

**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**

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

LANWEST MFG. TECHNOLOGIES INC.

FEBRUARY 6, 2017

Table of Contents

| | <u>Page</u> |
|--|-------------|
| 1.0 INTRODUCTION AND PURPOSE OF REPORT..... | 2 |
| 1.1 Introduction..... | 2 |
| 1.2 Purpose of this Report..... | 3 |
| 2.0 RECEIVER'S ACTIVITIES | 5 |
| 3.0 SALE OF CALEDONIA PROPERTY | 6 |
| 4.0 RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS | 7 |
| 5.0 FEES OF RECEIVER AND ITS COUNSEL..... | 8 |
| 6.0 RECOMMENDATIONS | 9 |

Listing of Appendices

- Appendix A - Appointment Order dated October 14, 2016
- Appendix B - Affidavit of Bryan Porter sworn October 7, 2016
- Appendix C - Receiver's First Report to the Court Dated December 8, 2016
- Appendix D - Order of the Court dated December 16, 2016
- Appendix E - Receiver's Statement of Receipts and Disbursements as at January 31, 2017
- Appendix F - Affidavit of Brad Newton dated February 2, 2017
- Appendix G - Affidavit of Colleen Yamashita dated February 6, 2017

1.0 INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

- 1.1.1 This is the Second Report to Court (the “Second 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”) and in the Receiver’s First Report to the Court dated December 8, 2016 (the “First Report”). Copies of the Porter Affidavit (without Exhibits) and the First Report (without Appendices) are attached as Appendix “B” and Appendix “C” respectively.
- 1.1.2 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”).
- 1.1.3 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, Lanwest’s tax litigation counsel, filed an appeal of the assessment with the Tax Court (the “HST Appeal Proceedings”). The HST Appeal Proceedings are ongoing pending the resolution of the settlement discussed in greater detail in Section 4.
- 1.1.4 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 \$3.36 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”).
- 1.1.5 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”).
- 1.1.6 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. Lanwest funded the proposal and received a certificate of full performance on December 19, 2014. 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.

- 1.1.7 By the summer of 2015 it became apparent that Lanwest's sales and operations were deteriorating and on July 22, 2015 Lanwest's primary secured creditor, the Applicant, Grand River Enterprises Six Nations Limited ("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 appointed KPMG as private receiver (the "Private Receiver"). At that time, all of Lanwest's operations were shut down.
- 1.1.8 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.
- 1.1.9 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.
- 1.1.10 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"). 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 Revenu Quebec claim. By September 15, 2016, Revenu Quebec had demanded on the two 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.
- 1.1.11 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.

1.2 Purpose of this Report

- 1.2.1 This Second Report is filed by the Receiver in support of the relief sought by the Receiver on this motion, as set out below in paragraph 6.1, and to:

- Report on the Receiver's activities since the First Report;
- Report on the proposed sale of the Caledonia Property;
- Report on the Receiver's Statement of Receipts and Disbursements as at January 31, 2017 (the "R&D"); and,
- Report on the fees and disbursements of the Receiver and its Counsel as outlined in this Second Report.

2.0 RECEIVER'S ACTIVITIES

- 2.1 The Appointment Order authorized and directed the Receiver to execute and implement the terms of the settlement between Lanwest, Her Majesty the Queen In Right of the Province of Ontario As Represented by the Minister of Finance (the "Minister") and RBC in respect of certain funds paid to the Minister by RBC (the "Ontario Settlement") as described in greater detail in the First Report. Pursuant to the Ministry Settlement, the Minister was required to pay \$4,404,461.67 to the Receiver and RBC was to pay \$1,212,538.33 to the Receiver.
- 2.2 Pursuant to the Order of the Honourable Justice Newbould dated December 16, 2016 (the "December Order") the Court amended the Appointment Order to allow RBC to withhold a maximum of \$15,000 from the payment of the funds to allow RBC to pay their final legal fees in respect of the settlement. A copy of the December Order is attached as Appendix D. In the end the final legal invoice was \$3,650.74 plus HST. As required under the Appointment Order, the Minister and RBC have paid the required funds to the Receiver and the Receiver has made the required distribution to GRE.
- 2.3 The December Order also declared that a bond issued by The Guarantee Company of North America ("GCNA") in favour of CRA in respect of tobacco taxes had expired and no claims could be made against the bond. CRA was required to return the bond to GCNA and GCNA was in turn required to return the letter of credit it held from RBC in support of the bond to RBC. GCNA returned the letter of credit to RBC and RBC was required, in turn, to deliver the cash collateral it held in support of the letter of credit to the Receiver. RBC has paid the \$600,000 in support of the letter of credit to the Receiver. The Receiver has paid \$500,000 of those funds to GRE pursuant to the December Order.
- 2.4 KPMG has made the payments required by the December Order to deliver the funds in its possession in its former capacities as Private Receiver and Proposal Trustee to the Receiver and to BDO in its capacity as replacement Proposal Trustee.
- 2.5 As set out in the December Order, CRA has paid the Cash Security (as defined in the December Order) in the amount of \$1,400,000 to the Receiver pending the resolution of the 2016 HST Assessment and CRA's claim to set off the 2016 HST Assessment against the Cash Security.
- 2.6 Since the First Report, the Receiver, with the assistance of counsel, has engaged in discussions with the Department of Justice Canada, as counsel for CRA, in an attempt to settle all issues with CRA with respect to: (i) the 2014 HST Assessment, which is the subject of the HST Appeal Proceedings and (ii) the 2016 HST Assessment (collectively the "CRA Claims"). The parties have reached an agreement in principle on settlement terms with respect to the CRA Claims and have agreed that these will be set out in one Minutes of Settlement, which are in the process of being finalized. The Receiver expects to bring a motion to the Court for approval of the settlement of the CRA Claims in the near future.

