.8695
Email: msims@millერთhompson.com
www.millერთhompson.com

(Embedded image moved to file: pic26477.gif)Miller Thomson LLP

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167 Applewood Cres. Suite 6, Concord, ON L4K 4K7
Phone: 905.738.4167
Fax: 905.738.9848
irasmithinc.com

Brandon Smith
Phone: 905.738.4167 ext. 113
Email: brandon@irasmithinc.com

December 3, 2014

VIA REGISTERED MAIL

Mr. Ronauld Walton
44 Park Lane Circle
Toronto, ON M3C 2N2

Dear Mr. Walton,

**Receivership of Norma Walton & Ronauld Walton
Ronauld Walton LIRA held with D&D Securities Inc. (the "LIRA")**

As you are aware, by order of the Ontario Superior Court of Justice (Commercial List) dated September 5, 2014 (the "Order"), Ira Smith Trustee & Receiver Inc. was appointed Receiver over all of the assets, property and undertakings of yourself and your wife.

As part of our mandate we wish to obtain from you a written response concerning the origin of the LIRA. Please provide forthwith answers regarding the following questions:

1. It is our understanding that the LIRA did not originate with D&D Securities Inc. ("D&D") but rather was transferred several times before being placed with D&D. Please advise as to the history and chain of custody concerning the source of the LIRA funds.
2. Please provide details of your employment history, a complete CV is not necessary, employer names, dates and positions held is sufficient.
3. Please advise and identify any employers who provided a pension plan.
4. Please provide statements of account and enrolment or transfer documents concerning any employer sponsored pension programs which would show all contributions, withdrawals and transfers.

We appreciate your anticipated co-operation. If you have any questions, please do not hesitate to contact the undersigned.

IRA SMITH TRUSTEE & RECEIVER INC.,
solely in its capacity as Court appointed Receiver of the
assets, property and undertakings of Norma Walton and Ronauld Walton

Per:

Brandon Smith, CIRP
Senior Vice President

TAB 2E



Court File No. CV-14-512866

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)
JUSTICE NEWBOULD) TUESDAY, THE 6TH
DAY OF JANUARY, 2015

BETWEEN:

B & M HANDELMAN INVESTMENTS LTD., E. MANSON INVESTMENTS LTD.,
BARRY ALAN SPIEGEL TRUST, JOANNA ORENBACH, JONATHAN
ORENBACH, BAMBURG HOLDINGS LTD., LIZROSE HOLDINGS LTD., 1391739
ONTARIO LTD., NATME HOLDINGS INC. and 558678 ONTARIO LTD.
Plaintiffs

- and -

NORMA WALTON and RONAULD WALTON
Defendants

ORDER

THIS MOTION, made by the Plaintiffs was heard this day at the Superior Court of Justice, 330 University Ave, Toronto, Ontario, M5G 1R7.

ON READING the Consent of the parties, filed, and on hearing the submissions of the lawyer for the Plaintiffs and Defendants,

1. **THIS COURT ORDERS** that the Plaintiffs are granted possession of the property known municipally as 44 Park Lane Circle, North York, whose legal description is in paragraph 2 below.

2. **THIS COURT ORDERS** that a Writ of Possession be forthwith issued to the Plaintiffs, and directed to the Sheriff of the City of Toronto requiring such Sheriff to place the Plaintiffs in possession of the lands and premises known municipally as 44 Park Lane Circle, North York, more particularly described as follows:

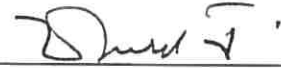
PIN: 10368 - 0827 LT

Description: PART OF BLOCK A ON PLAN 2584 NORTH YORK AND
PART W 1/2 OF LOT 5 CON. 2 EYS TWP OF YORK
DESIGNATED AS PART 1 ON PLAN 66R23866; TORONTO
(N YORK), CITY OF TORONTO.

Address: 44 PARK LANE CIRCLE
NORTH YORK

3. **THIS COURT ORDERS** that notwithstanding the foregoing, possession of the property known municipally as 44 Park Lane Circle, North York by the Plaintiffs shall not occur prior to February 5, 2015.

4. **THIS COURT ORDERS** that the Plaintiffs may pay the Defendants the sum of \$12,500.00 for moving expenses, which amount shall not be added to the Plaintiffs' mortgage discharge amount or otherwise be paid from the proceeds of sale of the property known municipally as 44 Park Lane Circle, North York without further order of this Court.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 6 - 2015

PER / PAR:



B & M HANDELMAN INVESTMENTS LTD. et al
Plaintiffs

WALTON et al.
Defendants

Court File No. CV-14-512866

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

ORDER

Lawrence F. Wallach
Barrister and Solicitor
302-4580 Dufferin St
Toronto ON M3H 5Y2

LSUC: 24289A

Tel: (416) 661-5600

Fax: (416) 663-4424

Lawyer for the Plaintiffs

000112

TAB 2F

Brandon Smith

From: Lawrence F. Wallach <wallach@wallach.ca>
Sent: February-04-15 6:33 PM
To: Jeffrey Carhart
Cc: Brandon Smith; Ira Smith; Lawrence Zimmerman
Subject: Fw: harvey greber e-mail lites, fridge & freezer

Jeff:

Harvey had done a walk through, at my request, on one of his regular visits to Park Lane, when I had asked for better info on the items you described as chattels as I knew nothing about the lighting.

The info on lighting and updated info on the fridge is below. Pictures are available.

I am happy to discuss numbers tomorrow morning first thing or wait until Brandon does his walk through - but the amounts remain pretty modest, regardless of whether they are chattels or fixtures, and we should get this wrapped up tomorrow.

Let me know what works best for you.

Regards

Larry
Lawrence F. Wallach
Barrister & Solicitor
Certified Specialist (Civil Litigation)
Certificate in Mediation (Harvard)
4580 Dufferin Street #302
Toronto ON M3H 5Y2
T. 416-661-5600 | F. 416-663-4424
E. wallach@wallach.ca

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From: Harvey Greber
Sent: Wednesday, February 4, 2015 6:12 PM
To: 'larry f wallach office'

Subject: harvey greber e-mail lites, fridge & freezer

Good afternoon Larry.

Kindly note the following list of light fixtures and the estimated amounts possibly recovered at sale.

Photographs are available.

