

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

**BETWEEN:**

**GRAND RIVER ENTERPRISES SIX NATIONS LIMITED**

Applicant

- and -

**LANWEST MFG. TECHNOLOGIES INC.**

Respondent

**IN THE MATTER OF AN APPLICATION UNDER  
SUBSECTION 243(1) OF THE BANKRUPTCY AND  
INSOLVENCY ACT, R.S.C. 1985 c. B-3 AND  
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. 43**

**FIRST REPORT TO THE COURT  
SUBMITTED BY BDO CANADA LIMITED,  
IN ITS CAPACITY AS RECEIVER AND MANAGER OF**

**LANWEST MFG. TECHNOLOGIES INC.**

**DECEMBER 8, 2016**

# Table of Contents

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	<u>Page</u>
1.0 INTRODUCTION AND PURPOSE OF REPORT.....	2
1.1 Introduction.....	2
1.2 Purpose of this Report.....	6
2.0 RECEIVER'S ACTIVITIES.....	7
3.0 SETTLEMENT WITH THE MINISTER OF FINANCE.....	9
4.0 FUNDS AND BOND HELD BY CANADA REVENUE AGENCY.....	10
5.0 FUNDS HELD BY KPMG INC.....	12
6.0 FEES OF RECEIVER AND ITS COUNSEL.....	13
7.0 RECOMMENDATIONS.....	14

# *Listing of Appendices*

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- Appendix A - Appointment Order dated October 14, 2016
- Appendix B - Affidavit of Bryan Porter sworn October 7, 2016
- Appendix C - CRA Letters dated December 21, 2015
- Appendix D - CRA Security Documents
- Appendix E - Letter to CRA dated July 28, 2016
- Appendix F - Notice of Cancellation of GCNA Bond dated September 16, 2015
- Appendix G - CRA Bond
- Appendix H - GRE Security Opinion
- Appendix I - Private Receiver's Statement of Receipts and Disbursements dated November 15, 2016
- Appendix J - Lanwest Proposal Statement of Receipts and Disbursements dated November 15, 2016
- Appendix K - Affidavit of Brad Newton dated November 22, 2016
- Appendix L - Affidavit of Colleen Yamashita dated November 21, 2016

## 1.0 INTRODUCTION AND PURPOSE OF REPORT

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### 1.1 Introduction

- 1.1.1 This is the First Report to Court (the “**First Report**”) of BDO Canada Limited (“**BDO**”) in its capacity as the receiver and manager (the “**Receiver**”) of Lanwest Mfg. Technologies Inc. (“**Lanwest**” or the “**Company**”) pursuant to the Order of the Honourable Madam Justice Conway dated October 14, 2016 (the “**Appointment Order**”) a copy of which is attached as **Appendix “A”**. Further background regarding Lanwest is set out in the affidavit of Bryan Porter sworn October 7, 2016 (the “**Porter Affidavit**”) a copy of which (without Exhibits) is attached as **Appendix “B**. The Porter Affidavit was filed with the Court in support of the application by Grand River Enterprises Six Nations Limited (“**GRE**”), the first secured creditor of Lanwest, for the appointment of the Receiver.
- 1.1.2 Lanwest was in business for over 10 years as a manufacturer of tobacco products, including cigarettes, and loose leaf non-tobacco products. Lanwest sold its cigarettes under the brand name of “Podium”. Lanwest’s primary cigarette manufacturing facility operated from leased premises at 29 Industrial Drive, Caledonia, Ontario. Lanwest also operated two divisions: Grysto Wholesale Cash and Carry division (“**Grysto**”) and Shisha division (“**Shisha**”). Grysto sold bulk tobacco products made by Lanwest and purchased from third party licensed suppliers and, sold grocery products purchased from third party suppliers. Grysto operated from leased premises at 401 Grays Rd., Hamilton, Ontario. Shisha formerly sold a form of vaporising product with minimal tobacco content. Shisha operated from owned premises at 107 Greens Road, Caledonia. Shisha ceased production in or about December 2014 and the last sales of Shisha product were made in or about August 2015. Grysto ceased operations in or about June, 2015 and Lanwest ceased operations in September, 2015.
- 1.1.3 Lanwest had historically sold certain of its products to Status Indians, as defined by the *Indian Act* (Canada), residing on the Ohsweken Reserve near Caledonia and did not charge HST/GST on those sales as provided for under the *Indian Act*. In the fall of 2013, the Canada Revenue Agency (“**CRA**”) commenced an audit of Lanwest’s HST returns for the period January 1, 2010 to September 30, 2013. As a result of this audit, CRA claimed that the sales by Lanwest to Status Indians on the Ohsweken Reserve should not be exempt from the charging of HST pursuant to the *Indian Act*. This resulted in CRA issuing certain notices of assessment in the spring of 2014 for unremitted HST on sales to Status Indians on the Ohsweken Reserve in the total amount of approximately \$33 million (the “**2014 HST Assessment**”).
- 1.1.4 In May 2014, Lanwest filed a Notice of Objection to the 2014 HST Assessment and requested that CRA allow the dispute to proceed directly to the Tax Court of Canada (the “**Tax Court**”) by way of appeal. On July 2, 2014, CRA consented to the dispute proceeding directly to the Tax Court. On July 22, 2014, Millar Kreklewetz LLP, counsel for Lanwest for this litigation, filed an appeal of the assessment with the Tax Court (the “**HST Appeal Proceedings**”). The HST Appeal Proceedings are ongoing.
- 1.1.5 On June 30, 2014, CRA issued a requirement to pay to the Royal Bank of Canada (“**RBC**”) in the amount of approximately \$33 million (the “**Requirement to Pay**”). This resulted in the freezing of Lanwest’s operating bank account and the payment to CRA

of approximately \$3.35 million on deposit in the accounts. Consequently, Lanwest had no funds with which to operate. Accordingly, in order to stabilize its operations and allow it to continue operating, on July 28, 2014, Lanwest filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“BIA”). KPMG Inc. (“KPMG”) was appointed as trustee (in such capacity the “Proposal Trustee”) in respect of the proposal proceedings (the “Proposal Proceedings”).

- 1.1.6 On or about July 22, 2014, CRA registered a lien in the amount of \$347,814.02 in respect of the 2014 HST Assessment against Lanwest’s owned property at 107 Greens Road, Caledonia, Ontario (the “Caledonia Property”).
- 1.1.7 Following the filing of the NOI, Lanwest contacted numerous financial institutions in order to open a new operating bank account. Due to the nature of the Company’s business (tobacco) and the Requirement to Pay, the Company was unable to open a new account at any of the non-RBC institutions contacted and RBC was concerned that the Requirement to Pay would extend to any accounts opened by Lanwest.
- 1.1.8 KPMG investigated the possibility of opening an account as a private receiver of Lanwest at RBC and was advised that it could do so and that the account would not be subject to the Requirement to Pay. Accordingly, in order to obtain access to a bank account to facilitate Lanwest’s receipts and disbursements, on July 30, 2014, Lanwest consented to the appointment of KPMG as private receiver of Lanwest (in such capacity the “Private Receiver”) on a limited basis.
- 1.1.9 On October 10, 2014, Lanwest filed its proposal (the “Proposal”) in the Proposal Proceedings. The Proposal was unanimously approved by Lanwest’s creditors at the meeting of creditors on October 30, 2014. The proposal was approved by the Court pursuant to an Order of the Honourable Mr. Justice Newbould dated December 4, 2014 (the “Proposal Approval Order”). Payments to creditors with claims of \$5,000 or less were paid from the proposal funds. The claims of the remaining creditors under the Proposal are awaiting the resolution of the HST Appeal Proceedings before they can be paid as the dividend to be paid to those creditors is dependent on the potential quantum, if any, of CRA’s claim in respect of HST.
- 1.1.10 On November 3, 2014, Her Majesty The Queen In Right of the Province of Ontario As Represented by the Minister of Finance (the “Minister”) filed a claim in the Proposal Proceedings for \$5,717,000 with respect to pre-filing amounts alleged to be owing by Lanwest pursuant to the *Tobacco Tax Act (Ontario)* (the “Minister’s Claim”). On or about April 17, 2015, the Proposal Trustee delivered a Notice of Disallowance to the Minister, disallowing the Minister’s Claim in its entirety on the basis it was a contingent claim and no supporting evidence was provided with the Minister’s Claim. The Minister did not appeal the Notice of Disallowance.
- 1.1.11 As a result of the successful Proposal, the Private Receiver transferred the operating cash flow responsibilities back to Lanwest and the privately appointed receivership terminated on March 4, 2015.
- 1.1.12 Pursuant to the terms of the Proposal, Lanwest agreed to provide a Promissory Note in favour of GRE equal to GRE’s proven secured claim and GRE agreed to continue to provide credit to Lanwest. Lanwest agreed to provide replacement security in favour of GRE pursuant to a general security agreement dated December 19, 2014.

1.1.13 By the summer of 2015 it became apparent that Lanwest's sales and operations were deteriorating and on July 22, 2015 GRE issued a demand and notice pursuant to section 244 of the BIA. Lanwest was unable to repay its indebtedness to GRE and, consequently, on September 18, 2015, GRE again appointed KPMG as Private Receiver. At that time, all of Lanwest's operations were shut down.

1.1.14 At the time of the Private Receiver's appointment, Lanwest had various funds on deposit with RBC in support of numerous letters of credit. All but one of these letters of credit were provided to Federal and Provincial tax authorities as security for taxes on sales of tobacco products to be collected by Lanwest. The chart below summarizes the various letters of credit that were issued by RBC in respect of Lanwest and the related GIC's that were deposited by Lanwest with RBC as security for the letters of credit:

Summary of Lanwest L/C's and GIC's		
Amounts in CDN \$ 000's unless otherwise stated		
<u>Letters of Credit</u>		
Revenu Quebec	\$	550
Minister of Finance Alberta		300
Guarantee Company of North America		600
Sobey's Capital		150
Minister of Finance Ontario		5,617
<b>Total</b>	<b>\$</b>	<b>7,217</b>
<u>GIC's held by Royal Bank of Canada</u>		
022	\$	4,763
023		2,004
<b>Total</b>	<b>\$</b>	<b>6,767</b>
021	U.S.	500
<b>Total</b>	<b>U.S. \$</b>	<b>500</b>

1.1.15 The letters of credit issued to Sobey's Capital ("Sobey's") and the Alberta Minister of Finance ("Alberta") have already been cancelled with no claims made against those letters of credit. RBC has paid the security in respect of the Sobey's and Alberta letters of credit to the Private Receiver.

1.1.16 On or about October 9, 2015, the Minister completed an audit of Lanwest's Ontario tobacco tax accounts (the "Ontario Tobacco Audit") which resulted in a claim by the Minister that tobacco taxes were owed for the period prior to the filing of the NOI. On or about October 14, 2015, the Minister issued demand letters to RBC demanding that \$4,726,253.40 be paid from the letters of credit issued to the Minister in respect of the assessment related to the Ontario Tobacco Audit.

1.1.17 RBC paid the funds to the Minister and in turn liquidated Lanwest's GIC's that were held by RBC as security for the letters of credit. Over the following 10 months, the Proposal Trustee and the Private Receiver engaged in negotiations with the Minister and RBC for the return of the funds and the release of the remainder of the letters of

credit that were held by the Minister. The Minutes of Settlement and related payments with respect to this settlement were approved in the Appointment Order.

- 1.1.18 During the fall of 2015, CRA conducted audits of Lanwest's tobacco tax licenses under business numbers 8647 20818 RD001 and RD0002. The results of the audits were provided in two letters dated December 21, 2015, wherein CRA confirmed that there were no adjustments arising from the audits. CRA also issued assessments confirming there were no adjustments on the accounts but only the assessment for account 8647 20818 RD0002 was received. Despite requests for copies of the other assessment by the Private Receiver, no copies of the second assessment have been received. Copies of the letters for both accounts and the assessment for account 8647 20818 RD002 are attached as Appendix "C" (the "CRA Letters").
- 1.1.19 CRA also performed an audit of Lanwest's HST for the period starting from the date of the last assessment, October 1, 2013, to September 21, 2015. An assessment for this period was issued on July 18, 2016 (the "2016 HST Assessment"). The 2016 HST Assessment alleged that Lanwest owed HST in the amount of \$1,409,119.44 for the period.
- 1.1.20 On July 21, 2016 Lanwest filed an assignment in bankruptcy and BDO was appointed as trustee (the "Bankruptcy Trustee"). The Bankruptcy Trustee filed a notice of objection to the 2016 HST Assessment on October 7, 2016 (the "Notice of Objection"), a copy of which was attached to the Porter Affidavit filed with the Court.
- 1.1.21 Lanwest also has ongoing appeals of three pre-proposal assessments by Revenu Quebec in respect of tobacco taxes assessed by Revenu Quebec for tobacco sales in Quebec for the period July, 2003 to September, 2006 (the "Quebec Assessments"). Lanwest appealed the Quebec Assessments in January 2007 (the "Quebec Appeal"). As noted above, Revenu Quebec had letters of credit totaling \$550,000 in support of any claims for tobacco taxes. Also, Revenu Quebec filed a proof of claim in the Proposal Proceedings in respect of this outstanding assessment. The Proposal Trustee is awaiting the result of the Quebec Appeal and therefore, has not allowed nor disallowed the claim. By September 15, 2016, Revenu Quebec had demanded on their letters of credit and received the related funds from RBC. RBC in turn liquidated their security in the form of Lanwest's GIC's and realized on that security.
- 1.1.22 As a result of the numerous insolvency proceedings, the various claims by government tax authorities against Lanwest's assets putting approximately \$8,000,000 posted by Lanwest as security at issue and the general complexity of the estate, GRE commenced the application for the appointment of the Receiver and determined that it would terminate the private receivership. Among other things, paragraph 29 of the Appointment Order also replaced KPMG with BDO as Proposal Trustee such that all active insolvency estates for Lanwest are administered by BDO.
- 1.1.23 There are certain funds that have been paid or the Receiver has requested will be paid to the Receiver to be held by the Receiver pending further order of the Court. In addition, there is certain property that will be sold by the Receiver and the proceeds will be held by the Receiver pending further order of the Court. Accordingly, any claims for priority against those funds that could be raised should be filed with the Receiver for review and should not be filed against the original holder of the funds or

property and the original holder of the funds or property should be released from any claims. The Receiver intends to develop a claims bar process in respect of those funds and proceeds that will be the subject of a future motion.

## 1.2 Purpose of this Report

1.2.1 This First Report is filed by the Receiver in support of the relief sought by the Receiver on this motion, as set out below in paragraph 7.1, and to:

- Report on the Receiver's activities to date;
- Report on the finalization of the Minutes of Settlement between Lanwest, the Minister and RBC;
- Report on the cash security held by CRA in respect of tobacco taxes exigible under the *Excise Act, 2001* (Canada) (the "Excise Act");
- Report on the bond issued by the Guarantee Company of North America ("GCNA") to CRA as security in respect of tobacco taxes exigible under the Excise Act (the "CRA Bond");
- Report on the funds held by KPMG in its capacities as Private Receiver and former Proposal Trustee; and,
- Report on the fees and disbursements of the Receiver and its Counsel as outlined in this First Report.



## 2.0 RECEIVER'S ACTIVITIES

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2.1 In addition to the activities discussed later in this Report, the Receiver has also performed the following:

- Informed Revenu Quebec of the Receiver's appointment and received the contact information for their counsel in respect of the Quebec Appeal so that the Receiver could commence settlement discussions, if appropriate;
- Informed the facility that is storing the Lanwest production equipment of the Receiver's appointment and informed them that all invoices are to be sent to the Receiver;
- Informed CRA of the Receiver's appointment and requested a new HST account for the Receiver;
- Informed the telephone and utility companies that supply utilities to the Caledonia Property of the Receiver's appointment and requested that all invoices be sent to the Receiver;
- Arranged to have the locks at the Caledonia Property changed;
- Arranged insurance for the equipment and real property;
- Informed the Office of the Superintendent of Bankruptcy of the Receiver's appointment;
- Pursuant to paragraph 26 of the Appointment Order, the Receiver has set up a case website with the URL <http://www.extranets.bdo.ca/lanwest/> and uploaded the pertinent documents relating to the court appointed receivership, the bankruptcy and the proposal;
- The Private Receiver sold a vehicle to Mr. John Landry, the sole director of Lanwest, at market value with the agreement of GRE. The payment of the total purchase price of \$28,000 plus HST was to be paid over several months. The Receiver has obtained post-dated cheques from Mr. Landry to pay the outstanding purchase price pursuant to the purchase and sale agreement. HST with respect to this sale has already been remitted to CRA by the Private Receiver; and,
- Informed the records storage company of the Receiver's appointment and requested that all invoices be sent to the Receiver.

