

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Commercial List File No. 14-CV-10798-00CL

IN THE MATTER OF THE RECEIVERSHIP OF  
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,  
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

Court File No. 31-1932502

IN THE MATTER OF THE BANKRUPTCY OF  
CRATE MARINE SALES LIMITED

Court File No. 31-1932534  
Court File No. 31-1932548  
Court File No. 31-1932557  
Court File No. 31-1932540  
Court File No. 31-1932555  
Court File No. 31-1932553

IN THE MATTER OF THE BANKRUPTCIES OF  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED,  
1328559 ONTARIO LIMITED 1282648 ONTARIO LIMITED,  
1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

---

MOTION RECORD OF THE RECEIVER AND TRUSTEE  
(Motion for Preservation and Return of Funds, Disclosure of Documents and Contempt)

---

Vol. I

# INDEX

## INDEX

<u>Tab</u>	<u>Document</u>
1	Notice of Motion for Preservation of Funds
2	Notice of Motion for Return of Funds, Disclosure of Documents and Contempt
3	Fifth Report of the Receiver and Fourth Report of the Trustee
A	Appointment Order dated November 21, 2014 of the Honourable Mr. Justice Penny
B	Endorsement of the Honourable Mr. Justice Penny dated November 21, 2014
C	First Report of the Interim Receiver (without appendices)
D	Handwritten endorsement of the Honourable Mr. Justice Penny dated December 1, 2014
E	Second Report of the Interim Receiver (without appendices)
F	Supplementary Report to the Second Report of the Interim Receiver (without appendices)
G	Handwritten endorsement of the Honourable Mr. Justice Newbould dated December 4, 2014
H	Third Report of the Interim Receiver
I	Order of the Honourable Mr. Justice Newbould dated December 8, 2014 appointing the Receiver and Trustee
J	Handwritten endorsement of the Honourable Mr. Justice Newbould dated December 8, 2014
K	<u>Amended</u> Order of Mr. Justice Newbould dated December 8, 2014
L	Transamerica Quarterly Statements dated January 29, 2015
M	Transamerica letter to Receiver dated February 25, 2015
N	Receiver letter to Transamerica dated February 26, 2015
O	Transamerica letter to Receiver dated March 3, 2015 enclosing cancelled cheques

P	Transamerica letter to Receiver dated March 5, 2015, enclosing authorization for payments made
Q	Business Name Reports for Crate Holdings and FS Holdco
R	Receiver letter to TD Bank dated March 4, 2015
S	Account History Printouts from T.D. Canada Trust- Keswick Branch for FS Holdco and Crate Holdings Accounts
T	Photographs taken of the account closing authorization forms dated December 11, 2014
U	Proposal Trustee's First Report (without appendices)
V	Affidavit of Steven Crate sworn November 28, 2014
W	Cash Flow Statements of the Companies
X	Further Affidavit of Steven Crate sworn November 28, 2014
Y	Affidavit of Steven Crate sworn December 5, 2014
Z	Statement of Affairs in Bankruptcy for the Companies sworn by Steven Crate
AA	CMS Records of Withdrawal of Cash Surrender Amounts in 2009

# TAB 1

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

Commercial List File No. 14-CV-10798-00CL

IN THE MATTER OF THE RECEIVERSHIP OF  
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,  
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

Court File No. 31-1932502

IN THE MATTER OF THE BANKRUPTCY OF  
CRATE MARINE SALES LIMITED

Court File No. 31-1932534  
Court File No. 31-1932548  
Court File No. 31-1932557  
Court File No. 31-1932540  
Court File No. 31-1932555  
Court File No. 31-1932553

IN THE MATTER OF THE BANKRUPTCIES OF  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED,  
1328559 ONTARIO LIMITED 1282648 ONTARIO LIMITED,  
1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

---

**NOTICE OF MOTION  
(without notice for interim preservation)**

---

A. Farber & Partners Inc. in its capacities as the Court appointed Receiver (the "Receiver") and as the trustee in bankruptcy (the "Trustee") of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the

“Companies”) will make a Motion to a Judge of the Commercial List, without notice, on Tuesday, the 10th day of March, 2014 at 9:30 a.m. or soon after that time as the motion can be heard, at 330 University Avenue, 8th Floor, Toronto, Ontario.

**THE PROPOSED METHOD OF HEARING:** The motion is to be heard:

- ☐ in writing under subrule 37.12.1(1) because it is made without notice;
- ☐ in writing as an opposed motion under subrule 37.12.1(4); or
- ☒ orally.

**THE MOTION IS FOR:**

1. An Order that, pending further Order of this Court, Steven Crate, Gregory Crate, Lynn Marko, Jessica Leanne Crate and James Crate and Fahey Crate Professional Corporation, and any other person having knowledge of the Order, preserve, and not deal with in any manner without the express written consent of the Receiver and Trustee, any and all proceeds, including any property into which such proceeds may have been converted, of the life insurance policies issued by Transamerica Life Canada and held by 1382415 Ontario Ltd. (“415”) and 1382416 Ontario Ltd. (“416”) on the lives of Steven Crate, Gregory Crate and Lynn Marko and, without limiting the generality of the foregoing:
  - a. the amount of \$160,000.00 transferred on December 5, 2014 from the bank account of 415 at the Toronto-Dominion Bank branch located at 23532 Woodbine Avenue, Keswick, Ontario (the “T-D Bank”), to the trust account of James R. Crate, a lawyer with Fahey Crate Law Professional Corporation; and

- b. the amount of \$184,247.02 transferred on December 11, 2014 from the bank accounts of 415 and 416 at the T-D Bank to the bank account of Jessica Leanne Crate; and
2. Such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. As summarized below and detailed in the Report, Steven Crate, Gregory Crate and Lynn Marko appear, based on the records and information available to the Receiver and Trustee, to have deliberately taken steps after the commencement by the Companies (including 415 and 416) of proposal proceedings pursuant to the BIA, to clandestinely convert property of 415 and 416 in the form of the Policies Proceeds of \$354,647.02 for their own benefit and/or for the benefit of other Crate family members. At all material times, these individuals were the directors and officers of 415 and 416. This pattern of behavior even continued after the date of the receivership and bankruptcy of the Companies;
2. After the Companies, including 415 and 416, filed Notices of Intention to Make a Proposal pursuant to the BIA on November 14, 2014, Steven Crate, Gregory Crate and Lynn Marko caused 415 and 416 to:
  - a) on November 27 and 28, 2014 withdraw the aggregate amount of \$354,647.02 from the Policies, being the maximum cash surrender value of the Policies as universal life policies;



- b) on December 3, 2014 open new bank accounts with the Toronto-Dominion Bank in the names of 415 and 416 and immediately deposited the \$354,647.02 into those accounts;
  - c) on December 5, 2014 transfer \$160,000.00 on December 5, 2014 to the trust account James R. Crate, a lawyer with Fahey Crate Law Professional Corporation. There was a further payment of \$5,000.00 pursuant to a cheque drawn on that account the same day; and
  - d) on December 8, 2014, make a further payment of \$5,400.00 from the account of 415;
3. On December 11, 2014, three business days after the appointment of the Receiver and Trustee, Steven Crate and Gregory Crate closed both accounts and transferred the remaining amount of \$184,247.02 to Jessica Leanne Crate, who is Gregory Crate's daughter
4. On December 8, 2014, the day of the transaction referred to in paragraphs 2(d) and prior to the transaction referred to in paragraph 2(e), above, the Honourable Mr. Justice Newbould appointed the Receiver and Trustee over the assets and undertakings of the Companies, including 415 and 416. Pursuant to that order, all property was to be returned to the Trustee and all persons were to advise the Receiver about the existence of property of the Companies;
5. Rules 1.04, 2.01, 37, and 45 of the *Rules of Civil Procedure*; and
6. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Fifth Report of A. Farber & Partners Inc. in its capacity as Receiver and Fourth Report in its capacity as Trustee;
2. Such further and other documentary evidence as counsel may advise and this Honourable Court may accept.

**DATE:** March 9, 2015

**GOLDMAN SLOAN NASH & HABER LLP**

Barristers and Solicitors  
Suite 1600, 480 University Avenue  
Toronto, Ontario, M5G 1V2

**Michael B. Rotsztain**

LSUC #: 17086M

Tel: 416-597-7870

Email: rotsztain@gsnh.com

**R. Brendan Bissell**

LSUC #: 40354V

Tel: 416-597-6489

Email: bissell@gsnh.com

**Robert J. Drake**

LSUC #: 57083G

Tel: 416-597-5014

Email: drake@gsnh.com

**Sanja Sopic**

LSUC #: 66487P

Tel: 416-597-7876

Email: sopic@gsnh.com

Lawyers for A. Farber & Partners Inc. in its capacity as the Court appointed Receiver and Trustee in bankruptcy of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1323559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd. and 1382416 Ontario Ltd.

IN THE MATTER OF THE RECEIVERSHIP OF  
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,  
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

Commercial List File No. 14-CV-10798-00CL

IN THE MATTER OF THE BANKRUPTCY OF  
CRATE MARINE SALES LIMITED

Court File No. 31-1932502

IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE  
& SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648  
ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

Court File No.: 31-193502  
Court File No.: 31-193534  
Court File No.: 31-193548  
Court File No.: 31-193557  
Court File No.: 31-193540  
Court File No.: 31-193555  
Court File No.: 31-193553

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceedings commenced at  
Toronto

NOTICE OF MOTION

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
TORONTO, ON M5G 1V2  
Fax: 416-597-3370

**Michael B. Rotztain** (LSUC #: 17086M)  
Tel: 416-597-7870  
Email: [rotsztain@gsnh.com](mailto:rotsztain@gsnh.com)

**R. Brendan Bissell** (LSUC #: 40354V)  
Tel: 416-597-6489  
Email: [bissell@gsnh.com](mailto:bissell@gsnh.com)

Lawyers for A. Farber & Partners Inc. in its capacities as the Court  
appointed Receiver and as the trustee in bankruptcy of Crate Marine  
Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited,  
1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario  
Ltd., and 1382416 Ontario Ltd.

TAB 2

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

Commercial List File No. 14-CV-10798-00CL

IN THE MATTER OF THE RECEIVERSHIP OF  
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,  
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

Court File No. 31-1932502

IN THE MATTER OF THE BANKRUPTCY OF  
CRATE MARINE SALES LIMITED

Court File No. 31-1932534  
Court File No. 31-1932548  
Court File No. 31-1932557  
Court File No. 31-1932540  
Court File No. 31-1932555  
Court File No. 31-1932553

IN THE MATTER OF THE BANKRUPTCIES OF  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED,  
1328559 ONTARIO LIMITED 1282648 ONTARIO LIMITED,  
1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

---

**NOTICE OF MOTION**  
**(with notice for remittance of funds, disclosure of records,**  
**declarations, contempt, and authorization to initiate prosecution of offences)**

---

A. Farber & Partners Inc. in its capacities as the Court appointed Receiver (the  
“Receiver”) and trustee in bankruptcy (the “Trustee”) of the estates of Crate Marine Sales

Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the “**Companies**”) will make a Motion to a Judge of the Commercial List, on a date to be set by the Commercial List Office at 10:00 a.m. or soon after that time as the motion can be heard, at 330 University Avenue, 8th Floor, Toronto, Ontario.

**THE PROPOSED METHOD OF HEARING:** The motion is to be heard:

- ☐ in writing under subrule 37.12.1(1) because it is made without notice;
- ☐ in writing as an opposed motion under subrule 37.12.1(4); or
- ☒ orally.

**THE MOTION IS FOR:**

1. An Order:
  - a. Declaring that the life insurance policies issued by Transamerica Life Canada and held by 1382415 Ontario Ltd. (“**415**”) and 1382416 Ontario Ltd. (“**416**”) on the lives of Steven Crate, Gregory Crate and Lynn Marko (the “**Policies**”) and all proceeds thereof, including any property into which such proceeds may have been converted (collectively, the “**Policies Proceeds**”) are Property of 415 and 416 within the meaning of the Order and Amended Order dated December 8, 2014 by which the Receiver and Trustee was appointed;
  - b. Directing any and all persons with knowledge of the Order to forthwith remit to the Receiver any and all Policies Proceeds within their possession, power or control;

- c. Without limiting the generality of paragraph 1(b), directing the remittance to the Receiver of \$160,000.00 transferred on December 5, 2014 from the bank account of 415 at the Toronto-Dominion Bank branch located at 23532 Woodbine Avenue, Keswick, Ontario (the “**T-D Bank**”), to the trust account of James R. Crate, a lawyer with Fahey Crate Law Professional Corporation, and any Policies Proceeds thereof;
- d. Without limiting the generality of paragraph 1(b), directing the remittance to the Receiver of \$184,247.02 transferred on December 11, 2014 from the bank accounts of 415 and 416 at the T-D Bank, to the bank account of Jessica Leanne Crate, and any Policies Proceeds thereof;
- e. Directing that James R. Crate, Jessica Leanne Crate, Steven Crate, Lynn Marko, Gregory Crate, and The Toronto-Dominion Bank forthwith disclose all records and documents within their knowledge, power, possession or control related to the Policies and/or the Policies Proceeds;
- f. Declaring that all transactions in respect of the Policies Proceeds are void as against the Trustee pursuant to section 96 of the *Bankruptcy and Insolvency Act* (the “**BIA**”);
- g. Awarding damages against Jessica Leanne Crate, Steven Crate, Lynn Marko, and Gregory Crate on a joint and several basis pursuant to section 96 of the BIA and at common law for the Policies Proceeds or portions thereof not remitted to the Receiver and Trustee, on the basis that those individuals were parties or privy to the transfer of Policies Proceeds, which were transactions undertaken for no

consideration to 415 and 416 and furthermore constituted appropriation of corporate assets;

- h. Finding Steven Crate, Gregory Crate and Lynn Marko in contempt of the Order and Amended Order of the Honourable Mr. Justice Newbould dated December 8, 2014 which appointed the Receiver, in that, contrary to paragraphs 5 and 6 of those Orders:
    - (i) they failed to notify the Receiver of the Policies and the Policies Proceeds,
    - (ii) they failed to provide the Receiver with Records within the meaning of those Orders pertaining to the Policies and the Policies Proceeds, and
    - (iii) they appropriated the Policies Proceeds for improper purposes;
  - i. Authorizing the Trustee to initiate proceedings for the prosecution of offences as described in the Fifth Report of the Receiver and the Fourth Report of the Trustee (the “**Report**”);
2. Costs of this motion; and
  3. Such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. As summarized below and detailed in the Report, Steven Crate, Gregory Crate and Lynn Marko appear, based on the records and information available to the Receiver and Trustee, to have deliberately taken steps after the commencement by the Companies (including 415 and 416) of proposal proceedings pursuant to the BIA, to clandestinely convert property of 415 and 416 in the form of the Policies Proceeds of \$354,647.02 for their own benefit and/or for the benefit of other Crate family members. At all material



times, these individuals were the directors and officers of 415 and 416. This pattern of behavior even continued after the date of the receivership and bankruptcy of the Companies;

2. After the Companies, including 415 and 416, filed Notices of Intention to Make a Proposal pursuant to the BIA on November 14, 2014, Steven Crate, Gregory Crate and Lynn Marko caused 415 and 416 to:
  - a) on November 27 and 28, 2014 withdraw the aggregate amount of \$354,647.02 from the Policies, being the maximum cash surrender value of the Policies as universal life policies;
  - b) on December 3, 2014 open new bank accounts with the Toronto-Dominion Bank in the names of 415 and 416 and immediately deposited the \$354,647.02 into those accounts;
  - c) on December 5, 2014 transfer \$160,000.00 on December 5, 2014 to the trust account James R. Crate, a lawyer with Fahey Crate Law Professional Corporation. There was a further payment of \$5,000.00 pursuant to a cheque drawn on that account the same day; and
  - d) on December 8, 2014, make a further payment of \$5,400.00 from the account of 415;
3. On December 11, 2014, three business days after the appointment of the Receiver and Trustee, Steven Crate and Gregory Crate closed both accounts and transferred the remaining amount of \$184,247.02 to Jessica Leanne Crate, who is Gregory Crate's daughter;

4. On December 8, 2014, the day of the transaction referred to in paragraphs 2(d) and prior to the transaction referred to in paragraph 2(e), above, the Honourable Mr. Justice Newbould appointed the Receiver and Trustee over the assets and undertakings of the Companies, including 415 and 416. Pursuant to that order, all property was to be returned to the Trustee and all persons were to advise the Receiver about the existence of property of the Companies;
5. Rules 1.04, 2.01, 37, 45 and 60.11 of the *Rules of Civil Procedure*;
6. Sections 96, 198(1)(a), 198(1)(c), 204 and 205(3) of the BIA; and
7. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Fifth Report of A. Farber & Partners Inc. in its capacity as Receiver and the Fourth Report in its capacity as Trustee;
2. Such further and other documentary evidence as counsel may advise and this Honourable Court may accept.

**DATE:** March 9, 2015

**GOLDMAN SLOAN NASH & HABER LLP**

Barristers and Solicitors  
Suite 1600, 480 University Avenue  
Toronto, Ontario, M5G 1V2

**Michael B. Rotsztain**

LSUC #: 17086M  
Tel: 416-597-7870  
Email: rotsztain@gsnh.com

**R. Brendan Bissell**

LSUC #: 40354V  
Tel: 416-597-6489  
Email: bissell@gsnh.com

**Robert J. Drake**

LSUC #: 57083G  
Tel: 416-597-5014  
Email: drake@gsnh.com

**Sanja Sopic**

LSUC #: 66487P  
Tel: 416-597-7876  
Email: sopic@gsnh.com

Lawyers for A. Farber & Partners Inc. in its capacities as the Court appointed Receiver and Trustee in bankruptcy of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1323559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd. and 1382416 Ontario Ltd.

**TO: STEVEN L. CRATE**  
39 Huntley Drive, Box 601  
Willow Beach, Ontario

**AND TO: GREGORY J. CRATE**  
3 Wolford Court  
Keswick, ON L4P 0B1

**AND TO: LYNN J. MARKO**  
8 Amber View Drive  
Keswick, ON L4P 3X6

**AND TO: JAMES CRATE and FAHEY CRATE PROFESSIONAL CORPORATION**  
100 High Street, P.O. Box 487  
Sutton West, ON L0E 1R0

E-mail: jcrate@faheycratelaw.ca

**AND TO: JESSICA LEANNE CRATE**  
39 Huntley Drive, Box 601  
Willow Beach, Ontario

**AND TO: JOSEPH MARKIN**  
Barrister and Solicitor  
77 Hillmount Avenue  
Toronto, ON M6B 1X5  
E-mail: markintoronto@bell.net

Lawyer for Steven L. Crate, Gregory J. Crate and Lynn J. Marko

**AND TO: THE SERVICE LIST**

**IN THE MATTER OF THE RECEIVERSHIP OF**

**CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,**

**1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,**

**1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

Commercial List File No. 14-CV-10798-00CL

**IN THE MATTER OF THE BANKRUPTCY OF**

**CRATE MARINE SALES LIMITED**

Court File No. 31-1932502

**IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

Court File No.: 31-193502  
Court File No.: 31-193534  
Court File No.: 31-193548  
Court File No.: 31-193557  
Court File No.: 31-193540  
Court File No.: 31-193555  
Court File No.: 31-193553

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**(COMMERCIAL LIST)**

**Proceedings commenced at  
Toronto**

**NOTICE OF MOTION**

**GOLDMAN SLOAN NASH & HABER LLP**

480 University Avenue, Suite 1600

TORONTO, ON M5G 1V2

Fax: 416-597-3370

**Michael B. Rotsztein (LSUC #: 17086M)**

Tel: 416-597-7870

Email: [rotsztein@gsnh.com](mailto:rotsztein@gsnh.com)

**R. Brendan Bissell (LSUC #: 40354V)**

Tel: 416-597-6489

Email: [bissell@gsnh.com](mailto:bissell@gsnh.com)

Lawyers for A. Farber & Partners Inc. in its capacities as the Court appointed Receiver and as the trustee in bankruptcy of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd.

**TAB 3**

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

Commercial List File No. 14-CV-10798-00CL

**IN THE MATTER OF THE RECEIVERSHIP OF  
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,  
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

Court File No. 31-1932502

**IN THE MATTER OF THE BANKRUPTCY OF  
CRATE MARINE SALES LIMITED**

Court File No. 31-1932534  
Court File No. 31-1932548  
Court File No. 31-1932557  
Court File No. 31-1932540  
Court File No. 31-1932555  
Court File No. 31-1932553

**IN THE MATTER OF THE BANKRUPTCIES OF  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED,  
1328559 ONTARIO LIMITED 1282648 ONTARIO LIMITED,  
1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

**FIFTH REPORT OF THE RECEIVER  
AND FOURTH REPORT OF THE TRUSTEE**

**MARCH 10, 2015**





## TABLE OF CONTENTS

PURPOSE OF THIS REPORT.....	2
INTRODUCTION TO THE PROCEEDINGS.....	4
LIMITATION OF REVIEW .....	7
A) DEPLETION OF LIFE INSURANCE POLICIES HELD BY TWO OF THE COMPANIES .....	7
B) LACK OF DISCLOSURE OF THE LIFE INSURANCE POLICIES HELD BY 415 AND 416 AND THE TRANSACTIONS TO WITHDRAW FUNDS.....	12
C) THE \$354,647.02 IS PROPERTY OF 415 AND 416 AND SHOULD BE PRESERVED.....	14
D) CONTEMPT OF COURT AND OFFENCES UNDER THE BIA.....	15

## **LIST OF APPENDICES**

- “A” Order dated November 21, 2014 of the Honourable Mr. Justice Penny appointing the Interim Receiver
- “B” Endorsement of the Honourable Mr. Justice Penny dated November 21, 2014
- “C” First Report of the Interim Receiver (without appendices)
- “D” Handwritten endorsement of the Honourable Mr. Justice Penny dated December 1, 2014
- “E” Second Report of the Interim Receiver (without appendices)
- “F” Supplementary Report to the Second Report of the Interim Receiver (without appendices)
- “G” Handwritten endorsement of the Honourable Mr. Justice Newbould dated December 4, 2014
- “H” Third Report of the Interim Receiver
- “I” Order of the Honourable Mr. Justice Newbould dated December 8, 2014 appointing the Receiver and Trustee
- “J” Handwritten endorsement of the Honourable Mr. Justice Newbould dated December 8, 2014
- “K” Amended Order of Mr. Justice Newbould dated December 8, 2014
- “L” Transamerica Quarterly Statements dated January 29, 2015
- “M” Transamerica letter to Receiver dated February 25, 2015
- “N” Receiver letter to Transamerica dated February 26, 2015
- “O” Transamerica letter to Receiver dated March 3, 2015 enclosing cancelled cheques

- “P” Transamerica letter to Receiver dated March 5, 2015, enclosing authorization for payments made
- “Q” Business Name Reports for Crate Holdings and FS Holdco
- “R” Receiver letter to TD Bank dated March 4, 2015
- “S” Account History Printouts from T.D. Canada Trust- Keswick Branch for FS Holdco and Crate Holdings Accounts
- “T” Photographs taken of the account closing authorization forms dated December 11, 2014
- “U” Proposal Trustee’s First Report (without appendices)
- “V” Affidavit of Steven Crate sworn November 28, 2014
- “W” Cash Flow Statements of the Companies
- “X” Further Affidavit of Steven Crate sworn November 28, 2014
- “Y” Affidavit of Steven Crate sworn December 5, 2014
- “Z” Statement of Affairs in Bankruptcy for the Companies sworn by Steven Crate
- “AA” CMS Records of Withdrawal of Cash Surrender Amounts in 2009



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

Commercial List File No. 14-CV-10798-00CL

IN THE MATTER OF THE RECEIVERSHIP OF  
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,  
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

Court File No. 31-1932502

IN THE MATTER OF THE BANKRUPTCY OF  
CRATE MARINE SALES LIMITED

Court File No. 31-1932534  
Court File No. 31-1932548  
Court File No. 31-1932557  
Court File No. 31-1932540  
Court File No. 31-1932555  
Court File No. 31-1932553

IN THE MATTER OF THE BANKRUPTCIES OF  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED,  
1328559 ONTARIO LIMITED 1282648 ONTARIO LIMITED,  
1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

**FIFTH REPORT OF THE RECEIVER  
AND FOURTH REPORT OF THE TRUSTEE**

**MARCH 9, 2015**

A. Farber & Partners Inc., in its capacities as the Court appointed Receiver (the  
“Receiver”) and as the trustee in bankruptcy (the “Trustee”) of the estates of Crate Marine Sales

Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively the “Companies”) hereby reports to the Court as follows:

## PURPOSE OF THIS REPORT

1. This is the fifth report of the Receiver and fourth report of the Trustee (the “Report”). Its purpose is to report on information and documentation that the Receiver and Trustee has obtained that Steven Crate, Gregory Crate and Lynn Marko appear, based on the records and information available to the Receiver and Trustee, to have deliberately taken steps after the commencement by the Companies of proposal proceedings pursuant to the *Bankruptcy and Insolvency Act* (the “BIA”), to clandestinely convert the proceeds of withdrawals from the cash surrender value of insurance policies held in the names of 1382415 Ontario Ltd. (“415”) and 1382416 Ontario Ltd. (“416”) of \$354,647.02 for their own benefit and/or for the benefit of other Crate family members. At all material times, these individuals were the directors and officers of 415 and 416. This pattern of behaviour even continued after the date of the receivership and bankruptcy of the Companies

2. The Receiver and Trustee accordingly seeks orders:

- a) without notice that, pending further Order of this Court, Steven Crate, Gregory Crate, Lynn Marko, Jessica Leanne Crate and James Crate and Fahey Crate Professional Corporation, and any other person having knowledge of the Order, preserve, and not deal with in any manner without the express written consent of the Receiver and Trustee, any and all proceeds, including any property into which such proceeds may have been converted (collectively, the “Policies Proceeds”), of the life insurance policies issued by Transamerica Life Canada and held by 415 and 416 on the lives of Steven Crate, Gregory Crate and Lynn Marko (the “Policies”) and, without limiting the generality of the foregoing:
  - i) the amount of \$160,000.00 transferred from the bank account of 415 on December 5, 2014 to the trust account of James R. Crate, a lawyer with Fahey Crate Law Professional Corporation; and
  - ii) the amount of \$184,247.02 transferred on December 11, 2014 from the bank accounts of 415 and 416 to the bank account of Jessica Leanne Crate.

b) with notice:

- i) Declaring that the Policies and the Policies Proceeds are Property of 415 and 416 within the meaning of the Order and Amended Order dated December 8, 2014 by which the Receiver and Trustee was appointed;
- ii) Directing any and all persons with knowledge of the Order to forthwith remit to the Receiver and Trustee any and all Policies Proceeds within their possession, power or control;
- iii) Without limiting the generality of paragraph 2(b)(ii), directing the remittance to the Receiver and Trustee of \$160,000.00 transferred from the bank account of 415 on December 5, 2014 to the trust account of James R. Crate, a lawyer with Fahey Crate Law Professional Corporation, and any Policies Proceeds thereof;
- iv) Without limiting the generality of paragraph 2(b)(ii), directing the remittance to the Receiver and Trustee of \$184,247.02 transferred on December 11, 2014 from the bank accounts of 415 and 416 to the bank account of Jessica Leanne Crate, and any Policies Proceeds thereof;
- v) Directing that James R. Crate, Jessica Leanne Crate, Steven Crate, Lynn Marko, Gregory Crate, and The Toronto Dominion Bank forthwith disclose to the Receiver and Trustee all records and documents within their knowledge, power, possession or control related to the Policies and/or the Policies Proceeds;
- vi) Declaring that all transactions in respect of the Policies Proceeds are void as against the Trustee pursuant to section 96 of the BIA;
- vii) Awarding damages against Jessica Leanne Crate, Steven Crate, Lynn Marko, and Gregory Crate on a joint and several basis pursuant to section 96 of the BIA and at common law for the Policies Proceeds or portions thereof not remitted to the Receiver and Trustee, on the basis that those individuals were parties or privy to the transfer of Policies Proceeds, which were transactions undertaken for no consideration to 415 and 416 and furthermore constituted appropriation of corporate assets;
- viii) Finding Steven Crate, Gregory Crate and Lynn Marko in contempt of the Order and Amended Order of the Honourable Mr. Justice Newbould dated December 8, 2014 which appointed the Receiver, in that, contrary to paragraphs 5 and 6 of those Orders:
  - A) they failed to notify the Receiver of the Policies and the Policies Proceeds,

- B) they failed to provide the Receiver with Records within the meaning of those Orders pertaining to the Policies and the Policies Proceeds, and
  - C) they appropriated the Policies Proceeds for improper purposes; and
- ix) Authorizing the Trustee to initiate proceedings for the prosecution of offences as described in the Report.

3. The Trustee has not yet sought inspector approval for the motions referred to above, given the urgency in getting the relief set out in paragraph 2(a) and the without notice considerations in that regard, as discussed below. The Trustee will seek such approval following this Report, and if necessary will apply to the Court for approval.

## INTRODUCTION TO THE PROCEEDINGS

4. On November 14, 2014, the Companies each filed a Notice of Intention to Make a Proposal (the “NOI’s”) pursuant to the BIA.

5. On November 20, 2014, the currently-known largest secured creditor, Crawmet Corp. (“**Crawmet**”) filed motion material for a November 21, 2014 hearing seeking to (i) have the NOI’s of the Companies (other than 415 or 416) immediately terminated; (ii) appoint A. Farber & Partners Inc., as a receiver over the properties, assets and undertakings of the Companies (other than 415 or 416) and (iii) to substitute A. Farber & Partners Inc. as bankruptcy trustee of the Companies (other than 415 or 416) (the “**Crawmet Motion**”).

6. At the November 21, 2014 hearing, the Crawmet Motion was adjourned to December 1, 2014. Pending that hearing, A. Farber & Partners Inc. was appointed interim receiver (the “**Interim Receiver**”) of the Companies other than 415 and 416 (over which Crawmet did not have specific security) pursuant to section 47.1 of the BIA to preserve and protect the assets, undertakings and properties of those companies acquired for, or used in relation to the business that they carried on, including all proceeds thereof (the “**Property**”) pursuant to the November 21, 2014 Order of the Honourable Mr. Justice Penny (the “**Interim Receiver Order**”). A copy of the Interim Receiver Order is attached at **Appendix “A”**. A copy of the endorsement dated November 21, 2014 is attached at **Appendix “B”**.



7. In advance of the December 1, 2014 hearing, the Interim Receiver filed its First Report, a copy of which is attached without appendices as **Appendix “C”**.

8. The Crawmet Motion was argued further on December 1, 2014, at which time the Honourable Mr. Justice Penny further adjourned the motion to December 9, 2014. The endorsement of Mr. Justice Penny of that day is attached as **Appendix “D”**.

9. Following the December 1, 2014 hearing, the Interim Receiver discovered certain facts and matters, which the Interim Receiver believed were of an urgent and material nature such that they required immediate disclosure in advance of the scheduled hearing on December 9, 2014. The Interim Receiver therefore served and filed its Second Report, a copy of which is attached (without appendices) as **Appendix “E”**.

10. The Interim Receiver also filed a Supplementary Report to its Second Report, a copy of which is attached (without appendices) as **Appendix “F”**.

11. On December 4, 2014, the Honourable Mr. Justice Newbould heard a further motion by Crawmet to seek relief under the Crawmet Motion. The relief sought was further adjourned to December 8, 2014. A copy of the endorsement of the Honourable Mr. Justice Newbould dated December 4, 2014 is attached as **Appendix “G”**.

12. For the hearing on December 8, 2014, the Interim Receiver prepared and filed a Third Report, a copy of which is attached as **Appendix “H”**. At that hearing, the Honourable Mr. Justice Newbould terminated the NOI proceedings of the Companies and appointed A. Farber & Partners Inc. as Receiver and Trustee of all the Companies (including 415 and 416). A copy of the Order of that date is attached as **Appendix “I”**, and a copy of the handwritten Endorsement of that date along with an unofficial typed transcription is attached as **Appendix “J”**.

13. Since December 8, 2014, the Receiver and Trustee have taken the following steps and brought the following motions, all of which have been more fully set out in the First, Second and Third Reports of the Receiver and Trustee:

- a) On December 12, 2014, the Receiver and Trustee brought a motion to

correct a typographical error in the Order dated December 8, 2014 regarding a misdescription of 1282648 Ontario Limited, and for procedural consolidation of certain of the bankruptcy estates of the Companies and other administrative relief. The Honourable Justice Newbould issued an Amended Order dated December 8, 2014, a copy of which is attached as **Appendix "K"**. Justice Newbould also issued an order dated December 12, 2014 in respect of the consolidation and administrative relief, which is not attached for purposes of economy;

- b) On December 23, 2014, the Receiver and Trustee brought a motion to (i) approve the Second and Third Report of the Interim Receiver and the activities of the Interim Receiver set out therein; (ii) approve the fees of the Interim Receiver and its counsel; (iii) discharge A. Farber & Partners Inc. as Interim Receiver; (iv) increase the borrowing power of the Receiver; and (v) establish a property claims process pertaining to the proprietary and secured claims against tangible personal property of the Companies. The Honourable Justice Penny issued Orders granting that relief, which are not attached in the interests of economy;
- c) On January 14, 2015, the Receiver and Trustee commenced an application against Steven Crate, Gregory Crate, Lynn Marko, Ryan Crate, and Robin Crate (a.k.a. Robin Price) and sought and obtained a certificate of pending litigation without notice regarding properties held in their name in the vicinity of the lands owned by the Companies in Keswick but for which the Companies appear to have provided all funds for the acquisition and maintenance of those properties;
- d) On January 30, 2015 the Receiver and Trustee commenced a further application against Ryan Crate and sought and obtained a certificate of pending litigation with notice regarding further a property held in his name at 14 Highland Ave. in Belleville, but for which the Companies appear to have provided all funds for the acquisition and maintenance of that property;
- e) On February 13, 2015, the Receiver and Trustee brought motions for approval of a stalking horse sales process. By endorsement released February 18, 2015, the Honourable Mr. Justice Pattillo granted the relief sought, which is not attached in the interests of economy; and
- f) On February 19, 2015 the Receiver commenced applications for bankruptcy orders against Steven Crate, Gregory Crate, Lynn Marko and the estate of Lloyd Crate in connection with amounts owing by them to the Companies. Notices of Dispute have been filed in connection with these applications.

## LIMITATION OF REVIEW

14. A. Farber & Partners Inc. in its capacities as Receiver and Trustee has relied upon the financial records and information provided by the Companies, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and has not, except as specifically noted in this Report, audited, reviewed or otherwise attempted to verify the accuracy or completeness of the above information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook. It has prepared this Report for the sole use of the Court and of the other stakeholders in these proceedings.

### A) DEPLETION OF LIFE INSURANCE POLICIES HELD BY 415 AND 416

15. The Receiver and Trustee has recently learned that during the NOI period and after the receivership and bankruptcy of the Companies, the directors and officers of 415 and 416, who are Steven Crate, Gregory Crate and Lynn Marko, took steps to withdraw \$354,647.02 of Policies Proceeds and then distribute it beyond the control of those companies. Part of the funds were paid to James Crate, a lawyer at Fahey Crate Professional Corporation during the NOI proceedings, and part of the funds were paid to Jessica Leanne Crate, the daughter of Gregory Crate, after the appointment of the Receiver and Trustee on December 8, 2014.

#### The Policies

16. In 2001, 415 and 416 took out the Policies on the lives of Steven Crate, Lynn Marko (née Crate), and Gregory Crate, as set out below:

Issue Date	Policy Number	Policy Owner	Policy Beneficiary	Policy Subject
April 28, 2001	080203460	F.S. Holdco 1382415 Ontario Ltd.	F.S. Holdco 1382415 Ontario Ltd.	Steven Crate
April 28, 2001	080203461	Crate Holdings 1382416 Ontario Ltd.	Crate Holdings 1382416 Ontario Ltd.	Steven Crate

June 21, 2001	080203458	Crate Holdings 1382416 Ontario Ltd.	Crate Holdings 1382416 Ontario Ltd.	Lynn Crate
June 21, 2001	080203459	F.S. Holdco 1382415 Ontario Ltd.	F.S. Holdco 1382415 Ontario Ltd.	Lynn Crate
April 28, 2001	080203462	Crate Holdings 1382416 Ontario Ltd.	Crate Holdings 1382416 Ontario Ltd.	Gregory Crate
April 28, 2001	080203463	F.S. Holdco 1382415 Ontario Ltd.	F.S. Holdco 1382415 Ontario Ltd.	Gregory Crate

Collectively attached as **Appendix “L”** are copies of the quarterly statements dated January 29, 2015 for the above-noted life insurance policies issued by Transamerica Life Canada (“**Transamerica**”).

17. Premiums on the Policies were paid by the Companies’ operating company, Crate Marine Sales Limited (“**CMS**”), and recorded as expenses of CMS on its books and records.

#### **Discovery of the withdrawn amounts**

18. On January 29, 2015 Transamerica sent quarterly statements regarding the Policies to the Companies, which were collected by the Receiver and Trustee in early February. These statements reproduced all activity during the period from October 28, 2014 to January 27, 2015, and disclosed that the aggregate amount of \$354,647.02 had been withdrawn as follows:

<b>Policy Number</b>	<b>Policy Owner</b>	<b>Policy Beneficiary</b>	<b>Policy Subject</b>	<b>Amounts Withdrawn</b>
080203460	F.S. Holdco 1382415 Ontario Ltd.	F.S. Holdco 1382415 Ontario Ltd.	Steven Crate	\$37,557.39
080203461	Crate Holdings 1382416 Ontario Ltd.	Crate Holdings 1382416 Ontario Ltd.	Steven Crate	\$37,557.39
080203458	Crate Holdings 1382416 Ontario	Crate Holdings 1382416 Ontario	Lynn Crate	\$86,801.27

	Ltd.	Ltd.		
080203459	F.S. Holdco 1382415 Ontario Ltd.	F.S. Holdco 1382415 Ontario Ltd.	Lynn Crate	\$86,801.27
080203462	Crate Holdings 1382416 Ontario Ltd.	Crate Holdings 1382416 Ontario Ltd.	Gregory Crate	\$52,964.85
080203463	F.S. Holdco 1382415 Ontario Ltd.	F.S. Holdco 1382415 Ontario Ltd.	Gregory Crate	\$52,964.85
<b>Total:</b>				<b>\$354,647.02</b>

19. As the quarterly statements only disclose that \$354,647.02 was withdrawn during the period from October 28, 2014 to January 27, 2015, the Receiver and Trustee contacted Transamerica requesting particulars of when the monies were withdrawn and to whom they were paid. By way of a letter dated February 25, 2015, Transamerica responded that the funds were withdrawn effective November 28, 2014, and paid to "Crate Holdings 1382416 Ontario Ltd." and "F.S. Holdco 1382415 Ontario Ltd.". Attached as **Appendix "M"** is a copy of Transamerica's letter dated February 25, 2015.

20. On February 26, 2015, the Receiver and Trustee wrote further to Transamerica requesting copies of cancelled cheques evidencing the payments. Attached as **Appendix "N"** is a copy of the Receiver and Trustee's letter to Transamerica of that date.

21. On March 3, 2015, Transamerica wrote the Receiver and Trustee enclosing copies of the six cancelled cheques payable to "Crate Holdings 1382416 Ontario Ltd." and "F.S. Holdco 1382415 Ontario Ltd.". These cheques were dated December 1, 2014 and deposited on December 3, 2014 at the Toronto-Dominion Bank branch located at 23532 Woodbine Ave., Keswick, Ontario (the "**TD Bank**"). Attached as **Appendix "O"** is a copy of Transamerica's letter dated March 3, 2015 and enclosures. It should be noted that the Companies' main operating bank account was held at the Bank of Montreal and the

Companies also had accounts with CIBC and the Bank of Nova Scotia. The Receiver was not previously aware of the Companies having any accounts with TD Bank.

22. The Receiver and Trustee then asked Transamerica for the documentation submitted by 415 and 416 to make those payments. Transamerica responded by fax dated March 5, 2015, a copy of which is attached as **Appendix "P"**, to enclose the authorizations received. They were all signed by Steven Crate, Gregory Crate and Lynn Marko and all appear to have been sent on November 28, 2014. They also state that they confirm conversations of November 27, 2014 in which the request to withdraw funds had been made.

23. Since the names "F.S. Holdco 1382415 Ontario Ltd." and "Crate Holdings 1382416 Ontario Ltd." were new to the Receiver and Trustee, its counsel conducted corporate and business name searches for those names and found that no corporations existed under those names. However, the business names searches revealed that on December 3, 2014 – the day the cheques were cashed – the following business names were registered:

<b>Business Name</b>	<b>Corporation Name</b>
Crate Holdings	1382416 Ontario Ltd.
F.S. Holdco	1382415 Ontario Ltd.

Collectively attached as **Appendix "Q"** are copies of the Business Name Reports for Crate Holdings and F.S. Holdco.

24. On March 4, 2015, the Receiver and Trustee wrote to TD Bank to ask that the accounts in the names of 415 and 416 be frozen and to provide copies of all documentation regarding those accounts, a copy of which is attached as **Appendix "R"**.

25. On March 5, 2015, Peter Crawley, a Senior Manager with the Receiver and Trustee, attended at the Keswick Toronto-Dominion branch and spoke with the branch manager, Deb Irvine. Ms. Irvine explained to Mr. Crawley that Steven, Lynn, and Gregory attended at the branch on December 3, 2014 to open accounts and deposit the cheques totaling \$354,647.02. She further told Mr. Crawley that Steven, Lynn, and Gregory told her that the cheques had nothing to do with the insolvency proceedings regarding the Keswick marina.

26. Ms. Irvine then provided Mr. Crawley with account history printouts for these accounts which provide the following information:

- a) Account No.: 5009326 – 2240 – “F.S. Holdco”
  - i) the account was opened on December 3, 2014;
  - ii) there was a deposit of \$177,323.51 on December 3, 2014;
  - iii) there was a transfer of \$160,000.00 out of the account on December 5, 2014;
  - iv) two cheques in the amounts of \$5,000.00 and \$5,400.00, respectively, were drawn on the account; and
  - v) the account was closed on December 11, 2014 with a credit of 6,923.51.
- b) Account No.: 5009342 – 2240 – “Crate Holdings”
  - i) the account was opened on December 3, 2014;
  - ii) there was a deposit of \$177,323.51 on December 3, 2014;
  - iii) the account was closed on December 11, 2014 with a credit of \$177,323.51.

Collectively attached as **Appendix “S”** are the account history printouts.

27. Ms. Irvine then showed Mr. Crawley the signed account closing authorizations documents which show that on December 11, 2014, Steven Crate and Gregory Crate authorized the closing of both accounts and transferring the remaining funds in the aggregate amount of \$184,247.02 to another Toronto-Dominion bank account in the Keswick branch: account no. 6096110 – 2240. Collectively attached as **Appendix “T”** are pictures taken by Mr. Crawley of the account closing authorization forms dated December 11, 2014.

28. Of note is that these authorization documents list 415 and 416 as the account holders.

29. After Mr. Crawley’s further inquiries, Ms. Irvine advised that the transfer of \$160,000.00 on December 5, 2014 was delivered to the trust account of James R. Crate, a lawyer with Fahey Crate Law Professional Corporation. In addition, Ms. Irvine advised Mr. Crawley that the account holder of account no. 6096110 – 2240 is Jessica Leanne Crate, the

daughter of Gregory Crate. The Receiver and Trustee notes that the Statement of Affairs sworn by Stephen Crate show the only creditors of 415 and 416 were two notional \$1 entries for Hydro One and a total of \$2,2279,459 owing to one of the other Companies, F.S. Crate & Sons Limited. None of the recipients of the Policies Proceeds (Jessica Crate, James Crate and/or Fahey Crate Law Professional Corporation) are known by the Receiver and Trustee to be creditors of 415 or 416. Further, none of the recipients of the Policies Proceeds were recorded as creditors of any of the Companies on the listing of creditors owed over \$250 filed by the Companies and the Proposal Trustee with the initial NOI filing on November 14, 2014.

**B) LACK OF DISCLOSURE OF THE LIFE INSURANCE POLICIES HELD BY 415 AND 416 AND THE TRANSACTIONS TO WITHDRAW FUNDS**

30. Steven, Lynn, and Gregory Crate have never advised the Receiver and Trustee of the existence:

- a) of the life insurance policies held by 415 and 416;
- b) of these Toronto-Dominion bank accounts into which the \$354,647.02 was deposited; or
- c) of the withdrawal of \$354,647.02 from life insurance policies held by the Companies.

31. The records pertaining to the Policies, which were previously on the premises of CMS, do not appear to be there now.

32. Had the Receiver and Trustee not been sent the quarterly report from Transamerica, it would never have known about the Policies.

33. The Receiver and Trustee is greatly concerned that the Policies and the transactions related to the Policies Proceeds (being (i) the requests for withdrawal on November 27 and 28, (ii) the cheques dated December 1, (iii) the deposits dated December 3 into TD, (iv) the cheque dated December 5 to James Crate, and (v) the transfer dated December 11, 2014 to Jessica Leanne Crate) were not disclosed at any time during the NOI proceedings prior to December 8, 2014 nor in the receivership and bankruptcy proceedings after that time. The following are the instances of non-disclosure by Steven Crate, Gregory Crate and Lynn Marko in that regard:



- a) in the NOI proceedings, the proposal trustee filed its first report on November 21, 2014, which stated at paragraph 6 that 415 and 416 (as well as the Companies other than CMS) were simply holding companies for other companies or land – without any mention of the Transamerica policies with considerable value. A copy of the proposal trustee’s first report is attached (without appendices) as **Appendix “U”**;
- b) Steven Crate swore an affidavit dated November 28, 2014 (the same date as the withdrawal authorizations of 415 and 416 to Transamerica attached as Appendix “T”, which he signed), a copy of which is attached (without exhibits) as **Appendix “V”**, in which:
  - i) he asserted at paragraphs 48 and 49 that the Companies were acting in good faith, and
  - ii) he referred in paragraph 56 to the cash flow statement for the Companies, attached as Exhibit “L” to his affidavit and as **Appendix “W”** to this Report, which do not refer to the life insurance policies or the transactions involving the \$354,647.02 that had been requested the day prior to the affidavit,
- c) Steven Crate swore a supplementary affidavit dated November 28, 2014, a copy of which is attached as **Appendix “X”**, in which:
  - i) he stated that the affidavit was in support of a request for interim funding in the amount of USD \$300,000 on the basis that an extended cash flow statement showed that “without additional financing, the Debtors will be unable to continue to fund their business operations as of the week ending December 5, 2014” (paragraph 3), and
  - ii) he attached as Exhibit “A” to that affidavit the extended cash flow statement, which did not refer to the transactions that had already been commenced regarding the \$354,647.02;
- d) Steven Crate swore a further affidavit dated December 5, 2014, a copy of which is attached as **Appendix “Y”**, in which:
  - i) he reiterated the request made on November 28, 2014 for interim funding on the basis that the proposal debtors “are currently without sufficient funding to carry on their business operations through the proposed extension period, and will require further funding in order to continue operations through to the period ending January 26, 2015” (paragraph 29),
  - ii) he stated that F.S. Holdco (defined as 415 in the affidavit) owns the shares of F.S. Crate & Sons Ltd., and Crate Holdco (defined as 416 in the affidavit) owns the shares of the other of the Companies

(paragraph 38), and

iii) "Neither Crate Holdco nor F.S. Holdco have any other assets." (paragraph 39), without mentioning the life insurance policies or \$354,647.02 deposited at TD on December 3 (with a part paid by cheque to James Crate the same day as the affidavit); and

e) Steven Crate swore the statements of affairs in bankruptcy for the Companies, including for 415 and 416 (copies attached as **Appendix "Z"**) without any mention of the insurance policies or the withdrawal of and transactions involving the \$354,647.02; and

**C) THE \$354,647.02 IS PROPERTY OF 415 AND 416 AND SHOULD BE PRESERVED**

34. The Policies were issued in the name of 415 and 416.

35. The books and records do not contain any entries that the Receiver and Trustee has been able to find in which the cost for the premiums was in any way allocated to Steven Crate, Gregory Crate and/or Lynn Marko, or that the value in the life insurance policies was recorded as belonging to any of them.

36. The books and records in fact contain entries to suggest the opposite - that the value of the Policies belonged to the Companies. The Receiver and Trustee has reviewed the books and records and has found that there was another withdrawal of cash surrender value amounts in 2009, which was at that time received by CMS and recorded as a dividend to CMS. A copy of the CMS records in that regard is attached as **Appendix "AA"**.

37. The Receiver and Trustee therefore recommends that orders be made to, among other things, compel the last known individuals with possession of the \$354,647.02, namely Jessica Leanne Crate and James Crate and Fahey Crate Professional Corporation, as well as Steven Crate, Gregory Crate and Lynn Marko, to preserve those funds or whatever portions of them are within their possession, power or control, pending further order of the Court.

38. The Receiver and Trustee intends to seek such an Order on a without notice basis. The reason for this request is that the lack of disclosure and clandestine transactions involving the \$354,647.02, as noted above, appear to demonstrate an intention to appropriate the Companies' assets and mislead the Receiver and Trustee, and evade proper obligations in connection with the Companies, the Policies and the Policies Proceeds. The Receiver and

Trustee accordingly is concerned that giving notice before an Order is made preventing (further) dissipation of the Policies Proceeds may allow or encourage those involved to take further such steps.