3.0 SALE OF CALEDONIA PROPERTY

- 3.1 As described above, Lanwest ceased operations in September, 2015. Since that time the Caledonia Property has been vacant and incurring utility costs and property taxes.
- 3.2 Pursuant to paragraph 3(j) of the Appointment Order, the Receiver was authorized and directed to market and sell the Caledonia Property. Upon its appointment, the Receiver requested that three real estate brokers local to the Caledonia market, provide the Receiver with listing proposals and commission quotes for the sale of the Caledonia Property. All three brokers provided quotes and estimates of value for the property. In consultation with GRE, the Receiver chose to list the property with Blair, Blanchard Stapleton Limited (“BBSL”) and entered into a listing agreement with BBSL on November 29, 2016. The Caledonia Property was listed for sale at a price of \$599,000.
- 3.3 Immediately upon the Receiver’s appointment, the Receiver engaged Humphreys Appraisal Services to prepare an appraisal of the Caledonia Property. The Receiver also had an appraisal prepared in August 2014 by Antec Appraisal Group for Lanwest’s Proposal Proceedings. Details of the appraisals and copies thereof are attached to the Confidential Supplement to this Second Report (the “Supplemental Report”) which will be filed with the Court separately in a sealed envelope. The Receiver requests that the Supplemental Report be and remain sealed by the Court in order to avoid the negative impact and prejudice which public disclosure of the confidential information contained therein may have if the Transaction (as defined below) does not close. Publication of offers, appraisals and the recommended sale agreement could potentially undermine the resumption of the sales process for the Caledonia Property that would be required if the recommended transaction does not close.
- 3.4 On December 7, 2016, the Receiver accepted an offer from Pedro Botelho and Natalia Botelho in Trust for the purchase of the Caledonia Property pursuant to an OREA purchase and sale agreement (the “Sale Agreement”). The Sale Agreement is attached to and described in the Supplemental Report. On February 1, 2017 the Receiver accepted an amendment to the Sale Agreement changing the purchaser of the Caledonia Property to Botelho Investments Limited (the “Purchaser”).
- 3.5 Based on the appraisals; the listing agents’ estimates of value for the Caledonia Property; the length of time in which the Caledonia Property has remained vacant; and, the holding costs that would continue to be incurred, the Receiver recommends the approval of the purchase and sale of the Caledonia Property to the Purchasers pursuant to the terms of the Sale Agreement (the “Transaction”). The Receiver is of the opinion the Transaction represents the best value for the Caledonia Property in the circumstances. The Receiver has discussed the terms of the Transaction with the Company’s largest creditor, GRE, and GRE has advised that it supports the Receiver’s recommendation.

4.0 RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 4.1 Attached as Appendix E is a summary of the Receiver's Statement of Receipts and Disbursements for the period October 14, 2016 to January 31, 2017. As is illustrated, receipts total approximately \$8,190,000, primarily related to the Ontario Settlement, the Cash Security, the funds paid by KPMG, the funds in Lanwest account #0132 1004662, and the funds received from RBC in respect of the CRA Bond.
- 4.2 The Receiver has made disbursements of approximately \$254,000, primarily for the holding costs related to the Caledonia Property and legal and Receiver fees. The Receiver has distributed approximately \$6,113,000 to GRE pursuant to the previous orders of the Court. Accordingly, as at January 31, 2017 the Receiver has net funds in its account of approximately \$1,823,000.

5.0 FEES OF RECEIVER AND ITS COUNSEL

- 5.1 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 are secured by the "Receiver's Charge". The fees and disbursements of the Receiver for the period November 5, 2016 to January 31, 2017 are detailed in the affidavit of Brad Newton, a copy of which is attached as Appendix F. The fees and disbursements of the Receiver's Counsel for the period November 12, 2016 to January 31, 2017 are detailed in the affidavit of Colleen Yamashita, a copy of which is attached as Appendix G.
- 5.2 The Receiver's fees for the period November 5, 2016 to January 31, 2017 encompass 87.25 hours at an average hourly rate of approximately \$372.68 and disbursements of \$46.72 for a total of \$32,563.02, 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 \$36,796.21.
- 5.3 The Receiver's Counsel's fees for the period November 12, 2016 to January 31, 2017 encompass 14 hours at an average hourly rate of approximately \$454.64 and disbursements of \$31.65 for a total of \$6,396.65, 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 \$7,276.99.
- 5.4 The Receiver has reviewed the above noted fees and disbursements with GRE and GRE has no objection to the payment of the fees.

6.0 RECOMMENDATIONS

- 6.1 The Receiver respectfully submits this Second Report to the Court in support of the Receiver's motion for an Order:
- Approving the Transaction and authorizing and directing the Receiver to complete the Transaction, as more particularly described in the Supplemental Report;
 - Approving the R&D;
 - Sealing the Supplemental Report until the closing of the Transaction;
 - Approving the fees and disbursements of the Receiver and its Counsel, as outlined herein; and,
 - Approving the Receiver's activities as outlined in this Second Report and the Supplemental Report.

All of which is respectfully submitted this 6th day of February, 2017.

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

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

ebv

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
Barristers & Solicitors
Box 40, Commerce Court West
Toronto, Ontario M5L 1A9

Steven J. Weisz LSUC#: 32102C
Tel: 416-863-2616
Fax: 416-863-2653
steven.weisz@blakes.com

Michael McGraw LSUC#: 46679C
Tel: 416-863-4247
Fax: 416-863-2653
michael.mcgraw@blakes.com

**Lawyers for Grand River Enterprises Six Nations
Limited**

Appendix B

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 7th day of October, 2016.)



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



BRIAN PORTER

Appendix C

**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

| | <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

- 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

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 | | |
| Letters of Credit | | |
| Revenu Quebec | \$ | 550 |
| Minister of Finance Alberta | | 300 |
| Guarantee Company of North America | | 600 |
| Sobey's Capital | | 150 |
| Minister of Finance Ontario | | 5,617 |
| Total | \$ | 7,217 |
| GIC's held by Royal Bank of Canada | | |
| 022 | \$ | 4,763 |
| 023 | | 2,004 |
| Total | \$ | 6,767 |
| 021 | U.S. | 500 |
| Total | U.S. \$ | 500 |

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

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

- 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

- 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.