2.2 Pursuant to paragraph 3(j) of the Appointment Order, the Receiver was authorized and directed to market and sell the Caledonia Property. To that end, the Receiver has arranged for three listing agents to review the property and provide listing proposals to the Receiver. The Receiver has obtained a copy of an appraisal prepared for the Company dated August 2014, which was used in the Proposal Proceedings. The Receiver will also be requisitioning a current appraisal of the Caledonia Property.

- 2.3 At the time of the Receiver's appointment, Lanwest did not have any employees. However, at the time of the Private Receiver's appointment in September 2015 there were nine employees remaining. At that time the employees had claims related solely to unsecured termination and severance pay as there were no outstanding wages or vacation pay. Accordingly, in October 2015 the Private Receiver filed claims for the employees under the *Wage Earner Protection Program Act (Canada)* ("WEPPA") for those unsecured claims. Subsequently, Service Canada paid the employees' claims under WEPPA and accordingly, Service Canada now has an unsecured claim in the bankruptcy of Lanwest.
- 2.4 As set out above, the HST Appeal Proceedings are ongoing. The Receiver and CRA have agreed to exchange documents by December 31, 2016 and that the appeal will be stayed until March 31, 2017. This stay will provide Lanwest and CRA with time to explore a settlement with respect to the HST Appeal Proceedings and any other outstanding issues between Lanwest and CRA, subject to final Court approval.

### ***3.0 SETTLEMENT WITH THE MINISTER OF FINANCE***

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- 3.1 Pursuant to paragraph 5 of the Appointment Order, the Receiver was authorized and directed to execute and implement the terms of the Minutes of Settlement between Lanwest, the Minister and RBC, as amended. At the return of the application for the Appointment Order, RBC requested that the Minutes of Settlement be amended to reflect the payment of its costs in dealing with these issues. RBC is entitled under its security to receive its costs as a priority charge over the assets of the Company and can set off any claims for these costs against the cash in its possession. Accordingly, the Receiver has agreed that the Minutes of Settlement would be amended to permit RBC to be paid its costs with the net funds after payment of these costs remitted to the Receiver. Accordingly, on this motion, the Receiver requests that paragraph 5 of the Appointment Order be amended to take into account RBC's costs, in particular, to amend the amount of funds paid by RBC to the Receiver and by the Receiver to GRE.
- 3.2 The Receiver expects to receive the funds from both the Minister and RBC as set out in the amended Minutes of Settlement if the Appointment Order is amended as requested. Accordingly, pursuant to paragraph 5 of the Appointment Order, once the funds are received by the Receiver, the Receiver will distribute those funds to GRE as a permanent reduction of the amounts owing by Lanwest to GRE pursuant to GRE's security.

## **4.0 FUNDS AND BOND HELD BY CANADA REVENUE AGENCY**

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- 4.1 As described in the Porter Affidavit, CRA required a total of \$2 million in security from Lanwest in respect of its Federal Tobacco License. The break-down of the security is detailed in the documents from CRA that are attached as **Appendix “D”** (the “**CRA Security Documents**”). The CRA Security Documents confirm that CRA is holding \$1.4 million in cash security (the “**Cash Security**”) for potential taxes owing by Lanwest under the *Excise Act* (the “**Federal Tobacco Taxes**”) and a bond (the “**CRA Bond**”) with a value of \$600,000 from GCNA.
- 4.2 As noted above, during the fall of 2015, CRA conducted audits of Lanwest’s tobacco tax licenses under business numbers 8647 20818 RD001 and RD0002. As set out in the CRA Letters, the CRA confirmed there were no changes to the accounts resulting from the audits. Based on the CRA Letters, the Private Receiver sent a letter to CRA on July 28, 2016 requesting that CRA pay the Cash Security held by CRA on behalf of Lanwest and release the CRA Bond (the “**July 28 Letter**”). A copy of the July 28 Letter is attached as **Appendix “E”**. The Private Receiver did not receive a response to the July 28 Letter.
- 4.3 The terms of the CRA Bond require GCNA to provide CRA with thirty days’ notice of its intention to terminate the CRA Bond. The terms also provide that any demands under the CRA Bond shall be made to GCNA within one year following the date of termination. On September 16, 2015, GCNA sent the thirty day notice to CRA informing them that the bond was being cancelled (the “**Bond Cancellation Notice**”). CRA confirmed receipt of the Bond Cancellation Notice on September 22, 2015, resulting in the cancellation being effective thirty days later on October 22, 2015. A copy of the Bond Cancellation Notice is attached as **Appendix “F”** and a copy of the CRA Bond is attached as **Appendix “G”**. Accordingly, pursuant to the terms of the CRA Bond, CRA had one year from the date on which the Bond Cancellation Notice became effective, until October 22, 2016, to make a claim under the GCNA Bond. The one year time period to make any claims under the CRA Bond has now passed and GCNA has advised the Receiver that CRA did not make any claims under the bond as at the date this report was written. Accordingly, the CRA Bond is now cancelled and any claims under the CRA Bond should be forever barred and extinguished.
- 4.4 GCNA holds a letter of credit issued by RBC on behalf of Lanwest in the amount of \$600,000 (the “**Letter of Credit**”) as security for any payments made in respect of the CRA Bond. RBC holds funds from Lanwest in the form of a GIC or cash as security in respect of the Letter of Credit in the amount of approximately \$600,000 (the “**Lanwest Bond Security**”).
- 4.5 As noted above, there appear to be no amounts owing to CRA for Federal Tobacco Taxes and the CRA Bond has been cancelled and any claims that could have been made against it should be barred. Accordingly, on this motion, the Receiver requests that the Cash Security held by CRA be paid to the Receiver and that the CRA Bond be returned to GCNA. Once the CRA Bond has been returned to GCNA, GCNA no longer requires the Letter of Credit and the Letter of Credit should be returned to RBC. Once the Letter of Credit is returned to RBC, RBC no longer requires the Lanwest Bond Security and the Lanwest Bond Security should be liquidated and the resulting funds paid to the Receiver.

- 4.6 BDO, in its capacity as Trustee in Bankruptcy, had GRE's security reviewed by independent counsel, Scarfone Hawkins LLP, in August, 2016. Scarfone Hawkins LLP concluded that the security was valid and enforceable. A copy of the security opinion is attached as Appendix "H".
- 4.7 Accordingly, if the funds are received from CRA and RBC as set out above, the Receiver proposes to pay those funds to GRE as a partial loan repayment under GRE's security. As of August 8, 2016, Lanwest remains indebted to GRE in the amount of \$12,596,490.45 pursuant to GRE's security, upon which interest and costs continue to accrue.

## 5.0 FUNDS HELD BY KPMG INC.

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- 5.1 KPMG, in its capacity as Private Receiver has realized on certain of Lanwest's assets to date. Accordingly, the Private Receiver continues to hold funds which have not been distributed. Pursuant to paragraph 3 (a) of the Appointment Order, the Receiver was authorized and directed to take possession of any and all proceeds, receipts and disbursements arising out of or from the property of Lanwest except, as set out in paragraph 4 of the Appointment Order, any funds in the hands of the Private Receiver which will be transferred to the Receiver pursuant to further order of the Court. To that end, the Private Receiver has prepared its statement of receipts and disbursements as at November 15, 2016 showing a net balance of funds on hand of \$202,523.63. A copy of the Private Receiver's statement of receipts and disbursements is attached as **Appendix "I"**. GRE has advised the Receiver that upon transfer of these funds, GRE intends to terminate KPMG's appointment as Private Receiver.
- 5.2 KPMG is also in possession of the funds remaining in Lanwest's Proposal. Paragraph 29 of the Appointment Order provides that the funds currently being held by KPMG in its capacity as Proposal Trustee will be transferred to BDO in its capacity as the replacement Proposal Trustee pursuant to further order of the Court. The statement of receipts and disbursements as at November 15, 2016 of KPMG in its capacity as Proposal Trustee, attached as **Appendix "J"**, shows that KPMG currently holds \$505,488.25 in respect of the Lanwest Proposal.
- 5.3 Accordingly, on this motion, the Receiver requests that the Court authorize and direct KPMG to transfer the funds in its possession to the Receiver.

## **6.0 FEES OF RECEIVER AND ITS COUNSEL**

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- 6.1 Pursuant to paragraph 19 of the Appointment Order, any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver and its Counsel, constitute the “Receiver’s Charge”. The fees and disbursements of the Receiver for the period to November 4, 2016 are detailed in the affidavit of Brad Newton, a copy of which is attached as **Appendix “K”**. The fees and disbursements of the Receiver’s Counsel for the period ended November 11, 2016 are detailed in the affidavit of Colleen Yamashita, a copy of which is attached as **Appendix “L”**.
- 6.2 The Receiver’s fees to November 4, 2016 encompass 76.9 hours at an average hourly rate of approximately \$389.35 for a total of \$29,940.80, prior to applicable taxes. The Receiver is therefore requesting that this Honourable Court approve its total fees inclusive of applicable taxes in the amount of \$33,833.10.
- 6.3 The Receiver’s Counsel’s fees to November 11, 2016 encompass 57.4 hours at an average hourly rate of approximately \$445.30 and disbursements of \$76.43 for a total of \$25,636.43, prior to applicable taxes. The Receiver is therefore requesting that this Honourable Court approve Counsel’s total fees and disbursements inclusive of taxes in the amount of \$28,967.09.
- 6.4 The Receiver has reviewed the above noted fees and disbursements with GRE and GRE has no objection to the payment of the fees.

## 7.0 RECOMMENDATIONS

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7.1 The Receiver respectfully submits this First Report to the Court in support of the Receiver's motion for an Order:

- Amending paragraph 5 of the Appointment Order to account for RBC's costs;
- Directing CRA to pay the Cash Security to the Receiver for distribution to GRE;
- Declaring that the time for the making of claims under the CRA Bond has expired, any claims under the CRA Bond are barred and forever extinguished and requiring CRA to deliver the GCNA Bond to GCNA forthwith;
- Authorizing and directing GCNA to deliver the Letter of Credit to RBC once it has received the CRA Bond from CRA;
- Authorizing and directing RBC to liquidate the Lanwest Bond Security and pay the resulting funds of approximately \$600,000 to the Receiver for distribution to GRE in accordance with the order of the Court once RBC has received the Letter of Credit from GCNA;
- Authorizing and directing KPMG in its capacities as Private Receiver and former Proposal Trustee to pay the funds in its possession in respect of Lanwest to the Receiver;
- Requiring that any party with a claim against any assets or funds held by the Receiver must file that claim with the Receiver, and any parties that provided the assets or funds to the Receiver shall be released from any claims with respect to such assets or funds upon delivery of such assets or funds to the Receiver;
- Approving the Receiver's activities as outlined in this First Report; and
- Approving the fees and disbursements of the Receiver and its Counsel, as outlined herein.

All of which is respectfully submitted this 8<sup>th</sup> day of December, 2016.

**BDO CANADA LIMITED**  
**COURT-APPOINTED RECEIVER AND MANAGER OF**  
**LANWEST MFG. TECHNOLOGIES INC.**  
and without personal or corporate liability

Per:   
Brad Newton, CA CPA CBV CIRP LIT  
Vice President



# Appendix A

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ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ) FRIDAY, THE 14TH  
JUSTICE CONWAY ) DAY OF OCTOBER, 2016

GRAND RIVER ENTERPRISES SIX NATIONS LIMITED

Applicant

- and -

LANWEST MFG. TECHNOLOGIES INC.

Respondent

**ORDER**  
(appointing Receiver)

**THIS APPLICATION** made by the Applicant, Grand River Enterprises Six Nations Limited ("**GRE**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing BDO Canada Limited ("**BDO**") as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Lanwest Mfg. Technologies Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Bryan Porter sworn October 7, 2016 (the "**Porter Affidavit**") and the Exhibits thereto and on hearing the submissions of counsel for GRE, and other parties listed on the counsel slip, no else one appearing for although all parties on the service list were duly served as appears from the affidavits of service filed with this Court and on reading the consent of BDO to act as the Receiver,

## SERVICE

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

## APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

## RECEIVER'S POWERS

3. 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 including, but not limited to, the real property of the Debtor known municipally as 107 Greens Road, Caledonia, Ontario and as more particularly described in PIN#38154-0217 in the Haldimand Land Registry Office (No. 18) (the "**Caledonia Property**"); all equipment of the Debtor related to the production and manufacture of tobacco products (the "**Equipment**"), wherever located, and bank account number 0132 1004662 at the Royal Bank of Canada ("**RBC**");
- (b) 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;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (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 Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (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 Debtor, 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 Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority he

by

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, including the Caledonia Property, which the Receiver is hereby authorized and directed to list, market or otherwise dispose of at its discretion;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

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 Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) 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 Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including, KPMG Inc. ("KPMG") in its capacities as Proposal Trustee and Private Receiver of the Debtor (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 with the exception of the funds held by

KPMG in its capacity as privately appointed receiver which funds will be transferred to BDO in its capacity as court-appointed receiver pursuant to a further order of the Court.

5. THIS COURT ORDERS that the Receiver is hereby authorized and directed to execute and implement the terms of the Minutes of Settlement between the Debtor, Her Majesty The Queen In Right Of the Province of Ontario As Represented by the Minister of Finance (the "**Minister**") and RBC, as more particularly described in and attached as Exhibit "P" to the Porter Affidavit, as amended (the "**Minutes of Settlement**"). Upon execution of the Minutes of Settlement, the Minister shall forthwith pay the amount of \$4,404,461.67 to the Receiver, and RBC shall forthwith pay the amount of \$1,212,538.33 to the Receiver and upon receipt of such funds, the Receiver shall pay the amount of \$5,617,000 to GRE as a permanent reduction to the amounts owed by the Debtor to GRE under its security.

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 business or affairs of the Debtor, 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.

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 the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **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 Debtor 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 Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

11. THIS COURT ORDERS that all rights and remedies against the Debtor, 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 however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor 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 Debtor, 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 Debtor 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 Debtor 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 Debtor's 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 Debtor 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.

#### **EMPLOYEES**

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

#### **PIPEDA**

16. 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 Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

### LIMITATION ON ENVIRONMENTAL LIABILITIES

17. 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

18. 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, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

### RECEIVER'S ACCOUNTS

19. 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, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. 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.

21. 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**

22. 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 \$250,000 (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.

23. 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.

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

25. 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.

### SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '[@](#)'.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

## GENERAL

28. 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.

29. THIS COURT ORDERS that KPMG is hereby discharged as Proposal Trustee of the Debtor and BDO is hereby appointed as Proposal Trustee of the Debtor in the BIA proposal proceedings of the Debtor in Superior Court of Justice File No. 32-1895126 and the funds currently held by KPMG in its capacity as Proposal Trustee will be transferred to BDO in its capacity as replacement Proposal Trustee pursuant to a further order of the Court.

30. 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.

31. 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.

32. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. 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.

 \_\_\_\_\_

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

OCT 14 2016

PER / PAR: 

**SCHEDULE "A"**

**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:

**GRAND RIVER ENTERPRISES SIX NATIONS LIMITED**

- and -

**LANWEST MFG. TECHNOLOGIES INC.**

Applicant

Respondent

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

Proceeding commenced at Toronto

**ORDER**  
(appointing Receiver)

**BLAKE, CASSELS & GRAYDON LLP**  
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Lawyers for Grand River Enterprises Six Nations  
Limited

## Appendix B

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ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

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

BETWEEN:

GRAND RIVER ENTERPRISES SIX NATIONS LIMITED

Applicant

-and-

LANWEST MFG. TECHNOLOGIES INC.

Respondent

AFFIDAVIT OF BRYAN PORTER  
(Re: Receivership Application)  
(Sworn October 7, 2016)

I, **BRIAN PORTER**, of the Village of Oshweken, in the Province of Ontario,  
MAKE OATH AND SAY:

INTRODUCTION

1. I am the Chief Financial Officer of the applicant, Grand River Enterprises Six Nations Limited (“GRE”) and as such, I have knowledge of the matters to which I hereinafter depose. Where this affidavit is not based on actual knowledge, it is based on information and belief, the source of which I have identified, and I verily believe it to be true.

2. This affidavit is sworn in support of this application by GRE, the first secured creditor of the respondent Lanwest Mfg. Technologies Inc. (“Lanwest”), seeking, among other things, the appointment of BDO Canada Limited (“BDO”) as receiver and manager of Lanwest (the “Receiver”) pursuant to section 243 of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”). As set out below, BDO is the

trustee in bankruptcy of Lanwest (the “**Bankruptcy Trustee**”). KPMG Inc. (“**KPMG**”) is the Proposal Trustee in the Proposal Proceedings and Private Receiver of Lanwest (as such terms are defined below).