The cost to remove the lights is based on an hourly rate charged by a duly licensed electrician in the amount of \$75.00, plus travel to and from the subject premise;

Rough estimated time to disconnect and replace the fixtures may possibly be 20 to 30 minutes per fixture for a total of 8 to 10 hours.

Room	Type	Quantity	Estimated value
living room	hanging fixture	1	\$50.00 to \$60.00
main hall	ceiling fixture	2	@ \$40.00 to \$60.00
den/living	ceiling	2	@ \$40.00 to \$60.00
south den	ceiling	1	\$40.00 to \$60.00
kitchen	hanging	3	@ \$30.00 to \$40.00
2 nd floor bedrooms	ceiling	6	@ \$30.00 to \$40.00
2 nd floor bedroom	hanging	1	\$20.00 to \$25.00
2 nd floor bedroom	ceiling	1	\$10.00 to \$15.00
Basement	ceiling	1	\$10.00 to \$15.00
Sub Total			----- \$560.00 to \$775.00
Estimated cost for licensed electrician to disconnect fixtures	\$600.00 + HST \$78.00	to	\$750.00 + HST \$97.50
Advertising/marketing	\$200.00 + HST \$26.00	to	\$400.00 + HST \$52.00
25% selling commission	\$140.00 + HST \$18.20	to	\$193.75 + HST \$25.19
-----			-----
Total	\$940.00 + HST \$122.20= \$1,062.20	to	\$1,343.75 + HST \$174.69= \$1,518.44
Net loss	- \$380.00	to	-\$568.75

The fridge/freezer side by side unit are two separate units, one being the Fridge, model B1-36R/0 and the Freezer, model B1-36F/0.

The two subject models were produced in February 2013 and according to Sub Zero, both are discontinued models.

The original MSRP, (manufacturer's suggested retail price) for the refrigerator was approximately \$7,399.00 and typically discounted by retailers to the general public for approximately \$1,500.00 to \$1,800.00 and builders/renovators for approximately to \$2,000.00 to \$2,300.00.

Consequently, the fridge would have typically sold for between \$5,899/\$5,599.00 to \$5,399.00/\$5,099.00.

The MSRP for the freezer was approximately \$7,699.00 and typically discounted to the general public for approximately \$1,500.00 to \$1,800.00 and builders/renovators from \$2,000.00 to \$2,300.00.

Consequently, the freezer would have typically sold for between \$6,199/\$5,899.00 to \$5,699.00/\$5,399.00.

The writers research shows that current models of the fridge and freezer, similar in size and configuration sell for approximately 17% higher than the discontinued models.

Research shows that the fridge and freezer are extremely top heavy and must be bolted to the walls to ensure they do not topple over when the doors are open. The writers research shows that with the fascia mounted cabinet doors and exterior mounted 48" metal pull handles the doors become even heavier resulting in greater danger of the units toppling over, consequently, factory trained installers are required and necessary to ensure safe and proper installation of these units.

Further research shows that Sub Zero recommends that special movers with proper equipment be utilized to move these units due to the extreme top heavy design to ensure the safety of the movers as well as to ensure no damage is done to the fridge or freezer.

The estimated cost to unbolt the units currently in place from the wall, disconnect the water line for the ice maker and electrical is approximately \$350.00 to \$400.00 for each unit for a total of between \$700.00 + \$91.00 = \$791.00 to \$800.00 + HST \$104.00 = \$904.00.

The estimated cost to safely and properly remove the cabinet doors, so no damage is done to them is approximately \$250.00 + HST \$32.50 = \$282.50 to remove and an additional \$250.00 + HST \$32.50 = \$282.50 to reinstall on the replacement units for a total of \$565.00.

The cost to transport the disconnected fridge and freezer units is estimated between \$300.00 + HST \$39.00 = \$339.00 to \$500.00 + HST \$65.00 = \$565.00; cost of which depends on the distance to deliver.

Selling commission is estimated at 25%.

Marketing expenses are estimated at approximately \$400.00 + HST \$52.00 = \$452.00 to \$500.00 + HST \$65.00 = \$565.00

Estimated selling price per unit is approximately \$2,400.00 to \$2,800.00 per piece.

Possible proceeds of sale for both fridge and freezer \$4,800.00 + HST to \$5,600.00 + HST

Approximate costs and expenses

de-installer, for both fridge & freezer	\$700.00 + HST \$91.00	to	\$800.00 + HST \$104.00
Cabinet facia door removal	\$500.00 + HST \$65.00		\$500.00 + HST \$65.00
Advertising/marketing	\$400.00 + HST \$52.00	to	\$500.00 + HST \$65.00
Transportation	\$300.00 + HST \$39.00	to	\$500.00 + HST \$65.00
25% selling commission	\$624.00 + HST \$81.12	to	\$1,400.00 + HST \$182.00

 Total $\$2,524.00 + \text{HST } \$328.12 = \mathbf{\$2,852.12}$ to $\$3,700.00 + \text{HST } \$481.00 =$
\$4,181.00

Proceeds of sale to disperse $\$1,947.88 + \text{HST}$ to $\$1,419.00 + \text{HST}$

Harvey A. Greber CPPA
 President

S. Wilson
 & CO. BAILIFFS LIMITED

1111 Finch Avenue West
 Unit # 42

North York, Toronto, Ontario
 M3J 2E5

T: 416-633-1416 ext 223
 F: 416-633-3422

C: 416-931-7878

www.bailiffsale.com

TAB 2G



000117 **Canada**

Industry Canada

Home > Bankruptcy > Office of the Superintendent of Bankruptcy Canada >

Office of the Superintendent of Bankruptcy Canada

Welcome Ira Smith | [Instructions](#) | [My OSB account](#) | [Search](#) | [Logout](#)

Bankruptcy and Insolvency Records Search (BIA) search results | Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)

2015-02-26

Search Criteria | Critères de recherche : Name | Nom = The Rose & Thistle Group Ltd.

Reference | Référence :

A search of the Office of the Superintendent of Bankruptcy records has revealed no information, for the search criteria above-mentioned.

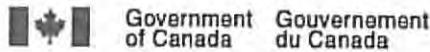
Une recherche dans le registre du Bureau du surintendant des faillites n'a révélé aucune information pour le 2015-02-24, selon les critères de recherche susmentionnés.

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité



Industry Canada

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Office of the Superintendent of Bankruptcy Canada

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Bankruptcy and Insolvency Records Search (BIA) search results | Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)

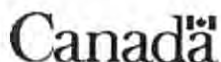
2015-02-26

Search Criteria | Critères de recherche : Name | Nom = Eglinton Castle Inc.