39. In the interests of full and frank disclosure, as required for a motion without notice, the Receiver and Trustee advises that it has no information that any of the Policies Proceeds are still within the possession of Jessica Leanne Crate and/or James Crate and Fahey Crate Professional Corporation.

40. Following the Receiver and Trustee's request for an Order preserving the \$354,647.02, it will bring a motion on notice for, among other things, disclosure of all records in the possession of anyone associated with the transactions involving the Policies Proceeds, and for the return of the Policies Proceeds from any and all persons who may have possession, power or control of those funds.

#### **D) CONTEMPT OF COURT AND OFFENCES UNDER THE BIA**

41. The Receiver and Trustee is of the view that the events as set out above constitute contempt of Court on the part of all of Steven Crate, Greg Crate and Lynn Marko contrary to this Court's order of December 8, 2014 appointing the Receiver and placing the Companies into bankruptcy (Appendix "I" and "J"). Paragraph 5 of that Order required them, as the current or former directors and officers of, among others, 415 and 416 to "forthwith advise the Receiver of the existence of any" property of those Companies, and to deliver all such property to the Receiver. None of that was done.

42. In addition, the transactions by Gregory Crate and Steven Crate on behalf of 415 and 416 on December 11, 2014 (Appendix "T"), which were after the date of that Order, constitute further contempt of Court.

43. Further, the Receiver and Trustee is of the view that the events as set out above provide grounds to believe that Steven Crate, Gregory Crate and Lynn Marko have caused 415 and 416 to make a fraudulent disposition of their property before and after the date of their bankruptcy, contrary to s. 198(1)(a) of the BIA, for which those individuals are liable pursuant to s. 204 of the BIA.

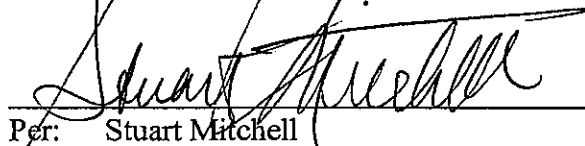
44. Lastly, the Receiver and Trustee is of the view that the events as set out above provide grounds to believe that Steven Crate has made a false entry or knowingly made a material omission in a statement or accounting in his affidavits, the cash flow statements, and the statements of affairs of 415 and 416 as noted above, contrary to s. 198(1)(c) of the BIA.

45. The Receiver and Trustee accordingly requests leave of the Court pursuant to s. 205(3) of the BIA to initiate proceedings for the prosecution of these offences.

All of which is respectfully submitted this 10<sup>th</sup> day of March, 2015.

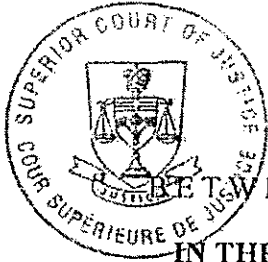
**A. FARBER & PARTNERS INC.**

**COURT-APPOINTED RECEIVER AND TRUSTEE OF CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

  
Per: Stuart Mitchell  
Senior Vice President

<p><b>IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE &amp; SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1328648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.</b></p>	<p>Commercial List File No. 14-CV-10798-00CL</p>
<p><b>IN THE MATTER OF THE BANKRUPTCY OF CRATE MARINE SALES LIMITED</b></p>	<p>Court File No. 31-1932502</p>
<p><b>IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.</b></p>	<p>           Court File No.: 31-193502            Court File No.: 31-193534            Court File No.: 31-193548            Court File No.: 31-193557            Court File No.: 31-193540            Court File No.: 31-193555            Court File No.: 31-193553         </p>
	<p> <b>ONTARIO</b>  <b>SUPERIOR COURT OF JUSTICE</b>  <b>(COMMERCIAL LIST)</b>            Proceedings commenced at            Toronto         </p>
	<p> <b>FIFTH REPORT OF THE RECEIVER AND FOURTH REPORT OF THE TRUSTEE</b> </p>
	<p> <b>GOLDMAN SLOAN NASH &amp; HABER LLP</b>            480 University Avenue, Suite 1600            TORONTO, ON M5G 1V2            Fax: 416-597-3370         </p>
	<p> <b>Michael B. Rotsztain (LSUC #: 17086M)</b>            Tel: 416-597-7870            Email: rotsztain@gsnh.com         </p>
	<p> <b>R. Brendan Bissell (LSUC #: 40354V)</b>            Tel: 416-597-6489            Email: bissell@gsnh.com         </p>
	<p>           Lawyers for A. Farber &amp; Partners Inc. in its capacities as the Court            appointed Receiver and as the trustee in bankruptcy of Crate Marine            Sales Limited, F.S. Crate &amp; Sons Limited, 1330732 Ontario Limited,            1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario            Ltd., and 1382416 Ontario Ltd.         </p>

TAB A



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Court File No. 31-1932502

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
CRATE MARINE SALES LIMITED

Court File No. 31-1932534

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
F.S. CRATE & SONS LIMITED

Court File No. 31-1932548

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
1330732 ONTARIO LIMITED

Court File No. 31-1932557

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF 1328559 ONTARIO LIMITED

Court File No. 31-1932540

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
1282648 ONTARIO LIMITED

**ORDER**  
(Appointing Interim Receiver)

THIS MOTION made by Crawmet Corp. ("Crawmet") for an Order, *inter alia*,  
terminating the proposal proceedings of Crate Marine Sales Limited, F.S. Crate & Sons Limited,  
1330732 Ontario Limited, 1328559 Ontario Limited and 1282648 Ontario Limited (collectively,

the "Debtors") and appointing A. Farber & Partners Inc. ("Farber") as receiver of all of the assets, properties and undertakings of the Debtors (the "Crawmet Motion").

ON READING the affidavit of Benn-Jay Spiegel sworn November 20, 2014 and the Exhibits thereto, on hearing the submissions of counsel for Crawmet and the Debtors and on being advised by counsel for the Debtors of their request for an adjournment of the Crawmet Motion.

#### ADJOURNMENT

1. **THIS COURT ORDERS** that the hearing of the Crawmet Motion is adjourned to Monday December 1, 2014, on the terms set out herein.

#### FILING

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
3. **THIS COURT ORDERS** that the service and filing by Crawmet of a consolidated Notice of Motion and Motion Record is hereby validated and directs that the Motion Record be filed solely in Court File No. 31-1932502.

#### APPOINTMENT ON AN INTERIM RECEIVER

4. **THIS COURT ORDERS** that pursuant to section 47.1 of the BIA, A. Farber & Partners Inc. is hereby appointed interim receiver (the "Interim Receiver"), without security, of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property") with the powers provided for herein.

#### INTERIM RECEIVER'S POWERS

5. **THIS COURT ORDERS** that the Interim 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 Interim Receiver is hereby expressly empowered and



authorized to do any of the following where the Interim Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to 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; and
- (c) 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 Interim 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 Debtors, and without interference from any other Person.

6. **THIS COURT ORDERS** that the Debtors and/or the Interim Receiver shall not make any payments to any party related to the Debtors or Steven Crate, whether directly or indirectly, without the written consent of Crawmet or further order of the Court.

7. **THIS COURT ORDERS** that any disbursements in excess of the disbursements required to maintain the Property in an idle state shall not be paid by the Debtors without the approval of the Interim Receiver and Crawmet or further order of the Court.

*Debtors are entitled to with draw reasonable legal fees and ordinary living expenses.*  
**DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER**

8. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their 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 (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the

Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver's request.

9. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim 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 Debtors, 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 9 or in paragraph 10 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 Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

10. **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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE INTERIM RECEIVER**

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

#### **NO INTERFERENCE WITH THE INTERIM 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 Debtors, without written consent of the Interim Receiver or leave of this Court.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

13. **THIS COURT ORDERS** that nothing herein contained shall require the Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY**

14. **THIS COURT ORDERS** that the Interim 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **INTERIM RECEIVER'S ACCOUNTS**

15. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim 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.

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

17. **THIS COURT ORDERS** that prior to the passing of its accounts, the Interim 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 Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

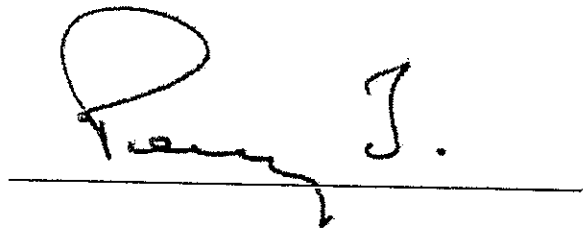
#### **GENERAL**

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

19. **THIS COURT ORDERS** that nothing in this Order shall prevent the Interim Receiver from acting as a receiver of the Debtors pursuant to section 243(1) of the BIA or a trustee in bankruptcy of the Debtors.

20. **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 Interim 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 Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

21. **THIS COURT ORDERS** that the Interim 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 Interim 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.



IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE MARINE SALES LIMITED, ET. AL.

Court File No. 31-1932502

ONTARIO  
SUPERIOR COURT OF ONTARIO  
IN BANKRUPTCY

Proceedings commenced at TORONTO

INTERIM RECEIVER ORDER

CHAITONS LLP  
Barristers and Solicitors  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

Harvey Chaiton (LSUC #21592F)  
Tel: (416) 218-1129  
Fax: (416) 218-1849

Maya Poliak (LSUC #54100A)  
Tel: (416) 218-1161  
Fax: (416) 218-1844

Lawyers for Crawmet Corp.

TAB B

November 21, 2014

H. Chaiton } For Crawmet Corp.  
M. Poliak }

J.D. Marshall for Norquing Products LLC.

A. Elchenko for Dedeck Landau

K.D. Kraft as agent for Re  
Daltan

This is a request for the  
appointment of a Receiver  
and the termination of  
a NOI and Proposed Trustee.

Nov 21/14

ONTARIO  
SUPERIOR COURT OF ONTARIO  
IN BANKRUPTCY

Proceedings commenced at TORONTO

MOTION RECORD  
(RETURNABLE NOVEMBER 21, 2014)

CHAITONS LLP  
Barristers and Solicitors  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

Harvey Chaiton (LSUC #21592F)  
Tel: (416) 218-1129  
Fax: (416) 218-1849

Maya Poliak (LSUC #54100A)  
Tel: (416) 218-1161  
Fax: (416) 218-1844

Lawyers for Crawmet Corp.



It is brought on that which because  
of certain revelations that the Debtors  
have not been dealing forthrightly with  
the Applicant.

These allegations are denied.

The Debtors seek an adjournment  
for one week to file material.

As a term of an adjournment,  
The Debtors will agree to a term that  
no material transactions will take  
place and that the Debtors' Proposed  
Trustee will have authority to  
monitor and have enhanced powers  
to secure the assets.

The real problem with this  
proposal is that secured creditors  
representing \$20M of \$70M of  
indebtedness, represented by Mr.

Chautau say they will, under no circumstances, support any proposal by the Doctor and its principal. They ~~so~~ feel they have been lied to and have lost all faith and trust. They also ~~say~~ point to the fact that although some time has gone by, there is no hint of a proposal from the Doctor in any event.

In the incumstances, I am prepared to grant an adjournment but only on the basis that an interim receiver be appointed. There are serious allegations, before the Court requiring the assets be secured to prevent self-help and dissipation.

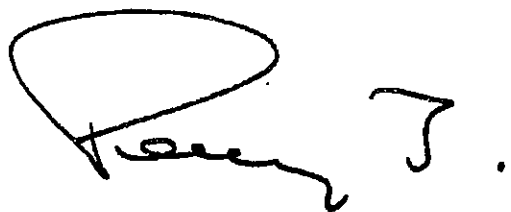
I am unable to accept that  
the most efficient interim receiver  
would be the current Proposal Trustee.  
In the circumstances, I ~~will~~  
appoint Fisher as the interim  
receiver ~~of the~~ effective  
immediately.

Adjourned to ~~Monday Dec. 1, 2014~~

~~Friday November 28, 2014~~

Monday Dec. 1, 2014

Interim order to issue in  
the form signed by me this day.

 Perry J.

TAB C

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

Court File No. 31-1932502

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE  
MARINE SALES LIMITED**

Court File No. 31-1932534

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S.  
CRATE & SONS LIMITED**

Court File No. 31-1932548

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732  
ONTARIO LIMITED**

Court File No. 31-1932557

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559  
ONTARIO LIMITED**

Court File No. 31-1932540

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648  
ONTARIO LTD.**

**FIRST REPORT OF THE INTERIM RECEIVER**

**NOVEMBER 30, 2014**

## TABLE OF CONTENTS

INTRODUCTION .....	- 1 -
PURPOSE OF THIS REPORT.....	- 2 -
LIMITATION OF REVIEW .....	- 2 -
A) STEPS TAKEN TO FULFILL THE MANDATE OF THE APPONTMENT ORDER.....	- 3 -
B) INFORMATION OBTAINED SINCE APPOINTMENT THAT MAY BE RELEVANT TO CERTAIN EVIDENCE AND ISSUES RAISED IN THE CRATE AFFIDAVIT AND THE SPIEGEL AFFIDAVIT .....	- 9 -
C) ISSUES AND MATTERS THAT HAVE COME TO THE ATTENTION OF THE INTERIM RECEIVER IN THE COURSE OF ITS MANDATE .....	- 15 -
D) CONCLUSION.....	- 20 -

## LIST OF APPENDICES

- "A" Appointment Order dated November 24, 2014 of the Honourable Mr. Justice Penny
- "B" Endorsement of the Honourable Mr. Justice Penny dated November 21, 2014
- "C" E-mails between counsel for the Interim Receiver and counsel for the Companies regarding terms of access to electronic books and records
- "D" E-mails between the Interim Receiver and counsel for the Companies regarding requested further retainer and details of existing retainers, billed and unbilled time
- "E" Available inventory lists from the Companies for the Keswick and Lagoon City locations
- "F" Available inventory lists from the Companies for the Quebec location
- "G" Letters to customers sent by other Crate marina operations
- "H" Media coverage of the restructuring
- "I" Transactional documents provided by Crawmet regarding boat purchases
- "J" Correspondence from counsel for Paul Tobey and Nancy Houle in connection with a deposit
- "K" E-mail from Don Rogers to the Interim Receiver

Court File #31-1932502  
31-1932534  
31-1932548  
31-1932557  
31-1932540

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

**CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED AND 1282648 ONTARIO  
LIMITED**

**FIRST REPORT OF THE INTERIM RECEIVER**

**November 30, 2014**

A. Farber & Partners Inc., in its capacity as the Court-Appointed Interim Receiver (the "Interim Receiver") of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1323559 Ontario Limited and 1282648 Ontario Limited (collectively the "Companies") hereby reports to the Court as follows:

**INTRODUCTION**

1. On November 14, 2014, the Companies each filed a Notice of Intention to Make a Proposal (the "NOI's") pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), and named Dodick Landau Inc. as proposal trustee ("Proposal Trustee").
2. On November 20, 2014, one of the major secured creditors, Crawmet Corp. ("Crawmet") filed motion material for a November 21, 2014 hearing seeking to (i) have the NOI's immediately terminated; (ii) appoint the Interim Receiver as a receiver over the properties, assets and undertakings of the Companies and (iii) to substitute the Interim Receiver to become the bankruptcy trustee of the Companies. At the November 21, 2014 hearing, this motion was adjourned to December 1, 2014.



3. At the November 21, 2014 hearing, the Interim Receiver was appointed Interim Receiver pursuant to section 47.1 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) of the Companies to preserve and protect the assets, undertakings and properties of the Companies acquired for, or used in relation to the business carried on by the Companies, including all proceeds thereof (the “**Property**”) pursuant to the November 21, 2014 Order of the Honourable Mr. Justice Penny (the “**Appointment Order**”). A copy of the Appointment Order is attached at **Appendix “A”**. A copy of the endorsement dated November 21, 2014 is attached at **Appendix “B”**.

#### **PURPOSE OF THIS REPORT**

4. This is the first report of the Interim Receiver (the “**First Report**”). Its purpose is to:
- a) advise the Court and the stakeholders of the Companies of the steps taken by the Interim Receiver to date to fulfil its mandate under the Appointment Order;
  - b) advise the Court and the stakeholders regarding information obtained since appointment on November 21, 2014 that may be relevant to certain evidence and issues raised in the Affidavit of Steven Crate sworn November 28, 2014 (the “**Crate Affidavit**”) and the Affidavit of Benn-jay Spiegel sworn November 20, 2014 (the “**Spiegel Affidavit**”); and
  - c) advise the Court and stakeholders of the Companies of issues and matters that have come to the attention of the Interim Receiver in the course of its mandate, which may require review.

#### **LIMITATION OF REVIEW**

5. The Interim Receiver has relied upon the financial records and information provided by the Companies, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and has not independently reviewed or verified such information. The Interim Receiver has prepared this First Report for the sole use of the Court and of the other stakeholders in these proceedings.

#### **A) STEPS TAKEN TO FULFILL THE MANDATE OF THE APPOINTMENT ORDER**

6. The Appointment Order was issued around 4:00 p.m. Friday November 21, 2014. The Interim Receiver attended the various premises to preserve and protect the Property as authorized in paragraph 5(b) of the Appointment Order.
7. The steps taken by the Interim Receiver have been guided by the fact that the Appointment Order was made pursuant to s. 47.1 of the BIA as an Interim Receiver for a short period of time (Nov. 21 to Dec. 1), and in circumstances in which the Companies are already in NOI proceedings and operating under the monitorship of the Proposal Trustee.
8. The Interim Receiver conducted discussions with the employees of the Companies regarding the nature of the Property and the procedures already in place for safeguarding the Property, including through the involvement of the Proposal Trustee. As will be further detailed below, the Interim Receiver came to the conclusion as a result that in several instances procedures were already in place so long as the Companies complied with the Appointment Order and acted in good faith, and further that the nature of the business of the Companies at this time of year does not require that the Interim Receiver exercise the strongest preservation measures of taking possession as authorized (but not required) in paragraph 5(a) of the Appointment Order.
9. The Interim Receiver instead determined that the most appropriate step was to exercise the powers of control under paragraph 5(a) of the Appointment Order, and the powers to preserve and protect the Property in paragraph 5(b) of that Order, the details of which are set out in detail below. This was in order to avoid undue interference in the business of the Companies or the exercise of management of the Companies.
10. To date, the activities undertaken by the Interim Receiver include, but are not limited to the following:

##### **Attendance**

- a) Immediately attending at the Companies' Ontario premises in Keswick, Willow Beach, Lagoon City and Port Credit.

- b) Before November 27, due to snow impeding access, the Interim Receiver investigated with staff for the Companies to determine if any assets still exist at the Port McNichol facility, which was apparently abandoned in the summer of 2014. On November 27, the snow subsided and the Interim Receiver arranged for someone to attend at this location. No personnel of the Companies appeared to be present. There is a 30' x 40' marine lift that appears to be in good used condition and which may be leased according to a May 30, 2011 PPSA registration by 1728259 Ontario Inc. (at page 35 of the PPSA search attached at Exhibit "L" to the affidavit of Benn-jay Spiegel sworn November 20, 2014). There is another older marine lift and front-end loader also present, and for which the ownership has not yet been determined.
- c) Arrange for the Interim Receiver's Quebec agent to attend the Companies' location in St.-Paul-Ile-Aux-Noix, Quebec.
- d) Meeting with staff to discuss the appointment of the Interim Receiver and that the Companies' continue to operate 'business as usual' under the NOI protection afforded by the BIA.
- e) Ongoing discussions and correspondence with the Companies' principal, Mr. Steven Crate, regarding all aspects of the Interim Receiver's appointment and issues faced by the Interim Receiver identifying and locating assets and supporting documents for pending transactions.
- f) Posting notices on the doors of the premises occupied by the Companies alerting to the appointment of the Interim Receiver. Due to inadvertence, one sign errantly advised of appointment of the Interim Receiver as "Receiver" at the Lagoon City location. The sign was only in place from the evening of November 21 to the afternoon the next day and was corrected within an hour of the error being brought to the Interim Receiver's attention.
- g) Attending to changing locks for the locations. For locations other than Keswick and Quebec, the Interim Receiver designated key delegates among employees of the Companies. At the Keswick and Quebec locations, representatives or agents of the

Interim Receiver open and close the facilities on days of operation. Where security systems are present at the facilities used by the Companies, they are not in operation so no steps have been taken regarding security codes.

- h) Discussions with staff and attendance at the premises to permit and accommodate the ongoing ordinary course activities of the Companies every day (including both weekends) following the Interim Receiver's appointment.
- i) Review of the Companies' existing security program and continued use of the same internal and external security guards for night inspections of the various properties.
- j) Confirmed with the Companies' that the pre-existing insurance coverage remains in place and confirmed in the notes to the cash flow prepared for BIA purposes that insurance premiums are included in the forecasted disbursements.
- k) Attempt to gain cooperation of the Companies for access to the electronic books and records of the Companies for all locations and numerous discussions and emails with staff to attempt to arrange same. Privilege issues were asserted by the Companies' counsel, resulting in an interim arrangement by which Froese Forensic Partners Ltd. is in the process of taking and safeguarding copies of these books and records pending either further Court order or consent of the parties, as outlined in the e-mails between counsel attached at **Appendix "C"**.

#### **Banking, receipts and disbursements**

11. Upon appointment, the Interim Receiver discussed the operations of the Companies with employees and discussed controls on the receipts and disbursements of the Companies with the employees and the Proposal Trustee.

12. The Interim Receiver concluded as a result that at this time of year, the operations of the Companies do not yield substantial receipts, and the receipts that are taken in are predominantly in the form of cheques or credit card charges, such that cash transactions are minimal. The Interim Receiver accordingly determined that the provision of daily online bank statement printouts by the controller for the Companies to the Interim Receiver was

sufficient control. Arrangements to establish independent online access to the bank accounts are underway with the banks but have not been finalized.

13. The Interim Receiver's review of disbursements at the Companies was that there was a pre-existing procedure in place with the Proposal Trustee under which all disbursements would be submitted for pre-approval. The Interim Receiver maintained that approval process and added the requirement that it also approve after the Proposal Trustee had approved.

14. The detailed steps taken by the Interim Receiver in these respects are as follows:

- a) Correspond with the three banks for the Companies to gain access to review the transactions flowing through the six bank accounts.
- b) Review outstanding cheques issued by the Companies prior to November 21, 2014.
- c) In the course of overseeing the disbursements by the Companies, the Interim Receiver has had discussions with counsel for the Companies regarding a request by counsel for a further retainer of \$30,000 in addition to retainer funds of \$60,000 that appear to have been already advanced. The Interim Receiver has asked for clarification of the amounts remaining in respect of prior retainers paid, remaining trust funds and billed or unbilled time. The Interim Receiver is awaiting a response before making a determination on that issue. A copy of the e-mail exchanges with counsel for the Companies in that regard is attached as **Appendix "D"**. The Interim Receiver later determined that this payment was made nonetheless, as described in paragraphs 46-48, below.
- d) Arrangements are underway to set in place independent on-line access to bank accounts for the Companies, which will likely be implemented after December 1, 2014 subject to further direction of the Court at that hearing.
- e) Follow up with the Proposal Trustee for clarification regarding various assumptions and items on the 5-week cashflow and reports as they pertain to

assets and expected revenue of the Companies and expenses and requirement for approved disbursements under the Approval Order.

#### **Accounts Receivable**

- f) Review of the accounts receivable subledger with the Companies and the Companies' efforts to collect the outstanding amounts.
- g) Identify approximately 50 accounts receivable in credit balances (i.e. accounts payable) totalling approximately \$1,605,000 and advise the Companies and the Proposal Trustee that these payables were not on the mailing list included with the NOI notice to creditor packages.
- h) Review of the accounts receivable in respect of amounts owing from customers that purchased boats but appear not to have been paid, some of which go back several years. The Interim Receiver awaits explanations from Steven Crate on these matters. The Interim Receiver did so in order to assess the soundness of the receivables and steps that may be necessary to safeguard them.
- i) Discussions with management and the Proposal Trustee regarding the billing and collection of 2015 slip rental income and the intended treatment of the funds collected during the NOI.

#### **Inventory**

15. The review by the Interim Receiver of inventory of the Companies, which primarily consists of boats, has been limited by two factors.

16. First, most boats have been shrink-wrapped for winter storage, which prevents meaningful physical inspection, including confirmation of serial numbers. The removal of the shrink wrap was not economical as it would need to be re-done. As a result, the Interim Receiver was required to rely on the verbal advice of the Companies' staff that a boat listed on the inventory lists was in fact a boat being inspected.

17. Second, the Companies' records regarding the boat inventory owned by the Companies were not complete. The inventory lists provided by the Companies to the Interim Receiver for the Keswick and Lagoon City locations is attached as **Appendix "E"** and the list for the Quebec location is attached as **Appendix "F"**. As shown on Appendices "E" and "F", the serial numbers for 17 of the 58 boats are not listed, which complicates review.