3. It is the position of GRE that the appointment of the Receiver is necessary, just and convenient to, among other things, facilitate the orderly and efficient resolution of outstanding issues between Lanwest and the following government taxation authorities, all of which is described in greater detail below:

- i. the Canada Revenue Agency (the “**CRA**”), which continues to hold \$1,400,000 in the form of cash security and has a potential claim on a \$600,000 bond it holds as security for any excise tax amounts owing by Lanwest although the CRA has confirmed that no excise tax amounts are owing. This is in addition to a claim by the CRA for \$29,837,740.90 with respect to HST for the period prior to the Proposal Proceedings which remains subject to proceedings before the Tax Court of Canada and another Notice of Assessment delivered by the CRA in late July 2016 also claiming \$1,455,126.91 for the period prior to the Proposal Proceedings;
- ii. Revenue Quebec, which called on and collected \$300,000 from a letter of credit provided by Lanwest and continues to hold another letter of credit in the amount of \$250,000 as security for any tobacco tax amounts owed by Lanwest to Revenue Quebec. Revenue Quebec also delivered an assessment for the period prior to the Proposal Proceedings in the amount of \$900,000 which Lanwest has appealed. Further, the Private Receiver filed two Statements of Adjustment with Revenue Quebec in March

2016 which indicate that Lanwest is entitled to a refund of \$10,000; and

- iii. Her Majesty The Queen In Right Of the Province of Ontario As Represented by the Minister of Finance (the "Minister") which has substantially agreed to the terms of a settlement agreement with Lanwest and the Royal Bank of Canada ("RBC") which would provide for the return of over \$4,700,000 to Lanwest which was collected by the Minister under two letters of credit and an additional residual letter of credit in the amount of \$890,000; however, the settlement agreement has not been finalized and the funds have not been returned given concerns raised by the Minister regarding the capacity of Lanwest and/or the Proposal Trustee to enter into the Minutes of Settlement in light of the subsequent bankruptcy of Lanwest.

4. The Bankruptcy Trustee, the Proposal Trustee and the Private Receiver have been engaged in ongoing efforts with these taxation authorities with a view to resolving these issues. To date, these issues remain outstanding.

5. Security in the form of cash, bonds or letters of credit in the aggregate amount of approximately \$8,000,000 remains at issue between Lanwest and these three taxation authorities. The appointment of the Receiver would permit the Receiver, under the Court's supervision, to take possession of the cash and other forms of security described above and provide one forum to address, determine and/or resolve the claims and entitlements of all parties, including GRE and the taxation authorities. This would also permit the Receiver to take possession and sell or otherwise dispose of Lanwest's remaining real property, equipment and any other assets for the benefit of all stakeholders.

6. I am advised by the Bankruptcy Trustee and the Proposal Trustee that they support the relief sought on this application.

**THE COMPANY**

7. Lanwest is a corporation incorporated pursuant to the laws of Ontario which, for over 10 years, manufactured and sold tobacco products, including cigarettes and loose-leaf non-tobacco products, at premises located in Caledonia, Ontario and Hamilton, Ontario. Lanwest historically sold certain of its products to Status Indians (as defined in the *Indian Act* (Canada)) residing on the Six Nations of the Grand River Reserve located in Oshweken, Ontario.

8. Lanwest ceased operations on or about September 18, 2015.

**THE GRE SECURITY AND PRIVATE RECEIVERSHIPS**

9. GRE is a corporation incorporated pursuant to the laws of Canada which manufactures tobacco products with its head office located in Oshweken, Ontario on the Six Nations of the Grand River Reserve. Pursuant to a general security agreement dated March 6, 2014 (the "**March Security**"), GRE advanced funds to Lanwest prior to the commencement of the Proposal Proceedings. A copy of the March Security is attached hereto as **Exhibit "A"**.

10. On July 14, 2014, GRE delivered a Notice of Intention to Enforce Security under the March Security in the amount of \$10,122,808.34 pursuant to Section 244(1) of the BIA (a "**Section 244 Notice**") to Lanwest. A copy of the Notice of Intention to Enforce Security and Consent and Waiver executed by Lanwest are attached hereto as **Exhibit "B"**.

11. Pursuant to a letter of appointment dated July 24, 2014, a copy of which is attached hereto as **Exhibit "C"**, GRE appointed KPMG as private receiver and

manager under the March Security over all of the assets of Lanwest. This private receivership appointment terminated on March 4, 2015.

12. Pursuant to the terms of the Proposal (as defined below) and as set out in a Commitment Letter dated December 19, 2014, Lanwest agreed to provide a Promissory Note in favour of GRE equal to GRE's Proven Secured Claim in the Proposal Proceedings in the amount of \$9,913,616 and GRE agreed to continue to provide credit to Lanwest (the "**Commitment Letter**"). Lanwest also agreed to provide replacement security in favour of GRE pursuant to a general security agreement dated December 19, 2014 substantially on the same terms as the March Security (the "**December Security**"). Copies of the Commitment Letter, the Promissory Note and the December Security are attached hereto as **Exhibit "D"**.

13. On July 22, 2015, GRE delivered a demand and a Section 244 Notice in the amount of \$12,090,674.68 under the December Security to Lanwest, copies of which are attached hereto as **Exhibit "E"**.

14. Pursuant to a letter of appointment dated September 18, 2015, a copy of which is attached hereto as **Exhibit "F"**, GRE appointed KPMG as private receiver and manager under the December Security over all of the assets of Lanwest (the "**Private Receiver**"). If this Court approves the appointment of BDO as the Receiver, GRE intends to terminate the appointment of the Private Receiver.

15. As of August 8, 2016, Lanwest was indebted to GRE under the December Security in the amount of \$12,596,490.45 plus interest, costs, legal fees and expenses, which continue to accrue and for an unsecured amount of \$428,215.88.

16. Attached hereto as **Exhibit "G"** is a copy of a PPSA Registry Search of Lanwest current as of October 6, 2016.

#### THE PROPOSAL PROCEEDINGS



17. On July 28, 2014, Lanwest commenced the proposal proceedings under the BIA by filing a Notice of Intention to Make A Proposal to its Creditors pursuant to section 50.4(1) of the BIA (the “**Proposal Proceedings**”), a copy of which is attached hereto as **Exhibit “H”**. KPMG consented to act and was appointed as the Proposal Trustee (the “**Proposal Trustee**”). At the hearing of this application, GRE intends to request that this Court grant an Order terminating the appointment of KPMG as Proposal Trustee and appointing BDO as Proposal Trustee.

18. By letter dated October 14, 2014, the Proposal Trustee sent a Notice of Proposal to Creditors advising that Lanwest had filed a proposal to its creditors (the “**Proposal**”) and advising of the First Meeting Of Creditors on October 30, 2014 (the “**First Meeting Of Creditors**”). A copy of the letter, the Notice of Proposal, the Proposal and the Trustee’s Report on the Proposal are attached hereto as **Exhibit “I”**.

19. The Proposal was approved unanimously by Lanwest’s creditors at the First Meeting of Creditors and approved pursuant to the Order of the Honourable Mr. Justice Newbould dated December 4, 2014 (the “**Proposal Approval Order**”), a copy of which is attached hereto as **Exhibit “J”**.

20. Payments to Lanwest’s creditors under the Proposal are awaiting the determination of a claim in the Proposal by CRA in the amount of approximately \$31,000,000 with respect to HST for the aggregate period January 1, 2010- September 30, 2013 prior to the commencement of the Proposal Proceedings which is currently the subject of proceedings before the Tax Court of Canada (the “**Tax Court Proceedings**”).

#### THE BANKRUPTCY PROCEEDINGS

21. On July 21, 2016, Lanwest filed an assignment in bankruptcy and BDO was appointed as Bankruptcy Trustee (the “**Bankruptcy Proceedings**”). A copy of the Certificate of Appointment is attached hereto as **Exhibit “K”**.

**CANADA REVENUE AGENCY**

**Cash Security and Bond**

22. As described in the letter dated July 28, 2016 from the Private Receiver to the CRA (the “July 28 Letter”), a copy of which is attached hereto as Exhibit “L”, the CRA continues to hold cash security of Lanwest in the amount of \$1,400,000 (the “CRA Cash Security”) and a bond from the Guarantee Company of North America (“GCNA”) in the amount of \$600,000 (the “CRA Bond”). The CRA Cash Security and the CRA Bond were provided by Lanwest to the CRA as security for any obligations incurred by Lanwest under the *Excise Tax Act* (Canada) with respect to its license to manufacture and warehouse tobacco products and its operations. As security for the CRA Bond, Lanwest provided Letter of Credit No. 304829 issued by RBC and cash in the amount of \$600,000 held in a GIC by RBC.

23. As set out in the July 28 Letter and the correspondence and documentation attached to the July 28 Letter, CRA has completed final audits of Lanwest and has confirmed that no amounts are owing; Lanwest’s tobacco and excise warehouse licenses have been cancelled; and Lanwest ceased operations over one year ago. Accordingly, it is the position of GRE, the Proposal Trustee and the Bankruptcy Trustee that there is no need for the CRA to retain the CRA Cash Security and the CRA Bond. However, notwithstanding requests by the Private Receiver for the immediate return of the Cash Security and the CRA Bond, the CRA has not done so.

24. As such, GRE, supported by the Proposal Trustee and the Bankruptcy Trustee, requests that the CRA be directed to deliver the CRA Cash Security and the CRA Bond to the Receiver, and that RBC deliver Letter of Credit No. 304829 and the amount of \$600,000 to the Receiver, which the Receiver would hold pending the determination or resolution of any priority claims.

**Notice of Assessment**

25. In addition to CRA's claim for HST which is the subject of the Tax Court Proceedings described above, by letter to Lanwest dated July 19, 2016, and to the Private Receiver dated July 21, 2016, the CRA delivered a Notice of Assessment and related documentation in which it claimed \$1,465,126.94 with respect to HST for the period November 30, 2014-October 31, 2015, after the commencement of the Proposal Proceedings (the "July NOA"). Copies of CRA's correspondence and related documentation are attached hereto as **Exhibit "M"**. The CRA holds no security for this claim.

26. On or about October 7, 2016, the Bankruptcy Trustee filed a Notice of Objection, with respect to the July NOA, a copy of which is attached hereto as **Exhibit "N"**. As set out in the Notice of Objection, it is the position of the Bankruptcy Trustee that there is no basis for the CRA's claim: i.) there was no deemed disposition of property by Lanwest in September 2014 and therefore no HST owing for such deemed disposition; ii.) there were no HST input tax credits claimed on the loan from GRE that have not been or will not be paid when the applicable portion of the loan is repaid and therefore, no HST input tax credits to reverse; and iii.) input tax credits were paid on all invoices where input tax credits were claimed by Lanwest.

#### REVENUE QUEBEC

27. Revenue Quebec has received proceeds in the amount of \$550,000 under letters of credit provided by Lanwest as security for any amounts which may be owed to Revenue Quebec. Revenue Quebec filed an assessment in the amount of \$900,000 which it claims is owed by Lanwest for the period prior to the commencement of the Proposal Proceedings which has been appealed by Lanwest.

28. By letter to Revenue Quebec dated March 15, 2016, a copy of which is attached hereto as **Exhibit "O"**, the Private Receiver filed two Statements of Adjustment with respect to Quebec tobacco tax and sales tax which indicate that

Lanwest is entitled to a refund of \$10,000. To date, the Private Receiver has not received a response from Revenue Quebec

29. If appointed, the Receiver will continue discussions with Revenue Quebec with a view to resolving these outstanding issues.

**ONTARIO MINISTER OF FINANCE**

30. In order to obtain the licenses and registrations from the Minister required to manufacture, sell and import certain tobacco products, Lanwest obtained irrevocable letters of credit in favour of the Minister in the aggregate amount of \$5,617,000 (the "Letters of Credit") as security for any obligations-incurred by Lanwest under the *Tobacco Tax Act* (Ontario).

31. On or about October 23, 2015, the Minister collected approximately \$4,726,253.40 with respect to a claim by the Minister which had been previously disallowed by the Proposal Trustee in the Proposal Proceedings which the Minister did not appeal. As a result of extensive discussions between Lanwest, the Proposal Trustee and the Minister, the parties substantially agreed on the terms of Minutes of Settlement, a copy of which are attached hereto as Exhibit "P". The Minutes of Settlement provide for the payment of the aggregate amount of \$5,617,000 which includes the return of the funds collected by the Minister in their entirety and the release of the balance of funds under a residual letter of credit.

32. The Minutes of Settlement have not been finalized and the funds have not been returned to Lanwest given concerns raised by the Minister with respect to the capacity of Lanwest and/or the Proposal Trustee to enter into and carry out the Minutes of Settlement given the subsequent commencement of the Bankruptcy Proceedings. Further, RBC was subsequently added as a party to the Minutes of Settlement. Accordingly, GRE requests that this Court authorize and direct the Receiver to enter into and carry out the terms of the Minutes of Settlement and to direct the Minister and

RBC, as applicable, to pay the funds to the Receiver which the Receiver, if appointed, will pay to GRE as a permanent reduction of the amounts owed to it under the December Security and in particular, the repayment of the equipment loan of \$1,775,000 plus HST.

### CALEDONIA PROPERTY AND EQUIPMENT

33. Lanwest is the registered owner of certain real property located in Caledonia, Ontario which is currently vacant and was used primarily for storage (the "Caledonia Property"). A copy of the PIN for the Caledonia Property dated October 4, 2016 is attached hereto as **Exhibit "Q"**. The CRA registered a lien on title with respect to its HST claim in the Tax Court Proceedings.

34. On this application, GRE requests that the Receiver, if appointed, be authorized and directed to take possession of the Caledonia Property for the purpose of listing it with a real estate broker or otherwise marketing it for sale. Any proceeds from the sale of the Caledonia Property would be held by the Receiver pending determination or resolution of priority claims and entitlements, including CRA.

35. Lanwest is also the owner of certain equipment for the manufacture and production of tobacco products, including production lines (the "Equipment"). As set out in the Manufacturer Registration Certificate issued by the Minister (the "MRC"), a copy of which, together with a list of the Equipment, is attached hereto as **Exhibit "R"**, the Equipment can only be sold to another party with a valid MRC and is currently being stored at leased facilities located in Simcoe, Ontario.

36. On this application, GRE requests that the Receiver, if appointed, be authorized and directed to take possession of the Equipment in order to secure it pending discussions with the Minister and any other necessary parties with a view to

ultimately selling or otherwise disposing of the Equipment with the proceeds to be held pending determination or resolution of any priority claims and entitlements.

37. Lanwest also has bank account number 01312 1004662 at the Royal Bank of Canada which was garnished by CRA in or about July 2014 with respect to the CRA's HST claim in the Tax Court Proceedings. Similarly, GRE requests that the Receiver be authorized and directed to take possession of this bank account pending determination or resolution of any claims or entitlements.

**CONCLUSION**

38. For the reasons described above, GRE requests the appointment of the Receiver and the other relief sought on this application.

39. I swear this affidavit in support of this application by GRE for, among other things, the appointment of the Receiver and for no other purpose.

SWORN BEFORE ME at the Village )  
of Ohsweken in the Province of Ontario )  
this 7<sup>th</sup> day of October, 2016. )

  
\_\_\_\_\_  
Harriette E. Codrington  
A Commissioner for Taking Oaths, etc.