Reference | Référence :

A search of the Office of the Superintendent of Bankruptcy records has revealed no information, for the search criteria above-mentioned.

Une recherche dans le registre du Bureau du surintendant des faillites n'a révélé aucune information p 02-24, selon les critères de recherche susmentionnés.



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

TAB 2H

Court No: CV-13-10280-00CL
 Estate Nos: 32-457782 & 32-457783

Receiver's Interim Statement of Receipts and Disbursements
IN THE MATTER OF THE RECEIVERSHIP OF
NORMA WALTON AND RONAULD WALTON
FOR THE PERIOD FROM SEPTEMBER 5, 2014 TO FEBRUARY 25, 2015

RECEIPTS	
Proceeds from Mackie Research Capital Corporation (brokerage acct)	54.13
Transferred from Corporate Communications Interactive Inc.	1,400.00
Net proceeds from sale of 2011 Nissan Armada	14,084.50
Sale of interest in chattels abandoned at 44 Park Lane Circle	2,000.00
TOTAL RECEIPTS:	\$ 17,538.63
DISBURSEMENTS	
Filing Fee	70.00
Bank Charges	465.00
TOTAL DISBURSEMENTS	\$ 535.00
BALANCE ON HAND AS AT NOVEMBER 25, 2014	\$ 17,003.63

TAB 2I

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO**

Applicants

and

**NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP LTD. and
EGLINTON CASTLE INC.**

Respondents

and

**THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO, TO BE BOUND BY
THE RESULT**

**AFFIDAVIT OF IRA SMITH
(Sworn February 26, 2015)**

I, Ira Smith, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

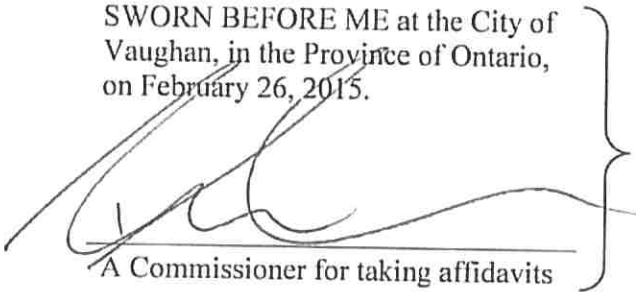
1. I am the President of Ira Smith Trustee & Receiver Inc. ("**ISI**"), the court-appointed receiver (the "**Receiver**") of Norma Walton & Ronauld Walton (the "**Debtor**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.

2. ISI was appointed Receiver of all of the assets, properties and undertakings of the Norma Walton and Ronauld Walton pursuant to an Order of the Ontario Superior Court of Justice dated September 5, 2014 (the "**Receivership Order**").
3. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its legal counsel are required to pass their accounts from time to time.
4. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a summary of the fees charged and accounts rendered by the Receiver in respect of the proceedings (the "**Accounts Summary**") for the period from November 26, 2014 to February 24, 2015 (the "**Time Period**"). A copy of the invoice rendered by the Receiver and referenced in the Accounts Summary is attached to this my Affidavit as **Exhibit "B"**.
5. The Receiver has filed its Second Report with this Honourable Court, which outlines, among other things, the Receiver's overall actions and activities since those reported in the First Report.
6. A total of 30.3 hours were expended by the Receiver in connection with this matter during the Time Period, giving rise to fees totaling \$13,230.00 (excluding HST) for an average hourly rate of \$436.63 and allocated approximately as outlined in the Accounts Summary.
7. To the best of my knowledge, the rates charged by the Receiver throughout the course of these proceedings are comparable to the rates charged by other accounting firms in the Greater Toronto Area for the provision of similar services.
8. The hourly billing rates outlined on the Accounts Summary are the normal hourly rates charged by the Receiver for services rendered in relation to similar proceedings.
9. I verily believe that the Receiver's accounts are fair and reasonable in the circumstances.
10. Attached as Exhibit "A" to the Affidavit of David Reynolds sworn February 26, 2015 and filed in support of the within motion are copies of the accounts rendered by Miller Thomson LLP ("**MT**"), counsel to the Receiver, for the period November 26, 2014 to February 24, 2015.

11. MT has rendered services throughout these proceedings consistent with instructions from the Receiver, the Receiver has approved all such accounts and I verily believe that the fees and disbursements of MT are fair and reasonable in the circumstances.

12. The said Affidavit is sworn in connection with the Receiver's motion to have, among other things, its fees and disbursements approved by this Honourable Court and for no improper purpose.

SWORN BEFORE ME at the City of
Vaughan, in the Province of Ontario,
on February 26, 2015.



A Commissioner for taking affidavits



Ira Smith

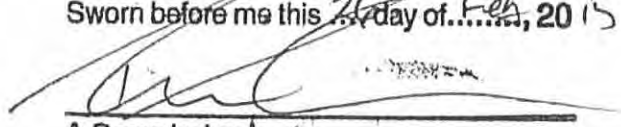
Brandon Smith, a Commissioner, etc.,
Province of Ontario, for Ira Smith
Trustee & Receiver Inc., Trustee in
Bankruptcy, Expires May 2, 2017.

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
NORMA WALTON & RONALD WALTON**

November 26, 2014 to February 24, 2015

Staff Member	Title	Total Hours	Hourly Rate (\$CDN)	Amount Billed (\$CDN)
Ira Smith MBA CPA CA•CIRP, Trustee	President	24.9	450.00	11,205.00
Brandon Smith, BA CIRP, Trustee	Senior Vice-President	5.4	375.00	2,025.00
Total		<u>30.3</u>	Average hourly rate of \$436.63	13,230.00
Disbursements				<u>27.77</u>
				<u>13,257.77</u>

This Exhibit ^A..... referred to in the
Affidavit of Ira Smith.....
Sworn before me this 26th day of Feb, 20 15


A Commissioner, etc.

Brandon Smith, a Commissioner, etc.,
Province of Ontario, for Ira Smith
Trustee & Receiver Inc., Trustee in
Bankruptcy. Expires May 2, 2017.