18. The detailed steps taken by the Interim Receiver are as follows:

- a) Ongoing meetings with staff, review of the Companies' records (where available) and review of the boats on the various Companies' sites to attempt to compile a Companies'-owned boat inventory list from the various partial lists.
- b) Initial steps to take an inventory of customer-owned boats. This process is facing the same documentation and identification issues as the Companies'-owned boats noted above.
- c) More detailed review of available documents and discussions with staff regarding various boats on the sites for which the Companies were unable to identify who owned the boats.
- d) Review and monitoring of the Companies' ongoing activities to remove the boats still in the water on November 21, 2014 and winterize and shrink-wrap the remaining boats for the end of the 2014 season.
- e) Review the Companies'-owned boats reported to be located at related and/or third-party sites in Saint-Jean-Sur-Richelieu.
- f) Steps taken with respect to a 50' yacht that was on the Companies' inventory list with a book value of \$1,178,665 removed from the Keswick facility on the morning of the NOI filing:
  - i. the Interim Receiver reviewed the Companies' records and had discussions with Borden Ladner Gervais LLP ("**BLG**") as counsel for the supplier, Marquis Yachts. The Companies records showed the book value noted above, and there was also a corresponding payable to

Northpoint Commercial Finance, being the financier of the Marquis Yacht's for \$1,014,445 on the Companies' balance sheet as at November 22, 2014. Northpoint was not shown as a creditor on the Proposal Trustee's creditor list attached to its First Report;

- ii. the Interim Receiver had discussions and correspondence with the trucking company that moved the 50' yacht to their yard in Pickering, Ontario and confirmed the boat will remain secured at their site pending further instructions from the Interim Receiver or order of this Honourable Court; and
- iii. the Interim Receiver has entered into discussions and correspondence with BLG to attempt to agree upon arrangements to monetize the 50' yacht through a sale to a third party in Florida for approximately US\$850,000, before selling and transportation costs, with funds then being paid to the Interim Receiver in trust pending either agreement or adjudication by this Court as to entitlement to the proceeds of sale. This matter is ongoing.

**B) INFORMATION OBTAINED SINCE APPOINTMENT THAT MAY BE RELEVANT TO CERTAIN EVIDENCE AND ISSUES RAISED IN THE CRATE AFFIDAVIT AND THE SPIEGEL AFFIDAVIT**

**No initiation of contact by the Interim Receiver, and publicity by others**

19. Paragraphs 67 and 68 of the Crate Affidavit assert that there is concern and nervousness on the part of staff and customers of the Companies. The Interim Receiver has not, however, initiated any contact with customers, suppliers or other third parties having relationships with the Companies, except for the banks as noted above. All contact from parties external to the Companies has been initiated by others.

20. The Interim Receiver is aware that publicity of the need for restructuring on the part of the Companies has been made by persons outside the control of the Interim Receiver. In particular:



- a) the Proposal Trustee was required to issue notices to the creditors listed on the Companies' NOI filings on November 21, 2014 under the BIA;
- b) other members of the Crate family have sent letters stating that other Crate marina operations are separate from and unaffected by the restructuring at the Crate Keswick facility, which appear to have been sent to all customers of the Companies (whether customers of the unaffected business or those subject to NOI and Interim Receiver proceedings), copies of which are attached as **Appendix "G"**; and
- c) the media has reported on the restructuring, which has involved quoted interaction by personnel of the Companies. An example of such reporting on November 24 is attached as **Appendix "H"**. The Interim Receiver is reported in that article as not responding to media, and it has not provided any comment to the media nor had any discussions with them since.

**No loss of sale due to actions of the Interim Receiver**

21. Paragraph 68 of the Crate Affidavit states that a sale, the details of which are not specified, was lost as a result of the Interim Receiver's appointment. The Interim Receiver is only aware of one sale that has been cancelled since the Appointment Order, and the information available to the Interim Receiver about that is different from that described in the Crate Affidavit.

22. The Interim Receiver was advised by the Companies that there was a possible purchaser of a boat owned by a third party (for which the Companies would act as broker on the sale), who had made a \$10,000 deposit pre-NOI. That individual made a further deposit of \$50,000 post-NOI. The Interim Receiver was advised by the Proposal Trustee that it had discussed with the purchaser the existence and effect of the NOI restructuring proceedings on the transaction and deposits paid.

23. The Interim Receiver's only direct dealings with this possible purchaser were when he advised the Interim Receiver (Stuart Mitchell) that he was unable to proceed with the proposed transaction due to inability to get suitable financing.

24. The Interim Receiver was also advised by Steven Crate that he believed that this individual was going to get in touch with the boat owner directly, which would have the effect of excluding the Companies from earning fees on the sale, but the Interim Receiver is unaware of the foundation for Mr. Crate's belief in that regard.

**No interference with the ability of management to carry on the business of the Companies**

25. Paragraph 66 of the Crate Affidavit states that the Interim Receiver has interfered with the ability of management of the Companies to carry out obligations to customers. The Interim Receiver is unaware of any instances where this has been the case and the employees and management of the Companies have not raised this issue since the Appointment Order.

26. The only complaint that management of the Companies has made about the operations of the Interim Receiver is that management believes that the Interim Receiver has undertaken a review of the affairs of the Companies that is not called for in the Appointment Order. This issue has arisen in circumstances where the affairs of the Companies have been described to the Interim Receiver in ways that raise the issue for the Interim Receiver that possible assets (whether in the form of accounts receivable, or inventory), possible liabilities and possible transactions may not be fully or accurately reflected on the Companies' records.

27. Management of the Companies and some employees have also in some cases brought customers to speak to representatives of the Interim Receiver about concerns such as pre-NOI deposits for boat repairs, or whether slip rentals will be available in 2015. This appears to reflect a misunderstanding on the part of management that any loss of such deposits or uncertainty about continued operations is the result of the actions or decisions of the Interim Receiver. The difficulties posed for such customers arise from the insolvency situation facing the Companies. The Interim Receiver's representatives have attempted in such cases to clarify what the Interim Receiver is able to do, and what is the responsibility of others or is dependent on the Court's process. The Interim Receiver explained to those depositors that the freeze is a result of the NOI filed by the company, not the Appointment Order, and suggested that they speak to the Proposal Trustee should they wish further confirmation or information.

28. There have been no written complaints from the Companies about actions or inactions

of the Interim Receiver.

29. Without the benefit of any further details on the complaint of interference with management in the Crate Affidavit, the Interim Receiver is unable to report further to the Court on this issue.

30. The Interim Receiver does note, however, that although the controller of the Companies was initially very cooperative in answering questions, she refused to do so further on November 28 and stated that she was under direction from management not to provide any further information before the December 1, 2014 hearing before this Court.

**No loss of a boat due to action or inaction of the Interim Receiver**

31. The Crate Affidavit describes in paragraph 65 that a boat sank at the Lagoon City Marina, and goes on to state that interference by the Interim Receiver in the operations at that facility caused or contributed to this event. The Receiver's information differs as follows:

- a) the Interim Receiver's representative, Noah Litwak, who is a licenced trustee, attended at Lagoon City at 4:45pm on November 21, 2014, and met with Wayne McPhee, who is the site manager at that location. At that point the locks were changed.
- b) Mr. Litwak discussed with Mr. McPhee on November 21 that there were plans to continue boat lift and wrapping operations for the approximately 12 boats still left in the water due to pre-appointment actions or inaction at the facility. Those lift and wrapping operations were stated by Mr. McPhee to be planned for Sunday November 23.
- c) On Saturday, November 22, Mr. Litwak contacted Mr. McPhee to advise that Mr. McPhee was going to be authorized as a key delegate for that facility with a key being available that day so that the planned work could take place on the weekend. Mr. McPhee indicated that the relevant employees no longer wanted to work on the weekend, and he instead asked to meet Mr. Litwak at the facility on Monday morning and received a key at

that time.

- d) When Mr. Litwak arrived on the morning of Monday November 24, he opened the facility and was notified shortly thereafter by employees that a boat was taking on water. The boat was not owned by the Companies, but was instead owned by Al Tupper and was a 1974 36' Trojan. After the boat was raised, Mr. McPhee inspected it and advised the Interim Receiver that there was no apparent damage to the hull that would have allowed water to enter.
- e) Mr. McPhee advised Mr. Litwak that Mr. Tupper attended later on the morning of November 24 and had insurance paperwork in hand and did not seem upset. The Interim Receiver has since been advised that Mr. Tupper's insurer has agreed to cover the loss.
- f) Further review by Mr. Litwak with facility employees indicated that Mr. McPhee and Mark Kitley (the site mechanic) had been on site on the prior afternoon to move the bubblers (used to prevent icing), at which time no boats appeared to be taking on water. The information provided to the Interim Receiver indicated that the mild weather that weekend meant that no further steps were required before Monday November 24. Further, the security logs indicated that the security guard had been on site at 12:30 am early on Monday morning, and nothing out of the ordinary had been reported.

32. The Interim Receiver did not prevent the removal over the weekend of any boats that the Lagoon City location still had in the water as of the date of the Appointment Order, nor did the Interim Receiver fail to have the maintenance and security operations at the facility as normally operated by the Companies. Mr. Tupper has not had any direct contact with the Interim Receiver.

**Particular boats referred to in the Spiegel Affidavit**

33. The Interim Receiver has reviewed the inventory lists prepared by the Companies

against the boats referred to in Exhibit "H" to the Spiegel Affidavit. The Interim Receiver was also provided by counsel for Crawmet with title and other documents for additional boats (the "**Crawmet Documents**"), copies of which are attached as **Appendix "I"**. The Interim Receiver was advised by counsel for Crawmet that these documents pertain to boats owned by Crates Belleville Inc. a wholly owned subsidiary of Crawmet (note that this is a different company than Crate Belleville Inc., which is a marina operated by Ryan Crate and which the Interim Receiver understands is owned by the nephews of Steven Crate as well as Mr. Spiegel). In total, Exhibit H of the Spiegel Affidavit and the Crawmet Documents refer to 13 boats where an ownership interest is asserted.

34. The Interim Receiver has searched the inventory lists prepared by the Companies, attached as Appendices "E" and "F", for the serial numbers of the boats listed in the Crawmet Documents. The Interim Receiver has also raised these issues with Ron Wright, consultant for the Companies, who has provided some information. He advises that he continues to look for further information. The accuracy of the information provided by Mr. Wright has not been verified by the Interim Receiver.

35. The following is the result of this review by the Interim Receiver on this issue to-date. As is summarized below, 4 of the 13 boats that Crawmet claims are owned by its subsidiary have been confirmed as sold by Mr. Wright:

	Boat serial #	On inventory list of the Companies?	Comments from Ron Wright or management
1.	CVRR7024K314	No	Ron believes this is in Keswick. A deposit has been received for a purchase agreement.
2.	CVRR7029B414	No	Ron has confirmed this boat is sold and is on the customer boats listing for Quebec as owned by Pierre Gagnon.
3.	CVRR7003A313	No	Ron believes this is in Belleville.
4.	CRSEE130H213	No	Ron has confirmed this is sold.

5.	KCSBF155F314	Yes	According to management, this boat is in Belleville.
6.	CVRX4001A414	No	Ron has confirmed this is sold.
7.	CRSXH132I314	No	Ron has confirmed this is sold.
8.	CRSEC157J314	Yes	Management showed the Interim Receiver a shrink-wrapped boat in Keswick said to be this boat.
9.	KCSFF114F314	No	Ron believes this is in Belleville.
10.	KCSBA122E315	Yes	According to management, this boat is in Belleville.
11.	KCSBA123E315	Yes	Management showed the Interim Receiver a boat in the Keswick showroom said to be this boat.
12.	KCSBA124F315	No	Ron is investigating the whereabouts of this boat.
13.	KCSBA125H315	Yes	Management showed the Interim Receiver a boat in the Keswick showroom said to be this boat.

**C) ISSUES AND MATTERS THAT HAVE COME TO THE ATTENTION OF THE INTERIM RECEIVER IN THE COURSE OF ITS MANDATE**

**Request for refunds of deposit**

36. The Interim Receiver has received correspondence from counsel for Paul Tobey and Nancy Houle in connection with a \$25,000 deposit said to have been retained by the Companies for purchase of a boat in the future, a copy of which is attached as **Appendix "J"**. Inquiries to the controller of the Companies about the whereabouts of the deposit have not been answered due to the management instruction given to her as noted in paragraph 30, above.

## CRA

37. A representative of CRA contacted Stuart Mitchell of the Interim Receiver on November 27, 2014 by voice-mail. Mr. Mitchell has attempted to make contact with the CRA representative on November 28 without success. The nature and extent of the issues for which CRA wanted to contact the Interim Receiver is accordingly not yet known.

## Information not provided by the Companies

38. Despite request, the Interim Receiver has not been provided with information by the Companies relating to the following issues over the past week since the Appointment Order:

- a) Customer deposits. The existence of any deposits to be held in trust is material for an understanding of the assets of the Companies and the manner in which various funds on hand should be appropriately safeguarded by the Interim Receiver.
- b) 2015 slip rentals. The quantum, timing of billing and timing of receipt of these amounts is again material to the assets to be safeguarded.
- c) Pending repairs. The amount of expected repairs is both material to control the disbursements for parts and equipment for repairs, and to expected revenue constituting assets.
- d) Pending boat sales. The quantum and timing of any pending boat sales is highly material to the financial position of the Companies that the Interim Receiver is required to protect. The amount of money at issue for the sorts of boats sold by the Companies ranges from the tens of thousands to more than a million dollars per unit. The timing of sales interfaces with how deposits must be safeguarded and can eventually be released and used for the Companies' purposes.

**Reports from customers of the Companies regarding boat sales**

39. The Appointment Order does not authorize or require the Interim Receiver to engage in the detailed form of analysis of the affairs of the Companies that would arise in a full receivership appointment, particularly with respect to matters pre-dating November 21, 2014.

40. The Interim Receiver has, however, been approached by a number of individuals who advise of transactions involving the Companies in the sale of boats on behalf of customers without remitting the proceeds to the boat owner, or sales of boats with financing encumbrances that have not been discharged and that now remain outstanding against the original boat owner (and possibly the boat).

41. The Interim Receiver has not conducted any independent review with employees of the Companies regarding the advice so received. The Interim Receiver cannot accordingly verify the accuracy or lack thereof of the information that it has been provided.

42. The Interim Receiver is of the view that the proper exercise of its duties in these circumstances is to bring these issues to the attention of the Court and the stakeholders of the Companies for the appropriate analysis and direction. The information that has been received, along with details of the source of that information, is as follows:

- a) Don Rogers wrote to advise that he purchased a Carver boat from the Companies in 2008, which was financed by a Bank of Montreal loan, and he then traded that boat in to the Companies in 2010 for a Cruisers that was financed by a National Bank loan. The Carver was traded in for sale by the Companies in January of 2010, but the loan was not paid off and remains outstanding. Mr. Rogers was only made aware of the outstanding loan on the Carver boat to Bank of Montreal recently when the Companies stopped making loan payments that had been made without Mr. Rogers' knowledge. The Carver boat is still at the Keswick facility and may be owned by someone named Miller. The Cruisers was returned for sale, but the proceeds were never paid to Mr. Rogers and the loan from National Bank was not repaid. Mr. Rogers advised that after pressing Steven Crate for a year, Mr.



Crate admitted the non-payment of the loans and gave title to two further 2010 Regal and 2007 Carver boats to Mr. Rogers as collateral for the amounts owing. The 2010 Regal was shipped to the United States without payment to Mr. Rogers and despite it being in his name. The 2007 Carver is still at the Keswick facility. A copy of Mr. Rogers' e-mail to the Interim Receiver is attached as **Appendix "K"**.

- b) Greg Crate, the brother of Steven Crate, advised that the Companies recently sold a 2000 Sea Ray 380 Sundancer on behalf of Rocco Morra, for which Mr. Morra is owed \$62,000;
- c) Greg Crate advised that the Companies sold a 1987 Carver 3297 Mariner on behalf of Robert Bittle to Fortunato Ignacio, for which Mr. Bittle is similarly owed some or all of the sale price. The records of the Companies show that amount as \$25,000;
- d) Greg Crate advised that the Companies sold a 1989 Sea Ray 340 Sundancer on behalf of Bill Mooney in September, for which Mr. Mooney is similarly owed some or all of the sale price. The records of the Companies show that amount as \$18,000;
- e) Ron Wright advised that the Companies sold a 1998 Sea Ray 330 Sundancer on behalf of Ian Smith to Ryan Shakell on August 24, 2014 for \$34,470, for which Mr. Smith is owed \$29,271. Mr. Shakell now wishes to remove the boat and the Companies have refused permission;
- f) Ryan Crate, the son of Greg Crate and nephew of Steven Crate, has advised that he owned two boats, a 2008 22' Regal and a 2005 33' Monterey, which were sold by the Companies but registered financing in favour of Bank of Montreal and Royal Bank of Canada was not repaid and discharged such that Mr. Crate is now personally liable for \$162,000 on the loans;
- g) Ryan Crate has advised the Interim Receiver that Dan Bedard has recently contacted him about a 57' Carver boat, which Mr. Bedard bought from the

Companies in 2012 and sometime later entrusted it with the Companies to sell for him when he purchased a larger boat. Mr. Crate further advises that the Companies sold the boat to Stan Kirshenblatt and did not pay out the balance owing to Mr. Bedard, who appears on the NOI listing of creditors with a balance owing of \$127,571.31. The Interim Receiver was contacted directly by Stan Kirshenblatt who sold this same boat to the Companies in August of 2014 and advises that the Companies still owe him approximately \$122,000 of the approximate \$492,000 total sale price and there is still a PPSA registration against the boat. Mr. Kirshenblatt appears on the NOI listing of creditors as MP Accounting Services for \$122,887.50. Mr. Crate advises that Benn-jay Spiegel bought this boat from the Companies in August of 2014. Mr. Spiegel advises the Interim Receiver that he paid the Companies in full for the boat, and moved it to Belleville and used it in the remainder Summer of 2014.

43. The foregoing issues and allegations, if accurately described, merit review. In the instance where the Interim Receiver has raised these issues with Steven Crate and senior management of the Companies, there has been no response (except as described above involving Greg and Ryan Crate). The Interim Receiver has not otherwise done any review to probe the accuracy of these accounts as noted above.

44. To the extent that the potential claimants noted above are owed money, only Messrs. Bittle, Morra, Bedard and MP Accounting Services (for Mr. Kirshenblatt) appear on the Companies' creditor listings in the NOI. The other individuals noted do not.

45. The Interim Receiver accordingly has concerns that there may be creditors and other stakeholders (such as purchasers of encumbered boats) who have not had notice of the restructuring issues in relation to the Companies and may therefore not be in a position to take any steps to protect their interests.

**Disbursement by the Companies to legal counsel**

46. As noted in paragraph 14(c), above, the Interim Receiver has asked for information regarding a further disbursement to Dickinson Wright LLP as counsel for the Companies for which the Interim Receiver's approval had been sought. The information requested by the Interim Receiver is outstanding, despite follow-up.

47. No notice of an intent to refuse to answer the Interim Receiver's requests was provided, nor that this disbursement would be made without the Interim Receiver's approval.

48. On November 28, 2014 the Interim Receiver learned from bank account statements provided by the controller for the Companies that the Companies executed a wire transfer of CAD \$30,000 to Dickinson Wright LLP. This was without authorization from the Interim Receiver and was contrary to the controls previously established (and respected for all other transactions to the knowledge of the Interim Receiver).

**D) CONCLUSION**

49. The Interim Receiver will request at the hearing on December 1, 2014 that this First Report, and the activities of the Interim Receiver and its counsel as described in the First Report, be approved.

All of which is respectfully submitted this 30<sup>th</sup> day of November, 2014

**A. FARBER & PARTNERS INC.  
COURT-APPOINTED INTERIM RECEIVER OF CRATE MARINE SALES LIMITED,  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO  
LIMITED and 1282648 ONTARIO LIMITED**



---

Per: Stuart Mitchell  
Senior Vice President

TAB D

Court File Number: 31-1932502

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Crate Marine Sales, Limited

Plaintiff(s)

AND

Defendant(s)

Case Management ☐ Yes ☐ No by Judge: \_\_\_\_\_

Counsel	Telephone No:	Facsimile No:

- ☐ Order ☐ Direction for Registrar (No formal order need be taken out)  
☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)  
☐ Adjourned to: \_\_\_\_\_  
☐ Time Table approved (as follows):

In this matter, the principal creditors made demand on November 4, 2014. The Debtors served a notice of intention to make a proposal on November 14, 2014.  
On Friday afternoon, November 21, 2014, I heard an urgent application to appoint a receiver. The Debtors counsel were away. They had to find a standby, who essentially requested an adjournment.

Dec. 1, 2014

Date

[Signature]

Judge's Signature

☐ Additional Pages \_\_\_\_\_

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

The original request for an adjournment ~~was~~ for a week. Mr. Chanton was not available and asked that the matter be returned ~~to~~ today.

Now the Debtors seek to December 9, 2014 at which time they propose to move for DIP financing, ~~for~~ which would be secured by a super priority.

I cannot imagine approving that kind of financing in the absence of a concrete proposal which holds out some hope, at least, of support from the creditors.

The interim court appointed receiver has indicated that it would like to pursue certain avenues for more information. There is an allegation of erosion of the creditor's equity, but, apart from fees, there is

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

no evidence of ongoing shortfalls.  
I would like to see more  
information from the Court-appointed  
receiver on the question of whether  
there is, in fact, an ongoing material  
erosion.

At the end of the day, if the  
Debtor had asked for an adjournment  
to December 9 or November 21, 2014,  
I would have been inclined to  
grant it, absent clear evidence  
of prejudice.

I am mindful of the Court's power  
to cut the process short as I am  
being asked to do by the Creditors  
here.

I am also mindful of the lack of

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

This point, of any hint of a proposal.

However, I do not see evidence of material prejudice in allowing the Debtors until December 9, 2014 to try to persuade the Creditors that they might be better off under a proposed scenario. I say this because the interim receiver will remain in place, as will the proposed trustee.

The fact that the principal creditors say they will never agree to anything is not dispositive.

Many creditors have changed their minds once the Debtors are given a chance.

However, unlike that may be



Court File Number. \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

In this case, I do not think the  
circumstances require that I accede  
to Mr. Chaiton's request on behalf  
of the Creditors today.

The matter is further adjourned to  
December 9, 2014 before me. At that  
time, the Debtor will be expected to  
put all its cards on the table,  
or to use language from another  
circumstance, it's just fast forward.

At the Debtor's full plight, Mr. Chaiton  
is at liberty to renew his request.

~~On~~ In the meantime, order to ~~give~~  
approving the interim receiver's first  
report.

I will be forward to the Receiver  
additional insight into the issue

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

noted above ~~and~~ any other input  
The receiver has between now and  
December 9, 2014.

Any issues relating to costs are reserved  
to December 9, 2014.

Service may continue to be made by  
email as well as delivery of  
additional materials to me.

I order that the interim receiver's  
powers under my order of November 21, 2014  
shall continue and be expanded  
to include investigation and review of Receiver's  
affairs of the Debtors <sup>more generally</sup>.  
I <sup>would</sup> expect the interim receiver's <sup>emphasis</sup> ~~will~~ will  
be on matters that will assist the  
Court in the determinations it is likely  
to have to make on December 9, 2014.

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

The issue of ~~privilege~~ privilege shall be dealt with as follows.

The interim receiver shall begin full access to the hard and electronic copies of the Deltor documents.

As an officer of the court, the interim receiver shall be alert to any privileged documents. If it finds any, it shall identify them and stop looking at them. In any event

The interim receiver shall make no disclosure or use of identified privileged documents without the consent of the Deltor or further order of the Court. The interim receiver shall in no event, be disqualified from continuing to act merely by having seen and identified privileged documents in accordance with this endorsement.

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

The debtors have indicated they have no intention to sell more boats this winter. In the circumstances, there shall be an order that no boats shall be sold without 14 days prior notice to the interim receiver.

Boat slip revenues received for boat slip rental in 2015 shall be reserved for 2015 boat slip services.

In other words, these funds shall not be available to the Debtors for general revenue ~~is~~ pending December 9, 2014, return.

Timetable

to the interim receiver

before December 9, 2014

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

The Debtor's material shall be filed by noon on December 5, 2014.

The Creditors may file additional ~~responding~~ material <sup>by noon</sup> Monday December 8, 2014.

The confidential appraisal shall remain ~~is~~ confidential and unopened until Dec. 9, 2014.

The issue of who gets to see them will be revisited Dec. 9 depending on what use, if any, is intended to be made of them.

The amount sought for fees to get to Dec 9 shall be provided ~~later~~. If there is a problem about this it shall be addressed by conference call tomorrow at 9:30.