- 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


- 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

- 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 8th 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 D

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) FRIDAY, THE 16TH
JUSTICE *W. B. O'Connell*)
) DAY OF DECEMBER, 2016
)

GRAND RIVER ENTERPRISES SIX NATIONS LIMITED

Applicant

- and -

LANWEST MFG. TECHNOLOGIES INC.

Respondent

ORDER

(Re: Minister of Finance Settlement, CRA Cash Security and Bond, KPMG Funds)

THIS MOTION made by BDO Canada Limited ("BDO") in its capacity as receiver and manager (the "Receiver") of the Respondent Lanwest Mfg. Technologies Inc. ("Lanwest") pursuant to the Order of the Honourable Madam Justice Conway dated October 14, 2016 (the "Appointment Order") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report of the Receiver dated December 8, 2016 and the Appendices attached thereto (the "First Report") and on hearing the submissions of counsel for the Applicant, Grand River Enterprises Six Nations Limited ("GRE"), and other parties listed on the counsel slip, and on being advised by GRE's counsel that the Canada Revenue Agency (the "CRA") agrees to pay the \$1,400,000 cash security to the Receiver which the Receiver shall hold in an interest bearing trust account and which payment is without prejudice to the CRA's claim

to those funds, no else one appearing although all parties on the service list were duly served as appears from the affidavits of service filed with this Court,

SERVICE

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

MINISTER OF FINANCE SETTLEMENT

2. THIS COURT ORDERS that paragraph 5 of the Appointment Order be and is hereby amended to read as follows: "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 (the "**Minister Amount**") to the Receiver, and RBC shall forthwith pay the amount of ^{15,000} \$1,212,5338.33 less an amount not to exceed ~~\$10,000~~ (including HST) with respect to RBC's reasonable costs (the "**RBC Amount**") to the Receiver and upon receipt of such funds, the Receiver shall pay the Minister Amount and the RBC Amount to GRE as a permanent reduction to the amounts owed by the Debtor to GRE under its security." JMS

CRA BOND

3. THIS COURT ORDERS AND DECLARES that the time to make claims under Bond No. #TM0003011571 in the amount of \$600,000 issued by The Guarantee Company of North America ("**GCNA**") on behalf of Lanwest in favour of Her Majesty in Right of Canada, Her Heirs and Successors As Represented By The Minister of National Revenue of Canada (the "**Bond**") has expired and that the Bond be and is hereby cancelled.

4. THIS COURT ORDERS AND DECLARES that: the Bond is null and void; no claims may be made against the Bond; and all claims that were or could have been made against the Bond are forever barred and extinguished.

5. THIS COURT ORDERS that, upon receipt of the Bond, GCNA be and is hereby authorized and directed to forthwith deliver Irrevocable Standby Letter of Credit No. P304829T04117, as amended, issued by RBC in favour of GCNA (the "Letter of Credit") to RBC.

6. THIS COURT ORDERS that, upon receipt of the Letter of Credit, RBC be and is hereby authorized and directed to forthwith deliver the amount of \$600,000 representing cash security paid by Lanwest to RBC in respect of the Letter of Credit to the Receiver, \$500,000 of which the Receiver shall pay to GRE as a permanent reduction to the amounts owed by Lanwest to GRE under its security and \$100,000 of which the Receiver shall retain to pay Lanwest's expenses and the costs of these proceedings.

FUNDS FROM PRIVATE RECEIVER AND FORMER PROPOSAL TRUSTEE

7. THIS COURT ORDERS that KPMG Inc. ("KPMG") is hereby authorized and directed to deliver the funds in its possession in its capacities as former Proposal Trustee of Lanwest and Private Receiver of Lanwest, as set out in the First Report and the Statements of Receipts and Disbursements attached as Appendices "I" and "J" thereto, to the Receiver, subject to any amendments and adjustments as the Receiver and KPMG may agree.

CLAIMS AGAINST FUNDS PAID TO RECEIVER

8. THIS COURT ORDERS that any claims against any funds paid by any party(ies), including RBC, to the Receiver, pursuant to the terms of the Appointment Order, this Order or any Order granted in these proceedings, shall be filed and asserted with the Receiver, and any such parties shall be released from any claims with respect to such funds upon payment of the funds to the Receiver.

APPROVAL OF FIRST REPORT

9. THIS COURT ORDERS that the First Report, and the activities of the Receiver as described therein, be and are hereby approved.

FEE APPROVAL

10. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as described in the First Report and the fee affidavits attached as Appendices "K" and "L" thereto, be and are hereby approved.

_____ *Daniel J.*

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

DEC 16 2016

PER / PAR: *[Signature]*

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

**(Re: Minister of Finance Settlement, CRA Cash
Security and Bond, KPMG Funds)**

SCARFONE HAWKINS LLP
One James Street South
14th Floor
P.O. Box 926, Depot 1
Hamilton, Ontario
L8N 3P9

Michael J. Valente (LSUC # 23925R)
mvalente@shlaw.ca
Tel: 905-523-1333
Fax: 905-523-5878

Lawyers for BDO Canada Limited in its capacity as
Receiver and Manager, Trustee in Bankruptcy and
Proposal Trustee of Lanwest Mfg. Technologies Inc.