000124



167 Applewood Cres. Suite 6, Concord, ON L4K 4K7
Phone: 905.738.4167
Fax: 905.738.9848
irasmithinc.com

R-Walton

February 25, 2015

GST/HST # 86236 5699

**IN THE MATTER OF THE RECEIVERSHIP OF
Norma Walton & Ronauld Walton**

For professional services rendered for the period from November 26, 2014 to February 24, 2015 inclusive, in acting as Receiver of Norma Walton & Ronauld Walton in accordance with the Order of the Ontario Superior Court of Justice (Commercial List) dated September 5, 2014 as follows (detail attached):

<u>Staff</u>	<u>Hourly rate</u>	<u>Hours</u>	
I. Smith, President and Trustee	\$450	24.9	
B. Smith, Senior Vice-President and Trustee	\$375	<u>5.4</u>	
		<u>30.3</u>	
			\$ 13,230.00

Disbursements:

Postage	\$ 12.77	
Parking/Mileage/Travel	<u>15.00</u>	
		<u>27.77</u>
		\$ 13,257.77

This Exhibit B referred to in the
Affidavit of Ira Smith
Sworn before me this 26 day of Feb, 2015

HST 1,723.51
\$ 14,981.28

A Commissioner, etc.

Brandon Smith, a Commissioner, etc.,
Province of Ontario, for Ira Smith
Trustee & Receiver Inc., Trustee in
Bankruptcy. Expires May 2, 2017.

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: November 26, 2014 to February 24, 2015

Keyname	Full Estate Name	<u>Date</u>	<u>Name</u>	<u>Duration</u>	<u>Activity</u>	\$
R-WALTON	In the Matter of the Receivership of Norma Walton & Ronald Walton	26/11/2014	Ira Smith		Rvw of MT comments on draft First Report, implementing comments 2.8 and other additions/amendments, email new draft version of First Report to MT for comments	1,260.00
		27/11/2014	Ira Smith		0.8 Emails w. J. Carhart and M. Sims on LSUC, amendment to draft report	360.00
		03/12/2014	Brandon Smith		emails w/ J carhart re LIRA; draft and send ltr to Ronauld; emails w/ Norma answering on rons behalf, advsd ron needs to reply, norma refused to deliver ltr to ron	300.00
		07/12/2014	Ira Smith		0.8 Rvw First Report to Court for Court tomorrow	360.00
		08/12/2014	Ira Smith		3.4 Travel to and from and attend Court re First Report to Court motion	1,530.00
		12/12/2014	Ira Smith		0.4 CCI cheques and funds transfer	180.00
		18/12/2014	Ira Smith		Review of investors cross motion and emails from J. Carhart re same 2.1 and handelman proposed sale of 44 Park lane Circle, email reply to J. Carhart et al	945.00
		23/12/2014	Brandon Smith		0.3 corresp w/ jeff carhart re analysis of walton pers. Assets and house contents	112.50
		09/01/2015	Brandon Smith		2.7 reviewing and replying to correspondence concerning Walton's residence, assets, chattels and court motions while on holiday Dec 24-Jan 9 incl. attendance on a conf call w. our counsel	1,012.50
		12/01/2015	Brandon Smith		0.3 rcv ron lira letter returned as not claimed, fwd to jeff to send to counsel	112.50
		15/01/2015	Brandon Smith		0.4 mtg w. Mario to sign chqs; corresp w/ Meridian to xfer funds	150.00
		30/01/2015	Ira Smith		2.7 Rvw of cheques for approval, signing of cheques, reconciliation analysis of bank accounts, transfer request to Meridian	1,215.00
		30/01/2015	Ira Smith		0.6 Rvw of CCI deposit today of US\$ cheques into CDN account, email to Meridian with attachment advising and requesting adjustment	270.00

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Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: November 26, 2014 to February 24, 2015

Keyname	Full Estate Name	Date	Name	Duration	Activity	\$
R-WALTON	In the Matter of the Receivership of Norma Walton & Ronauld Walton	02/02/2015	Ira Smith	1.8	Email from Corporate and General, Vmail from Norma, email to J Carhart et al, email to N. Walton, email to H. Greber et al	810.00
		02/02/2015	Ira Smith	0.3	Telcon with Jeff Carhart and Larry Zimmerman, email from Larry Zimmerman, email reply to Larry Zimmerman et al	135.00
		02/02/2015	Ira Smith	2.0	Email from and to Larry Zimmerman et al	900.00
		03/02/2015	Ira Smith	0.4	Conf call w. J. Carhart, L. Wallach, L. Zimmerman, B. Smith re chattels left on the premises at 44 Park Lane Circle	180.00
		04/02/2015	Brandon Smith	0.4	conf call w/ Carhart/Zimmerman/Wallach/ Smith re chattels	150.00
		04/02/2015	Brandon Smith	0.3	corresp w/ Wallach et al re Greber valuation of chate	112.50
		05/02/2015	Ira Smith	0.6	Emails from and to Jeff Carhart re chattels at 44 Park Lane Circle, emails from Wallach et al	270.00
		05/02/2015	Ira Smith	0.6	Telcon w. Norma Walton re employment and 44 Park Lane Circle	270.00
		06/02/2015	Ira Smith	0.4	Telcon w. Joan of CRA London re status of Walton file, memorials, o/s HST	180.00
		06/02/2015	Ira Smith	0.9	Rvw of CCI cheque reqs for Monday, emails from and to Mario Bucci, reconciliation of CCI Meridian accounts, Transfer request letter to Meridian, email letter to A. Delville and S. Kirby	405.00
		09/02/2015	Ira Smith	0.8	meeting with Mario re signing CCI cheques; additional transfer request sent to Meridian	360.00
		18/02/2015	Brandon Smith	0.2	rvw email from briarlane and reply	75.00
		19/02/2015	Ira Smith	0.6	Rvw of emails from J. Carhart re sale of chattels at 44 Prince Arthur, Telcon w. J. Carhart re same, rvw of further emails	270.00
		19/02/2015	Ira Smith	0.4	Telcon w. S Roberto re 1 William Morgan issues	180.00
		19/02/2015	Ira Smith	0.7	Walton Bill of Sale re sale of chattels 44 Park Lane Circle	315.00
		23/02/2015	Ira Smith	1.2	Rvw of emails from J. Carhart re Norma motion, rvw of Norma motion, reply to J. Carhart, considerations for next Report to Court	540.00

000126

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: November 26, 2014 to February 24, 2015

Keyname	Full Estate Name	Date	Name	Duration	Activity	\$
R-WALTON	In the Matter of the Receivership of Norma Walton & Ronald Walton	23/02/2015	Ira Smith	0.6	Rvw of email from J. Carhart re Bill of Sale, amendments to Bill of Sale, email to J. Carhart attaching same	270.00
				30.3		13,230.00
			Employee	Hours		Amount
			Ira Smith	24.9		11,205.00
			Brandon Smith	5.4		2,025.00
				30.3		13,230.00

Average Hourly Rate: \$ 436.63

DBDC SPADINA LTD., and those corporations listed
on Schedule A hereto

And

NORMA WALTON, RONALD WALTON, THE ROSE & THISTLE
GROUP LTD. and EGLINTON CASTLE INC.