Court File Number: 31-1932502

Superior Court of Justice  
Commercial List

31-1932534

31-1932548

31-1932557

FILE/DIRECTION/ORDER 31-1932540

31-1932553

31-1932555

Re Cash Macaw Sales Ltd et al

Plaintiff(s)

AND

Defendant(s)

Case Management ☐ Yes ☐ No by Judge: \_\_\_\_\_

Counsel	Telephone No:	Facsimile No:

- ☐ Order ☐ Direction for Registrar (No formal order need be taken out)  
☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)  
☐ Adjourned to: \_\_\_\_\_  
☐ Time Table approved (as follows): \_\_\_\_\_

<u>March 8, 2014</u>
The motion by Cash Macaw is to terminate the NOI proceedings and to appoint a receiver under its securities.
Certain of the debtors move to approve interim DIP facilities of \$200,000 with a priority charge, and to permit an amendment to the NOIs of two of the debtors to S. Hides and Cash Hides, and to refer Section 30.4(11) of the BIA.

Date

Judge's Signature

☐ Additional Pages 1576

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

the stay of proceedings to January 26, 2015.

Section 50.4(9) of the BIA permits an extension of a stay if the court is satisfied that (a) the insolvent person has acted in good faith and due diligence;

(b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and

(c) no creditors would be materially prejudiced by the extension.

Section 50.4(11) of the BIA permits a stay to be terminated if the court is satisfied that the concurrence of (a), (b) & (c) in section 50.4(9) is the case.

I am satisfied that the NOA proceedings should be terminated. The motion brought today by the debtors is audacious but honestly misconceived.

The debtors have not been acting in good faith. As disclosed in the second report of

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

The interim receiver, Gels Maine has used  
cleared in excess of available cash, it has  
not paid out filing some deductions and  
it has made disbursements without prior approval  
of the proposed Trustee and the interim receiver,  
contrary to the protocol established by the interim  
receiver. The debtors have not attempted to  
explain why this occurred.

The debtors are not likely to be able to make  
a viable proposal. They recently disclosed  
to Grant Thornton personnel that they have suffered  
large losses since 2010, have not filed  
proper tax returns and have lied to the tax  
authorities by filing false returns. They  
now say that they realize that one of  
the Gels family shared secretaries is running  
the business and that a new operator should  
be found. Raising money in their circumstances  
seems hopeless in any reasonable  
foreseeable time.



Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

Cawmet and Powell hold 1st, 2nd & 3rd mortgage securities on the lands used by the Gate Marine Services. ~~Now~~ Cawmet has made it clear that it is not prepared to support any proposal of the debtors and Powell supports Cawmet. ~~Now~~ In some circumstances, assertions of non-support for a future proposal or arrangement are taken with a grain of salt as negotiating positions. In light of the evidence disclosed, I do not so take the positions of Cawmet and Powell. They have legitimate reasons to want to see the properties well taken care of under the auspices of a receiver.

~~Re proposal to take~~ Without the support of Cawmet and Powell, any proposal would not bind them and they would be free to deal with their securities.

Re proposal to take has acknowledged in its third report that if Cawmet and Powell

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

maintain their positions, the contemplated proposal in the affair of M. Gato is unlikely to succeed.

Splitting the Kasich Marine property and having the debtors retain the part of the Marine with the largest number of boat slips + other common facilities would clearly diminish Gato's security. The notion that the debtors could operate any marine business is fanciful and would be to the detriment of all stakeholders, including employees. The Kasich Marine business should be maintained as a whole.

The tasks for appointing a receiver are well settled. See Bank of Montreal v. Carnival Leasing Ltd., 2011, 74 C.B.R. (54) 300. Gato is not entitled to the appointment of a receiver as requested.

Mr. Wetmore raises an issue on behalf of 2124915 Ontario Inc. as the Lagoon City Marine and ~~other~~ takes the position that it should be carved out of the properties under receivership.

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

I think the receiver, Cawmell and the #1 co should have a little time to consider this and perhaps some agreement can be reached. If not, the matter may be brought back on.

Mr. Prophet as trustee of Uplands Charitable Foundation and fourth investor to hold opinion the receiver's charge to ranking prior to his clients' 1 million first mortgage. I think a discussion with the receiver and Cawmell should also take place in this regard if agreement cannot be reached, the matter may be brought back on.

The notice of intention to file proposals of the seven debtors are furnished. A. Fisher & Partners Inc is appointed receiver of the assets of the seven debtors without securities and is appointed trustee in bankruptcy of the seven debtors.

24 Nov 71

# TABLE

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

Court File No. 31-1932502

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE  
MARINE SALES LIMITED**

Court File No. 31-1932534

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S.  
CRATE & SONS LIMITED**

Court File No. 31-1932548

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732  
ONTARIO LIMITED**

Court File No. 31-1932557

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559  
ONTARIO LIMITED**

Court File No. 31-1932540

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648  
ONTARIO LTD.**

**SECOND REPORT OF THE INTERIM RECEIVER**

**DECEMBER 3, 2014**

## TABLE OF CONTENTS

INTRODUCTION .....	- 1 -
PURPOSE OF THIS REPORT.....	- 2 -
LIMITATION OF REVIEW .....	- 2 -
A) FACTS AND MATTERS RECENTLY DISCOVERED BY THE INTERIM RECEIVER.....	- 3 -
B) CONCLUSION.....	- 7 -

### **LIST OF APPENDICES**

- “A” Appointment Order dated November 21, 2014 of the Honourable Mr. Justice Penny
- “B” Endorsement of the Honourable Mr. Justice Penny dated November 21, 2014
- “C” Endorsement of the Honourable Mr. Justice Penny dated December 1, 2014
- “D” List of disbursements made by the Companies on November 28, 2014
- “E” E-mails between the Interim Receiver and the Proposal Trustee regarding disbursements made on November 28, 2014
- “F” E-mails between counsel for the Interim Receiver and for the Companies regarding funding for disbursements
- “G” Companies’ report on 2015 boat slip rental income for the Keswick facility that has been received

Court File #31-1932502  
31-1932534  
31-1932548  
31-1932557  
31-1932540

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

**CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED AND 1282648 ONTARIO  
LIMITED**

**SECOND REPORT OF THE INTERIM RECEIVER**

**December 3, 2014**

**A. Farber & Partners Inc.**, in its capacity as the Court-Appointed Interim Receiver (the “**Interim Receiver**”) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1323559 Ontario Limited and 1282648 Ontario Limited (collectively the “**Companies**”) hereby reports to the Court as follows:

**INTRODUCTION**

1. On November 14, 2014, the Companies each filed a Notice of Intention to Make a Proposal (the “**NOI's**”) pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), and named Dodick Landau Inc. as proposal trustee (“**Proposal Trustee**”).
2. On November 20, 2014, the currently-known largest secured creditor, Crawmet Corp. (“**Crawmet**”) filed motion material for a November 21, 2014 hearing seeking to (i) have the NOI's immediately terminated; (ii) appoint the Interim Receiver as a receiver over the properties, assets and undertakings of the Companies and (iii) to substitute the Interim Receiver to become the bankruptcy trustee of the Companies. At the November 21, 2014 hearing, this motion was adjourned to December 1, 2014.



3. At the November 21, 2014 hearing, the Interim Receiver was appointed Interim Receiver pursuant to section 47.1 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) of the Companies to preserve and protect the assets, undertakings and properties of the Companies acquired for, or used in relation to the business carried on by the Companies, including all proceeds thereof (the “**Property**”) pursuant to the November 21, 2014 Order of the Honourable Mr. Justice Penny (the “**Appointment Order**”). A copy of the Appointment Order is attached at **Appendix “A”**. A copy of the endorsement dated November 21, 2014 is attached at **Appendix “B”**.

4. At the December 1, 2014 hearing, the powers of the Interim Receiver were expanded and the Court made certain directions regarding the business and financial affairs of the Companies pending the next hearing on December 9, 2014. A copy of the endorsement of Mr. Justice Penny of that date, along with an unofficial typed transcription prepared by counsel for the Interim Receiver, is attached at **Appendix “C”**.

#### **PURPOSE OF THIS REPORT**

5. This is the second report of the Interim Receiver (the “**Second Report**”). Its purpose is to report to the Court and the stakeholders of the Companies regarding certain facts and matters recently discovered by the Interim Receiver, which the Interim Receiver believes are of an urgent and material nature such that they require immediate disclosure in advance of the scheduled hearing on December 9, 2014.

#### **LIMITATION OF REVIEW**

6. The Interim Receiver has relied upon the financial records and information provided by the Companies, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and has not independently reviewed or verified such information. The Interim Receiver has prepared this Second Report for the sole use of the Court and of the other stakeholders in these proceedings.

**A) FACTS AND MATTERS RECENTLY DISCOVERED BY THE INTERIM RECEIVER**

**Disbursements by the Companies on November 28, 2014**

7. The Interim Receiver called the Companies on the afternoon of November 28, 2014 enquiring if any cheques needed approval as the Interim Receiver understood that a payroll was expected to be released. The Interim Receiver was advised that payroll cheques had been approved by the Proposal Trustee and were already released. The Interim Receiver was advised that its pre-approval was inadvertently missed and that a list of cheques released on November 28, 2014 would be emailed to the Interim Receiver.

8. The list of cheques released on November 28 was only provided after 4:00pm on December 1, 2014 after follow up requests made by the Interim Receiver. The Interim Receiver has not been provided with any explanation for the delay in providing that information. The information provided revealed that the Companies had issued many payments on November 28, 2014. A listing of the payments made is attached as **Appendix "D"**.

9. The disbursements made in Appendix "D" were not approved by the Interim Receiver. This departed from the procedures established since the appointment of the Interim Receiver pursuant to which all other disbursements that the Companies had wished to make had been presented to the Interim Receiver for approval and, where approval had not been granted, the disbursements in question had not been made (confirmed by subsequent review of the banking activity as described in the First Report). An exception to this procedure was the disbursement to Dickinson Wright LLP made on November 27, 2014 and described in more detail in the First Report.

10. The Interim Receiver has also not been provided with information from the Companies about the degree to which, if any, the payments made on November 28 were in respect of "ordinary living expenses" within the meaning of paragraph 7 of the November 21, 2014 Order (attached as Appendix "A").

11. The Interim Receiver inquired of the Proposal Trustee, and was advised that the Proposal Trustee had also not approved the disbursements made in Appendix "D". A copy of the communications with the Proposal Trustee in that regard is attached as Appendix "E".

**Banking Issues Relevant to the Disbursements by the Companies on November 28, 2014**

12. The Interim Receiver's review of the funds available in the Companies' bank accounts as compared to the total of the disbursements made on November 28, 2014 and also the cheques previously written but which have not yet cleared the Companies' banks suggests that the Companies have written cheques in a greater amount than the funds on hand. The amount by which the Companies are short for honouring all cheques written was approximately \$60,000 on November 28, 2014, comprised as follows:

- Balance in BMO operating account	\$111,000
- Balance in other bank accounts	\$27,000
Less:	
- November 21 cheques not yet cleared	\$33,000
- November 25 cheque requests approved but not yet cleared	\$40,000
- November 28 cheques released (w/o approval)	\$125,000
Shortfall	\$60,000

13. The Interim Receiver understands that not all the cheques that have been written have been released and that the Companies were expecting additional receipts in December. The accounting employees of the Companies have acknowledged the shortfall, but the management of the Companies have not, to date, provided details about how this shortfall in funds for cheques already written will be addressed.

14. Inquiries by the Interim Receiver's counsel to counsel for the Companies have not resulted in a substantive answer. The e-mail exchange on that is attached as Appendix "F", but no further information or advice has been received from counsel for the Companies either.

15. The funds available for payment of disbursements that the Companies have made, or need to make, is further complicated by the extent of 2015 boat slip rental income that has already been received by the Companies. The Interim Receiver has been advised that \$642,251.03 of 2015 slip rental fees for the Keswick facility have already been received, and a copy of the Companies' report on that is attached as **Appendix "G"**. The Companies are presently unable to advise of the amounts of 2015 slip rental income that has been received for the Lagoon City or Willow facilities. The extent to which any of this \$642,251.03 relates to payments received post-NOI on November 14, 2014 is not yet known and is under review by the Interim Receiver.

16. Deposits (net of returned items) to the Companies' accounts for December 1 and 2 appear to be approximately \$21,000. The Companies have stated that none of these deposits relate to 2015 slip rentals that would not be available for current operations pursuant to the December 1 Endorsement in Appendix "C".

**Non-payment of CRA source deductions on payroll**

17. The Interim Receiver has also learned late in the day on December 2, 2014 that the Companies have not made two source deduction payments during the NOI period in respect of payroll issued to employees.

18. The Interim Receiver has been advised by the Companies' accounting and controller employees that payroll source deductions are due the week following payments to employees. The Companies have made payments to employees on November 14, 2014 and on November 28, 2014 (some of the disbursements in Appendix "D" were for payroll) for which the applicable source deductions have not been provided for or remitted.

19. The Interim Receiver authorized a disbursement requested by the Companies on November 25, 2014 for payroll source deductions in the amount of \$39,320.07. This amount was comprised of conventional source deduction obligations of \$35,948.79 plus a further amount of \$3,371.28 for Family Responsibility Office garnishments against funds payable to employees. The Interim Receiver has not seen any records to indicate that this payment has in fact been made and this amount has not been presented to the banks for payment.

20. In addition, the Companies estimate that a further \$33,818.88 of source deductions will be due this week relating to the payroll released on November 28, 2014; accordingly, based on advice from the Companies' accounting employees, the total post-NOI the outstanding source deduction payments that have arisen after November 14, 2014 are approximately \$69,767.

21. In addition to the \$60,000 shortfall (described at paragraph 12 above) to cover the cheques already written (one of which is the \$39,320.07 for payroll source deductions noted at paragraph 19, above), the Interim Receiver therefore believes that the Companies must also pay a further \$33,818.88 of priority source deduction obligations to CRA and there are also no funds at this time to cover those required payments. The same response from the Companies noted in paragraph 13, above, (about whether and if so how the shortfall in funds for cheques already written is to be made up) applies to these unpaid source deductions, and in particular the accounting employees have indicated a desire to pay the source deduction obligations today but acknowledge a lack of funds to do so. As a result the Interim Receiver is unable to conclude that the Companies will be in a position to comply with these obligations before December 9, 2014.

22. The Interim Receiver believes that the non-payment of source deduction obligations post-NOI terminates the stay against CRA in respect of all source deduction arrears, including pre-NOI arrears (which are approximately \$220,000 for the Ontario payrolls of the Companies according to the notes to the cash flows prepared by the Proposal Trustee) pursuant to subsection 69(3) of the *Bankruptcy and Insolvency Act*. CRA is therefore entitled to exercise all collection powers available to it.

23. As a result of the circumstances described above:

- a) it is unclear how the Companies will be able to fund the payment of necessary expenses for the period ending December 9, 2014; and
- b) there is now a significant priority amount owed to CRA ranking ahead of the interests of existing creditors, which is a deterioration in position since the filing of the NOI.

**B) CONCLUSION**

24. The Interim Receiver accordingly reports on these matters to the Court and to the stakeholders of the Companies on an urgent basis for such discussion and direction as may be appropriate.

All of which is respectfully submitted this 3<sup>rd</sup> day of December, 2014.

**A. FARBER & PARTNERS INC.  
COURT-APPOINTED INTERIM RECEIVER OF CRATE MARINE SALES LIMITED,  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO  
LIMITED and 1282648 ONTARIO LIMITED**

A handwritten signature in cursive script, reading "Stuart Mitchell". The signature is written in black ink and is positioned above a horizontal line.

---

Per: Stuart Mitchell  
Senior Vice President

TAB F

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

Court File No. 31-1932502

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE  
MARINE SALES LIMITED

Court File No. 31-1932534

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S. CRATE &  
SONS LIMITED

Court File No. 31-1932548

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732  
ONTARIO LIMITED

Court File No. 31-1932557

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559  
ONTARIO LIMITED

Court File No. 31-1932540

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648  
ONTARIO LTD.

---

**SUPPLEMENTARY REPORT TO THE SECOND REPORT OF THE INTERIM RECEIVER  
DECEMBER 4, 2014**

---

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
TORONTO, ON M5G 1V2

**Michael B. Rotsztain**

LSUC #: 17086M

Tel: 416-597-7870

Email: rotsztain@gsnh.com

**R. Brendan Bissell**

LSUC #: 40354V

Tel: 416-597-6489

Email: bissell@gsnh.com

Lawyers for A. Farber & Partners Inc. in its capacity as the Court  
appointed Interim Receiver of Crate Marine Sales Limited, F.S.  
Crate & Sons Limited, 1330732 Ontario Limited, 1323559  
Ontario Limited and 1282648 Ontario Limited



# INDEX

## INDEX

<u>Tab</u>	<u>Document</u>
1	Supplementary Report to the Second Report of the Interim Receiver
A	Interim Receiver's reconciliation of the inventory and accompanying book values

# TAB 1

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

Court File No. 31-1932502

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE  
MARINE SALES LIMITED**

Court File No. 31-1932534

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S.  
CRATE & SONS LIMITED**

Court File No. 31-1932548

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732  
ONTARIO LIMITED**

Court File No. 31-1932557

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559  
ONTARIO LIMITED**

Court File No. 31-1932540

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648  
ONTARIO LTD.**

**SUPPLEMENTARY REPORT TO THE SECOND REPORT OF THE INTERIM RECEIVER**

**DECEMBER 4, 2014**

## TABLE OF CONTENTS

PURPOSE OF THIS REPORT .....	- 1 -
LIMITATION OF REVIEW .....	- 2 -
A) NEW INFORMATION REGARDING THE ASSETS OF THE COMPANIES .....	- 2 -
B) CONCLUSION .....	- 5 -

## **LIST OF APPENDICES**

- “A”      Interim Receiver’s reconciliation of the inventory and accompanying book values**

Court File #31-1932502  
31-1932534  
31-1932548  
31-1932557  
31-1932540

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

**CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED AND 1282648 ONTARIO  
LIMITED**

**SUPPLEMENTARY REPORT TO THE  
SECOND REPORT OF THE INTERIM RECEIVER**

**December 4, 2014**

**A. Farber & Partners Inc.**, in its capacity as the Court-Appointed Interim Receiver (the “**Interim Receiver**”) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1323559 Ontario Limited and 1282648 Ontario Limited (collectively the “**Companies**”) hereby reports to the Court as follows:

**PURPOSE OF THIS REPORT**

1. All capitalized terms have the meaning given to them in the second report of the Interim Receiver dated December 3, 2014 (the “**Second Report**”).
2. This report is to supplement the Second Report which the Interim Receiver served and filed earlier today to the Court and the stakeholders of the Companies regarding certain facts and matters recently discovered by the Interim Receiver, which the Interim Receiver believed were of an urgent and material nature such that they required immediate disclosure in advance of the scheduled hearing on December 9, 2014.

3. The Interim Receiver understands that the Court has directed that a hearing take place at 10:00am on Thursday December 4, 2014 in connection with the issues raised by the Second Report and a request by Crawmet to renew its relief sought to, among other things, terminate the NOI proceedings of the Companies.

4. The Interim Receiver has therefore prepared this report to advise the Court and the stakeholders of the Companies about the information that the Interim Receiver has found to date (principally throughout the course of the business day on December 3, 2014) regarding the assets of the Companies.

#### **LIMITATION OF REVIEW**

5. The Interim Receiver has relied upon the financial records and information provided by the Companies, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and has not independently reviewed or verified such information. The Interim Receiver has prepared this Second Report for the sole use of the Court and of the other stakeholders in these proceedings.

#### **A) NEW INFORMATION REGARDING THE ASSETS OF THE COMPANIES**

6. Although the Interim Receiver's review of the books and records of the Companies is ongoing, the following is the salient information that the Interim Receiver has been able to identify as a result of its review during the business day on December 3, 2014.

##### **2015 boat slip revenue received in 2014**

7. The Second Report advised that the Interim Receiver had been told by the Companies that \$642,251.03 of boat slip rental revenue that had been invoiced in 2014 for facilities and services to be provided in 2015 had already been received.

8. The Interim Receiver's review of the records of the Companies indicates that only \$55,482.37 of that amount was received post-NOI (November 14, 2014).



9. The Companies did not segregate any of the 2015 boat slip revenue received in 2014 prior to the December 1, 2014 Court Endorsement, although it was separately accounted for in the books and records of the Companies. The Interim Receiver's understanding is that all of the \$642,251.03 of 2015 boat slip revenue has been used by the Companies for general purposes. As indicated in the Second Report, this amount is solely attributable to the Keswick facilities. The amount of 2015 boat slip revenue for the Lagoon City and Willow facilities is not known, but any such revenue received has not been segregated either and has also been used for general purposes.

### **Inventory**

10. The Interim Receiver has been unable to perform a physical inspection of the boat inventory in the possession of the Companies for the reasons set out in the First Report (pertaining to the shrink-wrapping of most boats such that review without removal is not possible, and removal would require uneconomical re-wrapping).

11. The Interim Receiver has also been unable to check or test the values given on the books and records of the Companies to the boats held in inventory.

12. The Interim Receiver, has, however, been able to check the presence of the items listed in the Companies' records, in reliance on the information provided by the employees of the Companies about which items on the records are in the possession of the Companies.

13. This review has indicated to the Receiver that there are items listed in the inventory that are not present, which therefore means that the book value of the inventory (before any reductions for fair market or realizable value) must be adjusted downwards.

14. The books and records of the Companies state that inventory in the amount of \$3,742,698.71 is held. The Interim Receiver's review indicates that \$1,600,182.98 of that inventory is not in the possession of the Companies. The reconciliation of the inventory and accompanying book values is set out on the spreadsheet prepared by the Interim Receiver attached as **Appendix "A"**.

15. The Interim Receiver's reconciled value of the inventory held by the Companies is \$2,142,515.73 at book value.

### Accounts Receivable

16. The Interim Receiver's review of accounts receivable has been complicated by the fact that the Companies' listings contain both accounts payable by customers, and also credits payable to customers. The Companies' records have also not been reconciled against each other or closed out on a monthly basis.

17. The Interim Receiver did receive a further set of data from the Companies in the evening of December 3, 2014 that does permit some analysis.

18. Based on those records, the Companies' net total of accounts receivable is approximately \$889,000.

19. The Companies records appear, however, to understate the accounts receivable by the inclusion of what are really credits owing to customers, which amount to approximately \$1,374,000. If those credits are removed, the total of accounts receivable is approximately \$2,263,000.

20. In order to get an understanding of the possible collectability of the accounts receivable, the Interim Receiver analysed the data presented by the Companies, which is set out in the chart below.

Total	30 days	60 days	90 days	90 + days
\$ 2,263,194.44	\$ 65,199.23	\$ 324,496.50	\$ 186,256.02	\$ 1,687,242.69
% Collectable	100%	80%	50%	10%
\$ 586,648.71	\$ 65,199.23	\$ 259,597.20	\$ 93,128.01	\$ 168,724.27

21. The Interim Receiver also assumed a declining collectible value based on the age of the accounts receivable, as indicated in the bottom of the above chart. The result of that analysis suggests that the true value of the accounts receivable may be closer to approximately \$586,000.

## B) CONCLUSION

22. The Interim Receiver's review to date suggests that the value of inventory on the Companies' books and records may be overstated by approximately \$1,600,000, that the accounts receivable contain liabilities (credits) owing to customers of \$1,374,000, and the actual collectible value of the "true" accounts receivable may be overstated on the Companies' records by approximately \$303,000.

All of which is respectfully submitted this 4<sup>th</sup> day of December, 2014.

**A. FARBER & PARTNERS INC.**

**COURT-APPOINTED INTERIM RECEIVER OF CRATE MARINE SALES LIMITED,  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO  
LIMITED and 1282648 ONTARIO LIMITED**

A handwritten signature in black ink, reading "Stuart Mitchell". The signature is written in a cursive, flowing style with a large initial 'S'.

---

Per: Stuart Mitchell  
Senior Vice President

TAB G

Court File Number: 31-1932502

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Re CAPE MARINE SALES LTD  
Plaintiff(s)

AND

\_\_\_\_\_  
Defendant(s)

Case Management ☐ Yes ☐ No by Judge: \_\_\_\_\_

Counsel	Telephone No:	Facsimile No:

- ☐ Order ☐ Direction for Registrar (No formal order need be taken out)  
☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)  
☐ Adjourned to: \_\_\_\_\_  
☐ Time Table approved (as follows): \_\_\_\_\_

<u>Dec 4/14</u>
The motion by Camel Corp is assigned to be heard by me on Monday, Dec 8/14. In the meantime the interim receiver is to notify all banks holding accounts of Cape Marine Sales Limited that no <sup>disbursements</sup> are to be <del>made</del> <sup>made</sup> without the formal written of the interim receiver.
The Cape respondents are to deliver and file any material they wish by 12 pm. tomorrow.