Appendix E

BDO Canada Limited
Court Appointed Receiver of
Lanwest Mfg. Technologies Inc.
For the Period October 14, 2016 to January 31, 2017

Receipts

| | |
|---|-----------------|
| Proceeds from the settlement with the Ministry of Finance | \$ 5,616,999.99 |
| Cash security received from Canada Revenue Agency | 1,400,000.00 |
| Cash security received from RBC re: CRA Bond | 600,000.00 |
| Funds from Lanwest account #0132 1004662 | 303,315.19 |
| Funds transferred from private receiver | 203,391.06 |
| Interest earned | 35,567.86 |
| Deposit on sale of real property | 25,000.00 |
| Collection on note receivable re: sale of vehicle | 3,789.00 |
| Accounts receivable | 1,449.70 |

Total receipts \$ 8,189,512.80

Disbursements

| | |
|-----------------|------------|
| Legal fees | 177,637.79 |
| Receiver's fees | 29,940.80 |
| HST paid | 27,561.02 |
| Insurance | 10,834.56 |
| Property taxes | 3,509.24 |
| Appraisal | 2,897.75 |
| Utilities | 831.15 |
| Records storage | 380.86 |
| Locksmith | 178.78 |
| Bank charges | 50.00 |

Total disbursements

253,821.95

Payments to secured creditor

6,112,874.65

Net funds available

\$ 1,822,816.20

Appendix F

**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 February 2ND, 2017)

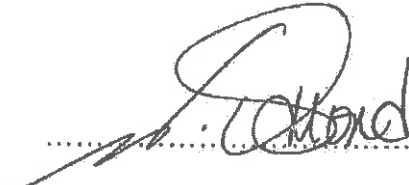
I, BRAD NEWTON, of the Town of Beamsville in the Province of Ontario,

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 \$36,796.21 accurately reflects the time charges, fees and disbursements inclusive of applicable taxes incurred by the Receiver from November 5, 2016 to January 31, 2017. 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 2ND)
day of February, 2017)
)
)
)
)
)
)


.....
Commissioner for Taking Affidavits



BRAD NEWTON

Nicole Marie Ormond, a Commissioner, etc.,
Province of Ontario, for BDO Canada Limited,
Trustee in Bankruptcy.
Expires September 12, 2018.

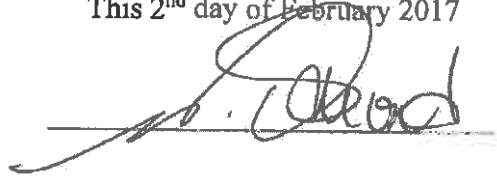
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF Brad Newton

Sworn before me

This 2nd day of February 2017

A handwritten signature in black ink, appearing to read "N. Ormond", is written over a horizontal line.

Commissioner for taking Affidavits, etc.

**Nicole Marie Ormond, a Commissioner, etc.,
Province of Ontario, for BDO Canada Limited,
Trustee in Bankruptcy.
Expires September 12, 2018.**



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 - Receiver
Suite 805 - 25 Main Street West
Hamilton, ON
L8P 1H1

| | | |
|-------------|--------------------------------|------------------|
| Date | Client No. | Invoice # |
| 02-Feb-17 | Lanwest Mfg. Technologies Inc. | 88775582 |

TO PROFESSIONAL SERVICES RENDERED in the matter of the Receivership of Lanwest Mfg. Technologies Inc. for the period of November 5, 2016 to January 31, 2017;

| | <u>Hours</u> | <u>Rate</u> | <u>Fee</u> |
|------------------------------|--------------|-------------|---------------------|
| Senior Vice President | | | |
| C. Mazur | 0.40 | 510.00 | \$ 204.00 |
| Michael Hanson | 0.80 | 475.00 | 380.00 |
| Vice President | | | |
| B. Newton | 74.90 | 400.00 | 29,960.00 |
| A. Consoli | 2.00 | 400.00 | 800.00 |
| Staff | | | |
| J. Miceli | 0.60 | 137.00 | 82.20 |
| J. Pronk | 3.25 | 110.00 | 357.50 |
| T. Smith | 4.50 | 142.00 | 639.00 |
| C. Casco | 0.80 | 117.00 | 93.60 |
| | <u>87.25</u> | | <u>32,516.30</u> |
| HST on BDO fees | | | <u>4,227.12</u> |
| Sub Total | | | \$ 36,743.42 |
| Disbursements | | | |
| Travel Expenses | | | \$ 46.72 |
| HST on travel expenses | | | <u>6.07</u> |
| Total Disbursements | | | \$ 52.79 |
| Total Invoice | | | <u>\$ 36,796.21</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

BDO Canada Limited is an affiliate of BDO Canada LLP, BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Lanwest Mfg. Technologies Inc.
 Listing of Time Charges for the Receiver
 For the Period November 5, 2016 to January 31, 2017