Applicants

Respondents

Court File No.: CV-13-10280-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST -

Proceeding commenced at Toronto

AFFIDAVIT OF IRA SMITH
(Sworn February 26, 2015)

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord, ON L4K 4K7

Ira Smith MBA CPA CA•CIRP, Trustee
Tel: 905-738-4167
Fax: 905-738-9848

Court-appointed receiver of
Norma Walton & Ronald Walton

000128

TAB 2J

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

B E T W E E N :

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE "A" HERETO
Applicants

- and -

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP LTD.
and EGLINTON CASTLE INC.

Respondents

**AFFIDAVIT OF DAVID REYNOLDS
(SWORN FEBRUARY 26, 2015)**

I, David Reynolds, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**


1. I am an associate with the law firm of Miller Thomson LLP ("**Miller Thomson**"), lawyers for Ira Smith Trustee & Receiver Inc., in its capacity as the Court appointed receiver (the "Receiver") of all of the assets, undertakings and properties of Norma Walton and Ronauld Walton (the "Debtors" or the "Waltons"), and as such have knowledge of the matters hereinafter referred to.

2. Miller Thomson has acted as the Receiver's legal counsel on all matters related to the receivership proceedings to date. For the period from November 26, 2014 to February 24, 2015, Miller Thomson has rendered accounts for the total, fees and disbursements in this administration in the amount of \$58,465.61 (inclusive of HST), which is broken down as \$50,871.00 in fees, disbursements of \$883.08 and HST of \$6,711.53. Attached as Exhibit "A" is a copy of the Statement of Accounts of Miller Thomson dated December 31, 2014, January 30, 2015 and February 25, 2015.

3. The hourly billing rates applied in the invoices of Miller Thomson are Miller Thomson's normal hourly rates which were in effect throughout the duration of Miller Thomson's retainer as counsel to the Receiver. Attached as Exhibit "B" is a summary of the lawyers who services are reflected in the Statements of Account for this matter, including their respective year of call to the bar.

4. This affidavit is made in support of the Receiver's motion to, *inter alia*, approve the attached Account Statements of Miller Thomson and the fees and disbursements detailed therein, and for no improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
February 26, 2015



Commissioner for taking affidavits



DAVID REYNOLDS

This is Exhibit "A" referred to in the affidavit of David Reynolds sworn before me, this 26th day of February, 2015



A Commissioner for Taking Affidavits

000132



MILLER THOMSON LLP
MILLERTHOMSON.COM

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

T 416.595.8500
F 416.595.8695

ACCOUNT

December 31, 2014

Invoice Number 2698657

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord ON L4K 4K7

Attention: Mr. Ira Smith

TO PROFESSIONAL SERVICES RENDERED in
connection with the following matter including:

Re: Norma Walton and Ronald Walton
Our File No. 099618.0004

Date	Initials	Description	Hours
11/26/2014	JCC	Review draft report; correspondence with Ira Smith and Margaret Sims regarding motion to approve report;	1.80
11/26/2014	MRS	Review draft receiver's report and provide feedback to receiver. Draft motion record materials, including notice of motion and draft form of order for motion on December 8, 2014 and instructions regarding information for fee affidavit. Review LSUC request to lift stay;	3.10
11/27/2014	JCC	Correspondence with Ira Smith, Brandon Smith, Shara Roy, Brian Empey, Margaret Sims and others regarding Receiver's First Report; telephone call with Joshua Elcombe, Jan Parnega and Arwen Tillman (LSUC); correspondence with Ira Smith regarding treatment of LSUC matter in Report;	1.80
11/27/2014	MRS	Telephone conference with Mr. Carhart; draft motion record materials, including fee affidavit, updated notice of motion and form of order for motion on December 8, 2014;	0.90
11/28/2014	JCC	Correspondence regarding finalization of First Report; correspondence regarding Joshua Elcombe (LSUC) and Ira Smith regarding LSUC proceedings; further correspondence with Ira Smith and Shara Roy;	1.60

Accounts due when rendered. Interest at the rate of 1.30% per annum will be charged on accounts overdue 30 days or more in accordance with the Solicitors Act. Any disbursements not posted to your account on the date of this account will be billed later.

Date	Initials	Description	Hours
12/01/2014	JCC	Review Notice of motion and order; review report of the Receiver; meeting with Ira Smith and Margaret Sims; correspondence with Brandon Smith regarding LIRA; telephone call with Shara Roy;	2.20
12/01/2014	MRS	Prepare motion record for motion to approve first report of the receiver, including complete fee affidavit, review receiver's report, update draft order and notice of motion, and conferences with Mr. Carhart and Mr. Ira Smith;	1.70
12/01/2014	CY	File Motion Record and Affidavit with the Superior Court of Ontario, Commercial List;	0.80
12/02/2014	JCC	Review correspondence from Mark Dunn regarding West Mall property; correspondence to Ira Smith; correspondence with Ira Smith regarding Lax O'Sullivan; correspondence with Brandon Smith regarding LIRA account documentation;	1.60
12/03/2014	JCC	Correspondence with Brandon Smith regarding LIRA funds; correspondence with Goodman's regarding Receiver's Report;	0.90
12/04/2014	JCC	Review consent material regarding 295 West Mall property; correspondence to Ira Smith; review further correspondence regarding West mall property;	1.20
12/05/2014	JCC	Correspondence with Mark Dunn; telephone call with Mark Dunn and correspondence with Ira Smith regarding December 8th motion; correspondence with John Marshall (BLG);	1.20
12/07/2014	JCC	Prepare notes regarding December 8th hearing;	0.90
12/08/2014	CM	Attend at Commercial List office to enter order;	0.50
12/08/2014	JCC	Correspondence with Ira Smith; finalize submission notes; attend hearing before Justice Pattillo; correspondence with Mark Dunn; correspondence to Ira Smith and Shara Roy	2.60
12/09/2014	JCC	Correspondence regarding December 8th Order and LSUC proceeding;	0.40
12/10/2014	JCC	Telephone call with Mark Dunn and correspondence with Ira Smith and Mark Dunn regarding West Mall property;	0.60
12/11/2014	JCC	Review Academy Lands and Northern Dancer Lands motion materials; correspondence with Ira Smith and Mark Dunn;	1.20
12/12/2014	JCC	Correspondence with Ian Aversa, Joe DiPietro, Ron Aisenberg, Ira Smith, Shara Roy and Mark Dunn regarding Academy Lands, 25454 Bayview Avenue property;	1.60
12/16/2014	JCC	Review pleadings and correspondence with Ira Smith including pleadings with respect to DeJong and Schonfeld Inc. and Queen's Plate properties;	2.20