\_\_\_\_\_  
Date

[Signature]  
Judge's Signature

☐ Additional Pages \_\_\_\_\_

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

Court File No. 31-1932502

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE MARINE  
SALES LIMITED

Court File No. 31-1932534

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S. CRATE & SONS  
LIMITED

Court File No. 31-1932548

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732 ONTARIO  
LIMITED

Court File No. 31-1932557

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559 ONTARIO  
LIMITED

Court File No. 31-1932540

**B E T W E E N:**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648 ONTARIO  
LTD.

---

**ENDORSEMENT OF MR. JUSTICE NEWBOULD DATED DECEMBER 4, 2014  
(Unofficial typed transcription)**

---

The motion by Crawmet Corp. is adjourned to be heard by me on Monday December 8, 2014. In the meantime the interim receiver is to notify all banks holding accounts of Crate Marine Sales Limited that no disbursements are to be made without the prior consent in writing of the interim receiver.

The Crate respondents are to deliver and file any material they wish by 12 p.m. tomorrow.

(Original handwritten endorsement signed by F. Newbould, J.)

TAB H

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

Court File No. 31-1932502

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE  
MARINE SALES LIMITED**

Court File No. 31-1932534

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S.  
CRATE & SONS LIMITED**

Court File No. 31-1932548

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732  
ONTARIO LIMITED**

Court File No. 31-1932557

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559  
ONTARIO LIMITED**

Court File No. 31-1932540

**B E T W E E N:**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648  
ONTARIO LTD.**

**THIRD REPORT OF THE INTERIM RECEIVER**

**DECEMBER 7, 2014**



## TABLE OF CONTENTS

INTRODUCTION .....	1
PURPOSE OF THIS REPORT.....	3
LIMITATION OF REVIEW .....	3
A)    DISENGAGEMENT OF MANAGEMENT OF THE COMPANIES.....	3
B)    LACK OF MAINTENANCE OF TWO LOCATIONS.....	4
C)    YACHT BEING HELD IN PICKERING.....	5
D)    FURTHER REPORTS FROM CUSTOMERS OF THE COMPANIES REGARDING BOAT SALES .....	6
E)    CONCLUSION .....	8

## **LIST OF APPENDICES**

- “A” Appointment Order dated November 21, 2014 of the Honourable Mr. Justice Penny
- “B” Endorsement of the Honourable Mr. Justice Penny dated November 21, 2014
- “C” Endorsement of the Honourable Mr. Justice Penny dated December 1, 2014  
(handwritten and typed version)
- “D” Endorsement of the Honourable Mr. Justice Newbould dated December 4, 2014  
(handwritten and typed version)
- “E” E-mail from Slava Levin
- “F” Bank drafts paid by Bill Labanovich
- “G” Companies’ accounting system records re: Labanovich transaction

Court File #31-1932502  
31-1932534  
31-1932548  
31-1932557  
31-1932540

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

**CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED AND 1282648 ONTARIO  
LIMITED**

**THIRD REPORT OF THE INTERIM RECEIVER**

**December 7, 2014**

**A. Farber & Partners Inc.**, in its capacity as the Court-Appointed Interim Receiver (the **"Interim Receiver"**) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1323559 Ontario Limited and 1282648 Ontario Limited (collectively the **"Companies"**) hereby reports to the Court as follows:

**INTRODUCTION**

1. On November 14, 2014, the Companies each filed a Notice of Intention to Make a Proposal (the **"NOI's"**) pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the **"BIA"**), and named Dodick Landau Inc. as proposal trustee (**"Proposal Trustee"**).
2. On November 20, 2014, the currently-known largest secured creditor, Crawmet Corp. (**"Crawmet"**) filed motion material for a November 21, 2014 hearing seeking to (i) have the NOI's immediately terminated; (ii) appoint the Interim Receiver as a receiver over the properties, assets and undertakings of the Companies and (iii) to substitute the Interim Receiver to become the bankruptcy trustee of the Companies (the **"Crawmet Motion"**).. At the November 21, 2014 hearing, this motion was adjourned to December 1, 2014.

3. At the November 21, 2014 hearing, the Interim Receiver was appointed Interim Receiver pursuant to section 47.1 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) of the Companies to preserve and protect the assets, undertakings and properties of the Companies acquired for, or used in relation to the business carried on by the Companies, including all proceeds thereof (the “**Property**”) pursuant to the November 21, 2014 Order of the Honourable Mr. Justice Penny (the “**Appointment Order**”). A copy of the Appointment Order is attached at **Appendix “A”**. A copy of the endorsement dated November 21, 2014 is attached at **Appendix “B”**.

4. At the December 1, 2014 hearing, the powers of the Interim Receiver were expanded and the Court made certain directions regarding the business and financial affairs of the Companies pending the next hearing on December 9, 2014. The Crawmet Motion was also adjourned to that date. A copy of the endorsement of Mr. Justice Penny of that date, along with an unofficial typed transcription prepared by counsel for the Interim Receiver, is attached at **Appendix “C”**.

5. The Interim Receiver served and filed its Second Report and Supplementary Report to the Second Report on December 3 and 4, respectively, regarding certain facts and matters that had been recently discovered by the Interim Receiver, and which the Interim Receiver believed were of an urgent and material nature such that they required immediate disclosure in advance of the scheduled hearing on December 9, 2014. The Proposal Trustee also served and filed its Second Report on similar issues, which it reported constituted material adverse changes.

6. A hearing was held at the request of Crawmet on December 4, 2014 to renew the Crawmet Motion. The Honourable Justice Newbould directed the Interim Receiver to notify all banks holding accounts of Crate Marine Sales Ltd. that no disbursements were to be made without the prior written authorization of the Interim Receiver and further directed that the hearing that had been previously scheduled for December 9 instead proceed on December 8, 2014 before His Honour. A copy of the endorsement of Mr. Justice Newbould of that date, along with an unofficial typed transcription prepared by counsel for the Interim Receiver, is attached at **Appendix “D”**.

## **PURPOSE OF THIS REPORT**

7. This is the third report of the Interim Receiver (the “**Third Report**”). Its purpose is to report to the Court and the stakeholders of the Companies regarding certain facts and matters that have come to the attention of the Interim Receiver since the Second Report and Supplementary Report to the Second Report.

## **LIMITATION OF REVIEW**

8. The Interim Receiver has relied upon the financial records and information provided by the Companies, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and has not independently reviewed or verified such information. The Interim Receiver has prepared this Third Report for the sole use of the Court and of the other stakeholders in these proceedings.

## **A) DISENGAGEMENT OF MANAGEMENT OF THE COMPANIES**

9. Following the December 4, 2014 hearing before Mr. Justice Newbould, the Interim Receiver continued its mandate to preserve and protect the Property and to review salient issues for further report to the Court. In particular, on the afternoon of December 4, 2014 the Interim Receiver provided the notifications to the Companies’ banks directed to be given by Mr. Justice Newbould. Such notifications were provided by telephone followed by e-mails and letters sent via e-mail.

10. After that hearing, however, the employees of the Companies appear to have been left without direction of senior management, and in particular by Steven Crate. The employees reported in several instances to the Interim Receiver that Mr. Crate had advised that he was “giving up”, or words to that effect. Steven Crate left the Keswick facility at 9:30am on Friday December 5 and did not return. Lynn Marko and Greg Crate have not been at the facility for several days before that.

11. The Interim Receiver itself has encountered significant difficulty in getting Mr. Crate to respond to inquiries about the Companies, including direction for cheques and payments

that the Companies wanted the Interim Receiver to approve and straightforward operational issues such as whether the Companies intend to operate on the weekend of December 6 (such that the Interim Receiver would open and close the premises as described in the First Report).

12. The Interim Receiver has observed that the controller has successfully been able to contact Steven Crate by phone during the periods where he has not responded to the Interim Receiver. She was able to call him and have him discuss with the Interim Receiver a Ford vehicle that had been transferred from the Companies to his wife shortly before or after the NOI filings (the details of which are still under review by the Interim Receiver).

13. The Interim Receiver raised the issue of lack of response from Steven Crate with counsel for the Companies, who stated that Mr. Crate would do so after finishing with motion materials in process, but that did not happen. Mr. Crate has not responded to e-mails or calls from the Interim Receiver after leaving the Keswick facility at 9:30am on Friday December 5, 2014, aside from the one instance when the controller got him on the phone for the Interim Receiver noted above.

14. The Interim Receiver has concerns that the going concern nature of the business and undertakings of the Companies may be in jeopardy as a result of the lack of response and supervision of management.

## **B) LACK OF MAINTENANCE OF TWO LOCATIONS**

15. The Interim Receiver has been advised by its agents, and also by the landlord of the Lagoon City facility, that the propane tanks used for heating at the Lagoon City and Quebec locations are running low such that heat may cease at those locations over the weekend of December 6, 2014.

16. The landlord of the Lagoon City facility has, through its counsel, in particular raised concerns of damage to the building and contents if the temperature drops below freezing, for example by pipes bursting.

17. The Interim Receiver has attempted to raise these issues with management for the Companies, without response.

18. The Interim Receiver has in particular raised the issue of ongoing heating at the Lagoon City facility with Steven and Greg Crate, who the landlord of that facility asserts are the tenant (and who appear to have acknowledged that in letters contained in the landlord's affidavit material, but have otherwise not commented on that allegation in the affidavits of Steven Crate), also without success.

19. The Interim Receiver is accordingly taking steps to ensure that the propane at these locations is kept in adequate supply to ensure that heat stays on until the next hearing on December 8, 2014.

#### **C) YACHT BEING HELD IN PICKERING**

20. In the First Report, the Interim Receiver advised the Court regarding a 50' yacht that was on the Companies' inventory list with a book value of \$1,178,665, and that was removed from the Keswick facility on the morning of the NOI filing. This yacht was provided to the Companies by Marquis Yachts, and Northpoint Commercial Finance appears to have provided financing of \$1,014,445 for this yacht as recorded on the Companies' balance sheet as at November 22, 2014.

21. The First Report also advised that the yacht was in the process of being transported to Florida, which Marquis/Northpoint advised was for purposes of (re)sale to a third party, but at the request of the Interim Receiver the trucking company has held the yacht at its yard in Pickering while discussions took place between the Interim Receiver and counsel for Marquis and Northpoint Commercial Finance, Borden Ladner Gervais LLP ("BLG"), regarding the payment of proceeds of sale of the yacht to the Interim Receiver to be held pending agreement or adjudication as to entitlement to those proceeds.

22. In the course of its preservatory duties as mandated by the November 21, 2014 Order, the Interim Receiver is of the view that the yacht should not be released without adequate security for its value or projected sale proceeds.

23. The discussions between the Interim Receiver and BLG that had been ongoing at the time of the First Report have reached an impasse, as Marquis/Northpoint is only willing to provide an unsecured guarantee that the proceeds of the yacht will be paid after the yacht is taken across the border. The Interim Receiver is not prepared to allow removal of the yacht from the jurisdiction without some form of security for its value, which Marquis/Northpoint is not willing to provide.

**D) FURTHER REPORTS FROM CUSTOMERS OF THE COMPANIES REGARDING BOAT SALES**

24. In its First Report, the Interim Receiver advised of information that had been provided to it by customers of the Companies regarding transactions involving the Companies in the sale of boats on behalf of customers without remitting the proceeds to the boat owner, or sales of boats with financing encumbrances that have not been discharged and that now remain outstanding against the original boat owner (and possibly the boat).

25. The Interim Receiver has not been provided with any explanation by Steven Crate or management of the Companies regarding the information set out in the First Report, whether by affidavit or otherwise, including the boat sales discussed in the preceding paragraph. The Interim Receiver was provided with a small stack of documents by the controller for the Companies that are said to relate to the boat sales, but without explanation or elaboration. The Interim Receiver is reviewing those documents, but without an explanation of the underlying transactions the Interim Receiver has been unable to form a view as to what the documents mean as of the date of this Third Report.

26. Since the First Report, the Interim Receiver has been approached by two further customers of the Companies with further concerns, the details of which are as follows:

- a) Slava Levin sent an e-mail to the Interim Receiver to advise that he sold a



38' Searay boat through the Companies in August/September of 2011 for which the proceeds were converted into a loan. A further loan was made for \$172,500, which involved \$52,000 still outstanding from the first loan and was stated to be for the financing of Regal boats. Mr. Levin advises that \$219,125 is now outstanding despite an extended term and post-dated cheques having been given. It is not presently clear whether Mr. Levin asserts that the loan arrangements with Mr. Crate were entered into voluntarily or not. Mr. Levin's e-mail is attached as **Appendix "E"**. The Interim Receiver has reviewed the records of the Companies and the information found to-date suggests that the 38' Searay that Mr. Levin refers to may be the same boat that was later sold by the Companies on behalf of Rocco Morra and for which he is owed \$62,000 as advised by Greg Crate (as set out in more detail in paragraph 42(b) of the First Report).

- b) Bill Labanovich advised that he bought a boat in a transaction brokered by Companies (on behalf of a third party owner) in October, but was asked to provide payment of the \$145,000 purchase price through a \$103,000 bank draft payable to Crate Marine and a \$42,000 payment to "S. Crate". Copies of those bank drafts as received from Mr. Labanovich are attached as **Appendix "F"**. Mr. Labanovich also advises that he has not yet been provided with a bill of sale. The Companies have to date been unable to locate a copy of the sales contract, and the transaction was not recorded as paid for in the accounting system (see printout attached as **Appendix "G"**). Employees of the Companies advised that Steven Crate became involved in the transaction in addition to existing agents for the purchaser and vendor.

27. The Interim Receiver has not been able to complete an independent review of the Companies' records or with employees of the Companies regarding the advice it received as set out above. The Interim Receiver cannot accordingly verify the accuracy or lack thereof of the information that it has been provided.

**E) CONCLUSION**

28. The Interim Receiver will request at the hearing on December 8, 2014 that the Second Report, the Supplementary Report to the Second Report, and this Third Report, and the activities of the Interim Receiver and its counsel as described in those reports, be approved.

All of which is respectfully submitted this 7<sup>th</sup> day of December, 2014.

**A. FARBER & PARTNERS INC.**

**COURT-APPOINTED INTERIM RECEIVER OF CRATE MARINE SALES LIMITED,  
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO  
LIMITED and 1282648 ONTARIO LIMITED**

A handwritten signature in cursive script, reading "Stuart Mitchell". The signature is written in black ink and is positioned above a horizontal line.

---

Per: Stuart Mitchell  
Senior Vice President

# TAB I



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MR.  
JUSTICE NEWBOULD

)  
)  
)

MONDAY, THE 8<sup>TH</sup> DAY  
OF DECEMBER, 2014

Court File No. 31-1932502

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
CRATE MARINE SALES LIMITED

Court File No. 31-1932534

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
F.S. CRATE & SONS LIMITED

Court File No. 31-1932548

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
1330732 ONTARIO LIMITED

Court File No. 31-1932557

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
1328559 ONTARIO LIMITED

Court File No. 31-1932540

BETWEEN:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
1282648 ONTARIO LTD.

**ORDER**

(Terminating the Proposal Debtors' Proposal Proceedings and Appointing a Receiver)

**THIS MOTION** made by Crawmet Corp. ("**Crawmet**") for an Order:

1. validating the service and filing of the consolidated reply motion record, factum and brief of authorities of Crawmet be filed solely in court file number 31-1932502;
2. pursuant to section 50.4(11) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c.B-3 (the "**BIA**"), declaring that the period for filing a proposal by Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1282638 Ontario Ltd., 1328559 Ontario Limited and 1330732 Ontario Limited (collectively, the "**Debtors**") be terminated;
3. pursuant to section 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing A. Farber & Partners Inc. ("**Farber**") as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario; and
4. substituting Farber as bankruptcy trustee (the "**Trustee**") of the Debtors and 1382415 Ontario Ltd. and 1382416 Ontario Ltd. (together with the Debtors, the "**Proposal Debtors**").

**ON READING** the affidavit of Benn-Jay Spiegel sworn November 20, 2014, the supplementary affidavit of Benn-Jay Spiegel sworn November 30, 2014, the Report of Dodick Landau Inc., in its capacity as Proposal Trustee of the Debtors (the "**Proposal Trustee**"), the Affidavits of Steven Crate each sworn November 28, 2014, the First Report of Farber in its capacity as Interim Receiver of the Debtors (the "**Interim Receiver**"), the Second Report of the Interim Receiver, the Supplementary Report to the Second Report of the Interim Receiver, the Second Report of the Proposal Trustee, the Affidavit of Steven Crate sworn December 5, 2014, the Affidavit of Benn-Jay Spiegel sworn December 7, 2014 and the Third Report of the Interim Receiver, on hearing the submissions of counsel for Crawmet, counsel for the Debtors, counsel

for the Proposal Trustee, counsel for the Interim Receiver and such other counsel as are present, and on reading the consents of Farber to act as the Receiver and the Trustee,

### **FILING**

1. **THIS COURT ORDERS** that the service and filing by Crawmet, the Proposal Trustee, the Interim Receiver and the Debtors of consolidated materials be hereby validated and directs that these materials be filed solely in Court File No. 31-1932502.

### **TERMINATION OF THE PROPOSAL PROCEEDINGS**

2. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 50.4(11) of the BIA, the period for filing a proposal by each of the Proposal Debtors in their respective proceedings be and hereby is terminated and that A. Farber & Partners Inc. be and hereby is substituted as the bankruptcy trustee of the Proposal Debtors.

### **APPOINTMENT**

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

### **RECEIVER'S POWERS**

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to 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 Proposal Debtors, 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 Proposal Debtors;
- (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 Proposal Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Proposal Debtors and to exercise all remedies of the Proposal Debtors in collecting such monies, including, without limitation, to enforce any security held by the Proposal Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Proposal Debtors;
- (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 Proposal Debtors, 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 Proposal Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to 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 \$500,000; 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 Proposal Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Proposal Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Proposal Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Proposal Debtors 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 Proposal Debtors, and without interference from any other Person.

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

5. **THIS COURT ORDERS** that (i) the Proposal Debtors, (ii) all of their 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 (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.

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 Proposal Debtors, 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.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. **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 PROPOSAL DEBTORS OR THE PROPERTY**

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Proposal Debtors 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 Proposal Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

10. **THIS COURT ORDERS** that all rights and remedies against the Proposal Debtors, 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 Proposal Debtors to carry on any business which the Proposal Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Proposal Debtors 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**

11. **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 Proposal Debtors, without written consent of the Receiver or leave of this Court.

**CONTINUATION OF SERVICES**

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Proposal Debtors 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 Proposal Debtors 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 Proposal Debtors' 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 Proposal Debtors 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**

13. **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**

14. **THIS COURT ORDERS** that all employees of the Proposal Debtors shall remain the employees of the Proposal Debtors until such time as the Receiver, on the Proposal Debtors' 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

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

## LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

### **LIMITATION ON THE RECEIVER'S LIABILITY**

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, 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**

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

### **FUNDING OF THE RECEIVERSHIP**

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may

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

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

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

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

#### **SERVICE AND NOTICE**

25. **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 '<<http://www.farberfinancial.com/insolvency-engagements/crate-marine-sales-limited-et-al>>'.

26. **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 Proposal Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Proposal Debtors 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**

27. **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.

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

29. **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.

30. **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.

31. **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.

                    D. J.

**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:

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE MARINE SALES LIMITED, ET. AL.**

Court File No. 31-1932502

**ONTARIO  
SUPERIOR COURT OF ONTARIO  
IN BANKRUPTCY**

Proceedings commenced at TORONTO

**ORDER**

**CHAITONS LLP**  
Barristers and Solicitors  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

**Harvey Chaiton (LSUC #21592F)**  
Tel: (416) 218-1129  
Fax: (416) 218-1849

**Maya Poliak (LSUC #54100A)**  
Tel: (416) 218-1161  
Fax: (416) 218-1844

**Lawyers for Crawmet Corp.**

# TAB J

Court File Number: 31-1932502

Superior Court of Justice  
Commercial List

31-1932534

31-1932548

31-1932557

FILE/DIRECTION/ORDER

31-1932540

31-1932553

31-1932555

Re Credit Macao Sales Ltd et al

Plaintiff(s)

AND

Defendant(s)

Case Management ☐ Yes ☐ No by Judge: \_\_\_\_\_

Counsel	Telephone No:	Facsimile No:

- ☐ Order ☐ Direction for Registrar (No formal order need be taken out)  
☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)

- ☐ Adjourned to: \_\_\_\_\_  
☐ Time Table approved (as follows): \_\_\_\_\_

March 8, 2014

The motion by Crawford is to terminate the  
NOT proceedings and to appoint a receiver under its  
security.

Certain of the debtors move to appoint interim  
DIP facilities of \$300,000 with a priority charge,  
and to permit an amendment to the NOTs of two of the  
debtors 7 S. H. H. and 7 S. H. H., and to amend  
Section 50.4(11) of the BIA.

Date

Judge's Signature

☐ Additional Pages 1076

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

the stay of proceedings to January 26, 2015.

Section 50.4(9) of the BIA permits an extension of a stay if the court is satisfied that (a) the insolvent person has acted in good faith and due diligence;

(b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and

(c) no creditors would be materially prejudiced by the extension.

Section 50.4(11) of the BIA permits a stay to be terminated if the court is satisfied that the converse of (a), (b) & (c) in section 50.4(9) is the case.

I am satisfied that the NOI proceedings should be terminated. The motion brought today by the debtors is audacious but honestly misconceived.

The debtors have not been acting in good faith. As disclosed in the second report of

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

The interim receiver, Godelaine has used cheques in excess of available cash, it has not paid post filing expenses and deductions and it has made disbursements without prior approval of the proposed Trustee and the interim receiver, contrary to the protocol established by the interim receiver. The debtor has not attempted to explain why this occurred.

The debtors are not likely to be able to make a viable proposal. They recently disclosed to Grant Thornton that they have suffered large losses since 2010, have not filed proper tax returns have lied to the tax authorities by filing false returns. They now say that they realize that one of the best family owned businesses running the business and that a new operator should be found. Raising money in their circumstances seems hopeless in any reasonable foreseeable time.



Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

Crawmer and Powell hold 1st, 2nd & 3rd mortgage securities on the lands used by the Cato Marine Services. ~~They~~ Crawmer has made it clear that it is not prepared to support any proposal of the debtors and Powell supports Crawmer. ~~But~~ In some circumstances assertions of non-support for a future proposal or arrangement are taken with a grain of salt as negotiating positions. In light of the evidence disclosed, I do not so take the positions of Crawmer and Powell. They have legitimate reasons to want to see the properties now taken care of under the auspices of a receiver.

~~Re proposal to take~~. Without the support of Crawmer and Powell, any proposal would not bind them and they would be free to deal with their securities.

Re proposal to take has acknowledged in its third report that if Crawmer and Powell

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

maintain their positions, the contemplated proposal in the affair of M. Gato is unlikely to succeed.

Splitting the Keswick Marine property and having the debtors retain the part of the Marine with the largest number of boat slips & other common facilities would clearly diminish Gato's security. The notion that the debtors could operate any marine business is fanciful and would be to the detriment of all stakeholders, including employees. The Keswick Marine business should be maintained as a whole.

The tasks for appointing a receiver are well settled. See Bank of Montreal v. Caravello Inc., 2011, 74 C.B.R. (5th) 300. Gato is not to be the appointer of a receiver as requested.

Mr. Wetmore raises an issue on behalf of 2124915 Ontario Inc. as the Lagoon City Marine and ~~whether~~ takes the position that it should be carved out of the properties under receivership.

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

I think the receiver, Counsel and the #1 co  
should have a little time to consider this  
and perhaps some agreement can be reached. If  
not, the matter may be brought back on.

Mr. Prophet as Solicitor of Uplands Credit  
Foundation and himself has been told of the  
the receiver's charge to ranking him to  
his clients' 1 million first mortgages. I think  
a discussion with the receiver and Counsel should  
also take place on this issue and if agreement  
cannot be reached, the matter may be  
brought back on.

The notices of intention to file proposals of the  
seven debtors are terminated. A. Fisher & Partners  
Inc is appointed receiver of the assets of the seven  
debtors without security and is appointed trustee  
in bankruptcy of the seven debtors.

2 Nov 7.

TAB K



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MR.  
JUSTICE NEWBOULD

)  
)  
)

MONDAY, THE 8<sup>TH</sup> DAY  
OF DECEMBER, 2014

BETWEEN: Court File No. 31-1932502  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE  
MARINE SALES LIMITED

BETWEEN: Court File No. 31-1932534  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S.  
CRATE & SONS LIMITED

BETWEEN: Court File No. 31-1932548  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732  
ONTARIO LIMITED

BETWEEN: Court File No. 31-1932557  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559  
ONTARIO LIMITED

BETWEEN: Court File No. 31-1932540  
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648  
ONTARIO LTD.