| Date | Employee | Hours | Rate | Fee | Comments |
|-----------|-----------------|-------|-----------|----------|--|
| 16-Dec-16 | Casco, Carla | 0.10 | \$ 117.00 | \$ 11.70 | prepared deposit slip for Dec 16/16 |
| 23-Dec-16 | Casco, Carla | 0.10 | 117.00 | 11.70 | Prepared deposit slip for Dec 23/16 |
| 9-Jan-17 | Casco, Carla | 0.10 | 117.00 | 11.70 | Prepared deposit slip for Jan 9/17 |
| 16-Jan-17 | Casco, Carla | 0.10 | 117.00 | 11.70 | Prepared deposit slip for Jan 16/17 |
| 17-Jan-17 | Casco, Carla | 0.20 | 117.00 | 23.40 | Prepared letter for wiretransfer to Inch Hammond Professional Corp. |
| 27-Jan-17 | Casco, Carla | 0.20 | 117.00 | 23.40 | Prepared letter to do a wire transfer. |
| 11-Nov-16 | Consoli, Angelo | 1.00 | 400.00 | 400.00 | attend at Lanwest property for inspection; execute insurance vacancy questionnaire and forward to Firstbrook; |
| 27-Jan-17 | Consoli, Angelo | 0.10 | 400.00 | 40.00 | review correspondence and process payment requisition for secured creditor distribution; |
| 30-Jan-17 | Consoli, Angelo | 0.90 | 400.00 | 360.00 | review and comments on Draft Second Report and Supplemental Report; |
| 16-Nov-16 | Hanson, Michael | 0.80 | 475.00 | 380.00 | Second partner review of report and comments to Newton. |
| 3-Nov-16 | Mazur, Chris | 0.20 | 510.00 | 102.00 | attend re:status and report. |
| 10-Jan-17 | Mazur, Chris | 0.20 | 510.00 | 102.00 | attend re distribution of funds. |
| 3-Jan-17 | Miceli, Janet | 0.40 | 137.00 | 54.80 | Prepare and submit two HST Returns online; |
| 9-Jan-17 | Miceli, Janet | 0.20 | 137.00 | 27.40 | Efile HST Return online |
| 7-Nov-16 | Newton, Brad | 1.50 | 400.00 | 600.00 | Complete Tobacco license application and send to MOF; discussions and emails with J Hammond and Kreklewetz re responding to CRA request to delay motion; emails with KPMG re draft report and order; discuss listing of property and appraisal with J Hammond |
| 8-Nov-16 | Newton, Brad | 1.50 | 400.00 | 600.00 | Emails with Ministry of Finance re set up of receiver's account re storage of equipment; edits to report; drafting of fee affidavit; payment of expenses for property; emails with appraisers re providing cost estimates and timing of appraisals |
| 9-Nov-16 | Newton, Brad | 1.00 | 400.00 | 400.00 | Review of changes to 1st report; follow up re outstanding items for report; email to GRE counsel re choice of appraiser |
| 10-Nov-16 | Newton, Brad | 2.40 | 400.00 | 960.00 | Edits to court report and provide revised report to counsel and KPMG; discuss with KPMG transfer of funds; complete insurance survey forms; set up real estate appraisal; update call with J Hammond re outstanding items for court report and KPMG requests |
| 14-Nov-16 | Newton, Brad | 2.00 | 400.00 | 800.00 | Review of KPMG letter and discuss with M McGraw and follow up email to J Hammond re same; review adjustment to courts order and court report from M McGraw and provide comments on same; update Insurance Information questionnaire as requested by FCA; confirm appointment for J Landry and appraiser for this Thursday; confirm bank accounts for KPMG to transfer funds to |
| 15-Nov-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Edits to court report and follow up with counsel on outstanding fees; update R&Ds |
| 16-Nov-16 | Newton, Brad | 0.30 | 400.00 | 120.00 | Review of HST appeal filings and respond to Millar Kreklewetz re same |
| 17-Nov-16 | Newton, Brad | 0.30 | 400.00 | 120.00 | Follow up with J Landry on status of locksmith and appraiser and discuss invoicing from T Landry on information gathering for tax appeal; try to follow with counsels on outstanding items for court report |



Lanwest Mfg. Technologies Inc.
 Listing of Time Charges for the Receiver
 For the Period November 5, 2016 to January 31, 2017

| Date | Employee | Hours | Rate | Fee | Comments |
|-----------|--------------|-------|--------|----------|---|
| 18-Nov-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Edits to report and provide to counsels and follow up on outstanding issues |
| 21-Nov-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Emails and discussions with counsels re fee affidavit's, status of report and outstanding issues for filing; discuss outstanding info from KPMG |
| 22-Nov-16 | Newton, Brad | 2.50 | 400.00 | 1,000.00 | Edits to report and complete fee affidavit, review counsel's fees and provide same to J Hammond; discussions with M McGraw re outstanding items and provide copies of appendices for report; disbursements and deposits |
| 23-Nov-16 | Newton, Brad | 0.30 | 400.00 | 120.00 | Prepare monthly tobacco return and send to Ministry of Finance |
| 24-Nov-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Discussion with J Hammond re KPMG letter edits and send revised letter to KPMG |
| 28-Nov-16 | Newton, Brad | 1.50 | 400.00 | 600.00 | Review of real property appraisal and arrange listing of property and inform unsuccessful listing agents; review outstanding expenses and prepare email to counsels re same and the need to alter the order on distributions; follow up with RBC re review of order and minutes of settlement |
| 29-Nov-16 | Newton, Brad | 0.80 | 400.00 | 320.00 | Discussions with J Hammond re outstanding issues for report and discuss court date timing with M McGraw; review and sign up listing agreement for 107 Greens Rd and arrange for another set of keys to be made for listing agent |
| 30-Nov-16 | Newton, Brad | 2.10 | 400.00 | 840.00 | Conference call with RBC counsel and M McGraw re finalizing minutes of MOF settlement and issues re Lanwest old bank account; final KPMG letter to GRE; confirm timing of motion with counsels; emails and discussions re edits to court report and court order based on RBC discussions; discussions with GRE counsel re expenses to be paid in estate |
| 1-Dec-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Emails with listing agent re meeting at premises to review items still on site; discussion with RBC re old Lanwest account and potential solution for release of funds to Receiver |
| 2-Dec-16 | Newton, Brad | 2.20 | 400.00 | 880.00 | Review of offer received for real property and discuss same and sign back with listing agent; discussion with RBC counsel re CRA claims; emails and discussions with counsel re edits to order for RBC issues and GCNA LC proceeds portion to be retained in estate and paid to secured creditor; set up property review with listing agent on Tuesday |
| 5-Dec-16 | Newton, Brad | 2.00 | 400.00 | 800.00 | Updates to court report; disbursements for real property; sign back of offer on real property and follow up on Schedule B with counsel; follow up on Hydro refund and account closure; confirm court attendance for Dec 16 with counsels; discussions with RBC on signing of minutes of settlement |
| 6-Dec-16 | Newton, Brad | 3.00 | 400.00 | 1,200.00 | Meeting at 107 Greens Rd with listing agent to review property and clean up required; discuss items on property with J Landry; counter offer on real property and discuss Schedule B with counsel; follow up with RBC on outstanding minutes and subsequent discussions and emails re release requested from GCNA |