Date	Initials	Description	Hours
12/17/2014	JCC	Review correspondence from Brian Empey; correspondence with Ira Smith; telephone call with Larry Zimmerman and correspondence to Ira Smith regarding 44 Park Lane property;	1.60
12/18/2014	JCC	Correspondence with Ira Smith regarding Park Lane property;	0.40
12/19/2014	JCC	Correspondence with Ira Smith regarding Academy Lands; correspondence with Larry Wallach, Ira Smith, Brian Empey and Shara Roy regarding 44 Park Lane sale;	1.40
12/24/2014	JCC	Correspondence with Shara Roy, Larry Wallach, Ira Smith, Brandon Smith regarding Park Lane sale;	1.60
12/29/2014	JCC	Correspondence with Larry Wallach, Brandon Smith, Ira Smith, Shara Roy, Norma Walton regarding Park Lane sale;	1.40
12/30/2014	JCC	Review correspondence and pleadings regarding Academy Lands motion, January 6th and January 13th motions; correspondence to Ira Smith, Brandon Smith, Shara Roy, Rosemary Fisher and Howard Cohen; further correspondence and telephone call with Ira Smith regarding Park Lane sale and other litigation; further correspondence to Rosemary Fisher and Howard Cohen;	2.20
12/30/2014	MRS	Review email messages from Mr. Carhart, Mr. Ira Smith and Mr. Brandon Smith and counsel regarding motion set for January 6, 2015 and potential attendance at motion;	0.30
12/31/2014	JCC	Correspondence with Ira Smith regarding Park Lane transaction and January 13th motion;	0.60

TOTAL HOURS 38.30

OUR FEE: \$23,371.00

	Initials	Name	Title	Rate	Hours	Amount
0615	JCC	J. Carhart	Partner	625.00	31.00	19,375.00
0233	CM	C. Martino	Clerk	180.00	0.50	90.00
0795	MRS	M. Sims	Assoc. Counsel	625.00	6.00	3,750.00
2405	CY	C. Yermus	Student	195.00	0.80	156.00

TAXABLE DISBURSEMENTS

Copywork	239.50	
Delivery	34.48	
Binding and Tabbing	23.70	
TOTAL TAXABLE	<u>297.68</u>	\$297.68

NON-TAXABLE DISBURSEMENTS

Filing Fee	127.00	
TOTAL NON-TAXABLE	<u>127.00</u>	\$127.00

TOTAL FEES AND DISBURSEMENTS: **\$23,795.68**

Harmonized Sales Tax (R119440766)

On Fees		\$3,038.23
On Disbursements		\$38.70

TOTAL AMOUNT DUE: **\$26,872.61**

E.&O.E.

000136



MILLER THOMSON LLP
MILLERTHOMSON.COM

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

T 416.595.8500
F 416.595.8695

December 31, 2014

Invoice Number 2698657

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord ON L4K 4K7

Attention: Mr. Ira Smith

Re: Norma Walton and Ronauld Walton

ACCOUNT SUMMARY AND REMITTANCE FORM

FEES:	\$23,371.00
DISBURSEMENTS:	\$424.68
TAX ON FEES:	\$3,038.23
TAX ON DISBURSEMENTS:	\$38.70
TOTAL AMOUNT DUE:	<u>\$26,872.61</u>

Reference No. 099618.0004

13063181.1

Please return the Account Summary and Remittance Form with Payment
Terms: Accounts due when rendered. Interest at the rate of 1.30% per annum will be charged on
accounts overdue 30 days or more in accordance with the Solicitors Act. Any disbursements not
posted to your account on the date of this account will be billed later.

ACCOUNT

January 30, 2015

Invoice Number 2702398

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord ON L4K 4K7

Attention: Mr. Ira Smith

TO PROFESSIONAL SERVICES RENDERED in
connection with the following matter including:

Re: Norma Walton and Ronauld Walton
Our File No. 099618.0004

Date	Initials	Description	Hours
01/02/2015	JCC	Correspondence with Larry Zimmerman and Larry Wallach regarding park Lane sale; correspondence with Ira Smith and Shara Roy regarding Park Lane sale; review materials regarding DeJong et al motion; correspondence with Ira Smith, Shara Roy and Howard Cohen;	2.20
01/05/2015	JCC	Correspondence regarding Park Lane sale transaction with Ira Smith, Larry Zimmerman; conference call with Margaret Sims, Ira Smith and Brandon Smith; correspondence to Larry Zimmerman regarding position on motion;	1.60
01/05/2015	JCC	Correspondence with Marty Kaplan and Ira Smith regarding Bala litigation;	0.20
01/05/2015	MRS	Review email messages and motion materials with respect to 44 Park Lane, exchange email messages with Mr. Carhart and Mssrs. Smith re chattels and telephone conference re same;	2.10
01/06/2015	JCC	Attend hearing regarding sale of 44 Park Lane property; correspondence with Ira Smith, Paul Fruitman, Shara Roy, Mark Dunn, Larry Wallach;	2.60

