

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

BETWEEN:

UDAYAN PANDYA

Plaintiff

-and-

COURTNEY WALLIS SIMPSON, YORK REGION
REALTY INC., WALLIS SIMPSON & ASSOCIATES,
COURTNEY WALLIS SIMPSON c.o.b. as YORK MANAGEMENT GROUP
and as CAMCO DEVELOPMENTS and as YORK GROUP

Defendants

In the Matter of the *Class Proceedings Act, 1992*

MOTION RECORD

(Returnable at 9:30 a.m. appointment on September 12, 2006)

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Lincoln Caylor / M. Joanne MacMillan
LSUC No. 37030L / 43529J
Tel: 416.777.6121 / 4629
Fax: 416.863.1716

Solicitors for the receiver

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

BETWEEN:

UDAYAN PANDYA

Plaintiff

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COURTNEY WALLIS SIMPSON, YORK REGION
REALTY INC., WALLIS SIMPSON & ASSOCIATES,
COURTNEY WALLIS SIMPSON c.o.b. as YORK MANAGEMENT GROUP
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Defendants

In the Matter of the *Class Proceedings Act, 1992*

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Tab 1

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

BETWEEN:

UDAYAN PANDYA

Plaintiff

-and-

**COURTNEY WALLIS SIMPSON, YORK REGION
REALTY INC., WALLIS SIMPSON & ASSOCIATES,
COURTNEY WALLIS SIMPSON c.o.b. as YORK MANAGEMENT GROUP
and as CAMCO DEVELOPMENTS and as YORK GROUP**

Defendants

In the Matter of the Class Proceedings Act, 1992

**NOTICE OF MOTION
(Returnable at 9:30 a.m. appointment on September 12, 2006)**

The court appointed receiver will make a motion on September 12, 2006 at 9:30 a.m. to a judge presiding over the Commercial List at 330 University Avenue in Toronto or as soon after that time as a motion can be heard.

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

THE MOTION IS FOR:

1. An order approving the release of 6451 Main Street, Stouffville (the "Property") from the receivership estate to the mortgagee for foreclosure and sale with all funds net of the mortgage and related fees, if any, to be distributed to the receivership estate;

2. An order discharging the certificate of pending litigation registered on the title of the Property in related court file no. 06-CV-303587PD3;
3. Leave of the court to bring this motion, if necessary; and
4. Such further and other Order as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. The defendant, Courtney Simpson ("Simpson"), is a member of the Real Estate Council of Ontario ("RECO"), a broker under the *Real Estate and Business Brokers Act* and is the principal broker and controlling mind of the defendant, York Region Realty Inc. ("York Realty") and also of the other defendant entities.
2. This proceeding has been commenced as a class action against the defendants for fraud, unjust enrichment, breach of fiduciary duty and/or misrepresentation with respect to a large number of victims or class members.
3. By Order of the Honourable Mr. Justice Ground dated November 17, 2005 (the "Initial Order"), Michael J. Quilling (the "Receiver") was appointed receiver, pursuant to section 101 of the *Courts of Justice Act* and rule 41.02 of the *Rules of Civil Procedure*, over the assets of Simpson and York Realty.
4. The Receiver marketed the Property for several months, however he was unable to obtain an offer to purchase the Property for an amount in excess of the mortgage and related fees. In order to end the costs incurred by the receivership estate in relation to the Property, the Receiver advised the mortgagee that they could continue with their foreclosure and sale proceedings.

Release of 6451 Main Street to the Mortgagee

5. On September 1, 2006 the Receiver's counsel was advised by the mortgagee's counsel that an agreement of purchase and sale had been entered into and that it was scheduled to close on September 5, 2006.

6. The Receiver had scheduled a motion returnable on October 10, 2006 seeking, among other things, the relief now sought on this urgent motion. The mortgagee has extended the closing, however in order to preserve the current agreement of purchase and sale, an order is now required on an urgent basis.

Further Grounds

7. Rule 2 of the *Rules of Civil Procedure*.

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

1. The Receiver's Seventh Report and the Exhibits which are related to the Property;
2. The affidavit of Jessica Fiore (sworn September 8, 2006);
3. Draft orders attached hereto as Schedules "A" and "B"; and
4. Such other material as counsel may advise and this Honourable Court may permit.

DATE: September 8, 2006

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Lincoln Caylor / M. Joanne MacMillan
LSUC No. 37030L / 43529J
Tel: 416.777.6121 / 4629
Fax: 416.863.1716

Solicitors for the receiver

TO: Courtney Wallis Simpson,
Wallis Simpson & Associates,
and Courtney Wallis Simpson
c.o.b. as York Management Group,
Camco Developments and
York Group
[address removed at Ms. Simpson's request]

AND TO: York Region Realty Inc.

AND TO: Joshua Siegel
Rubenstein Siegel
402 - 1200 Sheppard Avenue East
North York, ON N2K 2S5

Tel: 416-499-5252
Fax: 416-499-2290
Email: Josh@rubensteinsiegel.on.ca

Schedule "A"

Schedule "A"

Court File No. 05-CL-6159

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

THE HONORABLE)
JUSTICE)
) TUESDAY, THIS 12TH DAY
) OF SEPTEMBER, 2006

BETWEEN:

UDAYAN PANDYA

Plaintiff

-and-

COURTNEY WALLIS SIMPSON, YORK REGION
REALTY INC., WALLIS SIMPSON & ASSOCIATES,
COURTNEY WALLIS SIMPSON c.o.b. as YORK MANAGEMENT GROUP
and as CAMCO DEVELOPMENTS and as YORK GROUP

Defendants

In the Matter of the *Class Proceedings Act, 1992*

ORDER

THIS MOTION, heard this day at 330 University Avenue, Toronto, Ontario, made by the receiver for an order approving the release of the property described as 6451 Main Street, Stouffville, Ontario ("the Property") to the mortgagee for foreclosure and sale proceedings,

ON READING the materials filed and the submissions of counsel for the receiver:

1. **THIS COURT ORDERS** that the Property be released from the receivership estate and that the mortgagee may proceed to sell the Property with all funds net of the mortgage and related fees, if any, to be distributed to the receivership estate.

Pandya
Plaintiff

- and -

Simpson et al.
Defendants

Court File No: 05-CL-6159

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

ORDER

BENNETT JONES LLP
One First Canadian Place
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M. Joanne MacMillan
LSUC No. 43529J
Tel: (416) 777-4629
Fax: (416) 863-1716

Solicitor for the receiver

Schedule "B"

Schedule "B"

Court File No. 06-CV-303587PD3

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONORABLE)
JUSTICE)
TUESDAY, THIS 12TH DAY
OF SEPTEMBER, 2006

BETWEEN:

MICHAEL J. QUILLING, RECEIVER FOR
COURTNEY WALLIS SIMPSON

Plaintiff

- and -

LIA HURST

Defendant

ORDER

THIS MOTION, heard this day at 330 University Avenue, Toronto, Ontario, made by the plaintiff for an order discharging the certificate of pending litigation registered against 6451 Main Street, Stouffville, Ontario (described in paragraph 1 below) ("the Property") and issued pursuant to an Order of this court dated January 9, 2006,

ON READING the materials filed and the submissions of counsel for the plaintiff:

1. **THIS COURT ORDERS** that the Certificate of Pending Litigation registered against the Property described as:

- (a) PT LT TANNERY BLK C PL 51 MARKHAM AS IN R505257; S/T & T/W
R505257, WHITCHURCH-STOUFFVILLE; PIN 03729-0033 LT.

and registered as Instrument No. YR760025 is discharged from the title of the Property described above.