**AMENDED ORDER**  
(Terminating the Proposal Debtors' Proposal Proceedings and Appointing a Receiver)

THIS MOTION made by Crawmet Corp. ("Crawmet") for an Order:

1. validating the service and filing of the consolidated reply motion record, factum and brief of authorities of Crawmet be filed solely in court file number 31-1932502;
2. pursuant to section 50.4(11) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c.B-3 (the "BIA"), declaring that the period for filing a proposal by Crate Marine

Sales Limited, F.S. Crate & Sons Limited, 1282648 Ontario Ltd., 1328559 Ontario Limited and 1330732 Ontario Limited (collectively, the "Debtors") be terminated;

3. pursuant to section 243(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing A. Farber & Partners Inc. ("Farber") as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario; and
4. substituting Farber as bankruptcy trustee (the "Trustee") of the Debtors and 1382415 Ontario Ltd. and 1382416 Ontario Ltd. (together with the Debtors, the "Proposal Debtors").

ON READING the affidavit of Benn-Jay Spiegel sworn November 20, 2014, the supplementary affidavit of Benn-Jay Spiegel sworn November 30, 2014, the Report of Dodick Landau Inc., in its capacity as Proposal Trustee of the Debtors (the "Proposal Trustee"), the Affidavits of Steven Crate each sworn November 28, 2014, the First Report of Farber in its capacity as Interim Receiver of the Debtors (the "Interim Receiver"), the Second Report of the Interim Receiver, the Supplementary Report to the Second Report of the Interim Receiver, the Second Report of the Proposal Trustee, the Affidavit of Steven Crate sworn December 5, 2014, the Affidavit of Benn-Jay Spiegel sworn December 7, 2014 and the Third Report of the Interim Receiver, on hearing the submissions of counsel for Crawmet, counsel for the Debtors, counsel for the Proposal Trustee, counsel for the Interim Receiver and such other counsel as are present, and on reading the consents of Farber to act as the Receiver and the Trustee,

#### **FILING**

1. **THIS COURT ORDERS** that the service and filing by Crawmet, the Proposal Trustee, the Interim Receiver and the Debtors of consolidated materials be hereby validated and directs that these materials be filed solely in Court File No. 31-1932502.

#### **TERMINATION OF THE PROPOSAL PROCEEDINGS**

2. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 50.4(11) of the BIA, the period for filing a proposal by each of the Proposal Debtors in their respective proceedings be and hereby is terminated and that A. Farber & Partners Inc. be and hereby is substituted as the bankruptcy trustee of the Proposal Debtors.

#### **APPOINTMENT**

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

#### **RECEIVER'S POWERS**

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to 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 Proposal Debtors, 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 Proposal Debtors;
- (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 Proposal Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Proposal Debtors and to exercise all remedies of the Proposal Debtors in collecting such monies, including, without limitation, to enforce any security held by the Proposal Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Proposal Debtors;
- (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 Proposal Debtors, 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 Proposal Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;



(k) to 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 \$500,000; 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 Proposal Debtors;

(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Proposal Debtors, including, without limiting the generality of the

foregoing, the ability to enter into occupation agreements for any property owned or leased by the Proposal Debtors;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Proposal Debtors 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 Proposal Debtors, and without interference from any other Person.

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

5. **THIS COURT ORDERS** that (i) the Proposal Debtors, (ii) all of their 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 (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.

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 Proposal Debtors, 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.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

8. **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 PROPOSAL DEBTORS OR THE PROPERTY**

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Proposal Debtors 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 Proposal Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

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

10. **THIS COURT ORDERS** that all rights and remedies against the Proposal Debtors, 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 Proposal Debtors to carry on any business which the Proposal Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Proposal Debtors 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**

11. **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 Proposal Debtors, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Proposal Debtors 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 Proposal Debtors 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 Proposal Debtors' 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 Proposal Debtors 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**

13. **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**

14. **THIS COURT ORDERS** that all employees of the Proposal Debtors shall remain the employees of the Proposal Debtors until such time as the Receiver, on the Proposal Debtors' 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**

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

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

### **LIMITATION ON THE RECEIVER'S LIABILITY**

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, 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**

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

priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

#### **FUNDING OF THE RECEIVERSHIP**

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

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

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

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

#### **SERVICE AND NOTICE**

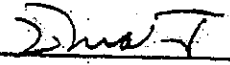
25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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: '<<http://www.farberfinancial.com/insolvency-engagements/crate-marine-sales-limited-et-al>>?'.  
al>?.

26. **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 Proposal Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Proposal Debtors 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**

27. **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.
28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
29. **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.
30. **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.
31. **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.

  
\_\_\_\_\_

**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: \_\_\_\_\_

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE MARINE SALES LIMITED, ET. AL.**

Court File No. 31-1932502

**ONTARIO  
SUPERIOR COURT OF ONTARIO  
IN BANKRUPTCY**

Proceedings commenced at TORONTO

**ORDER**

**CHAITONS LLP**  
Barristers and Solicitors  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

**Harvey Chaiton (LSUC #21592F)**  
Tel: (416) 218-1129  
Fax: (416) 218-1849

**Maya Poliak (LSUC #54100A)**  
Tel: (416) 218-1161  
Fax: (416) 218-1844

**Lawyers for Crawmet Corp.**

# TAB L



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Thank you for choosing Transamerica Life Canada.  
We appreciate the opportunity to bring you financial peace of mind for a lifetime of financial security.

CSSTLAS 121 - J 4 70001

F.S. HOLDCO 1382415 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3

Policy Number: 080203460  
Statement Date: January 29, 2015  
Statement Period: October 28, 2014 to  
January 27, 2015

POL # 1 STEVEN RATE

If you have questions, please call your Independent Insurance  
advisor:

Or, call your servicing office:

THE EXECUTIVE WEALTH MANAGEMENT GROUP INC.  
(905) 202-8429

IDC WORLDSOURCE INSURANCE NETWORK INC.  
(604) 689-8289

Note: Your independent insurance advisor and servicing office may be the same entity.

For more information or to review your insurance needs, your Independent Insurance advisor has the resources to help you make an informed  
decision about your insurance coverage.

### Policy Summary

Policy Issue Date:	April 28, 2001	Maximum Premium Estimate for the Remainder of the Year*: \$75,504.08
Planned Periodic Payment:	\$1,050.00	Payment Method: Quarterly
Death Benefit Type:	Increasing	
Total Face Amount:	\$750,000.00	
Total Fund Value**:	\$682.73 as of January 27, 2015	
Exempt Status Maintenance*:	Increase and Decrease Face Amount	
Policy Owner(s):	F.S. HOLDCO 1382415 ONTARIO LTD	
Primary Beneficiaries:	F.S. HOLDCO 1382415 ONTARIO LTD	

\* See the Exempt Status section of your statement for further information.

\* The estimated maximum premium is subject to a number of factors including increase or decrease of the face amount or other material  
changes to your universal life policy.

\* The "250% rule" is one of the rules included in the annual tax-exempt tests that are performed in compliance with the Income Tax Act. This  
rule is intended to prevent irregular large deposits into a tax-exempt life insurance policy. The 250% rule is performed annually beginning in the  
10<sup>th</sup> tax-exempt policy duration year and compares the values at the end of that tax-exempt policy duration year with values from three years  
prior to that date. The 250% rule has been taken into consideration when calculating this maximum premium/deposit estimate.  
For tax-exempt test results for the statement period, please refer to the Exempt Status Section of this statement.

\*\*The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based  
on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other  
factors.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

### Life/Lives Insured under this policy

On the Life/Lives of	Date of Birth	Sex
STEVEN CRATE	July 24, 1964	Male

### Insurance Summary

#### Primary Base Coverage

On the Life/Lives of	Face Amount \$	Coverage Type	Cost of Insurance Option	Issued Age	Underwriting Class	Rating	Coverage Issue Date
STEVEN CRATE	750,000.00	Single Life	Increasing	37	Standard Non-Smoker	150%	April 28, 2001

### Total Fund Value Activity (during the statement period)

Total Fund Value as of October 28, 2014	\$	37,384.71
Plus:		
Total Premiums Paid		700.00
Bonus Interest Credited		0.00
Interest Credited		1,147.30
Less:		
Total Coverage Deductions		961.89
Withdrawals/Surrenders		37,557.39
Other Deductions		0.00
Policy Fee		30.00
Total Fund Value as of January 27, 2015	\$	682.73

The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.

### Cash Surrender Value Summary as of January 27, 2015

Total Fund Value	\$	682.73
Less:		
Surrender Charges		0.00
Cash Surrender Value	\$	682.73*

\*If a full surrender of your policy is requested at the end of the Statement Period, you would be entitled to the Cash Surrender Value. A request for a full surrender is a cancellation of your policy.

## Total Fund Value Details\*

Interest Option	Balance as of Oct 28, 2014 \$	Premiums/ Transfers in \$	Deductions/ Withdrawals/ Transfers out \$	Interest/ Bonus Credited \$	Balance as of Jan 27, 2015 \$	Current Deposit Allocation Mix %
Balanced Interest Option	37,384.71	700.00	-38,549.28	1,147.30	682.73	100.00
<b>Total</b>	<b>\$37,384.71</b>	<b>\$700.00</b>	<b>-\$38,549.28</b>	<b>\$1,147.30</b>	<b>\$682.73</b>	<b>100.00%</b>

\*It's important to remember that the past performance of an Interest Option does not indicate how it will perform in the future.

## Total Fund Value Activity Summary

Month	Total Fund Value beginning of period \$	Premiums/ Transfers in \$	Withdrawals/ Transfers out \$	Total Deductions* \$	Interest/ Bonus Credited \$	Total Fund Value end of period \$
Oct 28, 2014	37,384.71	350.00	0.00	-330.63	1,125.83	38,529.91
Nov 28, 2014	38,529.91	350.00	-37,557.39	-330.63	4.47	996.36
Dec 28, 2014	996.36	0.00	0.00	-330.63	17.00	682.73

\* Total deductions are the sum of the policy fee and cost of insurance for all coverages, riders and benefits.

Additional information about the Interest Options available with your policy can be found on the Transamerica website at [www.transamerica.ca](http://www.transamerica.ca). This website includes, where applicable, historical rates of return, current crediting rates for Floating Interest Option, T-Bill, Daily Interest and fixed rate interest options and where available, Performance Pages.

## Withdrawal Order

Your current withdrawal order for monthly deductions is the (1) Treasury Bill/Floating Interest Option/Daily Interest Option, (2) Index Interest Options, then (3) the Fixed Rate/Guaranteed Interest Options nearest to maturity.

## Exempt Status

As of this statement date, April 28, 2014, the projected maximum premium that may be deposited into the policy during the remainder of the policy year April 28, 2014 to April 27, 2015 while maintaining the policy's tax-exempt status is \$75,504.08. This amount is a projected value based on certain assumptions including the assumed future growth of your fund value. This projection is only an estimate as of the date it was calculated. On the actual date a premium payment is made, the amount that can be accepted will be recalculated and will depend on various factors including the amount of insurance you have in force, the actual premium payments made in the policy year and the total fund value on that date. For example, if your fund value increases faster than assumed the maximum premium on the date we receive a premium may be lower than the one stated above. Any premium payments that exceed this amount will be transferred to the Side Account to maintain the tax-exempt status of your policy.





## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Please review this statement carefully. If you believe any information in this statement is incorrect, please write or contact us at:

Transamerica Life Canada  
5000 Yonge Street  
Toronto ON M2N 7J8

**Attention: Life Products Operations, Client Services**

Tel: 1-800-797-2643

within forty-five (45) days from the date of this statement. If we do not hear from you within that timeframe, we will assume you agree with the information in this statement and that this statement is correct.

Thank you again for choosing Transamerica.

### Current mailing address

F.S. HOLDCO 1382415 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Thank you for choosing Transamerica Life Canada.  
We appreciate the opportunity to bring you financial peace of mind for a lifetime of financial security.

CSCTUS TXT - 014-00301

CRATE HOLDINGS 1382416 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3

Policy Number: 080203461  
Statement Date: January 29, 2015  
Statement Period: October 28, 2014 to  
January 27, 2015

POL #2 STEVEN CRATE

If you have questions, please call your independent insurance advisor:

Or, call your servicing office:

THE EXECUTIVE WEALTH MANAGEMENT GROUP INC.  
(905) 202-8429

IDC WORLDSOURCE INSURANCE NETWORK INC.  
(604) 689-8289

Note: Your independent insurance advisor and servicing office may be the same entity.

For more information or to review your insurance needs, your independent insurance advisor has the resources to help you make an informed decision about your insurance coverage.

### Policy Summary

Policy Issue Date:	April 28, 2001	Maximum Premium Estimate for the Remainder of the Year*: \$75,504.08
Planned Periodic Payment:	\$1,050.00	Payment Method: Quarterly
Death Benefit Type:	Increasing	
Total Face Amount:	\$750,000.00	
Total Fund Value**:	\$682.73 as of January 27, 2015	
Exempt Status Maintenance*:	Increase and Decrease Face Amount	
Policy Owner(s):	CRATE HOLDINGS 1382416 ONTARIO LTD	
Primary Beneficiaries:	CRATE HOLDINGS 1382416 ONTARIO LTD	

\* See the Exempt Status section of your statement for further information.

\* The estimated maximum premium is subject to a number of factors including increase or decrease of the face amount or other material changes to your universal life policy.

\* The "250% rule" is one of the rules included in the annual tax-exempt tests that are performed in compliance with the Income Tax Act. This rule is intended to prevent irregular large deposits into a tax-exempt life insurance policy. The 250% rule is performed annually beginning in the 10<sup>th</sup> tax-exempt policy duration year and compares the values at the end of that tax-exempt policy duration year with values from three years prior to that date. The 250% rule has been taken into consideration when calculating this maximum premium/deposit estimate. For tax-exempt test results for the statement period, please refer to the Exempt Status Section of this statement.

\*\* The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

### Life/Lives Insured under this policy

On the Life/Lives of	Date of Birth	Sex
STEVEN CRATE	July 24, 1964	Male

### Insurance Summary

#### Primary Base Coverage

On the Life/Lives of	Face Amount \$	Coverage Type	Cost of Insurance Option	Issued Age	Underwriting Class	Rating	Coverage Issue Date
STEVEN CRATE	750,000.00	Single Life	Increasing	37	Standard Non-Smoker	150%	April 28, 2001

### Total Fund Value Activity (during the statement period)

Total Fund Value as of October 28, 2014	\$	37,384.71
Plus:		
Total Premiums Paid		700.00
Bonus Interest Credited		0.00
Interest Credited		1,147.30
Less:		
Total Coverage Deductions		961.89
Withdrawals/Surrenders		37,557.39
Other Deductions		0.00
Policy Fee		30.00
Total Fund Value as of January 27, 2015	\$	682.73

The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.

### Cash Surrender Value Summary as of January 27, 2015

Total Fund Value	\$	682.73
Less:		
Surrender Charges		0.00
Cash Surrender Value	\$	682.73*

\*If a full surrender of your policy is requested at the end of the Statement Period, you would be entitled to the Cash Surrender Value. A request for a full surrender is a cancellation of your policy.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

### Total Fund Value Details\*

Interest Option	Balance as of Oct 28, 2014 \$	Premiums/ Transfers in \$	Deductions/ Withdrawals/ Transfers out \$	Interest/ Bonus Credited \$	Balance as of Jan 27, 2015 \$	Current Deposit Allocation Mix %
Balanced Interest Option	37,384.71	700.00	-38,549.28	1,147.30	682.73	100.00
<b>Total</b>	<b>\$37,384.71</b>	<b>\$700.00</b>	<b>-\$38,549.28</b>	<b>\$1,147.30</b>	<b>\$682.73</b>	<b>100.00%</b>

\*It's important to remember that the past performance of an Interest Option does not indicate how it will perform in the future.

### Total Fund Value Activity Summary

Month	Total Fund Value beginning of period \$	Premiums/ Transfers in \$	Withdrawals/ Transfers out \$	Total Deductions* \$	Interest/ Bonus Credited \$	Total Fund Value end of period \$
Oct 28, 2014	37,384.71	350.00	0.00	-330.63	1,125.83	38,529.91
Nov 28, 2014	38,529.91	350.00	-37,557.39	-330.63	4.47	996.36
Dec 28, 2014	996.36	0.00	0.00	-330.63	17.00	682.73

\* Total deductions are the sum of the policy fee and cost of insurance for all coverages, riders and benefits.

Additional information about the Interest Options available with your policy can be found on the Transamerica website at [www.transamerica.ca](http://www.transamerica.ca). This website includes, where applicable, historical rates of return, current crediting rates for Floating Interest Option, T-Bill, Daily Interest and fixed rate Interest options and where available, Performance Pages.

### Withdrawal Order

Your current withdrawal order for monthly deductions is the (1) Treasury Bill/Floating Interest Option/Daily Interest Option, (2) Index Interest Options, then (3) the Fixed Rate/Guaranteed Interest Options nearest to maturity.

### Exempt Status

As of this statement date, April 28, 2014, the projected maximum premium that may be deposited into the policy during the remainder of the policy year April 28, 2014 to April 27, 2015 while maintaining the policy's tax-exempt status is \$75,504.08. This amount is a projected value based on certain assumptions including the assumed future growth of your fund value. This projection is only an estimate as of the date it was calculated. On the actual date a premium payment is made, the amount that can be accepted will be recalculated and will depend on various factors including the amount of insurance you have in force, the actual premium payments made in the policy year and the total fund value on that date. For example, if your fund value increases faster than assumed the maximum premium on the date we receive a premium may be lower than the one stated above. Any premium payments that exceed this amount will be transferred to the Side Account to maintain the tax-exempt status of your policy.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Please review this statement carefully. If you believe any information in this statement is incorrect, please write or contact us at:

Transamerica Life Canada  
5000 Yonge Street  
Toronto ON M2N 7J8

**Attention: Life Products Operations, Client Services**

Tel: 1-800-797-2643

within forty-five (45) days from the date of this statement. If we do not hear from you within that timeframe, we will assume you agree with the information in this statement and that this statement is correct.

Thank you again for choosing Transamerica.

### Current mailing address

CRATE HOLDINGS 1382416 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Thank you for choosing Transamerica Life Canada.  
We appreciate the opportunity to bring you financial peace of mind for a lifetime of financial security.

CSSTHE TXT 1 of 3 20001

CRATE HOLDINGS 1382416 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3

Policy Number: 080203458  
Statement Date: December 23, 2014  
Statement Period: September 21, 2014 to  
December 20, 2014

POL#1 LYNN CRATE

If you have questions, please call your Independent Insurance  
advisor:

Or, call your servicing office:

THE EXECUTIVE WEALTH MANAGEMENT GROUP INC.  
(905) 202-8429

IDC WORLDSOURCE INSURANCE NETWORK INC.  
(604) 689-8289

*Note: Your independent insurance advisor and servicing office may be the same entity.*

For more information or to review your insurance needs, your independent insurance advisor has the resources to help you make an informed decision about your insurance coverage.

### Policy Summary

Policy Issue Date:	June 21, 2001	Maximum Premium Estimate for the Remainder of the Year*: \$172,696.43
Planned Periodic Payment:	\$1,000.00	Payment Method: Monthly
Death Benefit Type:	Increasing	
Total Face Amount:	\$750,000.00	
Total Fund Value*1:	\$77,241.99 as of December 20, 2014	
Exempt Status Maintenance*:	Increase and Decrease Face Amount	
Policy Owner(s):	CRATE HOLDINGS 1382416 ONTARIO LTD	
Primary Beneficiaries:	CRATE HOLDINGS 1382416 ONTARIO LTD	

\* See the Exempt Status section of your statement for further information.

\* The estimated maximum premium is subject to a number of factors including increase or decrease of the face amount or other material changes to your universal life policy.

\* The "250% rule" is one of the rules included in the annual tax-exempt tests that are performed in compliance with the Income Tax Act. This rule is intended to prevent irregular large deposits into a tax-exempt life insurance policy. The 250% rule is performed annually beginning in the 10<sup>th</sup> tax-exempt policy duration year and compares the values at the end of that tax-exempt policy duration year with values from three years prior to that date. The 250% rule has been taken into consideration when calculating this maximum premium/deposit estimate. For tax-exempt test results for the statement period, please refer to the Exempt Status Section of this statement.

\*1 The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

### Life/Lives Insured under this policy

On the Life/Lives of	Date of Birth	Sex
LYNN MARKO	March 3, 1955	Female

### Insurance Summary

#### Primary Base Coverage

On the Life/Lives of	Face Amount \$	Coverage Type	Cost of Insurance Option	Issued Age	Underwriting Class	Rating	Coverage Issue Date
LYNN MARKO	750,000.00	Single Life	Increasing	46	Standard Non-Smoker	175%	June 21, 2001

### Total Fund Value Activity (during the statement period)

Total Fund Value as of September 21, 2014	\$	159,590.80
Plus:		
Total Premiums Paid		3,000.00
Bonus Interest Credited		0.00
Interest Credited		2,922.91
Less:		
Total Coverage Deductions		1,440.45
Withdrawals/Surrenders		86,801.27
Other Deductions		0.00
Policy Fee		30.00
Total Fund Value as of December 20, 2014	\$	77,241.99

The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.

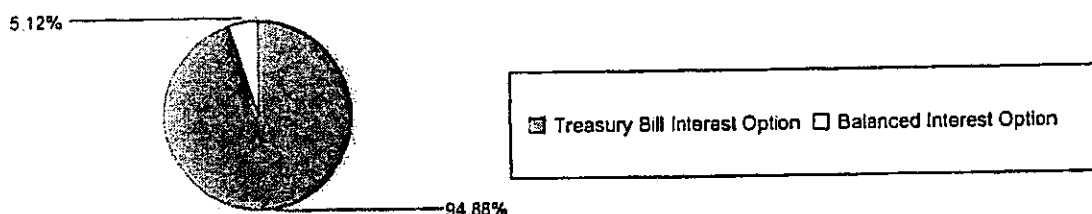
### Cash Surrender Value Summary as of December 20, 2014

Total Fund Value	\$	77,241.99
Less:		
Surrender Charges		0.00
Outstanding Loan		72,959.15
Cash Surrender Value	\$	4,282.84*

\*If a full surrender of your policy is requested at the end of the Statement Period, you would be entitled to the Cash Surrender Value. A request for a full surrender is a cancellation of your policy.

## Total Fund Value Details\*

### Total Fund Value Distribution



Interest Option	Balance as of Sep 21, 2014 \$	Premiums/ Transfers In \$	Deductions/ Withdrawals/ Transfers out \$	Interest/ Bonus Credited \$	Balance as of Dec 20, 2014 \$	Current Deposit Allocation Mix %
Treasury Bill Interest Option	73,299.96	0.00	-1,011.43	1,000.44	73,288.97	0.00
Balanced Interest Option	86,290.84	3,000.00	-87,260.29	1,922.47	3,953.02	100.00
<b>Total</b>	<b>\$159,590.80</b>	<b>\$3,000.00</b>	<b>-\$88,271.72</b>	<b>\$2,922.91</b>	<b>\$77,241.99</b>	<b>100.00%</b>

\*It's important to remember that the past performance of an Interest Option does not indicate how it will perform in the future.

## Total Fund Value Activity Summary

Month	Total Fund Value beginning of period \$	Premiums/ Transfers In \$	Withdrawals/ Transfers out \$	Total Deductions* \$	Interest/ Bonus Credited \$	Total Fund Value end of period \$
Sep 21, 2014	159,590.80	1,000.00	0.00	-490.15	-970.42	159,130.23
Oct 21, 2014	159,130.23	1,000.00	0.00	-490.15	2,978.37	162,618.45
Nov 21, 2014	162,618.45	1,000.00	-86,801.27	-490.15	914.96	77,241.99

\* Total deductions are the sum of the policy fee and cost of insurance for all coverages, riders and benefits.

Additional information about the Interest Options available with your policy can be found on the Transamerica website at [www.transamerica.ca](http://www.transamerica.ca). This website includes, where applicable, historical rates of return, current crediting rates for Floating Interest Option, T-Bill, Daily Interest and fixed rate interest options and where available, Performance Pages.





## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

---

### Withdrawal Order

Your current withdrawal order for monthly deductions is the (1) Treasury Bill/Floating Interest Option/Daily Interest Option, (2) Index Interest Options, then (3) the Fixed Rate/Guaranteed Interest Options nearest to maturity.

---

### Exempt Status

As of this statement date, June 21, 2014, the projected maximum premium that may be deposited into the policy during the remainder of the policy year June 21, 2014 to June 20, 2015 while maintaining the policy's tax-exempt status is \$172,696.43. This amount is a projected value based on certain assumptions including the assumed future growth of your fund value. This projection is only an estimate as of the date it was calculated. On the actual date a premium payment is made, the amount that can be accepted will be recalculated and will depend on various factors including the amount of insurance you have in force, the actual premium payments made in the policy year and the total fund value on that date. For example, if your fund value increases faster than assumed the maximum premium on the date we receive a premium may be lower than the one stated above. Any premium payments that exceed this amount will be transferred to the Side Account to maintain the tax-exempt status of your policy.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Please review this statement carefully. If you believe any information in this statement is incorrect, please write or contact us at:

Transamerica Life Canada  
5000 Yonge Street  
Toronto ON M2N 7J8

Attention: Life Products Operations, Client Services

Tel: 1-800-797-2643

within forty-five (45) days from the date of this statement. If we do not hear from you within that timeframe, we will assume you agree with the information in this statement and that this statement is correct.