  
\_\_\_\_\_  
BRYAN PORTER

## Appendix C

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Canada Revenue  
Agency

Agence du revenu  
du Canada

LPRRA Division - Excise Duty  
Ontario Region

Rec'd  
JAN 05 2016

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

Attention: John Landry

Case Number: 172631  
Business Number: 8647 20818 RD0001

December 21, 2015

Dear Sir:

Subject: Audit of Tobacco Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your tobacco licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your tobacco licence will now be cancelled. Upon cancellation, any remaining security held by the Canada Revenue Agency may be returned to you. In order to do so, a request must be made in writing by the person authorized to make this request for Lanwest Mfg. Technologies Inc.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077

Toronto West Thunder Bay Tax Services Office  
5800 Hurontario Street  
Mississauga, ON L5R 4B4  
Telephone: 1-866-967-9861  
Fax: (905) 818-2814

Bureau des services fiscaux de Toronto-Ouest Thunder Bay  
5800, rue Hurontario  
Mississauga (ON) L5R 4B4  
Téléphone: 1-866-967-9861  
Télécopieur: (905) 818-2814

Canada





Canada Revenue Agency

Agence du revenu du Canada

*Revised  
Jan. 05 2016*

LPRRA Division – Excise Duty  
Ontario Region

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

Attention: John Landry

Case Number: 172632  
Business Number: 8647 20818 RD0002

December 21, 2015

Dear Sir:

Subject: Audit of Excise Warehouse Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your excise warehouse licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your excise warehouse licence will now be cancelled.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077

Toronto West Thunder Bay Tax Services Office  
5800 Hurontario Street  
Mississauga, ON L5R 4B4  
Telephone: 1-888-887-9881  
Fax: (905) 615-2814

Bureau des services fiscaux de Toronto-Ouest Thunder Bay  
5800, rue Hurontario  
Mississauga (ON) L5R 4B4  
Téléphone: 1-888-887-9881  
Télécopieur: (905) 615-2814

Canada



LPR Division – Excise Duty  
Ontario Region

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

RECEIVED JAN 05 2016

Attention: John Landry

Case Number: 172631  
Business Number: 8647 20818 RD0001

December 21, 2015

Dear Sir:

Subject: Audit of Tobacco Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your tobacco licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your tobacco licence will now be cancelled. Upon cancellation, any remaining security held by the Canada Revenue Agency may be returned to you. In order to do so, a request must be made in writing by the person authorized to make this request for Lanwest Mfg. Technologies Inc.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077



LPRRA Division – Excise Duty  
Ontario Region

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

RECEIVED JAN 05 2016

Attention: John Landry

Case Number: 172632  
Business Number: 8647 20818 RD0002

December 21, 2015

Dear Sir:

Subject: Audit of Excise Warehouse Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your excise warehouse licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your excise warehouse licence will now be cancelled.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077

Summerside PE C1N 6E7

LANWEST MFG. TECHNOLOGIES INC.  
 29 INDUSTRIAL DR  
 CALEDONIA ON N3W 1H8

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

0001662

**NOTICE OF (RE)ASSESSMENT  
 EXCISE DUTY**

Date of Notice: December 21, 2015

**RESULTS**

Total Amounts	\$	0.00
Total Credits Allowed	\$	0.00
Total Assessed Penalty	\$	0.00
Total Arrears Interest	\$	0.00
Total Instalment Interest	\$	0.00
Total Refund Interest	\$	0.00
Total Other Penalty	\$	0.00
		=====
Total Amounts	\$	0.00
		=====
Total Other Amounts Applied	\$	0.00
		=====
Balance	\$	0.00

Andrew Treusch  
 Commissioner of Revenue

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LANWEST MFG. TECHNOLOGIES INC.

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

0001868

**NOTICE OF (RE)ASSESSMENT  
EXCISE DUTY**

**EXPLANATIONS**

For the Period Ending: 2015/04/30

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For the Period Ending: 2015/05/31

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For the Period Ending: 2015/06/30

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

Continued on next page...

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

NOTICE OF (RE)ASSESSMENT  
EXCISE DUTY

EXPLANATIONS

For the Period Ending: 2015/07/31

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For the Period Ending: 2015/08/31

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For the Period Ending: 2015/09/30

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

Continued on next page...



LANWEST MFG. TECHNOLOGIES INC.

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

001584

**NOTICE OF (RE)ASSESSMENT  
EXCISE DUTY**

**EXPLANATIONS**

**For the Period Ending: 2015/10/31**

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For information visit [www.cra.gc.ca](http://www.cra.gc.ca), phone or write to:

Summerside Tax Centre  
275 Pope Road  
Summerside PE C1N 6E7  
Phone 902-432-5472  
Fax 902-432-5593  
Toll free number 877-432-5472  
We accept collect calls.

Hamilton-Niagara TSO

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## Appendix D

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Canada Revenue Agency / Agence du revenu du Canada

Tel: (905) 277-6481

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia, Ontario  
N3W 1H8

Your file / Votre référence  
Canada Revenue Agency  
Excise Duty / Droits d'accise  
10<sup>th</sup> Floor  
5800 Hurontario Street  
P.O. Box 6000, Stn. 'A'  
Mississauga, Ontario  
L5A 4E9

Attention: John Landry

October 16, 2009

Dear Mr. Landry:

**Re: Security Receipt Acknowledgement**  
**Royal Bank of Canada Bank Draft – for Tobacco Licence 54-TL-58**

This office is in receipt of a Bank Draft in the amount of \$500,000.00 from the Royal Bank of Canada as submitted by you.

Details of your cash security are as follows:

Cash security is increased from \$900,000.00 to \$1.4 million

This additional security for your Tobacco licence, includes a bond from The Guarantee Company of North America No. TM0003011571 in the amount of \$600,000.00, now totals \$2,000,000.00.

We have updated our files and electronic systems to reflect the information as appropriate.

Thank you for your co-operation in this matter. Should you have any questions or concerns, please contact this office at the telephone number or address indicated above.

Yours truly,

ORIGINAL - DÉBITEUR

Revenue Canada Customs, Excise and Taxation		Revenu Canada Accise, Douanes et Impôt		<b>CASH RECEIPT</b> <b>REÇU DE CAISSE</b>	
Received from / (name of payor/tax debtor) / Reçu de (nom du débiteur fiscal) <b>Lanwest Mfg. Technologies Inc.</b>					
Address / Adresse <b>29 Industrial Drive</b>					
City / Ville <b>Caledonia, ON</b>					
The amount of / Le montant de <b>Five Hundred Thousand</b>				Postal Code / Code postal <b>N3W 1H8</b>	
Purpose / But <b>To increase Cash Security for an Excise Duty Tobacco Licence</b>					
Form of Payment / Méthode de paiement <input type="checkbox"/> Cash / Espèces <input checked="" type="checkbox"/> Cheque / Chèque <input type="checkbox"/> Other / Autre					

Receipt No. / N° du reçu  
**143691**

Date  
**October 16, 2009**

Account No. / N° de compte  
**81A720818R0001**

AMOUNT / MONTANT  
**\$500,000.00**

*Diane Sheppard*  
Officer's Signature / Signature de l'agent

Toronto, Ontario



Revenue Canada  
Customs, Excise and Taxation

Revenu Canada  
Accise, Douanes et Impôt

**CASH RECEIPT  
REÇU DE CAISSE**

Receipt No. / N° du reçu

243500

Received from (name of payor/tax debtor) / Reçu de (nom du débiteur fiscal)

Lawest Mfg. Technologies Inc.

Address / Adresse

29 Industrial Drive

City / Ville

Caltonia, ON

Postal Code / Code postal

N3101H3

Amount of / Le montant de

Nine Hundred Thousand

900 00

Payable to / À

Security For Excise Duty Tobacco Licence

Date June 28, 2005

Account No. / N° de compte 814720918 RUC

AMOUNT / MONTANT \$ 900,000

Officer's Signature / Signature de l'agent  
Diane Shepard

Payment / Méthode de paiement

Cash / espèces

Cheque / Chèque

Other / Autre

Bank Draft  
(Specify / Préciser)

K 215 (02/05)

Toronto West Tax Services  
Issuing Office / Bureau de dévotion  
Office

## Appendix E

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KPMG Inc.  
Bay Adelaide Centre  
333 Bay Street Suite 4600  
Toronto ON M5H 2S5  
Canada

Telephone (416) 777-8500  
Fax (416) 777-3364  
Internet www.kpmg.ca

July 28, 2016

BY REGULAR MAIL

Toronto West Thunder Bay Tax Services Office  
5800 Hurontario St.  
Mississauga, ON  
L5R 4B4

Attention: Diane Sheppard

Re Lanwest Mfg. Technologies Inc. ("Lanwest")  
Tobacco License 54-TL-58  
Account number: 86472 0818 RD0001

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Dear Ms. Sheppard,

We are writing to request the return of the security held by the Canada Revenue Agency ("CRA") in connection with the above-noted tobacco license and Lanwest's obligation to pay excise tax with respect its operations. At this time, final audits have been completed, and it has been determined by CRA that there is no amount owing by Lanwest in this regard. Both the tobacco license and excise warehouse license have been cancelled and Lanwest has ceased business.

The security held by CRA consists of cash security in the amount of \$1,400,000 in addition to a bond from The Guarantec Company of North America No. TM0003011571 in the amount of \$600,000. We have been advised that this security is no longer required, and accordingly, request that these funds be returned to Lanwest and that the bond be released forthwith. Please send same to the offices of KPMG Inc. at 21 King Street West, Suite 700, Hamilton, Ontario, L8P 4W7.

For your reference, please find the following documents enclosed:

- a. Correspondence from Gregory Wynn, Excise Duty Officer, dated December 21, 2015 regarding the Audit of Tobacco Licence;
- b. Correspondence from Gregory Wynn, Excise Duty Officer, dated December 21, 2015 regarding the Audit of Excise Warehouse Licence;



Page 2 of 2

- c. Receipts dated June 28, 2005 and October 16, 2009 for the amount of \$1,400,000.00 (being the total of \$900,000 and \$500,000); and
- d. Guarantee Company of North America Bond Certificate in the amount of \$600,000.00.

We trust that the foregoing is satisfactory. Should you have any further questions or require additional information, please do not hesitate to contact the undersigned.

Yours truly,

KPMG INC.  
Receiver of Lanwest Mfg. Technologies Inc.

Per: 

Name: Nicholas Brearton

Title: President

*(I have the authority to bind the Corporation)*



Canada Revenue Agency

Agence du revenu du Canada

LPR Division - Excise Duty  
Ontario Region

Rec'd  
JAN 05 2016

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

Attention: John Landry

Case Number: 172631  
Business Number: 8647 20818 RD0001

December 21, 2015

Dear Sir:

Subject: Audit of Tobacco Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your tobacco licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your tobacco licence will now be cancelled. Upon cancellation, any remaining security held by the Canada Revenue Agency may be returned to you. In order to do so, a request must be made in writing by the person authorized to make this request for Lanwest Mfg. Technologies Inc.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077

Toronto West Thunder Bay Tax Services Office  
5800 Hurontario Street  
Mississauga, ON L5R 4B4  
Telephone: 1-866-967-9851  
Fax: (905) 815-2814

Bureau des services fiscaux de Toronto-Ouest Thunder Bay  
5800, rue Hurontario  
Mississauga (ON) L5R 4B4  
Téléphone: 1-866-967-9851  
Télécopieur: (905) 815-2814

Canada



Canada Revenue Agency

Agence du revenu du Canada

*Rec'd  
Jan 10 2016*

LPRD Division - Excise Duty  
Ontario Region

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

Attention: John Landry

Case Number: 172632  
Business Number: 8647 20818 RD0002

December 21, 2015

Dear Sir:

Subject: Audit of Excise Warehouse Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your excise warehouse licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your excise warehouse licence will now be cancelled.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077

Toronto West Thunder Bay Tax Services Office  
5800 Hurontario Street  
Mississauga, ON L5R 4B4  
Telephone: 1-888-867-8661  
Fax: (905) 815-2814

Bureau des services fiscaux de Toronto-Ouest Thunder Bay  
5800, rue Hurontario  
Mississauga (ON) L5R 4B4  
Téléphone: 1-888-867-8661  
Télécopieur: (905) 815-2814

Canada

Tel: (905) 277-6481

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia, Ontario  
N3W 1H8

Canada Revenue Agency  
Excise Duty 10<sup>th</sup> Floor  
5800 Hurontario Street  
P.O. Box 6000, Stn. 'A'  
Mississauga, Ontario  
L5A 4E9

Attention: John Landry

October 16, 2009

Dear Mr. Landry:

Re: Security Receipt Acknowledgement  
Royal Bank of Canada Bank Draft - for Tobacco Licence 54-TL-58

This office is in receipt of a Bank Draft in the amount of \$500,000.00 from the Royal Bank of Canada as submitted by you.

Details of your cash security are as follows:

Cash security is increased from \$900,000.00 to \$1.4 million

This additional security for your Tobacco licence, includes a bond from The Guarantee Company of North America No. TM0003011571 in the amount of \$500,000.00, now totals \$2,000,000.00.

We have updated our files and electronic systems to reflect the information as appropriate.

Thank you for your co-operation in this matter. Should you have any questions or concerns, please contact this office at the telephone number or address indicated above.

Yours truly,

ORIGINAL - CRÉDITEUR

Revenue Canada Customs, Excise and Taxation		Revenu Canada Accises, Douanes et Impôt	
<b>CASH RECEIPT                  REÇU DE CAISSE</b>			
Received from (name of payor/du déiteur) / Reçu de (nom du déiteur/du)			
Lanwest Mfg. Technologies Inc.			
Address / Adresse: 29 Industrial Drive			
City / Ville: Caledonia, ON			
This amount of / Le montant de: Five Hundred Thousand		(Postal Code / Code postal): N3W 1H8	
Purpose / But: To increase Cash Security for an Excise Duty Tobacco Licence			
Point of Payment / Méthode de paiement: RBC			
<input type="checkbox"/> Cash / Espèces <input checked="" type="checkbox"/> Cheque / Chèque <input type="checkbox"/> Other / Autre			

Receipt No. / N° du reçu  
143691

Date: October 16, 2009

Account No. / N° de compte: 804720818R0001

AMOUNT / MONTANT: \$500,000.00

*Diana Sheppard*  
 Officer's Signature / Signature de l'agent  
 Toronto West TSO  
 Issuance Office / Bureau de délivrance





Revenue Canada  
Customs, Excise and Taxation

Revenu Canada  
Accès, Douanes et Impôt

CASH RECEIPT  
REÇU DE CAISSE

Receipt No. / N° du reçu

143539

Cashier from (name of payee/du décaissé) / Nom de (nom du décaissé) (verse)

Lawest Mfg Technologies Inc.

Address / Adresse

29 Industrial Drive

City / Ville

Calidonia, ON

Postal Code / Code postal

N13101H18

City or town of / Le montant de

Nine Hundred Thousand

25/100

Signature / Signature

Security For Excise Duty Tobacco License

Date  
June 28, 2005

Account No. / N° de compte  
81490818 BMO

AMOUNT  
MONTANT \$ 900,000

Alan Sheppard  
Officer's Signature / Signature de l'agent

Form of Payment / Méthode de paiement

Cash / Espèces

Cheque / Chèque

Other / Autre

Bank Draft  
(Society / Société)

4 213 (9000)

Toronto West Tax Services  
Issuing Office / Bureau de décaissement  
Office



THE GUARANTEE COMPANY OF NORTH AMERICA

1400-4950 YONGE ST MADISON CENTRE  
TORONTO, ON  
M2N 6K1  
Tel.: 416-223-9580  
www.gna.com

CONTINUATION CERTIFICATE

**BOND NUMBER:** TM0003011571  
**PRINCIPAL:** LANWEST MFG. TECHNOLOGIES INC.  
**OBLIGEE:** HER MAJESTY IN RIGHT OF CANADA, HER HEIRS AND SUCCESSORS,  
320 QUEEN STREET  
TOWER "A" - 20TH FLOOR  
OTTAWA, ON K1A 0L6  
**BOND TYPE:** EXCISE BOND  
**BOND LOCATION:** ONTARIO, CANADA  
**BROKER:** ACUMEN INSURANCE GROUP  
**BOND AMOUNT:** \$600,000.00  
**FROM:** August 13, 2015 **TO:** August 13, 2016

IT IS HEREBY CERTIFIED THAT THE BOND BEARING THE NUMBER AND WITH PARTICULARS AS SHOWN ABOVE IS CONTINUED IN FORCE FOR THE ABOVE PERIOD SUBJECT TO ALL THE TERMS AND CONDITIONS THEREOF, AND UPON THE EXPRESS CONDITION THAT THE COMPANY'S LIABILITY UNDER THE SAID BOND AND ALL CONTINUATIONS SHALL NOT BE CUMULATIVE, AND SHALL IN NO EVENT EXCEED THE AMOUNT STATED IN THE SAID BOND OR AS AMENDED BY ENDORSEMENT.

THE GUARANTEE COMPANY OF NORTH AMERICA

  
\_\_\_\_\_  
JUSTIN ECCLESTON April 27, 2015



Canada Customs  
and Revenue Agency

Agence des douanes  
et du revenu du Canada

Bond No. TM0003011571

**EXCISE BOND**

Pursuant to the legislation governing the excise activities identified below, we the "principal" and "co-principal" and "surety" jointly and severally bind ourselves, our respective heirs, executors, administrators, successors and assigns in the amount stated below unto Her Majesty in right of Canada, her heirs and successors as represented by the Minister of National Revenue of Canada. We the principal and co-principal\*\* further acknowledge that we are required to furnish and maintain security in the amount noted

1. **ACTIVITY TO BE SECURED:** TOBACCO LICENCE
2. **RELEVANT LEGISLATIVE AUTHORITY:** EXCISE ACT, 2001
3. **BOND AMOUNT (In words and in numbers):** TWO HUNDRED THOUSAND-----00/100 DOLLARS (\$200,000.00)

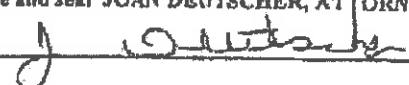

The condition of the above written obligation is such that if the obligation imposed by these legislative authorities is well and truly performed, then this obligation shall be void and of no effect but otherwise shall be and remain in full force, virtue and effect. Notwithstanding the foregoing, it is understood and agreed that the liability of the surety under this bond shall be limited to the amount stated herein and shall not be cumulative during the existence of this bond.