Quilling
Plaintiff

- and -

Hurst
Defendant

Court File No.: 06-CV-303587PD3

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at Toronto

ORDER

BENNETT JONES LLP
One First Canadian Place
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Toronto, Ontario
M5X 1A4

M. Joanne MacMillan
LSUC No. 43529J
Tel: (416) 777-4629
Fax: (416) 863-1716

Solicitor for the plaintiff

Udayan Pandya
Plaintiff

v.

Courtney Wallis Simpson et al.
Defendants

Court File No.: 05-CL-6159

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

In the matter of the *Class Proceedings*
Act, 1992

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable September 12, 2006)

BENNETT JONES LLP
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Suite 3400, P.O. Box 130
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Solicitors for the receiver

Tab 2

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

BETWEEN:

UDAYAN PANDYA

Plaintiff

-and-

COURTNEY WALLIS SIMPSON, YORK REGION
REALTY INC., WALLIS SIMPSON & ASSOCIATES,
COURTNEY WALLIS SIMPSON c.o.b. as YORK MANAGEMENT GROUP
and as CAMCO DEVELOPMENTS and as YORK GROUP

Defendants

**AFFIDAVIT OF JESSICA FIORE
(Sworn September 8, 2006)**

I, Jessica Fiore, of the Town of Oakville, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am an associate with the law firm of Bennett Jones LLP, solicitors for the court appointed receiver herein and as such have knowledge of the matters hereafter deposed to. Where I make statements in the context of this affidavit which are not within my personal knowledge, I have identified the source of that information and belief, all of which information I have deposed to I verily believe. Where I have not identified the source of my information and belief, that information is within my personal knowledge.

2. By order dated November 17, 2005 (the "Receiving Order"), Justice Ground appointed Michael J. Quilling as the receiver of the defendants' assets.

3. I have reviewed paragraphs 10 to 13 of the Receiver's Seventh Report (dated August 28, 2006) which set out the background information with respect to this matter.

4. By order of the court dated January 9, 2006 in the related proceeding Quilling (Receiver) v. Hurst (Court File No. 06-CV-30358 7PD3) a certificate of pending litigation was registered on title of the Property. Attached hereto and marked as **Exhibit "A"** is a copy of the January 9, 2006 order.

5. By letter dated September 1, 2006, counsel for the mortgagee advised Bennett Jones that his client had entered into an agreement of purchase and sale with respect to the property at 6451 Main Street, Stouffville (the "Property"). He requested that the receiver discharge the CPL registered on title of the Property. Attached hereto and marked as **Exhibit "B"** is a copy of the letter received by Bennett Jones regarding the Property sale.

6. By letter dated September 5, 2006 Bennett Jones LLP confirmed that we would take steps to discharge the CPL and seek the court's approval for the release of the Property from the receivership estate to the mortgagee for foreclosure and sale. Attached and marked as **Exhibit "C"** is a copy of the letter to the mortgagee's counsel from Bennett Jones.

7. I make this affidavit in support of the receiver's motion to release the Property to the mortgagee and to discharge the CPL.

SWORN BEFORE ME at the City of)
Toronto, in the Province of Ontario, this)
8th day of September, 2006.)

[Handwritten signature]

A COMMISSIONER FOR OATHS)
in and for the Province of Ontario)

n. J. macmillan

[Handwritten signature]
JESSICA FIORE

Exhibit "A"

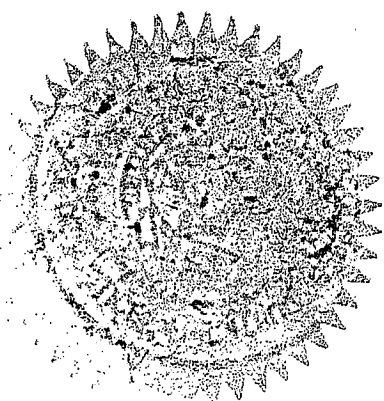
ONTARIO
SUPERIOR COURT OF JUSTICE

MASTER)
MASTER PETERSON)

) THIS 9th DAY OF
)
) JANUARY, 2006

BETWEEN:

MICHAEL J. QUILLING, RECEIVER FOR
COURTNEY WALLIS SIMPSON



- and -

THIS IS EXHIBIT A Plaintiff
ATTACHED
TO THE AFFIDAVIT OF
Jessica Fiore.
SWORN September 8, 2006
[Signature]
COMMISSIONER
Defendant

LIA HURST

ORDER

THIS MOTION, made by the plaintiff on an *ex parte* basis, for a certificate of pending litigation was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the materials filed by the plaintiff, and upon hearing the submissions of counsel for the plaintiff;

1. THIS COURT ORDERS that the registrar issue a certificate of pending litigation in the form attached hereto as Exhibit "A" to this order against the properties described as:

- (a) PT LT TANNERY BLK C PL 51 MARKHAM AS IN R505257; S/T & T/W R505257, WHITCHURCH-STOUFFVILLE; PIN 03729-0033 LT; and

(b) PT LT 35 CON 10 MARKHAM AS IN R505251; WHITCHURCH-
STOUFFVILLE; PIN 03732-0084 LT;

Richard B. Peterson
master

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

JAN - 9 2006

AS DOCUMENT NO.:
À TITRE DE DOCUMENT NO.:
PER / PAR:



EXHIBIT "A"

Court File No: 06-CV-303587PD3

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MICHAEL J. QUILLING, RECEIVER FOR
COURTNEY WALLIS SIMPSON**

Plaintiff

- and -

LIA HURST

Defendant

CERTIFICATE OF PENDING LITIGATION

I CERTIFY that in this proceeding an interest in the following lands is in question:

1. PT LT TANNERY BLK C PL 51 MARKHAM AS IN R505257; S/T & T/W R505257, WHITCHURCH-STOUFFVILLE; PIN 03729-0033 LT;
2. PT LT 35 CON 10 MARKHAM AS IN R505251; WHITCHURCH-STOUFFVILLE; PIN 03732-0084 LT;

This certificate is issued under an order of the court made on January 9, 2006.