Lanwest Mfg. Technologies Inc.
 Listing of Time Charges for the Receiver
 For the Period November 5, 2016 to January 31, 2017

| Date | Employee | Hours | Rate | Fee | Comments |
|-----------|--------------|-------|--------|----------|--|
| 7-Dec-16 | Newton, Brad | 2.00 | 400.00 | 800.00 | Finalize offer for real property by discussing with counsel revised Schedule B and edits to standard form; provide revised offer to agent; emails and discussions with counsels and GCNA re release requested by RBC from GCNA; discuss potential sale of property with counsel for secured creditor |
| 8-Dec-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Make final edits to report re minutes of settlement and send final copy to counsel |
| 12-Dec-16 | Newton, Brad | 1.00 | 400.00 | 400.00 | Emails re accepted offer on real property; emails on release for RBC from GCNA; emails and discussions re clean up of real property and communication from CRA re Friday hearing |
| 13-Dec-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Emails and discussions with counsel re CRA objection and review of info provided on objection; set up call with counsels to discuss CRA issues for Friday hearing |
| 14-Dec-16 | Newton, Brad | 1.00 | 400.00 | 400.00 | Prep for and attendance on call with counsels on CRA adjournment request and next steps to deal with funds deposited with CRA; confirm to RBC counsel receipt of GCNA release |
| 15-Dec-16 | Newton, Brad | 0.50 | 400.00 | 200.00 | Provide wire instructions to KPMG for transferring receiver and proposal funds; emails re response from CRA re tomorrow's court attendance |
| 18-Dec-16 | Newton, Brad | 0.20 | 400.00 | 80.00 | Prepare and send email on next steps to obtain funds from RBC and CRA |
| 19-Dec-16 | Newton, Brad | 1.50 | 400.00 | 600.00 | Emails and discussions with CRA, GCNA, counsel, RBC and KPMG re having funds sent to the receiver pursuant to the December 16 court order |
| 21-Dec-16 | Newton, Brad | 0.70 | 400.00 | 280.00 | Payment of expenses and deposit of loan payment, confirm receipt from KPMG |
| 30-Dec-16 | Newton, Brad | 1.00 | 400.00 | 400.00 | Various telephone discussions with real estate agent re security cameras and hydro at location, revision to sale agreement on property re extension of due diligence period and why and signing and returning extension to agent; emails with counsel re time line for providing CRA litigation docs |
| 3-Jan-17 | Newton, Brad | 0.50 | 400.00 | 200.00 | Discussions with J Hammond re funds to be paid by CRA, MOF and RBC and emails to all parties re outstanding funds; emails with Krekewetz re CRA documents and timing for review of same |
| 4-Jan-17 | Newton, Brad | 0.50 | 400.00 | 200.00 | Follow up re payment from MOF and outstanding payment from RBC; email to group re receipt of funds, update on real property sale and next steps |
| 9-Jan-17 | Newton, Brad | 3.00 | 400.00 | 1,200.00 | Various discussions re CRA info requests and next steps; discussions, ltr and email with RBC re payment of remaining funds; payment of expenses; deposit of CRA funds; HST returns |



Lanwest Mfg. Technologies Inc.
 Listing of Time Charges for the Receiver
 For the Period November 5, 2016 to January 31, 2017

| Date | Employee | Hours | Rate | Fee | Comments |
|-----------|--------------|-------|--------|----------|--|
| 10-Jan-17 | Newton, Brad | 3.20 | 400.00 | 1,280.00 | Review of post NOI HST assessment and provide relevant schedules to counsel re call with CRA and various emails and discussions with counsel re same; email to listing agent to follow up on status of sale of real property and respond to inquiry re security cameras; outstanding Tobacco tax report notice from CRA and respond re same not actually outstanding; review information supplied by Millar Krekewetz on CRA document listing and ensure info provide to J Hammond |
| 11-Jan-17 | Newton, Brad | 1.80 | 400.00 | 720.00 | Discuss results of CRA call on post proposal assessment with M McGraw and J Hammond; setting up call re HST assessment appeal with Landry, Hammond and Krekewetz; resolve issues with Min of Finance re Tobacco returns; emails and call to M Dorais re Quebec tobacco tax claims |
| 12-Jan-17 | Newton, Brad | 1.80 | 400.00 | 720.00 | Emails and discussions with counsel re info on payments and invoicing from GRE and sending same to DOJ; emails and discussions re finalizing documentation for MOF settlement re outstanding docs; payment of expense; review of Millar Krekewetz invoices and supply summary to J Hammond; set up call with Quebec counsel to discuss status of file and potential settlement with Revenu Quebec |
| 13-Jan-17 | Newton, Brad | 2.00 | 400.00 | 800.00 | Review of info received from Krekewetz re CRA claim (particularly penalty recommendation report) and discuss with J Landry and review his written reply to report; conference call with Krekewetz and J Landry re CRA docs provided and strategy for settlement discussions, request Krekewetz to contact CRA to start settlement discussions; provide settlement minutes and follow up on MOF release; follow up on funds from RBC |
| 16-Jan-17 | Newton, Brad | 0.50 | 400.00 | 200.00 | Complete MOF release and send to counsel; follow up with RBC re outstanding funds; review emails with CRA re additional info supplied on post NOI HST claim |
| 17-Jan-17 | Newton, Brad | 2.00 | 400.00 | 800.00 | Wire transfer to GRE counsel for MOF funds and related issues; numerous emails and discussions re potential settlement with CRA on pre-NOI HST assessments; follow up on status of sale of real property; emails re Millar Krekewetz invoices |
| 18-Jan-17 | Newton, Brad | 2.20 | 400.00 | 880.00 | Prep for and attendance on call with DOJ re post-NOI HST assessment and prepare additional documentation on ITC's denied and provide to counsel; discussions with J Landry re update on HST assessments; follow up with RBC on provision of funds |
| 19-Jan-17 | Newton, Brad | 0.30 | 400.00 | 120.00 | Follow up on sale of real property with listing agent; follow up with RBC on payment of funds to receiver |
| 20-Jan-17 | Newton, Brad | 0.50 | 400.00 | 200.00 | Follow up on status of sale of real property with agent; discuss settlement of pre-NOI HST assessment with J Hammond and related emails with Krekewetz re same; payment of expenses |