4. Specify the period of validity of this bond as determined by the relevant regulations: (check one box only)

- a)  Continuous bond - effective Date: AUGUST 13, 2003
- b)  Bond for a specified period - Commencing on the \_\_\_\_\_ (yyyy-mm-dd)  
and terminating on the \_\_\_\_\_ (yyyy-mm-dd)

5. a) Provided that the surety gives the Minister thirty days' notice by registered mail of its intention to terminate the obligation undertaken, then this obligation and all liability shall cease insofar as any act or dealing by the principal and co-principal\*\* subsequent to the termination date is concerned, but otherwise shall remain in full force and effect.
- b) The liability of the principal and co-principal\*\* and of the surety hereunder, shall arise upon receipt by the surety of a written demand from the Canada Customs and Revenue Agency (CCRA) containing documentation to substantiate the claim. However, if the principal and co-principal\*\* or the surety provides, within sixty days of the date of such demand, evidence to disprove the claim, then such liability, if any, arises on the date of the notice confirming that the demand is valid. All such demands shall be given to the surety within one year following the date of termination of this bond.

6. In witness whereof the principal and co-principal\*\* has/have hereunto set their hand and seal and the surety has caused these present to be sealed with its corporate seal, attested to by the signature of its duly authorized officials on the day and year indicated below. We the principal and co-principal\*\* further testify that we have read and understand the relevant legislation indicated herein, and hereby undertake to be strictly governed by the provisions thereof.

Principal (name and address) LANWEST MFG. TECHNOLOGIES INC. 29 INDUSTRIAL DRIVE CALEDONIA, ONTARIO N3W 1H8	Co-Principal* (Name and address)
Title	Title
Signature and seal	Signature and seal
Surety (name and address) THE GUARANTEE COMPANY OF NORTH AMERICA 4950 YONGE ST, SUITE 1400 NORTH YORK, ONTARIO M2N 6K1	
Title	
Signature and seal JOAN DEUTSCHER, ATTORNEY-IN-FACT 	Signature and seal HEATHER CHRISTIE, ATTORNEY-IN-FACT 



LPRa Division – Excise Duty  
Ontario Region

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

RECEIVED JAN 05 2016

Attention: John Landry

Case Number: 172631  
Business Number: 8647 20818 RD0001

December 21, 2015

Dear Sir:

Subject: Audit of Tobacco Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your tobacco licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your tobacco licence will now be cancelled. Upon cancellation, any remaining security held by the Canada Revenue Agency may be returned to you. In order to do so, a request must be made in writing by the person authorized to make this request for Lanwest Mfg. Technologies Inc.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077



LPRRA Division – Excise Duty  
Ontario Region

Lanwest Mfg. Technologies Inc.  
29 Industrial Drive  
Caledonia ON N3W 1H8

RECEIVED JAN 05 2016

Attention: John Landry

Case Number: 172632  
Business Number: 8647 20818 RD0002

December 21, 2015

Dear Sir:

Subject: Audit of Excise Warehouse Licence for the period April 1, 2015 to October 31, 2015

We have completed our audit of your excise warehouse licence. There are no adjustments arising from the audit. A Notice of Assessment will be sent under separate cover.

During this audit we did not identify any areas of non-compliance with the *Excise Act, 2001* that must be corrected.

Even though we do not plan a further review of your records at this time, the *Excise Act, 2001* requires that you do not destroy your books and records, including those in electronic format. Please refer to Excise Duty Memorandum 9.1.1, *General Requirements for Books and Records* available on our website at <http://www.cra-arc.gc.ca/menu/EXMS-e.html>.

If you wish to object to the assessment you must file a Notice of Objection in the prescribed form and manner with the Minister within 90 days from the date of the Notice of Assessment. The details should outline your reasons for the objection and all relevant facts.

With the conclusion of this audit, your excise warehouse licence will now be cancelled.

If you have any questions about this matter, contact the undersigned at the number listed below.

Sincerely,

Gregory Wynn  
Excise Duty Officer  
905-570-7077

Summerside PE C1N 6E7

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

0001862

LANWEST MFG. TECHNOLOGIES INC.  
 29 INDUSTRIAL DR  
 CALEDONIA ON N3W 1H8

**NOTICE OF (RE)ASSESSMENT  
 EXCISE DUTY**

Date of Notice: December 21, 2015

**RESULTS**

Total Amounts	\$	0.00
Total Credits Allowed	\$	0.00
Total Assessed Penalty	\$	0.00
Total Arrears Interest	\$	0.00
Total Instalment Interest	\$	0.00
Total Refund Interest	\$	0.00
Total Other Penalty	\$	0.00
		=====
Total Other Amounts Applied	\$	0.00
		=====
Balance	\$	0.00

Andrew Treusch  
 Commissioner of Revenue





LANWEST MFG. TECHNOLOGIES INC.

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

001868

**NOTICE OF (RE)ASSESSMENT  
EXCISE DUTY**

**EXPLANATIONS**

**For the Period Ending: 2015/04/30**

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

**For the Period Ending: 2015/05/31**

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

**For the Period Ending: 2015/06/30**

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

Continued on next page...

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

NOTICE OF (RE)ASSESSMENT  
EXCISE DUTY

EXPLANATIONS

For the Period Ending: 2015/07/31

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For the Period Ending: 2015/08/31

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For the Period Ending: 2015/09/30

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

Continued on next page.





LANWEST MFG. TECHNOLOGIES INC.

Date	December 24, 2015
Business Number	86472 0818 RD0002
Period covered	2015-04-01 to 2015-10-31

0001864

**NOTICE OF (RE)ASSESSMENT  
EXCISE DUTY**

**EXPLANATIONS**

For the Period Ending: 2015/10/31

This is a (re)assessment in the matter of all your transactions relating to the "Excise Act, 2001".

The Audit resulted in NIL tax adjustments.

If you cannot resolve an issue related to this Notice through an informal enquiry, you can object. To do this, complete Form E680, Notice of Objection (Excise Act, 2001), which can be found at [www.cra-arc.gc.ca/forms](http://www.cra-arc.gc.ca/forms) or by calling 1-800-959-5525. Your objection must be delivered or mailed no later than 90 days after the date on your Notice.

For general information regarding tax returns/refunds, contact us or visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca). Details referenced there include, but are not limited to, guidelines regarding reassessment, determination and dispute resolution.

For information visit [www.cra.gc.ca](http://www.cra.gc.ca), phone or write to:

Summerside Tax Centre  
275 Pope Road  
Summerside PE C1N 6E7  
Phone 902-432-5472  
Fax 902-432-5593  
Toll free number 877-432-5472  
We accept collect calls.

Hamilton-Niagara TSO

=====  
=====  
=====

## Appendix F

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**THE GUARANTEE COMPANY OF NORTH AMERICA**

1400-4950 YONGE ST MADISON CENTRE  
TORONTO, ON  
M2N 6K1  
Tel.: 416-223-9580  
[www.gcna.com](http://www.gcna.com)

**Notice of Cancellation**

September 16, 2015

Excise and GST/HST Rulings Directorate  
Excise Duties and Taxes Division  
  
SEP 22 2015  
  
Direction de l'accise et des décisions TPS/TVH  
Division des droits et taxes d'accise

**Registered Mail Reference #TM0003011571**

CANADA REVENUE AGENCY, EXCISE DUTY,  
~~320 QUEEN STREET~~ *SIB 5800 Hurontario Street*  
~~TOWER "A" - 20TH FLOOR~~ *Mississauga, ON L5R 4B4*  
~~OTTAWA, ON K1A 0L5~~

*L in Ottawa*

Dear Sir/Madam:

You are hereby notified that **THE GUARANTEE COMPANY OF NORTH AMERICA**, Surety upon:

**Type of Bond:** EXCISE BOND  
**Bond Number:** TM0003011571  
**Effective Date:** August 13, 2003  
**On behalf of:** LANWEST MFG. TECHNOLOGIES INC.

desires to cancel and does hereby cancel said bond in accordance with the cancellation provisions contained therein or in applicable laws or regulations.

**This notice is mailed to you on:** September 16, 2015  
**and is effective:** 30 days from date of receipt

**THE GUARANTEE COMPANY OF NORTH AMERICA**

JUSTIN ECCLESTON

cc: ACUMEN INSURANCE GROUP  
LANWEST MFG. TECHNOLOGIES INC.

Cancellation to be acknowledged by: CANADA REVENUE AGENCY, EXCISE DUTY

Cancellation Acknowledged by:

*Diana Sheppard*  
*Excise Duty - Licensing Officer*

Dated: *Sept. 22, 2015*

RECEIVED OCT 14 2015  
*By Toronto West - Mississauga TSO*

## Appendix G

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# THE GUARANTEE COMPANY OF NORTH AMERICA

1400-4950 YONGE ST MADISON CENTRE  
TORONTO, ON  
M5N 6K1  
Tel.: 416-223-0600

[www.gona.com](http://www.gona.com)

## CONTINUATION CERTIFICATE

**BOND NUMBER:** TM0003011671  
**PRINCIPAL:** LANWEST MFG. TECHNOLOGIES INC.  
**OBLIGEE:** HER MAJESTY IN RIGHT OF CANADA, HER HEIRS AND SUCCESSORS,  
320 QUEEN STREET  
TOWER "A" - 20TH FLOOR  
OTTAWA, ON K1A 0L6  
**BOND TYPE:** EXCISE BOND  
**BOND LOCATION:** ONTARIO, CANADA  
**BROKER:** ACUMEN INSURANCE GROUP  
**BOND AMOUNT:** \$600,000.00  
**FROM:** August 13, 2015 **TO:** August 13, 2016

IT IS HEREBY CERTIFIED THAT THE BOND BEARING THE NUMBER AND WITH PARTICULARS AS SHOWN ABOVE IS CONTINUED IN FORCE FOR THE ABOVE PERIOD SUBJECT TO ALL THE TERMS AND CONDITIONS THEREOF, AND UPON THE EXPRESS CONDITION THAT THE COMPANY'S LIABILITY UNDER THE SAID BOND AND ALL CONTINUATIONS SHALL NOT BE CUMULATIVE, AND SHALL IN NO EVENT EXCEED THE AMOUNT STATED IN THE SAID BOND OR AS AMENDED BY ENDORSEMENT.

THE GUARANTEE COMPANY OF NORTH AMERICA

  
Justin Eccleston

April 27, 2015

## Appendix H

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One James St. S., 14<sup>th</sup> Flr.  
P.O. Box 926, Depot 1  
Hamilton, ON L8N 3P9

TEL (905) 523-1333  
DIRECT FAX (905) 523-5878

[www.scarfonehawkinsllp.com](http://www.scarfonehawkinsllp.com)  
[www.classactionlaw.ca](http://www.classactionlaw.ca)

*Lawyers and Trade-mark Agents*  
+Member Canadian Class Action Network

Reply to Joseph G. Speranzini (P.C.) ext. 227  
[speranzini@shlaw.ca](mailto:speranzini@shlaw.ca)  
Direct Fax: (905) 523-6012

August 9, 2016

**PRIVILEGED & CONFIDENTIAL &  
IN CONTEMPLATION OF LITIGATION**

BDO Canada Limited  
25 Main Street West,  
Suite 805,  
Hamilton, ON  
L8P 1H1

ATTENTION: Brad Newton

Dear Sirs:

**Re: LANWEST MFG. TECHNOLOGIES INC. – Security Review. Our File Number 14C340**

We are solicitors for BDO Canada Limited.

**Items Reviewed**

Pursuant to your request, we have reviewed the security (the "Security") listed below. We have not reviewed any other materials.

1. General Security Agreement from Lanwest Mfg. Technologies Inc. in favour of Grand River Enterprises Six Nations Limited dated March 6, 2014 and registered pursuant to the *Personal Property Security Act* on March 10, 2014 under file no. 694299222.

### Scope of Review

We comment on irregularities or deficiencies in the Security only if, in our view, they could affect validity or enforceability.

We report separately regarding the priority of the Security.

Our comments on the validity and enforceability of the Security are subject to the General Qualifications contained at the end of this letter.

### Specific Comments On Validity and Enforceability

1. Regarding the General Security Agreement from Lanwest Mfg. Technologies, we have not been provided with information regarding the proper signing officers of this corporation. Therefore, we cannot provide any advice as to whether or not the General Security Agreement has been properly authorized or executed. However, BDO Canada Limited is entitled to rely on the indoor management rule and assume that the General Security Agreement has been duly authorized, executed and delivered.

### OPINION

Subject to the foregoing specific comments and to the following General Qualifications, the Security is valid and enforceable.

### General Qualifications

- a) Except as otherwise reported, we have not conducted any searches or examined any charter or other documents to verify the name, status or capacity of any person, firm or corporation providing the Security, or to ascertain ownership to assets subject to the Security, or to disclose encumbrances registered against such assets or persons, firms or corporations;
- b) We have assumed that the Security and related documentation were executed and delivered by the proper persons duly authorized to do so;
- c) For documents containing a rate of interest relative to prime, we are not certifying the accuracy of any prime plus total interest rate;
- d) **Our opinion is limited to the Security and we provide no opinion on the validity of any debt purported to be secured thereby. We have also assumed, for the purposes of our opinion, that provision of the Security shall predate any initial bankruptcy event, as defined in the *Bankruptcy and Insolvency Act*, if any, by at least: (i) three (3) months, if the debtor and the creditor of such Security are dealing with each other at arm's length; or (ii) twelve (12) months if the debtor and the creditor are *not* dealing with each other at arm's length. Further, we provide no opinion as to whether the Security may be attacked under provincial Assignments and Preferences or Fraudulent Conveyance legislation;**



- e) Rights under the Security are subject to the claims and to the discretion of the courts regarding enforcement of equitable remedies and relief; and
- f) Rights under the Security may be limited by the form of documentation used.

We trust that you find the foregoing satisfactory.

Yours very truly,  
**SCARFONE HAWKINS LLP**  
Per:

A handwritten signature in black ink, appearing to read 'J. Speranzini', written over a horizontal line.

**Joseph G. Speranzini (P.C.)**  
**[speranzini@shlaw.ca](mailto:speranzini@shlaw.ca)**  
**Direct Fax: 905-523-6012**

# Appendix I

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**Lanwest Mfg. Technologies Inc.**  
**Receiver's Statement of Receipts and Disbursements**  
**For the period September 21, 2015 to November 15, 2016**

Receipts

Cash in bank and on hand	\$ 1,525,629.70	
GIC proceeds	500,080.27	
U.S. dollar exchange	199,532.03	
HST refunds	31,223.84	
Equipment	18,211.00	
Miscellaneous refunds	12,093.42	
Accounts receivable	6,999.22	
HST collected	5,720.00	
Interest earned	330.34	
	<hr/>	
Total Receipts		\$ 2,299,819.82

Disbursements

Federal tobacco tax	587,786.62	
Ontario tobacco tax	522,154.45	
Pre-receivership HST payable	366,566.20	
Wages and related payments	173,906.99	
Legal fees	144,473.92	
Receiver's fees	91,106.32	
Insurance	41,288.82	
HST ITCs	36,293.29	
Utilities, telephone & internet	27,525.70	
WSIB	25,755.34	
Property taxes	23,211.96	
Letter of credit fees	16,963.35	
Security	14,998.00	
Quebec tobacco tax	11,565.39	
Miscellaneous	6,413.23	
Garbage removal	2,107.52	
Records storage	1,663.58	
Repairs and maintenance	1,534.75	
EHT	929.31	
Mail redirection	281.30	
Bank charges	294.15	
Filing & registration fees	70.00	
	<hr/>	
Total disbursements		<u>2,096,890.19</u>
Net receipts over disbursements		202,929.63
Distribution to secured creditor (in respect of bankruptcy costs)		<u>406.00</u>
Funds available for distribution		<u><u>\$ 202,523.63</u></u>

## Appendix J

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District of Ontario  
 Division No. 07 - Hamilton  
 Court No. 32-1895126  
 Estate No. 32-1895126

**In the Matter of the Proposal of  
 Lanwest Mfg. Technologies Inc.  
 of the Town of Caledonia, in the Province of Ontario**

**\_Form 12\_  
 Interim Statement of Receipts and Disbursements  
 As at November 15, 2016**

**Receipts**

<b>1. Payment Receipt</b>			
Proposal		<u>\$1,000,000.00</u>	<u>\$1,000,000.00</u>
<b>2. Miscellaneous</b>			
Interest income		<u>5,186.30</u>	<u>5,186.30</u>
<b>Total Receipts</b>			<u><u>1,005,186.30</u></u>

**Disbursements**

<b>3. Fees Paid</b>			
Registrar Fees		-	
Official Receiver		<u>150.00</u>	<u>150.00</u>
<b>6. Trustee's Remuneration</b>			
Trustee's fees		<u>8,996.35</u>	
HST charged on Trustee remuneration		<u>1,169.53</u>	<u>10,165.88</u>
<b>9. Miscellaneous</b>			
Administrative fees and expenses paid pursuant to the proposal			
Trustee's fees and disbursements		94,806.23	
Trustee's counsel's fees and disbursements		51,161.78	
Secured creditor's counsel		13,539.04	
Company's counsel's fees and disbursements		<u>303,041.92</u>	
Bank Charges		<u>16.54</u>	<u>462,565.51</u>
<b>Total Disbursements</b>			<u><u>472,881.39</u></u>

<b>Amount Available for Distribution</b>			<u>532,304.91</u>
<b>10. Levy payable under section 147 of the Act</b>		<u>1,340.84</u>	
Unsecured Creditor Dividend (Small claims)		<u>25,475.82</u>	<u>26,816.66</u>
<b>Funds held in trust</b>			<u><u>\$ 505,488.25</u></u>

**Notes:**

At the first meeting of creditors one inspector was appointed.