DATE: January 9, 2006

Issued by: _____
Local Registrar

Address of Court Office: 393 University Ave.
Toronto, ON M5G 1E6

Michael J. Quilling, Receiver for Courtney Wallis Simpson
Plaintiff

and

Lia Hurst
Defendant

Court file no. 06-CV-303587PD3

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at Toronto

CERTIFICATE OF
PENDING LITIGATION

BENNETT JONES LLP
Suite 3400, P.O. Box 130
One First Canadian Place
Toronto, Ontario
M5X 1A4

Lincoln Caylor / Emily Atkinson
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Fax: (416) 863-1716

Solicitors for the Plaintiff

Michael J. Quilling, Receiver for Courtney Wallis Simpson
Plaintiff

and

Lia Hurst
Defendant

Court file no. 06-CV-303587PD3

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding Commenced at Toronto

ORDER

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Solicitors for the Plaintiff

Exhibit "B"

RUBENSTEIN, SIEGEL
BARRISTERS & SOLICITORS

September 1, 2006

VIA FACSIMILE (416) 863-1716

Ms. Emily Atkinson
Joanne MacMillan
Bennett Jones
Barristers & Solicitors
3400 One First Canadian Place, PO Box 130
Toronto, Ontario
M5X 1A4

THIS IS EXHIBIT B ATTACHED
TO THE AFFIDAVIT OF
Jessica Fiore
SWORN September 8, 2006
[Signature]
A COMMISSIONER

Dear Ms. Atkinson and Ms. MacMillan:

Re: Bank of Montreal v. Hurst
Your File No.: 56445.1

Further to my voice messages today with Ms. Atkinson and Ms. MacMillan's assistant, I am advised that Bank of Montreal has entered into an Agreement of Purchase and Sale with respect to 6451 Main Street, Stouffville, which is set to close on Wednesday, September 6, 2006.

I note that the receiver's Certificate of Pending Litigation is still registered on title, and we would request that you confirm that you will discharge this immediately so that we can close this transaction. Please contact Barb at this office at extension 224 as she is handling the real estate transaction.

Your immediate attention is appreciated.

Yours very truly,

RUBENSTEIN, SIEGEL

Per:

[Signature]
Joshua J. Siegel

JJS:jss

Exhibit "C"

BENNETT JONES

LLP

M. Joanne MacMillan
Direct Line: 416.777.4629
e-mail: macmillanj@bennettjones.ca
Our File No.: 56445.1

3400 One First Canadian Place
PO Box 130
Toronto Ontario
Canada M5X 1A4
Tel 416.863.1200
Fax 416.863.1716
www.bennettjones.ca

September 5, 2006

Via Facsimile

Joshua J. Siegel
Rubenstein, Siegel
Barristers and Solicitors
1200 Sheppard Avenue East
Suite 402
North York, ON M2K 2S5

THIS IS EXHIBIT C ATTACHED
TO THE AFFIDAVIT OF
Jessica Fiore
SWORN September 5, 2006
[Signature]
A COMMISSIONER

Dear Mr. Siegel:

Re: **Simpson Receivership**
Your File: Bank of Montreal v. Hurst

We acknowledge receipt of your letter dated September 1, 2006.

Further to our discussions with Barb of your office, we confirm that we have requested a 9:30 a.m. Commercial List court appointment on an expedited basis in order to deal with your client's request that the certificate of pending litigation be discharged from title of the property known as 6451 Main Street, Stouffville.

As we discussed with your assistant, we currently have a motion scheduled for October 10, 2006, in which we are seeking approval of the Court to return the property to your client so that they may proceed with the sale of the property. In light of your advice that your client has entered into an agreement of purchase and sale which was set to close on September 6, 2006, we have requested that the matter be heard on September 12, 2006, which was the next available Commercial List court 9:30 a.m. appointment.

We trust that the foregoing is satisfactory.

Yours truly,

Bennett Jones LLP
BENNETT JONES LLP
MJM/eg

cc: Michael Quilling
David Rothwell
Gregory Govedaris
Glenn Cohen
Courtney Wallis Simpson

6

Udayan Pandya
Plaintiff

v.

Courtney Wallis Simpson et al.
Defendants

Court File No.: 05-CL-6159

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

In the matter of the *Class Proceedings*
Act, 1992

Proceeding commenced at Toronto

AFFIDAVIT OF JESSICA FIORE
(Sworn September 8, 2006)

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One First Canadian Place
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M5X 1A4

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LSUC Reg. No. 37030L/43529J

Solicitors for the receiver

Tab 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

UDAYAN PANDYA

Plaintiff

-and-

COURTNEY WALLIS SIMPSON, YORK REGION
REALTY INC., WALLIS SIMPSON & ASSOCIATES,
COURTNEY WALLIS SIMPSON c.o.b. as YORK MANAGEMENT GROUP
and as CAMCO DEVELOPMENTS and as YORK GROUP

Defendants

In the Matter of the *Class Proceedings Act, 1992*

SEVENTH REPORT OF THE RECEIVER
(Dated August 28, 2006)

Background

1. This within class action is a claim proceeding in fraud, among other things, and a receivership of the estate of the defendants, Courtney Wallis Simpson, York Region Realty Inc., Wallis Simpson & Associates and Courtney Wallis Simpson carrying on business as York Management Group, Camco Developments and York Group. The plaintiff alleges that Ms. Simpson (a real estate agent) and her companies defrauded him and the class members by obtaining deposits for the purported purchase of commercial properties. Simpson improperly retained the deposits and the real estate transactions were a sham. She purported to "sell" the same two commercial properties in excess of 100 times each. A separate class proceeding alleges

that Ms. Simpson and others defrauded victims through the operation of a ponzi scheme convincing people to "invest" in interim occupancy mortgages that never existed.

The Receivership

2. By Order of the Honourable Mr. Justice Ground dated November 17, 2005 (the "Initial Order"), the Receiver was appointed pursuant to section 101 of the *Courts of Justice Act* and rule 41.02 of the *Rules of Civil Procedure*, over the assets of Courtney Wallis Simpson ("Simpson") and York Region Realty Inc. ("York Realty").

3. By order of the Honourable Mr. Justice Farley dated December 15, 2005 (the "Procedural Order"), the Receiver's authority was extended over the assets of Courtney Wallis Simpson c.o.b. as York Management Group ("York Management") and subject to the confirmation by the appointed judge in the class proceedings, the action commenced as court file number 05-CL-6178 (the "Mortgage Fraud Class Action") is to be tried together or immediately after this class action.

4. The purpose of this Seventh Report of the Receiver (the "Seventh Report") is to:

- (a) seek direction of the Court with respect to the release of 6817 and 6451 Main Street, Stouffville, to the mortgagees for foreclosure and sale;
- (b) to provide a factual basis upon which the Court may provide direction and grant certain relief recommended by the Receiver; and
- (c) to report to the Court on the status of the proceedings.