Date	Initials	Description	Hours
01/07/2015	JCC	Correspondence regarding January 13th motion; correspondence with Paul Fruitman regarding January 28th motion;	0.90
01/08/2015	JCC	Correspondence regarding potential distributions to Waltons and Wynford Professional Centre;	1.20
01/08/2015	MRS	Review Manager's second supplements report and email messages from counsel with respect to motion set for January 13, 2014, draft email to Mr. Smith and Mr. Carhart regarding distributions and draft email to Goodmans and Schonfled re relief sought on motion;	0.50
01/09/2015	JCC	Telephone calls and correspondence with Margaret Sims, Ira Smith, Brandon Smith, Shara Roy regarding upcoming motions;	0.90
01/09/2015	MRS	Follow-up with Mr. Carhart regarding response (if any) from Goodmans or Schonfeld with respect to distribution motion. Telephone conference with Mr. Carhart regarding distributions, review Manager's second supplements report and draft email to Ms. Roy of Lenznerns regarding January 13, 2014 motions and relief sought on motions. Telephone conference with Ms. Roy of Lenznerns regarding January 13, 2014 motions and relief sought on motion. Draft email messages to Mr. Carhart and Mssrs. Smith regarding telephone call with Ms. Roy and summary of distributions. Forward DBDC motion record to Mssrs. Smith;	2.10
01/12/2015	JCC	Numerous correspondence regarding motions with respect to distribution of funds; telephone call and correspondence with Margaret Sims;	1.40
01/12/2015	MRS	Review materials for January 13, 2015 motions and prepare brief summary for Mr. Carhart, including Manager's distribution materials, DBDC motion record, Schedule C investors and Norma Walton materials. Draft email to Mr. Smith confirming instructions and outlining position for January 13, 2015 motion.	4.30
01/13/2015	JCC	Review pleadings including correspondence from Norma Walton; attend hearing before Justice Newbould; correspondence with Ira Smith regarding hearing;	4.30
01/20/2015	JCC	Correspondence regarding scheduling;	0.20
01/22/2015	JCC	Correspondence re. distribution motion;	0.20
01/27/2015	JCC	Telephone call with Shara Roy; review material regarding distribution hearing; correspondence regarding court hearing;	1.40
TOTAL HOURS			26.10

OUR FEE: \$16,312.50

	Initials	Name	Title	Rate	Hours	Amount
0615	JCC	J. Carhart	Partner	625.00	17.10	10,687.50
0795	MRS	M. Sims	Assoc. Counsel	625.00	9.00	5,625.00

TAXABLE DISBURSEMENTS

Copywork	286.55	
TOTAL TAXABLE	286.55	\$286.55

TOTAL FEES AND DISBURSEMENTS: \$16,599.05

Harmonized Sales Tax (R119440766)

On Fees	\$2,120.63
On Disbursements	\$37.25

TOTAL AMOUNT DUE: \$18,756.93

E.&O.E.

000140



MILLER THOMSON LLP
MILLERTHOMSON.COM

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

T 416.595.8500
F 416.595.8695

January 30, 2015

Invoice Number 2702398

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord ON L4K 4K7

Attention: Mr. Ira Smith

Re: Norma Walton and Ronauld Walton

ACCOUNT SUMMARY AND REMITTANCE FORM

FEES:	\$16,312.50
DISBURSEMENTS:	\$286.55
TAX ON FEES:	\$2,120.63
TAX ON DISBURSEMENTS:	\$37.25
TOTAL AMOUNT DUE:	<u>\$18,756.93</u>

Reference No. 099618.0004

13223616.1

Please return the Account Summary and Remittance Form with Payment
Terms: Accounts due when rendered. Interest at the rate of 1.30% per annum will be charged on
accounts overdue 30 days or more in accordance with the Solicitors Act. Any disbursements not
posted to your account on the date of this account will be billed later.

000141



MILLER THOMSON LLP
MILLERTHOMSON.COM

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

T 416.595.8500
F 416.595.8695

ACCOUNT

February 25, 2015

Invoice Number 2709510

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord ON L4K 4K7

Attention: Mr. Ira Smith

TO PROFESSIONAL SERVICES RENDERED in
connection with the following matter including:

Re: Norma Walton and Ronauld Walton
Our File No. 099618.0004

Date	Initials	Description	Hours
01/28/2015	JCC	Attend hearing before Justice Newbould; correspondence with Ira Smith;	1.80
01/29/2015	JCC	Correspondence with Larry Wallach re Fraser lien;	0.20
02/02/2015	JCC	Telephone calls with Ira Smith, Larry Zimmerman and Larry Wallach regarding vacation of 44 Park Lane premises;	1.60
02/03/2015	JCC	Review correspondence regarding February 4, 2015 hearing; correspondence with Larry Zimmerman, Larry Wallach, Ira Smith and Brandon Smith;	1.40
02/04/2015	JCC	Correspondence with Ira and Brandon Smith regarding 44 Park Lane property; correspondence with Mark Dunn; correspondence with Larry Wallach and Ira Smith regarding fixtures and chattels at 44 Park Lane; further telephone calls and correspondence with Larry Wallach;	1.80
02/04/2015	MRS	Review email messages from Mr. Carhart regarding fixtures. Draft email to Mr. Carhart regarding fixtures and providing Tiercon cases;	0.40
02/05/2015	JCC	Telephone calls and correspondence with Larry Wallach and Ira Smith regarding Park Lane Circle property;	1.20
02/09/2015	JCC	Correspondence regarding Fraser litigation;	0.20

Accounts due when rendered. Interest at the rate of 1.30% per annum will be charged on accounts overdue 30 days or more in accordance with the Solicitors Act. Any disbursements not posted to your account on the date of this account will be billed later.

Date	Initials	Description	Hours
02/10/2015	JCC	Review correspondence regarding Fraser Lands; correspondence with Ira Smith and Mark Dunn; further correspondence to Shara Roy;	1.20
02/11/2015	JCC	Correspondence with Goodmans and Ira Smith; correspondence with Shara Roy;	0.90
02/12/2015	JCC	Correspondence with Ira Smith, rosemary Fisher, Shara Roy;	0.80
02/15/2015	JCC	Correspondence regarding Fraser Lands lien litigation;	0.20
02/19/2015	JCC	Telephone calls and correspondence with Larry Zimmerman and Ira Smith regarding Park Lane chattels; telephone call with Ira Smith;	0.70
02/22/2015	JCC	Review Lax O'Sullivan motion record; review draft bill of sale regarding Park Lane Circle;	1.40
02/23/2015	JCC	Review correspondence from Lenczner Slaght; correspondence with Ira Smith;	0.70
02/24/2015	JCC	Correspondence regarding sale of Park Lane chattels and upcoming motion regarding distributions; discussion with Margaret Sims and correspondence regarding motion by Receiver;	1.80
02/24/2015	MRS	Telephone conference with Mr. Carhart regarding March 5, 2015 motion brought by Norma Walton, second report of the receiver and approval motion; review motion record for motion brought by Norma Walton on March 5, 2015 and letter from Shara Roy; draft email message to Commercial List Scheduling Office regarding March 5, 2015 motion date and motion by receiver to seek approval of report; draft notice of motion, form of order, fee affidavit for counsel and fee affidavit for receiver; draft email message to Mr. Smith regarding March 5, 2015 motion brought by Norma Walton, second report of the receiver and approval motion;	1.60