Pursuant to an Order of the Ontario Superior Court of Justice dated October 14, 2016 (the "Discharge Order"), BDO Canada Limited (the "Substitute Proposal Trustee") substituted KPMG Inc. as proposal trustee (the "Proposal Trustee"). However, the funds the Proposal Trustee is holding have not yet been transferred to Substitute Proposal Trustee pursuant to Paragraph 29 of the Discharge Order. Accordingly, this interim statement of receipts and disbursements covers the activity and fees of KPMG Inc. to the date of substitution along with interest received up to November 15, 2016. We note that interest on the funds held continues to accrue and will be paid to the Substitute Trustee when the funds are transferred.

Pursuant to the terms of the proposal (i.e. Paragraph 9.2), the fees of the trustee, the trustee's counsel, RBC and the company's counsels were to be paid from the proposal funding. Accordingly, those professional fees incurred and paid by the company up to the court approval of the proposal have been listed separately under Administrative Fees. We note that the Company claimed the HST input tax credit as a refund and therefore the HST was not repaid to the Company. The fees incurred subsequent to the court approval of the proposal are listed under the Trustee's Remuneration and the related HST has been paid by the Proposal Trustee. The estate's inspector has approved all (i.e. both pre and post Court approval of the proposal) of the professional fees paid by the Proposal Trustee.

The dividend payments to date relate to the dividends paid to the "Convenience Creditors", as defined in the proposal. The final dividend is awaiting the result of the appeal of a significant HST assessment that will affect the quantum of the dividend to be paid to the remaining creditors.

**KPMG Inc.**



---

Nicholas Brearton  
333 Bay Street  
Toronto, ON M5H 2S5

---

Steven Weisz, Inspector

**Notes:**

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**KPMG Inc.**

---

Nicholas Brearton  
333 Bay Street  
Toronto, ON M5H 2S5



---

Steven Weisz, Inspector

## Appendix K

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**GRAND RIVER ENTERPRISES SIX NATIONS LIMITED**

**Applicant**

**-and-**

**LANWEST MFG. TECHNOLOGIES INC.**

**Respondent**

**AFFIDAVIT OF BRAD NEWTON**

(sworn November 22, 2016)

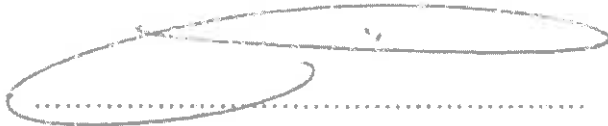
**I, BRAD NEWTON, of the Town of Beamsville in the Province of Ontario,**

**MAKE OATH AND SAY:**

1. I am a Vice President of BDO Canada Limited ("**BDO**"), Court appointed receiver of Lanwest Mfg. Technologies Inc. (the "**Receiver**"), and as such have knowledge of the matters hereinafter deposed.
2. The Receiver was appointed under an order of the Honourable Justice Conway dated October 14, 2016.
3. I confirm the amount of \$33,833.10 accurately reflects the time charges, fees and disbursements inclusive of applicable taxes incurred by the Receiver from the commencement of the file to November 4, 2016. Attached hereto as **Exhibit "A"** is a true copy of the account rendered for the above period by BDO in its capacity as Receiver.

4. I consider the amounts disclosed for the Receiver's fees and expenses to be fair and reasonable considering the circumstances connected with this administration.

**SWORN** before me at the City of Hamilton )  
in the Province of Ontario on this 22<sup>nd</sup> day )  
of November, 2016 )  
)  
)  
)  
)  
)



A handwritten signature in blue ink, appearing to read "Paul Théodore Inatjuk", is written over a horizontal dotted line.

Commissioner for Taking Affidavits



A handwritten signature in blue ink, appearing to read "Brad Newton", is written over a solid horizontal line.

**BRAD NEWTON**

**Paul Théodore Inatjuk, a Commissioner, CMA,  
Province of Ontario, for BDO Canada Limited,  
Trustee in Bankruptcy.  
Expires November 6, 2017.**

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF Brad Newton

Sworn before me

This 22<sup>nd</sup> day of November 2016

A handwritten signature in black ink, appearing to read "Paul Theodore Macatuk", is written over a horizontal line. The signature is somewhat stylized and loops back to the left.

Commissioner for taking Affidavits, etc

**Paul Theodore Macatuk, a Commissioner, etc.,  
Province of Ontario, for BDO Canada Limited,  
Trustee in Bankruptcy.  
Expires November 6, 2017.**



Tel: 905 524 1008  
Fax: 905 570 0249  
www.bdo.ca

BDO Canada Limited  
25 Main Street West, Suite 805  
Hamilton ON L8P 1H1 Canada

Lanwest Mfg. Technologies Inc.  
c/o BDO Canada Limited  
25 Main Street West, Suite 805  
Hamilton, ON  
L8P 1H1

---

Date	Client No.	Invoice No.
08-Nov-16	Lanwest Mfg. Technologies Inc.	

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**TO PROFESSIONAL SERVICES RENDERED** as Receiver of Lanwest Mfg. Technologies Inc. for the period of commencement of the engagement to November 4, 2016.

	<u>Hours</u>	<u>Fee</u>
<b>Senior Vice President</b>		
C. Mazur	0.20	\$ 90.00
<b>Vice President</b>		
B. Newton	73.80	29,520.00
<b>Staff</b>		
J. Miceli	0.20	27.40
T. Smith	0.20	28.40
J. Pronk	2.50	275.00
	<u>76.90</u>	<u>29,940.80</u>
HST on BDO fees		3,892.30
Total		<u>\$ 33,833.10</u>
Total Invoice		<u>\$ 33,833.10</u>

H.S.T. #R101518124

Terms:

Net 30 days.

Interest at 1% per month (12.68% per annum calculated monthly) charged on accounts over 30 days



Lanwest Mfg. Technologies Inc.

Listing of Time Charges for the Receiver

For the period July 20 to November 4, 2016

Date	Employee	Hours	Rate	Fee	Comments
14-Oct-16	Mazur, Chris	0.20	\$ 450.00	\$ 90.00	attend re file direction, review/sign appointment.
13-Oct-16	Miceli, Janet	0.20	137.00	27.40	Prepare deposit and cheque request.
26-Jul-16	Newton, Brad	0.80	400.00	320.00	Review email and draft MOF settlement docs sent to MOF by counsel; forward same to J Hammond and S Graff; emails with J Landry and counsel re info required for HST appeals
28-Jul-16	Newton, Brad	1.50	400.00	600.00	Discussions with J Hammond re letters to CRA, utilities and property taxes of the various real properties; follow up email to Landry re expenses on real properties owned by him; discussions and emails with KPMG re letter to send to CRA
29-Jul-16	Newton, Brad	0.30	400.00	120.00	Follow up on HST invoices re audit disallowance
3-Aug-16	Newton, Brad	0.80	400.00	320.00	Follow up on information for HST assessment dispute and follow up with J Hammond re letter to CRA
5-Aug-16	Newton, Brad	0.40	400.00	160.00	Review files for HST claimed on invoices; follow up with counsel re draft letter to CRA re HST claimed
8-Aug-16	Newton, Brad	0.50	400.00	200.00	Review of HST information and obtain additional info from KPMG; discussion with J Landry re HST issues
8-Aug-16	Newton, Brad	2.00	400.00	800.00	Discussions with J Hammond re CRA HST audit results and letter to CRA to return Tobacco tax funds; review draft letter on return of Tobacco tax refunds; draft letter to CRA re HST audit and draft appeal doc
9-Aug-16	Newton, Brad	0.80	400.00	320.00	discuss HST info required with J Landry; discussion with RBC re LC called by GCNA and send follow up email to J Hammond re same; follow up with CRA re missing Tobacco Tax assessment
10-Aug-16	Newton, Brad	0.30	400.00	120.00	Call to RBC re LC payment to GCNA
11-Aug-16	Newton, Brad	1.00	400.00	400.00	Discussions and emails re GCNA LC and issues with same and strategy for court appointed receiver to resolve outstanding issues
12-Aug-16	Newton, Brad	1.00	400.00	400.00	Discussions with counsel re GCNA issues and possibility of court appointment of receiver; discussions with KPMG and RBC re same
17-Aug-16	Newton, Brad	2.00	400.00	800.00	Meeting with counsel to discuss prep of affidavit in support of court appointed receivership motion
18-Aug-16	Newton, Brad	1.40	400.00	560.00	Gather information for counsel to support drafting of affidavit for receivership; discussions with GCNA to inform them of expected progress for filing documents and let them know we would provide them with drafts; discussions with RBC to inform them of progress of filing and provision of draft docs and follow up on confirmation of remaining LCs
19-Aug-16	Newton, Brad	0.30	400.00	120.00	Follow up on info for affidavit
22-Aug-16	Newton, Brad	1.50	400.00	600.00	Review information at KPMG to find payments of invoices denied by HST audit; discuss status of filing for Court appointed receiver with J Hammond; summarize current expenses to be paid
23-Aug-16	Newton, Brad	0.80	400.00	320.00	Follow up with counsel re timing of filing materials; review info on rejected invoices from HST audit; arrange for partial redemption of investment to pay outstanding expenses
24-Aug-16	Newton, Brad	0.10	400.00	40.00	Call to ZZ re Revenu Quebec claim and review of claim materials received
25-Aug-16	Newton, Brad	0.20	400.00	80.00	Follow up with counsel re approval of payment of outstanding expenses
26-Aug-16	Newton, Brad	0.30	400.00	120.00	Review and comment on draft affidavit
29-Aug-16	Newton, Brad	0.50	400.00	200.00	Review of revised affidavit and send proposed changes; set up conference call with counsels re court filing
30-Aug-16	Newton, Brad	0.30	400.00	120.00	Emails re edits to affidavit and set up conference call re same



Lanwest Mfg. Technologies Inc.

Listing of Time Charges for the Receiver

For the period July 20 to November 4, 2016

Date	Employee	Hours	Rate	Fee	Comments
31-Aug-16	Newton, Brad	1.40	400.00	560.00	Review of draft order; conference call with counsels re receiver application
1-Sep-16	Newton, Brad	0.80	400.00	320.00	Emails to J Landry re Quebec counsel and to J Hammond re outstanding expenses; email and discussions with M Valente re discussion to be held with MOF on Receiver filing; message from Quebec counsel and try to reply
6-Sep-16	Newton, Brad	0.80	400.00	320.00	Various emails re seeking information for counsel for affidavit and providing various info to counsel for affidavit
9-Sep-16	Newton, Brad	0.80	400.00	320.00	Review of affidavit changes and order changes, provide edits to counsel re same
14-Sep-16	Newton, Brad	1.00	400.00	400.00	Arrange payment of expenses; follow up on outstanding info for affidavit; review info from Millar Krekewetz to be sent to M McGraw for affidavit; review draft consent on change of proposal trustee and send to KPMG
15-Sep-16	Newton, Brad	0.50	400.00	200.00	Respond to Loblaws creditor inquiry; follow up on outstanding info for affidavit; email draft order to GCNA
19-Sep-16	Newton, Brad	0.30	400.00	120.00	Emails with counsel re response from GCNA re order
20-Sep-16	Newton, Brad	0.80	400.00	320.00	Set up call and attend call with GCNA re their questions on the draft order and set up of follow up call with M McGraw; send additional info to M McGraw re affidavit
21-Sep-16	Newton, Brad	0.30	400.00	120.00	Set up call with M McGraw and GCNA
22-Sep-16	Newton, Brad	1.00	400.00	400.00	Calls with M McGraw and GCNA re draft order and possible expiration of bond; email to J Hammond and KPMG re outstanding expenses
23-Sep-16	Newton, Brad	0.30	400.00	120.00	Discussion with J Hammond re GCNA delay proposal and setting up conference call with counsels re same
27-Sep-16	Newton, Brad	1.00	400.00	400.00	Prep for and attendance at conference call with counsels re court application for receiver, status of MOF settlement, GCNA bond discussions, CRA HST assessments, etc.
28-Sep-16	Newton, Brad	0.70	400.00	280.00	Emails re court attendance date for receiver application and sending out HST objection to CRA
29-Sep-16	Newton, Brad	1.00	400.00	400.00	Set up of calls with MOF and GCNA and review of related minutes and order in prep for calls; emails to counsels re filing of notice of objection to HST assessment
30-Sep-16	Newton, Brad	1.50	400.00	600.00	Prep for and attend call with MOF and MV re settlement and related changes to minutes; email to Krekewetz re objection to HST assessment and review status of info gathering for HST hearing; update call with Hammond re MOF and HST notice of objection
3-Oct-16	Newton, Brad	3.00	400.00	1,200.00	Prep for and attendance on call with GCNA and M McGraw re changes to order; review of revised minutes from M Valente and provide comments; set up conference call with Krekewetz re HST objection; payment of expenses; call with J Hammond re HST objection and update on status with GCNA and MOF
4-Oct-16	Newton, Brad	4.00	400.00	1,600.00	Conference call with Krekewetz and Hammond re notice of objection to July 2016 HST assessment; review files to find additional evidence/information for HST notice of objection; review potential settlement email from CRA/Krekewetz and respond; discussions with M McGraw re MOF minutes of settlement, order and affidavit; review revised minutes of settlement with MOF; email to Hammond re expenses to be paid



Lanwest Mfg. Technologies Inc.

Listing of Time Charges for the Receiver

For the period July 20 to November 4, 2016

Date	Employee	Hours	Rate	Fee	Comments
5-Oct-16	Newton, Brad	3.20	400.00	1,280.00	Review updated affidavit and provide comments; follow up on consent from KPMG and private receiver termination requirements; discussions and emails re CRA settlement proposal; emails and discussions re minutes of settlement with RBC and MOF; follow up on outstanding objection to July 2016 HST notice of assessment
6-Oct-16	Newton, Brad	3.00	400.00	1,200.00	Discussions with counsel re obtaining consent from KPMG on substitution; email to MOF re substitution of proposal trustee; review of final affidavit draft and provide comments; review of HST objection docs re July 2016 assessment and provide comments on same to tax counsel
7-Oct-16	Newton, Brad	2.50	400.00	1,000.00	Various calls and emails with counsels re completing notice of objection to HST assessment and completing affidavit for receiver appointment; discuss with S Weisz the replacement of KPMG as Proposal Trustee and Private receivership appointment
12-Oct-16	Newton, Brad	3.60	400.00	1,440.00	Review of emails received from CRA, MOF and GCNA re appointment docs; conference call with counsels re emails received and proceeding with appointment on Friday; follow discussions and emails with counsel re emails received and status of RBC; emails and discussions with KPMG re consent and closing of their engagements and related emails to counsel; review MOF edits to minutes of settlement and release docs and provide comments to counsel
13-Oct-16	Newton, Brad	4.00	400.00	1,600.00	Numerous discussions and emails re KPMG consent to transfer of proposal trustee to BDO and prep of receiver and proposal trustee R&Ds; numerous emails and discussions re finalizing of minutes of settlement with MOF; numerous emails and discussions re finalizing receiver appointment order; discussions and emails re CRA opposition to receiver order
14-Oct-16	Newton, Brad	0.50	400.00	200.00	Preparation of receiver consent document and send to counsel; review of emails from counsel re update on court attendance; review emails from counsel re RBC requested change to minutes of settlement and respond to same
18-Oct-16	Newton, Brad	0.40	400.00	160.00	Set up of creditor website per court order
19-Oct-16	Newton, Brad	0.40	400.00	160.00	Follow up on RBC costs and sending minutes of settlement to MOF; set up call with counsels to discuss potential settlement parameters with CRA
20-Oct-16	Newton, Brad	0.80	400.00	320.00	Prep for an attendance on conference call to discuss potential settlement with CRA vs ongoing discoveries on HST assessed pre-proposal and funds taken by CRA pre-proposal and also discuss timing of expiry of GCNA bond
21-Oct-16	Newton, Brad	0.30	400.00	120.00	Update call with J Hammond re next steps with MOF and GCNA; follow up with M Valente
24-Oct-16	Newton, Brad	0.80	400.00	320.00	Setting up tours for two listing agents for real property; follow up email to GCNA re status of claims under the CRA bond
25-Oct-16	Newton, Brad	0.40	400.00	160.00	Emails to set up 3rd listing proposal; emails re GCNA bond
26-Oct-16	Newton, Brad	1.00	400.00	400.00	Confirm listing agent tour of premises; discussion with GCNA re bond and status of any claims; update counsels on GCNA discussion; follow up re RBC costs and signing of minutes by RBC and MOF
27-Oct-16	Newton, Brad	0.50	400.00	200.00	Follow up on outstanding vehicle payments with J Landry and review invoices received for utilities; respond to R Kreklewetz re response to CRA



Lanwest Mfg. Technologies Inc.