The Receiver's Activities

5. Since the May 2006, the Receiver has:

- (a) Assessed the validity of Ajay Pahwa's mortgages on the Simpson properties;
- (b) Met with Ajay Pahwa's counsel and engaged in without prejudice settlement discussions;
- (c) Followed up with bank representatives to ensure that accounts have been frozen and to collect, review and analyze all relevant account statements and transit numbers;
- (d) Followed up with Constantine Alexiou, counsel for Vern Zaphe and Michael Sourlis regarding the process by which the dispute over the transfer of the Dianor A Resources Inc. shares will be determined;
- (e) Communicated with John Walley and Maggie MacDonald of Sutton Group – Town & Country Realty Ltd. regarding the listing and sale of Simpson's properties;
- (f) Communicated with Stephen Leonard, a real estate agent with Chestnut Park in Lake of Bays regarding the Lake Kawagama cottage property;
- (g) Marketed the properties at 6817 Main Street and 6451 Main Street;
- (h) Co-ordinated the upkeep of the Simpson properties;
- (i) Communicated with Sandy MacKenzie of State Farm Insurance regarding insurance on the property located at 6072 Main Street, Stouffville;
- (j) Contacted RECO and the insurance adjustor, Leonard French & Co. Ltd. regarding the omnibus claim made by the Receiver;

- (k) Examined Z. Aga, Roger Rowan and Alan Schick under oath (transcripts attached hereto and marked as **Exhibits "R", "S" and "T"** respectively);
- (l) Distributed the Statutory Declaration to be utilized as a claim form for the victims of the fraud;
- (m) Received and responded to numerous inquiries from victims of the fraud and provided information to victims regarding the status of the claim; and
- (n) Obtained vesting orders and completed the sales of 6072 Main Street, 14 Stouffer Street and 1038 Kawagama Lake Road.

Status of the Pahwa Mortgages

6. The sum sought by Mr. Pahwa in respect of the mortgages he registered on the title of several of Simpson's properties, \$336,080, has been paid into a separate interest bearing account from the proceeds of the sale of 14 Stouffer Street and part of the proceeds from the sale of 6072 Main Street. Mr. Pahwa has cooperated with the Receiver by providing his consent to discharge the mortgages, thereby allowing the Receiver to close the sales of those encumbered Simpson properties.

7. The Receiver's counsel has reviewed the defendants' banking records received to date and determined the following:

- (a) Total amount advanced by Mr. Pahwa to the defendants - \$1,165,000;
- (b) Total amount paid by the defendants to Mr. Pahwa - \$1,379,500; and
- (c) Overpayment to Mr. Pahwa - \$214,000.

8. The Receiver's counsel and Mr. Pahwa's counsel have engaged in without prejudice settlement discussions in an effort to resolve the mortgages issues without further court intervention. The Receiver currently awaits receipt of requested documents from Mr. Pahwa. Attached hereto and marked as **Exhibit "Q"** is a copy of the chronology of the Pahwa mortgages and payments prepared by the Receiver's counsel.

9. There is likely merit in pursuing Mr. Pahwa for the \$214,000 overpayment if Mr. Pahwa's claim cannot be resolved.

The Receiver's Efforts to Sell 6817 and 6451 Main Street

10. In April 2006, following the return of title to the 6451 and 6817 Main Street properties from Lia Hurst, to whom Simpson had transferred the title, the Receiver retained Sutton Group Town and Country Realty Ltd. as listing agents to market and sell both properties. 6451 and 6817 Main Street were listed for sale by the Receiver in April 2006 for \$242,900 and \$249,000 respectively.

(a) 6451 Main Street, Stouffville

11. Attached hereto and marked as **Exhibit "A"** is a copy of the real estate listing for 6451 Main Street, Stouffville.

12. One conditional offer, in the amount of \$235,000 was received in May 2006 with respect to the 6451 Main Street property. The conditions were not waived and the offer became null and void. No subsequent offers were received. Attached hereto and marked as **Exhibit "B"** is a copy of the offer dated May 10, 2006.

13. The mortgage payout amount as of June 19, 2006, was \$242,391.95. The listing agent advised the Receiver that it was unlikely that 6451 Main Street would sell for more than \$240,000. By email dated June 20, 2006, Simpson advised the Receiver that, in light of the amounts owing on the property, the bank (mortgagee) could take it over. Based on the foregoing, the Receiver advised the mortgagee that they could proceed with their power of sale proceedings with any net proceeds to be paid to the receivership estate. Attached hereto and marked as **Exhibit "C"** is a copy of the mortgage payout statement dated June 19, 2006. Attached hereto and marked as **Exhibit "D"** is a copy of Simpson's email dated June 20, 2006. Attached hereto and marked as **Exhibit "E"** is a copy of the letter from the Receiver's counsel to the mortgagee's counsel dated June 21, 2006.

(b) 6817 Main Street, Stouffville

14. Attached hereto and marked as **Exhibit "F"** is a copy of the real estate listing for 6817 Main Street, Stouffville.

15. Offers in the amounts of \$235,000 and \$240,000 were received in April 2006 with respect to the 6817 Main Street property. A third offer in the amount of \$205,000 was received on July 9, 2006. The Receiver accepted the offer in the amount of \$240,000 from the purchaser, Havron Family Trust (the "Purchaser"). By order dated June 9, Justice Mesbur approved the sale of 6817 Main Street for \$240,000. Attached hereto and marked as **Exhibit "G"** is a copy of the Agreement of Purchase and Sale dated April 26, 2006.

16. The Purchaser failed to provide the deposit funds within the time required under the agreement of purchase and sale. The Purchaser also failed to provide a waiver of conditions within the time provided under the agreement of purchase and sale. As a result of the foregoing,

the agreement of purchase and sale became null and void. By email message dated July 10, 2006, Simpson advised that the Purchaser had given her a new offer in the amount of \$230,000. Attached and marked collectively as **Exhibit "H"** are copies of the correspondence from the Receiver's counsel with respect to the voided agreement of purchase and sale and Simpson's email dated July 10, 2006.

17. The mortgage payout amount as of July 7, 2006, was \$225,438.31. Commissions owing if 6817 Main Street sold for \$240,000, would be in the approximate amount of \$12,700. A third offer was received in July in the amount of \$205,000. As a result of the foregoing, and the listing agent's agreement that this property would not likely sell for more than \$240,000 in its present condition, the Receiver advised the mortgagee that it could proceed with its power of sale proceedings with any net proceeds from the sale of the property to be provided to the receivership estate. Attached hereto and marked as **Exhibit "I"** is a copy of the Cancellation of Listing Agreement dated July 17, 2006. Attached hereto and marked collectively as **Exhibit "J"** is a copy of the letter from the Receiver's counsel to the mortgagee's counsel dated July 14, 2006 and correspondence received from the mortgagee's counsel, Ms. De Prisco, dated July 26, 2006.

18. Certificates of pending litigation were registered on title of 6451 and 6817 Main Street in the action commenced by the Receiver against Lia Hurst. The Receiver will seek removal of these certificates by motion in writing in the Hurst action (court file no. 06-CV-303587PD3).