Lanwest Mfg. Technologies Inc.
 Listing of Time Charges for the Receiver
 For the Period November 5, 2016 to January 31, 2017

| Date | Employee | Hours | Rate | Fee | Comments |
|-----------|---------------|-------|--------|----------|--|
| 23-Jan-17 | Newton, Brad | 4.00 | 400.00 | 1,600.00 | Various emails and discussions re waiver of conditions by purchaser, obtaining additional deposit and need for court approval of sale and timing of same pursuant to purchase and sale agreement; drafting of 2nd court report; various emails with Kreklewetz re settlement with CRA on pre-NOI HST assessment; various emails re settlement with CRA re post-NOI HST assessment; follow up with Aird & Bertis re final invoice |
| 24-Jan-17 | Newton, Brad | 0.70 | 400.00 | 280.00 | Review of settlement emails with CRA; discuss undertaking requested by CRA re pre-NOI assessment settlement with J Landry and request that he contact Kreklewetz to confirm wording of settlement email |
| 25-Jan-17 | Newton, Brad | 0.70 | 400.00 | 280.00 | Review minutes of settlement re CRA and provide edits to counsel; follow up with Kreklewetz re settlement email to CRA; issues with RBC wire of funds |
| 26-Jan-17 | Newton, Brad | 3.00 | 400.00 | 1,200.00 | Numerous discussions and emails re settlement with CRA for pre-NOI HST assessment and affect on minutes of settlement of post-NOI HST assessment; follow up on payment from RBC and work out issues with wire transfer |
| 27-Jan-17 | Newton, Brad | 5.00 | 400.00 | 2,000.00 | Drafting of court reports; discussions and emails with Landry, Hammond and Blair re issues on sale of property; conference call with McGraw and Kreklewetz re settlements with CRA; emails re undertaking requested by CRA; drafting of receipts and disbursements schedule for Hammond/GRE |
| 30-Jan-17 | Newton, Brad | 5.90 | 400.00 | 2,360.00 | Edits to Court reports and send to counsel for further review; complete estimated realization schedule and send to J Hammond; follow up on payment of old account proceeds from RBC; prepare accounting for funds received from RBC to be recorded in Ascend; payments of expenses; resolve issue re monitoring cameras re sale of real property; follow up with counsel re prep of statement of adjustments for sale of property; review corp minute book re directors/officers/shareholders to respond to inquiries from tax counsel on settlement |
| 31-Jan-17 | Newton, Brad | 2.50 | 400.00 | 1,000.00 | Edits to court reports; prepare R&D; payments of expenses; discuss timing of CRA settlement and filing of report with M McGraw and impact on report |
| 7-Nov-16 | Pronk, Jodi | 0.80 | 110.00 | 88.00 | fax docs |
| 10-Nov-16 | Pronk, Jodi | 0.30 | 110.00 | 33.00 | faxed docs to OSB |
| 23-Nov-16 | Pronk, Jodi | 1.00 | 110.00 | 110.00 | copied documents |
| 24-Nov-16 | Pronk, Jodi | 0.45 | 110.00 | 49.50 | phoned Hydro One regarding previous account and prepared documents |
| 28-Nov-16 | Pronk, Jodi | 0.70 | 110.00 | 77.00 | admin |
| 8-Nov-16 | Smith, Teresa | 1.00 | 142.00 | 142.00 | Set up bank account in Ascend, rprepare deposit and 6 cheques on account |
| 23-Nov-16 | Smith, Teresa | 0.50 | 142.00 | 71.00 | prepare 2 items for deposit, then prepare cheques on account |
| 6-Dec-16 | Smith, Teresa | 0.50 | 142.00 | 71.00 | Prepare cheques on account |
| 14-Dec-16 | Smith, Teresa | 0.10 | 142.00 | 14.20 | Enter and allocate payments to estate |
| 21-Dec-16 | Smith, Teresa | 0.10 | 142.00 | 14.20 | prepare wire transfer deposit |
| 23-Dec-16 | Smith, Teresa | 0.10 | 142.00 | 14.20 | Enter and allocate payments to estate |
| 3-Jan-17 | Smith, Teresa | 0.70 | 142.00 | 99.40 | Prepare multiple cheques on account |



Lanwest Mfg. Technologies Inc.
Listing of Time Charges for the Receiver
For the Period November 5, 2016 to January 31, 2017

| Date | Employee | Hours | Rate | Fee | Comments |
|-----------|---------------|--------------|--------|---------------------|---|
| 4-Jan-17 | Smith, Teresa | 0.10 | 142.00 | 14.20 | Post refund from govt |
| 9-Jan-17 | Smith, Teresa | 0.10 | 142.00 | 14.20 | Enter and allocate payments to estate |
| 10-Jan-17 | Smith, Teresa | 0.30 | 142.00 | 42.60 | prepare cheqs on account |
| 16-Jan-17 | Smith, Teresa | 0.10 | 142.00 | 14.20 | Enter and allocate payments to estate |
| 17-Jan-17 | Smith, Teresa | 0.20 | 142.00 | 28.40 | Prepare cheque on account |
| 18-Jan-17 | Smith, Teresa | 0.40 | 142.00 | 56.80 | Post wire transfer to estate and bank fees, prepare cheque on account |
| 24-Jan-17 | Smith, Teresa | 0.30 | 142.00 | 42.60 | deposits and prepare cheque on acct |
| | | <u>87.25</u> | | \$ 32,516.30 | |
| Expenses | | | | 46.72 | |
| HST | | | | <u>4,233.19</u> | |
| Total | | | | <u>\$ 36,796.21</u> | |

Appendix G

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY

B E T W E E N:

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 February 6, 2017)

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 \$7,276.99 inclusive of disbursements and HST was charged by Scarfone Hawkins LLP during the period commencing January 3, 2017 to January 30, 2017, inclusive. Attached hereto and marked as collective **Exhibit "A"** to this my Affidavit is a true copy of Scarfone Hawkins LLP account dated January 31, 2017 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 6 day of
February, 2016