Listing of Time Charges for the Receiver

For the period July 20 to November 4, 2016

Date	Employee	Hours	Rate	Fee	Comments
31-Oct-16	Newton, Brad	2.00	400.00	800.00	Discussions with GCNA re status of CRA claims against bond and support for receiver's motion and follow up emails with counsel and GCNA counsel; discussions with J Landry re payments for vehicle purchase and info gathering for CRA appeal and related email to Kreklewetz; emails and discussions with RBC and their counsel re GCNA and settlement with MOF and receiver's motion re both
1-Nov-16	Newton, Brad	2.50	400.00	1,000.00	Conference call with Kreklewetz and Landry re CRA appeal, status of info gathering and potential settlement; Discussions with J Landry re info for CRA appeal and payment of truck purchase; review of draft order and provide edits to M McGraw; discuss comments from CRA on stay of appeal proceedings and timing of supply of info and related emails
2-Nov-16	Newton, Brad	5.00	400.00	2,000.00	Drafting of court report; letters to utilities and HST re changing accounts to BDO; letter to Revenu Quebec re setting up discussion on settlement; email to RBC re providing funds in old Lanwest account; review of Lanwest listing proposals and summary of same
3-Nov-16	Newton, Brad	5.90	400.00	2,360.00	Drafting of Court report and obtaining documents to support report from KPMG records and from GCNA; emails, faxes and discussions with utilities suppliers, insurance equipment storage; Revenu Quebec; Minister of Finance for tobacco return re change of receiver; email to J Hammond re listing proposals and real property appraisal; updates to Lanwest creditor website
4-Nov-16	Newton, Brad	1.00	400.00	400.00	Review and make edits to draft court report and then send to counsels for review; emails re sending draft order to GCNA, KPMG and RBC; discussion with S Graff re RBC position on minutes of settlement with MOF and payment of funds in old Lanwest bank account
2-Nov-16	Pronk, Jodi	1.40	110.00	154.00	Preparing and sending via fax, receiver's letters to current suppliers and government agencies informing them of the receiver's appointment
2-Nov-16	Pronk, Jodi	0.40	110.00	44.00	Preparing and sending via fax, receiver's letters to current suppliers and government agencies informing them of the receiver's appointment
3-Nov-16	Pronk, Jodi	0.70	110.00	77.00	Preparing and sending via fax, receiver's letters to current suppliers and government agencies informing them of the receiver's appointment
19-Oct-16	Smith, Teresa	0.20	142.00	28.40	Prepare cheque on account
	Fees	<u>76.90</u>		\$ 29,940.80	
	HST			<u>3,892.30</u>	
	Total			<u>\$ 33,833.10</u>	



## Appendix L

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY**

**BETWEEN:**

**IN THE MATTER of the Proposal  
of LANWEST MFG. TECHNOLOGIES INC.  
of the Town of Caledonia,  
in the Province of Ontario**

**AFFIDAVIT OF COLLEEN YAMASHITA  
(Sworn November 21, 2016)**

I, Colleen Yamashita, of the City of Hamilton, Province of Ontario, MAKE OATH  
AND SAY:

1. I am a lawyer qualified to practice law in the Province of Ontario, and am a Partner with the law firm, Scarfone Hawkins LLP, lawyers to BDO Canada Limited, in its capacity as Court appointed Receiver of Lanwest Mfg. Technologies Inc. (the "Receiver"), and as such, I have knowledge of the matters to which I hereinafter depose.
2. In connection with acting as counsel to the Receiver, a total fee of \$28,967.09 inclusive of disbursements and HST was charged by Scarfone Hawkins LLP during the period commencing April 25, 2016 to November 11, 2016, inclusive. Attached hereto and marked as collective **Exhibit "A"** to this my Affidavit is a true copy of Scarfone Hawkins LLP account dated November 11, 2016 in this regard.
3. The account is a fair and accurate description of the services provided, the disbursements incurred and the amounts charged by Scarfone Hawkins LLP. A copy of the account has been provided to the Receiver. I am advised by the Receiver that the


Receiver has reviewed the account and it considers the fees and disbursements fair and reasonable.

4. To the best of my knowledge the rates charged by Scarfone Hawkins LLP in connection with acting as counsel to the Receiver are comparable to the rates charged by other law firms in the Hamilton market for the provision of similar services.

5. The hourly billing rates set out in the account are the normal hourly rates charged by Scarfone Hawkins LLP for services rendered in relation to similar proceedings.

6. I make this Affidavit solely in support of an order approving the fees and disbursements of counsel for the Receiver and for no other or improper purpose.

**SWORN BEFORE ME** at the  
City of Hamilton, Province of  
Ontario on this 21 day of  
November, 2016

  
\_\_\_\_\_  
Commissioner for Taking Affidavits  
(or as may be)

}

  
\_\_\_\_\_  
**COLLEEN YAMASHITA**

This is Exhibit "A" referred to in the Affidavit of COLLEEN  
YAMASHITA sworn November 21, 2016



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*Commissioner for Taking Affidavits (or as may be)*

BDO CANADA LIMITED  
IN ITS CAPACITY AS RECEIVER  
OF LANWEST MFG. TECHNOLOGIES INC.  
25 MAIN ST. W, SUITE 805  
HAMILTON, ONTARIO  
L8P 1H1 CANADA

BRAD NEWTON, VICE PRESIDENT

INVOICE NUMBER:  
127836  
DATE:  
November 11, 2016  
OUR FILE NO.:  
14C340

IN ACCOUNT WITH

**Scarfone Hawkins LLP**  
LAWYERS AND TRADE-MARK AGENTS  
ONE JAMES STREET SOUTH  
14TH FLOOR  
P.O. BOX 926, DEPOT #1  
HAMILTON, ONTARIO  
L8N 3P9

TELEPHONE 905-523-1333  
TELEFAX 905-523-5878

H.S.T. REGISTRATION NO. 873984314 RT - 0001

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**RE: LANWEST MFG. TECHNOLOGIES INC., JOHN LANDRY AND GRAND RIVER  
ENTERPRISES SIX NATIONS LIMITED - Work April 25, 2016 to November 11, 2016**

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TO ALL PROFESSIONAL services rendered in connection with the above-noted matter to Nov 11/16

DATE	TIMEKEEPER	HOURS	DESCRIPTION
04 /25/16	MJV	0.20	Email from Aird, Berlis; telephone attendance with S. Graff;
04 /26/16	MJV	0.20	Correspondence from and to Ministry of Finance telephone attendance with opposing counsel;
04 /27/16	MJV	0.20	Telephone attendance with S. Graff;
04 /27/16	MJV	0.10	Correspondence from and to Ministry of Finance;
04 /27/16	MJV	0.20	Telephone attendance with K. O'Hara regarding transition of funds;
04 /27/16	MJV	1.80	Drafting Release of Minister of Finance;
04 /27/16	MJV	0.10	Reviewing and revising Release;
04 /28/16	MJV	0.10	Emails from and to KPMG regarding release;
04 /29/16	MJV	0.20	Telephone attendance with B. Newton regarding draft release;
05 /02/16	MJV	0.10	Telephone attendance on S. Graff;
05 /03/16	MJV	0.20	Telephone attendance with B. Newton; telephone attendance with S. Groeneveld of Ministry of Finance;
05 /03/16	MJV	0.20	Amending Release of Ministry of Finance; email to Inch, Hammond; telephone attendance with S.

			<i>Groeneveld; emails from and to Ministry of Finance;</i>
05 /03/16	MJV	0.05	<i>Correspondence to KPMG providing a status update;</i>
05 /03/16	MJV	0.20	<i>Telephone attendance with B. Newton regarding recent developments;</i>
05 /03/16	MJV	0.10	<i>Correspondence to Inch Hammond;</i>
05 /04/16	MJV	0.60	<i>Telephone attendance with J. Hammond discussing form of release and related matters;</i>
05 /04/16	MJV	0.25	<i>Correspondence from and telephone attendance with S. Groeneveld of Ministry of Finance regarding release;</i>
05 /04/16	MJV	0.10	<i>Correspondence from KPMG; telephone attendance with Brad Newton;</i>
05 /05/16	MJV	0.50	<i>Correspondence from and to Ministry of Finance and telephone discussions with S. Groeneveld regarding terms of release;</i>
05 /06/16	MJV	0.40	<i>Receipt and review of Ministry of Finance release; correspondence to Ministry of Finance;</i>
05 /25/16	MJV	0.30	<i>Telephone attendance with Ministry of Finance; correspondence from and to Ministry of Finance;</i>
05 /26/16	MJV	0.10	<i>Correspondence to J. Hammond;</i>
05 /26/16	MJV	0.10	<i>Telephone attendance with Ministry of Finance;</i>
05 /27/16	MJV	0.20	<i>Telephone attendance with B. Newton discussing issues at hand;</i>
05 /27/16	MJV	0.20	<i>Telephone conference with B. Newton and J. Hammond;</i>
06 /03/16	MJV	0.20	<i>Reviewing and considering letter to credit chart; email to BDO;</i>
06 /08/16	MJV	0.15	<i>Telephone attendance with MOF counsel; emails from and to Ministry of Finance;</i>
06 /08/16	CY	0.30	<i>Telephone attendance on B. Newton; reviewing and revising release;</i>
06 /08/16	CY	2.20	<i>Drafting minutes of settlement;</i>
06 /09/16	MJV	0.40	<i>Reviewing and revising Minutes of Settlement; email to B. Newton;</i>
06 /17/16	MJV	0.10	<i>Correspondence from and to B. Newton;</i>
06 /20/16	MJV	0.30	<i>Telephone attendance with and correspondence from and to Ministry of Finance;</i>
06 /20/16	MJV	0.40	<i>Telephone conference with Brad Newton and J. Hammond;</i>
06 /20/16	MJV	0.20	<i>Revising Release;</i>
06 /22/16	MJV	0.40	<i>Telephone conference with B. Newton and S. Graff;</i>
06 /22/16	MJV	0.10	<i>Telephone attendance with B. Newton;</i>
06 /22/16	MJV	0.20	<i>Correspondence with Ministry of Finance;</i>



06 /22/16	MJV	0.10	<i>Telephone attendance with S. Groeneveld;</i>
06 /28/16	MJV	1.80	<i>Reviewing and revising MOF release and Minutes; drafting Irrevocable Direction and Release in favour of RBC; telephone attendance with RBC counsel; reporting to Brad Newton; emails from and to MOF counsel; telephone attendance with S. Groeneveld;</i>
06 /29/16	MJV	0.20	<i>Correspondence from B. Newton; amending MOF Release; email to J. Hammond and S. Graff;</i>
06 /29/16	MJV	0.10	<i>Correspondence to Minister of Finance;</i>
06 /29/16	MJV	0.05	<i>Telephone attendance with S. Groeneveld;</i>
06 /30/16	MJV	0.10	<i>Correspondence to S. Graff;</i>
07 /07/16	MJV	0.10	<i>Correspondence from and to counsel;</i>
07 /07/16	MJV	0.10	<i>Telephone attendance with S. Groeneveld of MOF;</i>
07 /08/16	MJV	0.10	<i>Telephone attendance from B. Newton;</i>
07 /08/16	MJV	0.25	<i>Correspondence to MOF; correspondence to Inch Hammond; amending Minutes of Settlement;</i>
07 /11/16	MJV	0.10	<i>Telephone attendance with S. Groeneveld's office;</i>
07 /13/16	MJV	0.05	<i>Telephone attendance with B. Newton;</i>
07 /13/16	MJV	0.10	<i>Correspondence from and to B. Newton;</i>
07 /13/16	MJV	0.30	<i>Receiving and reviewing the Ministry of Finance Statement of Account; correspondence to Minister of Finance; correspondence to B. Newton;</i>
07 /13/16	MJV	0.15	<i>Telephone attendance with S. Groeneveld;</i>
07 /15/16	MJV	0.10	<i>Correspondence from and to Ministry of Finance;</i>
07 /18/16	MJV	0.10	<i>Correspondence from Minister of Finance; correspondence to BDO Canada;</i>
07 /18/16	MJV	0.25	<i>Telephone attendance with S. Groeneveld;</i>
07 /20/16	MJV	0.15	<i>Telephone attendance with S. Groeneveld re: credit payments;</i>
07 /20/16	MJV	0.30	<i>Correspondence from MOF; correspondence to BDO; telephone attendance with S. Groeneveld;</i>
07 /20/16	MJV	0.10	<i>Reviewing matters and preparing for telephone call;</i>
07 /20/16	MJV	0.30	<i>Telephone conference with Messrs. Newton, Hammond &amp; Graff discussing proposed amendments;</i>
07 /20/16	MJV	0.50	<i>Reviewing and revising closing documents and forwarding same to Brad Newton for approval;</i>
07 /20/16	MJV	0.10	<i>Correspondence from and to Ministry of Finance;</i>

07 /20/16	MJV	0.10	<i>Correspondence from and to BMO re: assessment of the portion of the Ministry of Finance;</i>
07 /20/16	MJV	0.20	<i>Telephone attendance with S. Groeneveld re: requirements of MOF with respect to closing documents;</i>
07 /22/16	MJV	0.10	<i>Emails from and to MOF, Steve Groeneveld; email to Messers. Hammond and Gaffe;</i>
07 /22/16	MJV	0.05	<i>Email from BDO re: bankruptcy certificate;</i>
07 /22/16	CY	0.10	<i>Correspondence received from and reviewing correspondence forwarded to MOF;</i>
07 /25/16	MJV	0.10	<i>Correspondence from Steve Graff, B. Newton &amp; J. Hammond;</i>
07 /25/16	MJV	0.20	<i>Amending and reviewing release; email to B. Newton;</i>
07 /25/16	MJV	0.20	<i>Correspondence to S. Groeneveld of MOF enclosing settlement documents;</i>
07 /26/16	MJV	0.10	<i>Telephone attendance with B. Newton; email to B. Newton;</i>
07 /26/16	MJV	0.20	<i>Correspondence from and to Minister of Finance;</i>
07 /26/16	MJV	0.30	<i>Telephone attendance with S. Groeneveld re: settlement documents;</i>
07 /27/16	MJV	0.30	<i>Telephone attendance with S. Groeneveld discussing settlement documents and related matters;</i>
07 /27/16	MJV	0.10	<i>Correspondence from MOF; correspondence to BDO;</i>
08 /05/16	CY	0.20	<i>Correspondence received from BDO; correspondence forwarded to MOF; correspondence forwarded to BDO;</i>
08 /08/16	JGS	0.35	<i>Letter received from BDO; Instructions regarding searches and opinion;</i>
08 /08/16	JGS	0.25	<i>Reviewing, investigating and instructions regarding advice &amp; material;</i>
08 /08/16	JGS	0.10	<i>Reviewing instruction &amp; search;</i>
08 /08/16	JGS	0.05	<i>Instructions regarding matters;</i>
08 /08/16	CY	0.10	<i>Telephone attendance on S. Groeneveld;</i>
08 /08/16	CY	0.20	<i>Telephone attendance on B. Newton regarding security review; considering and advising on status of file with JGS;</i>
08 /09/16	JGS	0.50	<i>Reviewing searches; Investigating issues; Instructions regarding amended letter;</i>
08 /09/16	JGS	0.95	<i>Reviewing advices and materials; Reviewing and Revising SLO;</i>
08 /09/16	JGS	0.20	<i>Reviewing advice; Letter forwarded to BDO;</i>
08 /10/16	MJV	0.35	<i>Correspondence from and to Minister of Finance;</i>
08 /10/16	MJV	0.25	<i>Telephone attendance with S. Groeneveld;</i>