Havron Family Trust

19. The prospective purchaser of 6817 Main Street initially provided deposit funds in the amount of \$5,000 drawn on a TD Canada Trust account at the branch at 9600 McCowan Road, Markham. The payor information was covered blacked out and covered by a white sticker. The

cheque was returned to the Receiver's counsel due to non-sufficient funds. A bank draft was later provided to the Receiver in respect of the deposit funds. In an effort to return the funds to the Purchaser after the agreement of purchase and sale became void, counsel for the Receiver removed the white sticker from the cheque. Despite the black ink applied over the payor information, upon close inspection it was revealed that the payor name is: Kenneth W. Simpson, 195 Ramona Blvd., Markham. Mr. Simpson is the spouse of the defendant Simpson and currently resides at 195 Ramona Blvd., Markham. The original NSF cheque described above will be made available to the court at the hearing of this motion.

20. According to the Public Advisory dated June 19, 2006, RECO revoked Simposn's broker registration on June 16, 2006. The Public Advisory states that Simpson was registered as an employee of Century 21 Royal Windsor Realty Inc. on January 6, 2006. The Havron Family Trust agreement of purchase and sale was submitted to directly to the Receiver by Century 21 Royal Windsor Realty Inc. Attached hereto and marked as **Exhibit "K"** is a copy of the Public Advisory.

21. Simpson registered a sole proprietorship named "Havron Management Services" under the *Business Names Act*. Attached hereto and marked as **Exhibit "L"** is a copy of the Business Names Report for Havron Management Services.

22. Simpson has requested the return of the 6817 Main Street deposit funds on behalf of the "purchaser". Attached hereto and marked collectively as **Exhibit "M"** is correspondence exchanged between Simpson and the Receiver's counsel with respect to this issue. The correspondence attached as Exhibit "N" is also relevant to this issue.

23. Based on the foregoing, it appears that Mr. Simpson and/or Courtney Simpson were the undisclosed purchasers behind the Havron Family Trust offer to purchase 6817 Main Street, or, at a minimum, that Mr. Simpson provided the deposit funds on behalf of the Havron Family Trust. Mr. Simpson has advised the Receiver's counsel that he used the Havron Family Trust, which he oversees, to purchase the property on behalf of Mr. Mott who was unable to attend to the purchase himself.

24. Attached hereto and marked as **Exhibit "N"** is a copy of the Mutual Release dated July 18, 2006 directing payment of the deposit funds to "Michael Mott". The Receiver's counsel requested written confirmation from the purchaser's agent, Daniel Passante, and the purchaser, of who the deposit funds must be returned to. Written confirmation was received on August 8, 2006. The deposit funds were returned to Mr. Mott by cheque dated August 9, 2006. Attached hereto and marked as **Exhibit "O"** is a copy of the fax from Mr. Passante.

Havron Management Services

25. Further to paragraph 17 above, review of the Wallis Simpson & Associates HSBC bank account records indicate that from February 5, 2003 to October 24, 2003, cheques totaling \$43,426,975.78 were made payable to Havron Management Services ("Havron"). Similarly, cheques written on Havron Management Services' Laurentian bank account and payable to Wallis Simpson & Associates totaled \$29,885,852.16. The Receiver's counsel has requested that TD Canada Trust, the entity that now owns the former Laurentian bank branches in question, provide full banking records with respect to Havron's accounts in order to attempt to trace the funds. Attached hereto and marked as **Exhibit "P"** is a copy of the spreadsheet summarizing the transactions between Wallis Simpson & Associates and Havron in 2003.

Claim Against Lia Hurst

26. A claim was commenced by the Receiver against Lia Hurst based on information received from Simpson, seeking the return of title of the 6451 and 6817 Main Street properties and damages in the amount of \$100,000. Ms. Hurst has cooperated with the Receiver and executed the documents necessary to return title of the above-noted properties to Simpson. The Receiver was advised by Simpson that Ms. Hurst likely did not have any exigible assets. Taking into consideration the costs of continuing the claim against Ms. Hurst, the Receiver recommends that the action be dismissed without costs.

Pending Matters

(a) Dianor Shares

27. Counsel are working to prepare an agreed upon procedure for determining the validity or invalidity of the transfer of the Dianor Shares to Mr. Zapfe and to Mr. Sourlis. The Receiver recommends that the matter be dealt with within the current action by way of mini-trial pursuant to the terms of the Initial Order and as suggested by Justice Spies. Mr. Zapfe and Mr. Sourlis' counsel has been unavailable until recently. The Receiver recommends proceeding with a mini-trial.

(b) Banking Records

28. The Receiver's counsel has been advised by several banks that they require a fee of \$5 to \$15 per cheque copy. Based on counsel's review of the banking records obtained to date, Simpson wrote thousands of cheques on multiple accounts. The potential cost of obtaining copies of those cheques at even \$5 a cheque would likely amount to several thousand dollars if not tens of thousands of dollars. It is the Receiver's position that third parties such as the banks,

pursuant to sections 13 and 17 of the Initial Order, must comply with requests for financial information and must do so on a without fee basis. The Receiver has reiterated his request for cheque copies from several banks. If the banks take the position that the documents will only be produced for a fee, the Receiver will seek the court's direction on notice to the banks at a future court date.

Family Law Act Claim

29. Wayne Simpson has advised the Receiver that he is separated from Simpson and that he intends to pursue any rights he may have to receivership estate assets pursuant to the *Family Law Act*. Mr. and Mrs. Simpson purport to have entered into a separation agreement whereby Mr. Simpson acquired full ownership of the residence at 587 Cam Fella Blvd. clear of any encumbrances and also ownership of the property at 1038 Kawagama Lake Road (now sold). The Receiver's counsel has requested that Mr. Simpson contact them to discuss the potential resolution of Mr. Simpson's claim.

30. Wayne Simpson has advised the Receiver that he would settle his family law act claim on the following basis:

- (a) Mr. Simpson would take possession of 587 Cam Fella Blvd. (the "Property") and reside there with his children;
- (b) Mr. Simpson would arrange mortgage financing for the Property and would register a new first mortgage effective October 26, 2006, at which time he would pay out the existing First Line first mortgage.

- (c) Utilities, mortgage arrears, and insurance payments up to September 1, 2006 are to be paid by the Receiver from the receivership estate; and
- (d) Mr. Simpson would assume responsibility for all utilities, mortgage payments, insurance, maintenance costs and etc. effective September 1, 2006.

31. The Receiver recommends that the court approve the resolution of Mr. Simpson's family law act claim on the terms set out above.

Estate Value

32. The Receiver's current estimate of the value of the assets in the estate is between \$1.4 and \$1.8 million. Claims in excess of \$9.4M have been received by the Receiver who has now begun the claims assessment process.