TOTAL HOURS 17.90

OUR FEE: \$11,187.50

Initials	Name	Title	Rate	Hours	Amount
0615	JCC	J. Carhart	Partner	625.00	15.90 9,937.50
0795	MRS	M. Sims	Assoc. Counsel	625.00	2.00 1,250.00

TAXABLE DISBURSEMENTS

Taxi	26.55
Copywork	36.10
Corporate or Securities file Searches	19.00

Accounts due when rendered. Interest at the rate of 1.30% per annum will be charged on accounts overdue 30 days or more in accordance with the Solicitors Act. Any disbursements not posted to your account on the date of this account will be billed later.

Binding and Tabbing
TOTAL TAXABLE

90.20
171.85

\$171.85

TOTAL FEES AND DISBURSEMENTS:

\$11,359.35

Harmonized Sales Tax (R119440766)

On Fees

\$1,454.38

On Disbursements

\$22.34

TOTAL AMOUNT DUE:

\$12,836.07

E.&O.E.

000144



MILLER THOMSON LLP
MILLERTHOMSON.COM

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

T 416.595.8500
F 416.595.8695

February 25, 2015

Invoice Number 2709510

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord ON L4K 4K7

Attention: Mr. Ira Smith

Re: Norma Walton and Ronauld Walton

ACCOUNT SUMMARY AND REMITTANCE FORM

FEES:	\$11,187.50
DISBURSEMENTS:	\$171.85
TAX ON FEES:	\$1,454.38
TAX ON DISBURSEMENTS:	\$22.34
TOTAL AMOUNT DUE:	<u>\$12,836.07</u>

Reference No. 099618.0004

13353378.1

Please return the Account Summary and Remittance Form with Payment
Terms: Accounts due when rendered. Interest at the rate of 1.30% per annum will be charged on
accounts overdue 30 days or more in accordance with the Solicitors Act. Any disbursements not
posted to your account on the date of this account will be billed later.

This is Exhibit "B" referred to in the affidavit of David Reynolds sworn before me, this 26th day of February, 2015

A handwritten signature in cursive script, appearing to read "W. M. Laha", written in black ink.

A Commissioner for Taking Affidavits

000146

Timekeeper Summary

#099618.0004 - Ira Smith Trustee & Receiver Inc. re: Norma Walton and Ronauld Walton

Lawyer Name	Title	Year of Call
Carhart, Jeffrey	Partner	1984
Chau, Jessie	Clerk	n/a
Martino Pera, Chiara	Clerk	n/a
Reynolds, Dave	Associate	2011
Sherkin, Eric	Associate	2007
Sims, Margaret	Associate Counsel	1997
Sparrow, Deborah	Clerk	n/a
Yermus, Corey	Student	n/a

DBDC SPADINA LTD. et al

and

NORMA WALTON, RONALD WALTON et al

Applicants

Respondents

Court File No.: CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

AFFIDAVIT

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Jeffrey C. Carhart LSUC#: 23645N

Margaret Sims LSUC#: 39664I

Tel: 416.595.8615 /8577

Fax: 416.595.8695

Email: jcarhart@millerthomson.com

Email: msims@millerthomson.com

000147

Lawyers for Ira Smith Trustee & Receiver Inc., in its capacity as the Court appointed receiver of all of the assets, undertakings and properties of Norma Walton and Ronald Walton

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

THE HONOURABLE
JUSTICE

)
)
)

THURSDAY, THE 5th
DAY OF MARCH, 2015

B E T W E E N:

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE "A" HERETO

Applicants

- and -

NORMA WALTON, RONALD WALTON, THE ROSE & THISTLE GROUP LTD.
and EGLINTON CASTLE INC.

Respondents

- and -

THOSE CORPORATIONS LISTED ON SCHEDULE B HERETO,
TO BE BOUND BY THE BY THE RESULT

ORDER

THIS MOTION, made by Ira Smith Trustee & Receiver Inc., in its capacity as the Court appointed receiver (the "Receiver") of all of the assets, undertakings and properties of Norma Walton and Ronald Walton (the "Debtors" or the "Waltons"), for the relief sought in the Notice of Motion of the Receiver, dated February 27, 2015 (the "Notice of Motion"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report of the Receiver dated February 27, 2015 (the "Second Report"), the affidavits of the Receiver and its counsel as to fees exhibited as Exhibits I and J to the Second Report (the "Fee Affidavits"), and on hearing the submissions of counsel for the

Receiver, counsel for _____, no one else appearing although served as evidenced by the Affidavit of Service sworn February 27, 2014 filed;

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

2. THIS COURT ORDERS that the Second Report, and the activities of the Receiver described therein for the period from November 25, 2014 to February 27, 2015 are hereby approved.

3. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Second Report and the Fee Affidavits, are hereby approved.

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investment Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen's Corner Inc.
14. DBDC Queen's Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Industrial Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

SCHEDULE "B" COMPANIES

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline - 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.
31. Eddystone Place Inc.
32. Richmond Row Holdings Ltd.
33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.

DBDC SPADINA LTD. et al

Applicants and

NORMA WALTON, RONALD WALTON et al
Respondents

Court File No.: CV-13-10280-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

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

Jeffrey C. Carhart LSUC#: 23645N

Margaret Sims LSUC#: 39664I

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Fax: 416.595.8695

Email: jcarhart@millerthomson.com

Email: msims@millerthomson.com

Lawyers for the Receiver

000152

DBDC SPADINA LTD. et al

and

NORMA WALTON, RONALD WALTON et al

Court File No.: CV-13-10280-00CL

Applicants

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD
(RETURNABLE MARCH 5, 2015)**

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

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Margaret Sims LSUC#: 39664I
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Email: msims@millerthomson.com

Lawyers for the Receiver