08 /11/16	MJV	0.10	<i>Correspondence from and to S. Groeneveld;</i>
08 /11/16	MJV	0.20	<i>Telephone attendance with S. Groeneveld;</i>
08 /12/16	MJV	0.10	<i>Correspondence from MOF; correspondence from and to BDO;</i>
08 /12/16	MJV	0.10	<i>Telephone attendance with S. Groeneveld;</i>
08 /12/16	CY	0.10	<i>Correspondence received from MOF;</i>
08 /15/16	MJV	0.35	<i>Telephone attendance with B. Newton discussing recent developments;</i>
08 /16/16	MJV	0.25	<i>Telephone attendance with S. Groeneveld regarding settlement terms;</i>
08 /17/16	MJV	0.10	<i>Receipt and review of updated security opinion;</i>
08 /18/16	MJV	0.25	<i>Receipt and review of proposal MOF revisions to closing documents;</i>
08 /26/16	MJV	0.35	<i>Correspondence from Ministry of Finance; telephone attendance with S. Groeneveld;</i>
08 /29/16	MJV	0.15	<i>Correspondence from and to Blakes;</i>
08 /29/16	MJV	0.45	<i>Receipt and review of affidavit in support of BDO receivership appointment;</i>
08 /29/16	MJV	0.20	<i>Correspondence from and telephone attendance with S. Groeneveld;</i>
08 /30/16	MJV	0.10	<i>Correspondence from and to Blakes and BDO;</i>
09 /01/16	MJV	0.20	<i>Telephone attendance with B. Newton;</i>
09 /01/16	MJV	0.30	<i>Telephone attendance with S. Groeneveld regarding receivership proceedings;</i>
09 /06/16	MJV	0.15	<i>Correspondence from and to Blakes;</i>
09 /07/16	MJV	0.20	<i>Receipt and review of revised affidavit in support of receiving order;</i>
09 /08/16	MJV	0.20	<i>Receipt and review of draft order revisions;</i>
09 /09/16	MJV	0.15	<i>Correspondence to MOE;</i>
09 /12/16	MJV	0.40	<i>Receipt and review of amended affidavit and order;</i>
09 /14/16	MJV	0.20	<i>Telephone attendance with S. Groeneveld regarding receivership proceedings;</i>
09 /14/16	MJV	0.20	<i>Correspondence from and to MOF;</i>
09 /14/16	MJV	0.15	<i>Correspondence from and to BDC;</i>
09 /14/16	MJV	0.25	<i>Draft correspondence to MOF;</i>
09 /15/16	MJV	0.25	<i>Correspondence from and to BDO; amending correspondence to Minister of Finance;</i>



09 /15/16	MJV	0.15	<i>Correspondence from and telephone attendance with S. Groeneveld;</i>
09 /16/16	MJV	0.15	<i>Correspondence from and to Minister of Finance;</i>
09 /19/16	MJV	0.20	<i>Correspondence from and to BDO; correspondence from Blakes; telephone attendance on Minister of Finance;</i>
09 /19/16	MJV	0.15	<i>Correspondence from and to Ministry of Finance;</i>
09 /20/16	MJV	0.15	<i>Correspondence to Ministry of Finance; correspondence from Blakes;</i>
09 /22/16	MJV	0.25	<i>Correspondence from Minister of Finance; correspondence from and to BDO and Blakes;</i>
09 /22/16	MJV	0.15	<i>Correspondence from and to Ministry of Finance; correspondence to BDO Canada;</i>
09 /23/16	MJV	0.30	<i>Correspondence from and to Blakes; telephone attendance with B. Newton; correspondence to Ministry of Finance;</i>
09 /23/16	MJV	0.15	<i>Correspondence from J. Hammond; correspondence from KPMG;</i>
09 /23/16	MJV	0.10	<i>Telephone attendance on S. Groeneveld;</i>
09 /26/16	MJV	0.15	<i>Correspondence from Inch, Hammond; correspondence from Ministry of Finance;</i>
09 /26/16	MJV	0.25	<i>Reviewing file and preparing for teleconference call;</i>
09 /26/16	MJV	0.20	<i>Telephone attendance with B. Newton;</i>
09 /26/16	MJV	0.10	<i>Correspondence to Ministry of Finance;</i>
09 /26/16	MJV	0.10	<i>Telephone attendance on Ministry of Finance;</i>
09 /26/16	MJV	0.30	<i>Correspondence from and to Ministry of Finance; correspondence to BDO; telephone attendance with S. Groeneveld;</i>
09 /27/16	MJV	0.20	<i>Telephone attendance with B. Newton discussing position of Minister of Finance;</i>
09 /27/16	MJV	0.55	<i>Telephone conference with B. Newton, J. Hammond, M. McGraw and Steve Weisz; memo to file;</i>
09 /27/16	MJV	0.10	<i>Correspondence to Steve Groeneveld of Ministry of Finance;</i>
09 /27/16	MJV	0.15	<i>Telephone attendance with B. Newton;</i>
09 /28/16	MJV	0.35	<i>Telephone attendance from J. Hammond; telephone attendance on Commercial List; correspondence from and to Blakes;</i>
09 /28/16	MJV	0.70	<i>Correspondence from and to Blakes and Ministry of Finance; correspondence from BDO; reviewing file in preparation of Ministry of Finance conference call; considering and advising with respect to revisions to Minutes and draft Order; correspondence to BDO;</i>



09 /28/16	MJV	0.25	<i>Correspondence from and to counsel regarding notice of objection;</i>
09 /29/16	MJV	0.25	<i>Correspondence from and to Blakes; correspondence from and to Ministry of Finance; correspondence to BDO;</i>
09 /29/16	MJV	0.20	<i>Correspondence from and to Ministry of Finance and BDO;</i>
09 /29/16	MJV	0.15	<i>Correspondence from and to BDO;</i>
09 /30/16	MJV	0.50	<i>Telephone attendance with B. Newton and S. Groeneveld; memo to file;</i>
09 /30/16	MJV	0.20	<i>Correspondence from and to MOF;</i>
10 /03/16	MJV	2.60	<i>Drafting, reviewing and revising Minutes of Settlement, Release and Order; telephone attendances with S. Groeneveld; correspondence from and to MOF;</i>
10 /03/16	MJV	0.30	<i>Reviewing and revising draft documents; correspondence to BDO;</i>
10 /03/16	MJV	0.20	<i>Telephone attendance with Brad Newton;</i>
10 /03/16	MJV	0.10	<i>Correspondence to Aird &amp; Berlis;</i>
10 /03/16	MJV	0.20	<i>Telephone attendance on S. Graffe;</i>
10 /03/16	MJV	0.15	<i>Telephone attendance with B. Newton regarding amendment to draft documents;</i>
10 /03/16	MJV	0.10	<i>Correspondence from Blakes;</i>
10 /03/16	MJV	1.60	<i>Revising Minutes of Settlement; drafting Mutual Release; correspondence to Blakes; telephone attendance with S. Groeneveld;</i>
10 /04/16	MJV	0.15	<i>Correspondence from and to Blakes;</i>
10 /04/16	MJV	0.25	<i>Telephone attendance with S. Groeneveld regarding mutual release;</i>
10 /04/16	MJV	0.10	<i>Telephone attendance with S. Beeksma;</i>
10 /04/16	MJV	0.30	<i>Reviewing and revising Minutes and Mutual Release; correspondence to BDO;</i>
10 /04/16	MJV	0.10	<i>Correspondence to Blakes;</i>
10 /04/16	MJV	1.80	<i>Further document review for compilation of affidavit of documents; receiving and reviewing discovery plan; amending same; correspondence to ESB Lawyers;</i>
10 /04/16	MJV	0.15	<i>Correspondence from and to Blakes;</i>
10 /05/16	MJV	0.60	<i>Receipt and review of revised draft order and supporting affidavit; amending Minutes; correspondence to Blakes; correspondence to MOF;</i>
10 /05/16	MJV	0.20	<i>Correspondence from BDO; correspondence from and to Blakes;</i>

10 /05/16	MJV	0.40	<i>Correspondence to Aird &amp; Berlis; telephone attendance with S. Graff;</i>
10 /05/16	MJV	0.15	<i>Telephone attendance with B. Newton regarding status update;</i>
10 /05/16	MJV	0.20	<i>Correspondence from and to Blakes;</i>
10 /05/16	MJV	0.15	<i>Receiving and reviewing B. Newton proposed amendments to draft affidavit;</i>
10 /06/16	MJV	0.25	<i>Correspondence to and from Aird and Berlis; correspondence from Blakes; telephone attendance with S. Graff;</i>
10 /06/16	MJV	0.15	<i>Correspondence from MOF and BDO;</i>
10 /06/16	MJV	0.20	<i>Correspondence from and to Blakes;</i>
10 /11/16	MJV	0.55	<i>Receipt and review of further revised affidavit; receipt and review of correspondence from BDO; telephone attendance with S. Groeneveld; correspondence from Inch Hammond;</i>
10 /11/16	MJV	0.15	<i>Receipt and review of Rev Quebec draw on letter of credit; correspondence from Blakes;</i>
10 /11/16	MJV	0.15	<i>Correspondence from and to Blakes;</i>
10 /11/16	MJV	0.25	<i>Correspondence from Blakes regarding CRA; correspondence from and to Inch, Hammond;</i>
10 /11/16	MJV	0.30	<i>Receipt and review of served motion record;</i>
10 /11/16	MJV	0.15	<i>Correspondence from and to counsel;</i>
10 /12/16	MJV	0.20	<i>Receipt and review of correspondence from Blakes;</i>
10 /12/16	MJV	0.80	<i>Telephone attendance with B. Newton, M. McGraw and J. Hammond discussing issues at hand;</i>
10 /12/16	MJV	0.70	<i>Reviewing and amending Minutes and Mutual Release; correspondence to BDO; correspondence to MOF;</i>
10 /12/16	MJV	0.25	<i>Telephone attendance with S. Groeneveld;</i>
10 /13/16	MJV	0.10	<i>Correspondence from and to Blakes;</i>
10 /13/16	MJV	0.10	<i>Telephone attendance with B. Newton;</i>
10 /13/16	MJV	0.25	<i>Amending Minutes and Release; correspondence to Blakes and Inch;</i>
10 /13/16	MJV	0.10	<i>Correspondence from Inch; amending Minutes;</i>
10 /13/16	MJV	0.20	<i>Correspondence to MOF;</i>
10 /13/16	MJV	0.20	<i>Correspondence from and to MOF;</i>
10 /13/16	MJV	0.10	<i>Telephone attendance with S. Groeneveld;</i>
10 /13/16	MJV	0.25	<i>Correspondence from Blakes regarding RBC, GCNA and CRA;</i>

10 /13/16	MJV	0.10	<i>Correspondence to Aird &amp; Berlis;</i>
10 /13/16	MJV	0.20	<i>Correspondence from and to MOF;</i>
10 /13/16	MJV	0.10	<i>Correspondence to Blakes;</i>
10 /13/16	MJV	0.15	<i>Receipt and review of proposed MOF further amendments;</i>
10 /13/16	MJV	0.50	<i>Correspondence from BDO; correspondence from and to Blakes; correspondence to MOF; correspondence to Aird &amp; Berlis;</i>
10 /13/16	MJV	0.20	<i>Correspondence from Blakes; correspondence from and to Aird &amp; Berlis;</i>
10 /13/16	MJV	0.45	<i>Receipt and review of draft factum and final draft order; correspondence from and to Blakes;</i>
10 /14/16	MJV	0.25	<i>Receipt and review of final draft order; correspondence from and to BDO and Blakes;</i>
10 /14/16	MJV	0.10	<i>Receipt and review of Order of Conway J. and endorsement;</i>
10 /17/16	MJV	0.25	<i>Telephone attendance with S. Groeneveld; correspondence from and to MOF;</i>
10 /17/16	MJV	0.20	<i>Telephone attendance with S. Graff;</i>
10 /19/16	MJV	0.30	<i>Receipt and review of revised Minutes and correspondence from Blakes; correspondence to MOF; telephone attendance with S. Groeneveld;</i>
10 /19/16	MJV	0.10	<i>Correspondence from and to BDO; correspondence from Blakes and Aird &amp; Berlis;</i>
10 /20/16	MJV	0.20	<i>Amending Minutes; correspondence to MOF;</i>
10 /20/16	MJV	0.10	<i>Telephone attendance with S. Groeneveld;</i>
10 /21/16	MJV	0.10	<i>Correspondence to MOF; correspondence from and to KPMG;</i>
10 /24/16	MJV	0.45	<i>Correspondence from and to MOF; telephone attendance with S. Groeneveld; correspondence to BDO;</i>
10 /24/16	MJV	0.15	<i>Correspondence from and to Blakes;</i>
10 /25/16	MJV	0.15	<i>Correspondence from and to Blakes; correspondence to MOF;</i>
10 /26/16	MJV	0.15	<i>Correspondence from Blakes and BDO;</i>
10 /26/16	MJV	0.20	<i>Correspondence from MOF and telephone attendance with S. Groeneveld;</i>
10 /27/16	MJV	0.20	<i>Correspondence to Blakes; correspondence to Aird Berlis; correspondence from and to MOF;</i>
10 /28/16	MJV	0.15	<i>Receipt of executed Minutes from MOF; correspondence to MOF and to BDO;</i>
11 /01/16	MJV	0.25	<i>Correspondence from and to Aird &amp; Berlis;</i>
11 /01/16	MJV	0.25	<i>Correspondence from and to Blakes; reviewing draft Order;</i>



11 /03/16	MJV	0.20	<i>Correspondence from BDO and Blakes; correspondence to BDO;</i>
11 /03/16	MJV	0.15	<i>Telephone attendance with S. Graff regarding form of order;</i>
11 /04/16	MJV	0.40	<i>Receipt and review of draft Receiver's report; email to BDO;</i>
11 /08/16	MJV	0.15	<i>Correspondence from Aird &amp; Berlis and Blakes;</i>
11 /09/16	MJV	0.20	<i>Receipt and further review of draft order and report; correspondence from and to counsel;</i>
11 /10/16	MJV	0.20	<i>Receipt and review of revised receiver's report; correspondence to BDO; correspondence from Blakes;</i>
11 /10/16	MJV	0.25	<i>Amendments to Receiver's report; receiving and reviewing comments of counsel to GCNA;</i>
11 /11/16	MJV	0.15	<i>Correspondence from and to BDO;</i>
11 /11/16	MJV	0.45	<i>Receipt and review of final draft report; drafting affidavit in support of receiver's counsel fees;</i>
11 /11/16	CY	0.20	<i>Reviewing correspondence forwarded to and received from BDO; instructions received from MJV regarding approval motion;</i>

**TIMEKEEPER SUMMARY**

Timekeeper	ID	Hours	Rate	Total
JOSEPH G. SPERANZINI	JGS	2.40	\$550.00	\$1,320.00
MICHAEL J. VALENTE	MJV	51.60	\$450.00	\$23,220.00
COLLEEN YAMASHITA	CY	3.40	\$300.00	\$1,020.00
<b>TOTAL FEES:</b>				<u>\$25,560.00</u>

FEE	PLUS H.S.T.	DISBURSEMENTS	H.S.T EXEMPT	H.S.T NON-EXEMPT	PLUS H.S.T.	GRAND TOTAL
\$25,560.00	\$3,322.80					\$28,882.80
		INSOLVENCY SEARCH(ES)	\$8.00			\$8.00
		PPSA SEARCH(ES)/REGISTRATION	\$8.00			\$8.00
		PHOTOCOPIES		\$41.50		\$41.50
		CONFERENCE CALL(S)		\$18.93		\$18.93

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\$25,560.00	\$3,322.80	\$16.00	\$60.43	\$7.86	\$28,967.09
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<b>BALANCE DUE TO THIS OFFICE:</b>	<b>\$28,967.09</b>
<b>PREVIOUS AMOUNT OWING</b>	<b>\$8,288.55</b>
<b>PREVIOUS PAYMENTS</b>	<b>\$8,288.55</b>
<b>BALANCE DUE NOW</b>	<b>\$28,967.09</b>

THIS IS OUR ACCOUNT,

Per:

**SCARFONE HAWKINS LLP**

  
JOSEPH G. SPERANZINI  
JGS / / Lisa MacPhail  
E. & O.E.

IN THE MATTER IN THE MATTER of the Proposal of Lanwest Mfg. Technologies Inc. of the Town of Caledonia, in the Province of Ontario

Court File No. 32-1895126

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY**

**PROCEEDING COMMENCED AT  
TORONTO**

**AFFIDAVIT OF COLLEEN YAMASHITA**

**SCARFONE HAWKINS LLP**

Barristers & Solicitors  
One James Street South  
14th Floor  
P.O. Box 926, Depot 1  
Hamilton, Ontario  
L8N 3P9

**Michael J. Valente (23925R)**

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**Fax: 905-523-5878**

Lawyers for the receiver, BDO Canada Limited

RCP-E 4C (July 1, 2007)