Witness Examinations

33. Simpson advised the Receiver that several individuals involved in the Mortgage Scheme received payments from her in excess of their initial "investment". Messrs. Aga, Schick and Rowan were 3 of the individuals that Simpson indicated had been overpaid. On November 17, 2005 and June 21, 2006 the Receiver and/or the Receiver's counsel examined these individuals for the purpose of assessing whether or not they had received significant payments from Simpson under the Mortgage Scheme.

34. Each of the individuals claimed to have either lost money or just recovered their investment. Mr. Schick and Mr. Rowan both testified that they had lost a portion of their investments. Mr. Aga testified that he recovered his investment from Simpson. The banking

records received to date confirm that funds were provided by these individuals to Simpson and that she, in turn, made cheques payable to each of them. Once the Receiver has obtained copies of all of the cheques from Simpson's accounts he will be able to assess the veracity of the testimony of these witnesses and to determine if other investors were overpaid and proceedings should be commenced against these overpaid individuals seeking the return of funds which should form part of the receivership estate.

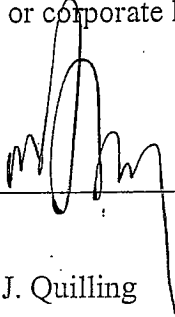
The Receiver's Recommendations

35. The Receiver recommends approval of the court to take the following steps:

- (a) the release of 6817 and 6451 Main Street, Stouffville, to the mortgages for foreclosure and sale with all funds net of the mortgages and related fees to be distributed to the receivership estate;
- (b) dismiss the action against Ms. Hurst without costs;
- (c) discharging the certificates of pending litigation registered on the title of 6817 and 6451 Main Street;
- (d) If no resolution has been negotiated with Mr. Pahwa by October 1, 2006, that the Receiver proceed with an action against Mr. Pahwa seeking recovery of the \$214,000 overpayment; and
- (e) attempt to negotiate the resolution of Wayne Simpson's Family Law Act claim, subject to the court's approval of any agreement between the parties.

ALL OF WHICH IS RESPECTFULLY SUBMITTED BY:

Michael J. Quilling in his capacity as
Court Appointed Receiver with no
personal or corporate liability.

A handwritten signature in black ink, appearing to read 'Michael J. Quilling', is written over a horizontal line. The signature is stylized and somewhat cursive.

Michael J. Quilling

DMSTORLegal\056445\00002\435937v1

Exhibit "A"

atus Reports

Prepared by ADAM COX, Salesperson
 RE/MAX ALL-STARS REALTY INC., BROKERAGE 905-640-3131
 5/10/2006 6:36:52 PM

<p>Photo Not Available</p>	<p>6451 Main St \$242,900 For Sale Whit/Stouff, Ontario L4A1G4 N12 16-33-G Lot 35, Plan 51 SPIS:</p>		<p>Taxes: \$0 Last Status: Pc</p>																															
	<p>Detached Fronting Ont: S 1 1/2 Storey Acraage: < .49 Dir/Cross St: Main East Of Park Lot: 43X283 Feet Lot Irreg:</p>		<p>Rooms: 5 Bedrooms: 3 Washrooms: 1 1x4</p>																															
<p>MLS#: N848065 Seller: Michael J. Quilling Recelver For Courtney Simpson Contact After Exp: N Occup: Vacant Open House: From: To: DOM: 70 Holdover: 13D Possession: 30 Days Tba Open House Notes: PIN#:</p>																																		
<p>Kitchens: 1 Fam Rm: N Basement: Full Fireplace/Stv: N Heat: Oil Forced Air CAC: N Apx Age: 31-50 Apx Sqft: 700-1100 Assessment:</p>		<p>Exterior: Alum Siding Drive: Mutual Gar/Type/Spaces: None/D Parking Spaces: 3 UFFI: Pool: None Level Public Transit Rec Centre</p>		<p>Zoning: Cable TV: Y Hydro: Y Gas: Y Phone: Y Water: Municipal Water Supply: Shared Well Sewers: Sewers Spec Desig: Unknown Farm/Agr:</p>																														
<table border="1"> <thead> <tr> <th># Room</th> <th>Level</th> <th>Dimensions (ft)</th> <th></th> </tr> </thead> <tbody> <tr> <td>1 Kitchen</td> <td>Ground</td> <td>11.91 x 11.68</td> <td>Updated</td> </tr> <tr> <td>2 Living</td> <td>Ground</td> <td>13.84 x 12.01</td> <td></td> </tr> <tr> <td>3 Br</td> <td>Ground</td> <td>10.01 x 12.01</td> <td></td> </tr> <tr> <td>4 Br</td> <td>Ground</td> <td>8.83 x 10.50</td> <td></td> </tr> <tr> <td>5 Br</td> <td>2Nd</td> <td>12.66 x 14.99</td> <td></td> </tr> </tbody> </table>					# Room	Level	Dimensions (ft)		1 Kitchen	Ground	11.91 x 11.68	Updated	2 Living	Ground	13.84 x 12.01		3 Br	Ground	10.01 x 12.01		4 Br	Ground	8.83 x 10.50		5 Br	2Nd	12.66 x 14.99							
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<p>Walk To Everything! Why Rent? When You Can Own. Large, Deep Lot, Backs Onto Park, Freshly Painted. Just Move In. Nice Front Porch Fridge, Stove, Walk In Pantry. Quick Closing Available Showings Start March 3rd. Call La Before Making Offer. Thanks For Showing.</p>																																		
<table border="1"> <tr> <td colspan="2">Mortgage</td> <td colspan="3">Other Encumbrances</td> </tr> <tr> <td>Amt:</td> <td>\$0</td> <td>Int%:</td> <td>Amt:</td> <td>Int%</td> </tr> <tr> <td>Payment:</td> <td></td> <td>Incl:</td> <td>Payment:</td> <td>Incl:</td> </tr> <tr> <td>Freq:</td> <td></td> <td>Maturity Date:</td> <td>Freq:</td> <td>Maturity Date:</td> </tr> <tr> <td>Lender:</td> <td></td> <td></td> <td>Lender:</td> <td></td> </tr> <tr> <td colspan="5">Title As Clear</td> </tr> </table>					Mortgage		Other Encumbrances			Amt:	\$0	Int%:	Amt:	Int%	Payment:		Incl:	Payment:	Incl:	Freq:		Maturity Date:	Freq:	Maturity Date:	Lender:			Lender:		Title As Clear				
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<p>SUTTON GROUP-TOWN AND COUNTRY REALTY LTD, BROKERAGE 905-640-0888 Fax: 905-640-0888 MAGGIE MACDONALD, Salesperson 905-640-0888</p>																																		
<p>Contract Date: 3/1/2006 Condition: Expiry Date: 9/1/2006 Cond Expiry: Last Update: 5/10/2006 CB Comm: 2.5%</p>		<p>Appts: Ad: Y Escape: Original \$: \$224,900</p>																																

Toronto Real Estate Board (TREB) assumes no responsibility for the accuracy of any information shown. Copy right TREB 2005