M. Valente

Commissioner for Taking Affidavits
(or as may be)

Michael Valente

Colleen Yamashita
COLLEEN YAMASHITA

This is Exhibit A related to
in the Affidavit of Colleen Yamashita
Sworn February 6, 2017

Commissioner for Taking Affidavits (or as may be)

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

BRAD NEWTON, VICE PRESIDENT

INVOICE NUMBER:
129861
DATE:
January 31, 2017
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

**RE: LANWEST MFG. TECHNOLOGIES INC., JOHN LANDRY AND GRAND RIVER
ENTERPRISES SIX NATIONS LIMITED - January 1, 2017 to January 31, 2017**

TO ALL PROFESSIONAL services rendered in connection with the above-noted matter to Jan 31/17

| DATE | TIMEKEEPER | HOURS | DESCRIPTION |
|-----------|------------|-------|---|
| 01 /03/17 | MJV | 0.10 | Correspondence from Blakes; |
| 01 /06/17 | MJV | 0.20 | Receipt and review of correspondence from Department of Justice and Blakes; |
| 01 /09/17 | MJV | 0.45 | Correspondence from Blakes and BDO; telephone attendance with B. Newton discussing issues at hand; |
| 01 /09/17 | MJV | 0.20 | Correspondence from Inch, Hammond, BDO and Blakes; |
| 01 /10/17 | MJV | 0.15 | Correspondence from Blakes and Department of Justice; |
| 01 /12/17 | MJV | 0.10 | Telephone attendance with B. Newton; |
| 01 /13/17 | MJV | 0.10 | Correspondence from Blakes and BDO; |
| 01 /13/17 | MJV | 0.10 | Correspondence from BDO regarding pending sale and related issues; |
| 01 /13/17 | MJV | 0.20 | Correspondence from Blakes, Inch, Hammond and BDO regarding post-filing supplies of GRE; receiving and reviewing GRE proof of claim); |
| 01 /16/17 | MJV | 0.20 | Correspondence from and to BDO and Blakes; |
| 01 /16/17 | MJV | 0.20 | Receipt and review of correspondence from Blakes regarding Ministry of Justice request for further information; |



| | | | |
|-----------|-----|------|--|
| 01 /20/17 | MJV | 0.40 | <i>Receiving and reviewing correspondence from Ministry of Justice, Blakes and BDO; telephone attendance with A. Shen;</i> |
| 01 /23/17 | MJV | 0.30 | <i>Receipt and review of waiver of real property sale; correspondence from and to realtor; correspondence from and to BDO;</i> |
| 01 /23/17 | MJV | 0.20 | <i>Receipt and review of executed Agreement of Purchase and Sale;</i> |
| 01 /23/17 | MJV | 0.10 | <i>Correspondence from and to Blakes;</i> |
| 01 /25/17 | JGS | 0.35 | <i>Reviewing, investigating and instructions regarding advice and APS and material;</i> |
| 01 /25/17 | JGS | 0.10 | <i>Reviewing advices regarding transaction;</i> |
| 01 /25/17 | JGS | 0.10 | <i>Reviewing PIN and inquiry;</i> |
| 01 /25/17 | JGS | 0.10 | <i>Letter received from Blair Blanchard;</i> |
| 01 /25/17 | MJV | 0.20 | <i>Telephone attendance with purchaser's counsel;</i> |
| 01 /25/17 | DI | 0.20 | <i>Reviewing APS; Instructions regarding PIN and purchaser's lawyer;</i> |
| 01 /25/17 | DI | 0.20 | <i>Reviewing title abstract; Instructions regarding tax lien;</i> |
| 01 /25/17 | DI | 0.10 | <i>Letter received from BBS;</i> |
| 01 /26/17 | MJV | 0.10 | <i>Correspondence from and to Blakes;</i> |
| 01 /27/17 | MJV | 0.40 | <i>Receiving and reviewing draft Minutes of Settlement and Release; correspondence from and to Blakes;</i> |
| 01 /30/17 | MJV | 0.20 | <i>Reporting to the Service List; correspondence from and to BDO;</i> |

TIMEKEEPER SUMMARY

| Timekeeper | ID | Hours | Rate | Total |
|----------------------|-----------|--------------|-------------|-------------------|
| JOSEPH G. SPERANZINI | JGS | 0.65 | \$550.00 | \$357.50 |
| MICHAEL J. VALENTE | MJV | 3.90 | \$450.00 | \$1,755.00 |
| DANIELLE IAMPIETRO | DI | 0.50 | \$450.00 | \$225.00 |
| TOTAL FEES: | | | | <u>\$2,337.50</u> |

| FEE | PLUS H.S.T. | DISBURSEMENTS | H.S.T EXEMPT | H.S.T NON- EXEMPT | PLUS H.S.T. | GRAND TOTAL |
|------------|----------------|------------------------------|-----------------|-------------------------|----------------|----------------|
| \$2,337.50 | \$303.88 | | | | | \$2,641.38 |
| | | TERAVIEW SEARCH(ES) OF TITLE | \$9.50 | | | \$9.50 |
| | | TERAVIEW SEARCH(ES) OF TITLE | | \$22.15 | | \$22.15 |
| \$2,337.50 | \$303.88 | | \$9.50 | \$22.15 | \$2.88 | \$2,675.91 |

BALANCE DUE TO THIS OFFICE: \$2,675.91
PREVIOUS AMOUNT OWING \$33,568.17
PREVIOUS PAYMENTS \$28,967.09
BALANCE DUE NOW \$7,276.99

THIS IS OUR ACCOUNT,

Per:

SCARFONE HAWKINS LLP



JOSEPH G. SPERANZINI

JGS / /
E. & O.E.

Natanya Moncrieffe

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)
mvalente@shaw.ca
Tel: 905-523-1333
Fax: 905-523-5878

Lawyers for the receiver, BDO Canada Limited