Exhibit "B"



Agreement of Purchase and Sale

Form 100
for use in the Province of Ontario

BUYER:.....Phat Van Hoang....., agree to purchase from
(Full legal names of all Buyers)

SELLER:.....Michael I Quilling Receiver for Courtney Simpson....., the following
(Full legal names of all Sellers)

REAL PROPERTY:
 Address:.....6451 Main St. Stouffville.....fronting on the.....South.....side of.....Main St......
 in the.....Region of York.....
 and having a frontage of.....43 ft......more or less by a depth of.....263 ft......more or less and legally
 described as.....Lot 35 Plan 51.....(the "property").
(Legal description of land including easements not described elsewhere)

PURCHASE PRICE:.....Two Hundred and Thirty Five Thousand.....Dollars (CDN\$).....235,000.00

DEPOSIT:
 Buyer submits [.....upon acceptance.....].....Ten Thousand.....Dollars (CDN\$).....10,000.00
(in cash/upon acceptance)

by negotiable cheque payable to.....Sutton Group Town & Country Realty Ltd.....to be held in trust without interest
 pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion.
 Buyer agrees to pay the balance or more particularly set out in Schedule A attached.

SCHEDULE(S) A:.....attached hereto form(s) part of this Agreement.

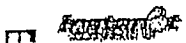
- 1. CHATELS INCLUDED:** Chattels in house
- 2. FIXTURES EXCLUDED:**
- 3. RENTAL ITEMS:** The following equipment is rented and not included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:
- 4. IRREVOCABILITY:** This Offer shall be irrevocable by.....Buyer.....until.....1.....p.m. on the.....15th.....day of.....May....., 20..06..
(Seller/Buyer)
 after which time, if not accepted, this Offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.
- 5. COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the.....9th.....day of.....June....., 20..06..
 Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.
- 6. NOTICES:** Seller hereby appoints the Listing Broker as Agent for the purpose of giving and receiving notices pursuant to this Agreement. **Only if the Co-operating Broker represents the interests of the Buyer in this transaction,** the Buyer hereby appoints the Co-operating Broker as Agent for the purpose of giving and receiving notices pursuant to this Agreement. Any notice relating hereto or provided for herein shall be in writing. This offer, any counter offer, notice of acceptance thereof, or any notice shall be deemed given and received, when hand delivered to the address for service provided in the Acknowledgement below, or where a facsimile number is provided herein, when transmitted electronically to that facsimile number.
 FAX No.....905-640-0889.....(For delivery of notices to Seller) FAX No.....905-640-3606.....(For delivery of notices to Buyer)

7. GST: If this transaction is subject to Goods and Services Tax (G.S.T.), then such tax shall be.....included in.....the Purchase Price.
(included in/in addition to)
 If this transaction is not subject to G.S.T., Seller agrees to certify on or before closing, that the transaction is not subject to G.S.T.

8. TITLE SEARCH: Buyer shall be allowed until 6:00 p.m. on the.....31st.....day of.....May....., 20..06..
(Requisition Date)
 to examine the title to the property at his own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy himself that there are no outstanding work orders or deficiency notices affecting the property, that its present use.....single family residential.....
(single family residential)
 may be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders affecting the property, and Seller agrees to execute and deliver such further authorizations in this regard as Buyer may reasonably require.

9. FUTURE USE: Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

INITIALS OF BUYER(S): PH INITIALS OF SELLER(S):



- 10. **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telephone services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the present use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire in favour of the Buyer and any mortgages, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement not withstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Broker and Co-operating Broker shall not be liable for any costs or damages. Save as to any valid objection so made by such Buyer and Seller, Buyer shall be conclusively deemed to have accepted Seller's title to the property.
- 11. **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the Property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Upper Canada. Unless otherwise agreed to by the lawyers, such exchange of the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.
- 12. **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion, Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.
- 13. **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this Offer there shall be a binding agreement of purchase and sale between Buyer and Seller. The Buyer acknowledges having the opportunity to include a requirement for a property inspection report in this Agreement and agrees that except as may be specifically provided for in this Agreement, the Buyer will not be obtaining a property inspection or property inspection report regarding the property.
- 14. **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.
- 15. **PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at his expense to obtain any necessary consent by completion.
- 16. **DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O. 1990.
- 17. **RESIDENCY:** Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate or a statutory declaration that Seller is not then a non-resident of Canada.
- 18. **ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.
- 19. **TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.
- 20. **TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money may be tendered by bank draft or cheque certified by a Chartered Bank, Trust Company, Province of Ontario Savings Office, Credit Union or Caisse Populaire.
- 21. **FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O. 1990 unless Seller's spouse has executed the consent hereinafter provided.
- 22. **UFFE:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.
- 23. **CONSUMER REPORTS:** The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.
- 24. **AGENCY:** It is understood that the brokers involved in the transaction represent the parties as set out in the Representation section below.
- 25. **AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision arited to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.

INITIALS OF BUYER(S):

PH

INITIALS OF SELLER(S):



26. **SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

DATED at Stouffville this 10th day of May, 2006.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal;

[Witness] _____ [Buyer] Phat [Seal] DATE X May 10, 2006
[Witness] _____ [Buyer] _____ [Seal] DATE _____

I, the Undersigned Seller, agree to the above Offer. I hereby irrevocably instruct my lawyer to pay directly to the Listing Broker the unpaid balance of the commission together with applicable Goods and Services Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the Listing Broker to my lawyer.

DATED at _____ this _____ day of _____, 20_____

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

[Witness] _____ [Seller] Michael J Quilling Receiver [Seal] DATE _____
[Witness] _____ [Seller] _____ [Seal] DATE _____

SPOUSAL CONSENT: The Undersigned Spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O.1990, and hereby agrees with the Buyer that he/she will execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

[Witness] _____ [Spouse] _____ [Seal] DATE _____

CONFIRMATION OF EXECUTION: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally executed by all parties at _____ a.m./p.m. this _____ day of _____, 20_____.
(Signature of Seller or Buyer)

REPRESENTATION

Listing Broker, Sutton Group Town & Country Realty Tel. No. (_____) 905.640.0888 Represents Seller

Co-op/Buyer Broker, ReMax All-Stars Realty Inc. Tel. No. (_____) 905.640.3131 Represents Buyer

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Agent to forward a copy to my lawyer.

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Agent to forward a copy to my lawyer.

[Seller] Michael DATE _____ [Buyer] Phat DATE _____

[Seller] _____ DATE _____ [Buyer] _____ DATE _____

Address for Service _____ Address for Service _____

Tel. No. (_____) _____ Tel. No. (_____) _____

Seller's Lawyer _____ Buyer's Lawyer _____

Address _____ Address _____

Tel. No. (_____) _____ Fax No. _____ Tel. No. (_____) _____ Fax No. _____

FOR OFFICE USE ONLY

COMMISSION TRUST AGREEMENT

To: Co-operating Broker shown on the foregoing Agreement of Purchase and Sale. In consideration for the Co-operating Broker procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the transaction as contemplated in the MLS Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS Rules and shall be subject to and governed by the MLS Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale. Acknowledged by: _____

Signature of Listing Broker or authorized representative _____ Signature of Co-operating Broker or authorized representative _____

Exhibit "C"

RUBENSTEIN, SIEGEL
BARRISTERS & SOLICITORS**DELIVERED BY FAX**

June 19, 2006

BENNETT JONES
Barristers & Solicitors
3400 One First Canadian Place
Toronto, Ontario
M5X 1A4

Attention: M. Joanne MacMillan

Dear Madam:

RE: BANK OF MONTREAL v. LIA HURST
6451 Main Street, Stouffville, Ontario
Mortgage Loan No: 3554-2-00393

This will confirm that I am the solicitor for the Bank of Montreal with respect to the above-noted action. The following is the amount required to pay out the above-noted mortgage, as at June 19, 2006.

Principal	\$218,426.74
Interest as at June 19, 2006	\$ 9,430.90
Tax Account Debit	\$ 1,504.72
Occupancy/maintenance costs	<u>\$ 9,012.25</u>
Total payable to Bank of Montreal (per diem \$29.32)	<u>\$238,374.61</u>
Payable to Rubenstein, Siegel re: Legal Fees and Disbursements	<u>\$ 4,017.34</u>

IN AC INT WITH

RUBENSTEIN, SIEGEL

BARRISTERS & SOLICITORS

1200 SHEPPARD AVENUE EAST
SUITE #402
NORTH YORK, ONTARIO
M2K 2S5

DAVID A. RUBENSTEIN, B.A., LL.B.
JOSHUA J. SIEGEL, LL.B.

TEL.: (416) 499-5252
FAX: (416) 499-2290

G.S.T. R110212248

Bank of Montreal
3300 Bloor Street West
Suite 800, West Tower
Toronto, Ontario
M8X 2X2

Attention: Ms. Jocelyne Sauve

STATEMENT OF ACCOUNT

RE: BANK OF MONTREAL v. LIA HURST
6451 Main Street, Stouffville, Ontario
Mortgage Loan No: 3554-2-00393

TO ALL PROFESSIONAL SERVICES RENDERED
in connection with the above-noted matter:

RE: Up to and including issuance of Notice of Sale	\$1,200.00
RE: Review file; telephone conversations with Property Manager; client, conversations with Bennett Jones, solicitors for the Receiver; review order	\$1,450.00
RE: Discharge of Mortgage	\$ 225.00
RE: Preparation of Statement	\$ 125.00
RE: Notice of Intention to Enforce Security pursuant to <i>Bankruptcy and Insolvency Act</i>	\$ 125.00
G.S.T. (7%)	\$ 218.75

ACCOUNTS DUE WHEN RENDERED

Interest at the rate of % per annum will be charged on unpaid accounts commencing one month after date of statement,
in accordance with the Solicitors Act, R.S.O. 1990, Chap. 47B

DISBURSEMENTS: (G.S.T. Exempt)

Paid for registration fee \$ 60.00 \$ 60.00

DISBURSEMENTS: (Subject to G.S.T.)


Paid to agent re: subsearch	\$174.50	
Paid for registered mail	\$ 40.50	
Paid for bankruptcy search	\$ 8.00	
Paid to Teraview for registration of discharge	\$ 10.00	
Paid for long distance calls	\$ 5.50	
Paid for DRN administration fee	\$270.00	
Paid for couriers	\$ 45.00	
Paid for photocopies, miscellaneous	<u>\$ 19.95</u>	\$ 573.45

G.S.T. (7%) \$ 40.14

TOTAL FEES AND DISBURSEMENTS \$4,017.34

THIS IS MY ACCOUNT HEREIN

RUBENSTEIN, SIEGEL



JOSHUA J. SIEGEL

JJS:tmg

G.S.T. Reg. No. R110212248
E. & O.E.

Exhibit "D"

Joanne MacMillan - 6451 Main Street

From: Courtney Wallis Simpson <courtneywallissimpson@rogers.com>
To: Michael Quilling <mquilling@qsclpc.com>
Date: 20/06/2006 9:09:11 AM
Subject: 6451 Main Street

Michael;

My thoughts on Main Street is that we should get Sutton Group to sign a "termination" of the listing which enables Bank of Montreal to sign a new listing immediatly. If they sign a "suspension" it cannot be listed until the lilstnig expires (September) but if you request that they sign a suspension it can be relisted. Since the mortgage was already at 229,000 in November and no payments have been made since then you would have to pay the arrears - 9900.00 plus commission - 12,000.00 and past due taxes which means the estate would have to pay out an amount of at least \$15,000 jsut ot get it closed. I have no interest in having to pay out such an amount from the estate when the bank can just take it over and cover the costs.

Courtney

Exhibit "E"

BENNETT JONES

LLP

3400 One First Canadian Place
PO Box 130
Toronto Ontario
Canada M5X 1A4
Tel 416.863.1200
Fax 416.863.1716
www.bennettjones.ca

M. Joanne MacMillan
Direct Line: 416.777.4629
e-mail: macmillanj@bennettjones.ca
Our File No.: 56445.1

June 21, 2006

Via Facsimile

Joshua J. Siegel
Rubenstein, Siegel
Barristers and Solicitors
1200 Sheppard Avenue East
Suite 402
North York, ON M2K 2S5

Dear Mr. Siegel:

**Re: Simpson Receivership
6451 Main Street, Stouffville
Mortgage Loan No. 3554-2-00393**

We acknowledge receipt of the payout statement dated June 19, 2006, with respect to the above-noted property.

Taking into consideration the mortgage arrears, tax debt, maintenance costs and other related fees, the receiver has instructed us to terminate the listing agreement with Sutton Group (a copy of which will be provided to you under separate cover) and allow your client to continue with the foreclosure proceedings with respect to this property. The receiver accepts the recommendation contained in your letter dated May 5, 2006 that any monies recovered by the sale of the property in excess of those amounts owing to your client would be payable to the receiver (c/o Bennett Jones LLP, in trust) for the benefit of the receivership estate.

We trust that the foregoing is satisfactory.

Yours truly,



BENNETT JONES LLP

MJM/eg

cc: Michael Quilling

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Udayan Pandya
Plaintiff

v.

Courtney Wallis Simpson et al.
Defendants

Court File No.: 05-CL-6159

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

In the matter of the *Class Proceedings*
Act, 1992

Proceeding commenced at Toronto

MOTION RECORD
(Returnable at 9:30 a.m. appointment on
September 12, 2006)

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Lincoln Caylor / M. Joanne MacMillan
Tel: (416) 777-6121 / 4629
Fax: (416) 863-1716
LSUC Reg. No. 37030L/43529J

Solicitors for the receiver