Thank you again for choosing Transamerica.

### Current mailing address

CRATE HOLDINGS 1382416 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Thank you for choosing Transamerica Life Canada.  
We appreciate the opportunity to bring you financial peace of mind for a lifetime of financial security.

CS2105 TEXT-1 4/5/2001

F.S. HOLDCO 1382415 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3

Policy Number: 080203459  
Statement Date: December 23, 2014  
Statement Period: September 21, 2014 to  
December 20, 2014

POL #1 LYNN CIRATE

If you have questions, please call your independent insurance advisor:

Or, call your servicing office:

THE EXECUTIVE WEALTH MANAGEMENT GROUP INC.  
(905) 202-8429

IDC WORLDSOURCE INSURANCE NETWORK INC.  
(604) 689-8289

*Note: Your independent insurance advisor and servicing office may be the same entity.*

For more information or to review your insurance needs, your independent insurance advisor has the resources to help you make an informed decision about your insurance coverage.

### Policy Summary

Policy Issue Date:	June 21, 2001	Maximum Premium Estimate for the Remainder of the Year*: \$172,696.43
Planned Periodic Payment:	\$1,000.00	Payment Method: Monthly
Death Benefit Type:	Increasing	
Total Face Amount:	\$750,000.00	
Total Fund Value <sup>1</sup> :	\$77,241.99 as of December 20, 2014	
Exempt Status Maintenance*:	Increase and Decrease Face Amount	
Policy Owner(s):	F.S. HOLDCO 1382415 ONTARIO LTD	
Primary Beneficiaries:	F.S. HOLDCO 1382415 ONTARIO LTD	

\* See the Exempt Status section of your statement for further information.

\* The estimated maximum premium is subject to a number of factors including increase or decrease of the face amount or other material changes to your universal life policy.

\* The "250% rule" is one of the rules included in the annual tax-exempt tests that are performed in compliance with the Income Tax Act. This rule is intended to prevent irregular large deposits into a tax-exempt life insurance policy. The 250% rule is performed annually beginning in the 10<sup>th</sup> tax-exempt policy duration year and compares the values at the end of that tax-exempt policy duration year with values from three years prior to that date. The 250% rule has been taken into consideration when calculating this maximum premium/deposit estimate. For tax-exempt test results for the statement period, please refer to the Exempt Status Section of this statement.

<sup>1</sup>The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.

## Life/Lives Insured under this policy

On the Life/Lives of	Date of Birth	Sex
LYNN MARKO	March 3, 1955	Female

## Insurance Summary

### Primary Base Coverage

On the Life/Lives of	Face Amount \$	Coverage Type	Cost of Insurance Option	Issued Age	Underwriting Class	Rating	Coverage Issue Date
LYNN MARKO	750,000.00	Single Life	Increasing	46	Standard Non-Smoker	175%	June 21, 2001

## Total Fund Value Activity (during the statement period)

Total Fund Value as of September 21, 2014	\$	159,590.80
<b>Plus:</b>		
Total Premiums Paid		3,000.00
Bonus Interest Credited		0.00
Interest Credited		2,922.91
<b>Less:</b>		
Total Coverage Deductions		1,440.45
Withdrawals/Surrenders		86,801.27
Other Deductions		0.00
Policy Fee		30.00
Total Fund Value as of December 20, 2014	\$	77,241.99

The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.

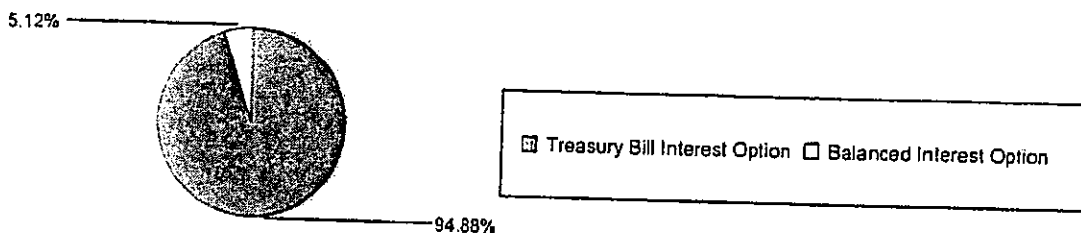
## Cash Surrender Value Summary as of December 20, 2014

Total Fund Value	\$	77,241.99
<b>Less:</b>		
Surrender Charges		0.00
Outstanding Loan		72,959.15
Cash Surrender Value	\$	4,282.84*

\*If a full surrender of your policy is requested at the end of the Statement Period, you would be entitled to the Cash Surrender Value. A request for a full surrender is a cancellation of your policy.

**Total Fund Value Details\***

**Total Fund Value Distribution**



Interest Option	Balance as of Sep 21, 2014 \$	Premiums/ Transfers In \$	Deductions/ Withdrawals/ Transfers out \$	Interest/ Bonus Credited \$	Balance as of Dec 20, 2014 \$	Current Deposit Allocation Mix %
Treasury Bill Interest Option	73,299.96	0.00	-1,011.43	1,000.44	73,288.97	0.00
Balanced Interest Option	86,290.84	3,000.00	-87,280.29	1,922.47	3,953.02	100.00
<b>Total</b>	<b>\$159,590.80</b>	<b>\$3,000.00</b>	<b>-\$88,271.72</b>	<b>\$2,922.91</b>	<b>\$77,241.99</b>	<b>100.00%</b>

\*It's important to remember that the past performance of an Interest Option does not indicate how it will perform in the future.

**Total Fund Value Activity Summary**

Month	Total Fund Value beginning of period \$	Premiums/ Transfers In \$	Withdrawals/ Transfers out \$	Total Deductions* \$	Interest/ Bonus Credited \$	Total Fund Value end of period \$
Sep 21, 2014	159,590.80	1,000.00	0.00	-490.15	-970.42	159,130.23
Oct 21, 2014	159,130.23	1,000.00	0.00	-490.15	2,978.37	162,618.45
Nov 21, 2014	162,618.45	1,000.00	-86,801.27	-490.15	914.96	77,241.99

\* Total deductions are the sum of the policy fee and cost of insurance for all coverages, riders and benefits.

Additional information about the Interest Options available with your policy can be found on the Transamerica website at [www.transamerica.ca](http://www.transamerica.ca). This website includes, where applicable, historical rates of return, current crediting rates for Floating Interest Option, T-Bill, Daily Interest and fixed rate Interest options and where available, Performance Pages.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

---

### Withdrawal Order

Your current withdrawal order for monthly deductions is the (1) Treasury Bill/Floating Interest Option/Daily Interest Option, (2) Index Interest Options, then (3) the Fixed Rate/Guaranteed Interest Options nearest to maturity.

---

### Exempt Status

As of this statement date, June 21, 2014, the projected maximum premium that may be deposited into the policy during the remainder of the policy year June 21, 2014 to June 20, 2015 while maintaining the policy's tax-exempt status is \$172,696.43. This amount is a projected value based on certain assumptions including the assumed future growth of your fund value. This projection is only an estimate as of the date it was calculated. On the actual date a premium payment is made, the amount that can be accepted will be recalculated and will depend on various factors including the amount of insurance you have in force, the actual premium payments made in the policy year and the total fund value on that date. For example, if your fund value increases faster than assumed the maximum premium on the date we receive a premium may be lower than the one stated above. Any premium payments that exceed this amount will be transferred to the Side Account to maintain the tax-exempt status of your policy.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Please review this statement carefully. If you believe any information in this statement is incorrect, please write or contact us at:

Transamerica Life Canada  
5000 Yonge Street  
Toronto ON M2N 7J8

Attention: Life Products Operations, Client Services

Tel: 1-800-797-2643

within forty-five (45) days from the date of this statement. If we do not hear from you within that timeframe, we will assume you agree with the information in this statement and that this statement is correct.

Thank you again for choosing Transamerica.

### Current mailing address

F.S. HOLDCO 1382415 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Thank you for choosing Transamerica Life Canada.  
We appreciate the opportunity to bring you financial peace of mind for a lifetime of financial security.

CSSTUD TAT 1 of 5-00021

CRATE HOLDINGS 1382416 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3

Policy Number: 080203462  
Statement Date: January 29, 2015  
Statement Period: October 28, 2014 to  
January 27, 2015

POL #1 GREG CRATE

If you have questions, please call your independent insurance advisor:

Or, call your servicing office:

THE EXECUTIVE WEALTH MANAGEMENT GROUP INC.  
(905) 202-8429

IDC WORLDSOURCE INSURANCE NETWORK INC.  
(604) 689-8289

Note: Your independent insurance advisor and servicing office may be the same entity.

For more information or to review your insurance needs, your independent insurance advisor has the resources to help you make an informed decision about your insurance coverage.

### Policy Summary

Policy Issue Date:	April 28, 2001	Maximum Premium Estimate for the Remainder of the Year*: \$108,947.68
Planned Periodic Payment:	\$1,650.00	Payment Method: Quarterly
Death Benefit Type:	Increasing	
Total Face Amount:	\$750,000.00	
Total Fund Value**:	\$26,698.91 as of January 27, 2015	
Exempt Status Maintenance*:	Increase and Decrease Face Amount	
Policy Owner(s):	CRATE HOLDINGS 1382416 ONTARIO LTD	
Primary Beneficiaries:	CRATE HOLDINGS 1382416 ONTARIO LTD	

\* See the Exempt Status section of your statement for further information.

\* The estimated maximum premium is subject to a number of factors including increase or decrease of the face amount or other material changes to your universal life policy.

\* The "250% rule" is one of the rules included in the annual tax-exempt tests that are performed in compliance with the Income Tax Act. This rule is intended to prevent irregular large deposits into a tax-exempt life insurance policy. The 250% rule is performed annually beginning in the 10<sup>th</sup> tax-exempt policy duration year and compares the values at the end of that tax-exempt policy duration year with values from three years prior to that date. The 250% rule has been taken into consideration when calculating this maximum premium/deposit estimate. For tax-exempt test results for the statement period, please refer to the Exempt Status Section of this statement.

\*\* The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.





## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

### Life/Lives Insured under this policy

On the Life/Lives of	Date of Birth	Sex
GREGORY CRATE	April 7, 1958	Male

### Insurance Summary

#### Primary Base Coverage

On the Life/Lives of	Face Amount \$	Coverage Type	Cost of Insurance Option	Issued Age	Underwriting Class	Rating	Coverage Issue Date
GREGORY CRATE	750,000.00	Single Life	Increasing	43	Standard Non-Smoker		April 28, 2001

### Total Fund Value Activity (during the statement period)

Total Fund Value as of October 28, 2014	\$	77,626.23
Plus:		
Total Premiums Paid		1,100.00
Bonus Interest Credited		0.00
Interest Credited		2,004.39
Less:		
Total Coverage Deductions		1,036.86
Withdrawals/Surrenders		52,964.85
Other Deductions		0.00
Policy Fee		30.00
Total Fund Value as of January 27, 2015	\$	26,698.91

The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.

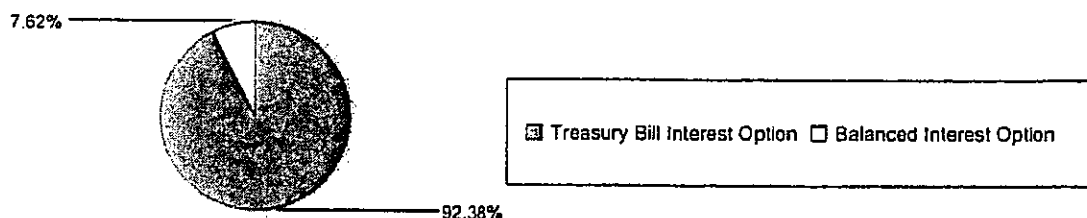
### Cash Surrender Value Summary as of January 27, 2015

Total Fund Value	\$	26,698.91
Less:		
Surrender Charges		0.00
Outstanding Loan		24,549.87
Cash Surrender Value	\$	2,149.04*

\*If a full surrender of your policy is requested at the end of the Statement Period, you would be entitled to the Cash Surrender Value. A request for a full surrender is a cancellation of your policy.

## Total Fund Value Details\*

### Total Fund Value Distribution



Interest Option	Balance as of Oct 28, 2014 \$	Premiums/ Transfers In \$	Deductions/ Withdrawals/ Transfers out \$	Interest/ Bonus Credited \$	Balance as of Jan 27, 2015 \$	Current Deposit Allocation Mix %
Treasury Bill Interest Option	24,660.85	0.00	-336.64	340.34	24,664.55	0.00
Balanced Interest Option	52,965.38	1,100.00	-53,695.07	1,664.05	2,034.36	100.00
<b>Total</b>	<b>\$77,626.23</b>	<b>\$1,100.00</b>	<b>-\$54,031.71</b>	<b>\$2,004.39</b>	<b>\$26,698.91</b>	<b>100.00%</b>

\*It's important to remember that the past performance of an Interest Option does not indicate how it will perform in the future.

## Total Fund Value Activity Summary

Month	Total Fund Value beginning of period \$	Premiums/ Transfers In \$	Withdrawals/ Transfers out \$	Total Deductions* \$	Interest/ Bonus Credited \$	Total Fund Value end of period \$
Oct 28, 2014	77,626.23	550.00	0.00	-355.62	1,718.08	79,538.69
Nov 28, 2014	79,538.69	550.00	-52,964.85	-355.62	120.99	26,889.21
Dec 28, 2014	26,889.21	0.00	0.00	-355.62	165.32	26,698.91

\* Total deductions are the sum of the policy fee and cost of insurance for all coverages, riders and benefits.

Additional information about the Interest Options available with your policy can be found on the Transamerica website at [www.transamerica.ca](http://www.transamerica.ca). This website includes, where applicable, historical rates of return, current crediting rates for Floating Interest Option, T-Bill, Daily Interest and fixed rate interest options and where available, Performance Pages.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

---

### Withdrawal Order

Your current withdrawal order for monthly deductions is the (1) Treasury Bill/Floating Interest Option/Daily Interest Option, (2) Index Interest Options, then (3) the Fixed Rate/Guaranteed Interest Options nearest to maturity.

---

### Exempt Status

As of this statement date, April 28, 2014, the projected maximum premium that may be deposited into the policy during the remainder of the policy year April 28, 2014 to April 27, 2015 while maintaining the policy's tax-exempt status is \$108,947.68. This amount is a projected value based on certain assumptions including the assumed future growth of your fund value. This projection is only an estimate as of the date it was calculated. On the actual date a premium payment is made, the amount that can be accepted will be recalculated and will depend on various factors including the amount of insurance you have in force, the actual premium payments made in the policy year and the total fund value on that date. For example, if your fund value increases faster than assumed the maximum premium on the date we receive a premium may be lower than the one stated above. Any premium payments that exceed this amount will be transferred to the Side Account to maintain the tax-exempt status of your policy.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Please review this statement carefully. If you believe any information in this statement is incorrect, please write or contact us at:

Transamerica Life Canada  
5000 Yonge Street  
Toronto ON M2N 7J8

**Attention: Life Products Operations, Client Services**

Tel: 1-800-797-2643

within forty-five (45) days from the date of this statement. If we do not hear from you within that timeframe, we will assume you agree with the information in this statement and that this statement is correct.

Thank you again for choosing Transamerica.

### Current mailing address

CRATE HOLDINGS 1382416 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Thank you for choosing Transamerica Life Canada.  
We appreciate the opportunity to bring you financial peace of mind for a lifetime of financial security.

CSST/M0141 1 of 5 00001

F.S. HOLDCO 1382415 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3

Policy Number: 080203463  
Statement Date: January 29, 2015  
Statement Period: October 28, 2014 to  
January 27, 2015

*POL #2 GREG CRATE*

If you have questions, please call your independent insurance advisor:

Or, call your servicing office:

THE EXECUTIVE WEALTH MANAGEMENT GROUP INC.  
(905) 202-8429

IDC WORLDSOURCE INSURANCE NETWORK INC.  
(604) 689-8289

*Note: Your independent insurance advisor and servicing office may be the same entity.*

For more information or to review your insurance needs, your independent insurance advisor has the resources to help you make an informed decision about your insurance coverage.

### Policy Summary

Policy Issue Date:	April 28, 2001	Maximum Premium Estimate for the Remainder of the Year*: \$108,947.68
Planned Periodic Payment:	\$1,650.00	Payment Method: Quarterly
Death Benefit Type:	Increasing	
Total Face Amount:	\$750,000.00	
Total Fund Value*1:	\$26,698.91 as of January 27, 2015	
Exempt Status Maintenance*2:	Increase and Decrease Face Amount	
Policy Owner(s):	F.S. HOLDCO 1382415 ONTARIO LTD	
Primary Beneficiaries:	F.S. HOLDCO 1382415 ONTARIO LTD	

\* See the Exempt Status section of your statement for further information.

\* The estimated maximum premium is subject to a number of factors including increase or decrease of the face amount or other material changes to your universal life policy.

\* The "250% rule" is one of the rules included in the annual tax-exempt tests that are performed in compliance with the Income Tax Act. This rule is intended to prevent irregular large deposits into a tax-exempt life insurance policy. The 250% rule is performed annually beginning in the 10<sup>th</sup> tax-exempt policy duration year and compares the values at the end of that tax-exempt policy duration year with values from three years prior to that date. The 250% rule has been taken into consideration when calculating this maximum premium/deposit estimate. For tax-exempt test results for the statement period, please refer to the Exempt Status Section of this statement.

\* The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options; cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

### Life/Lives Insured under this policy

On the Life/Lives of	Date of Birth	Sex
GREGORY CRATE	April 7, 1958	Male

### Insurance Summary

#### Primary Base Coverage

On the Life/Lives of	Face Amount \$	Coverage Type	Cost of Insurance Option	Issued Age	Underwriting Class	Rating	Coverage Issue Date
GREGORY CRATE	750,000.00	Single Life	Increasing	43	Standard Non-Smoker		April 28, 2001

### Total Fund Value Activity (during the statement period)

Total Fund Value as of October 28, 2014	\$	77,626.23
Plus:		
Total Premiums Paid		1,100.00
Bonus Interest Credited		0.00
Interest Credited		2,004.39
Less:		
Total Coverage Deductions		1,036.86
Withdrawals/Surrenders		52,964.85
Other Deductions		0.00
Policy Fee		30.00
Total Fund Value as of January 27, 2015	\$	26,698.91

The Total Fund Value is reported as of your statement period. The balance of the Total Fund Value is not guaranteed and will fluctuate based on the performance of your interest options, cost of insurance deductions, any deposits or withdrawals made after the statement date and other factors.

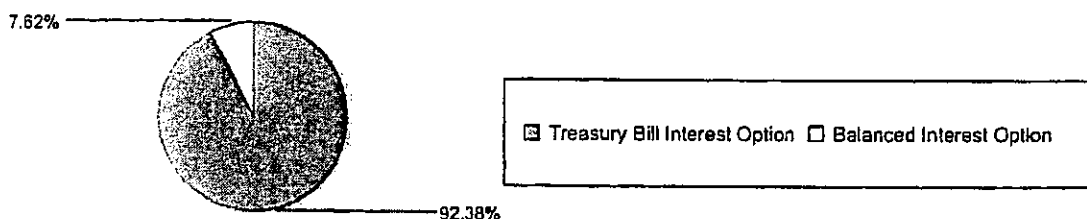
### Cash Surrender Value Summary as of January 27, 2015

Total Fund Value	\$	26,698.91
Less:		
Surrender Charges		0.00
Outstanding Loan		24,549.87
Cash Surrender Value	\$	2,149.04*

\*If a full surrender of your policy is requested at the end of the Statement Period, you would be entitled to the Cash Surrender Value. A request for a full surrender is a cancellation of your policy.

## Total Fund Value Details\*

### Total Fund Value Distribution



Interest Option	Balance as of Oct 28, 2014 \$	Premiums/ Transfers in \$	Deductions/ Withdrawals/ Transfers out \$	Interest/ Bonus Credited \$	Balance as of Jan 27, 2015 \$	Current Deposit Allocation Mix %
Treasury Bill Interest Option	24,660.85	0.00	-336.64	340.34	24,664.55	0.00
Balanced Interest Option	52,965.38	1,100.00	-53,695.07	1,664.05	2,034.36	100.00
<b>Total</b>	<b>\$77,626.23</b>	<b>\$1,100.00</b>	<b>-\$54,031.71</b>	<b>\$2,004.39</b>	<b>\$26,698.91</b>	<b>100.00%</b>

\*It's important to remember that the past performance of an Interest Option does not indicate how it will perform in the future.

## Total Fund Value Activity Summary

Month	Total Fund Value beginning of period \$	Premiums/ Transfers in \$	Withdrawals/ Transfers out \$	Total Deductions* \$	Interest/ Bonus Credited \$	Total Fund Value end of period \$
Oct 28, 2014	77,626.23	550.00	0.00	-355.62	1,718.08	79,538.69
Nov 28, 2014	79,538.69	550.00	-52,964.85	-355.62	120.99	26,889.21
Dec 28, 2014	26,889.21	0.00	0.00	-355.62	165.32	26,698.91

\* Total deductions are the sum of the policy fee and cost of insurance for all coverages, riders and benefits.

Additional Information about the Interest Options available with your policy can be found on the Transamerica website at [www.transamerica.ca](http://www.transamerica.ca). This website includes, where applicable, historical rates of return, current crediting rates for Floating Interest Option, T-Bill, Daily Interest and fixed rate Interest options and where available, Performance Pages.



## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

---

### Withdrawal Order

Your current withdrawal order for monthly deductions is the (1) Treasury Bill/Floating Interest Option/Daily Interest Option, (2) Index Interest Options, then (3) the Fixed Rate/Guaranteed Interest Options nearest to maturity.

---

### Exempt Status

As of this statement date, April 28, 2014, the projected maximum premium that may be deposited into the policy during the remainder of the policy year April 28, 2014 to April 27, 2015 while maintaining the policy's tax-exempt status is \$108,947.68. This amount is a projected value based on certain assumptions including the assumed future growth of your fund value. This projection is only an estimate as of the date it was calculated. On the actual date a premium payment is made, the amount that can be accepted will be recalculated and will depend on various factors including the amount of insurance you have in force, the actual premium payments made in the policy year and the total fund value on that date. For example, if your fund value increases faster than assumed the maximum premium on the date we receive a premium may be lower than the one stated above. Any premium payments that exceed this amount will be transferred to the Side Account to maintain the tax-exempt status of your policy.





## Your ADVANTAGELife<sup>PLUS</sup> Quarterly Statement

Please review this statement carefully. If you believe any information in this statement is incorrect, please write or contact us at:

Transamerica Life Canada  
5000 Yonge Street  
Toronto ON M2N 7J8

**Attention: Life Products Operations, Client Services**

**Tel: 1-800-797-2643**

within forty-five (45) days from the date of this statement. If we do not hear from you within that timeframe, we will assume you agree with the information in this statement and that this statement is correct.

Thank you again for choosing Transamerica.

### Current mailing address

F.S. HOLDCO 1382415 ONTARIO LTD  
290 THE QUEENSWAY SOUTH  
KESWICK, ONTARIO  
L4P 2B3

TAB M



500-5000 Yonge Street  
Toronto, Ontario  
M2N 7J8

February 25, 2015

A. Farber & Partners Inc.  
Trustee in Bankruptcy  
Suite 1600 - 150 York Street  
Toronto, ON M5H 3S5

Dear Sir/Madam,

**Re: 1382416 Ontario Ltd & 1382415 Ontario Ltd, In Bankruptcy**

Thank you for the assignment in bankruptcy filed on December 8, 2014 that we received by fax on February 17, 2015 and by mail on February 18, 2015.

Please accept my apologies for the delay to our response.

The policies that are held by the debtor are Universal Life insurance and following is the information on the withdrawal made in year 2014:

Policy number	Life insured	Withdrawal
080203458	Lynn Marko	\$86,801.27 effective November 28, 2014. The funds were sent to Crate Holdings 1382416 Ontario Ltd.
080203459	Lynn Marko	\$86,801.27 effective November 28, 2014. The funds were sent to F.S. Holdco 1382415 Ontario Ltd.
080203460	Steven Crate	\$37,557.39 effective November 28, 2014. The funds were sent to F.S. Holdco 1382415 Ontario Ltd.
080203461	Steven Crate	\$37,557.39 effective November 28, 2014. The funds were sent to Crate Holdings 1382416 Ontario Ltd.

080203462	Gregory Crate	\$52,964.85 effective November 28, 2014. The funds were sent to Crate Holdings 1382416 Ontario Ltd.
080203463	Gregory Crate	\$52,964.85 effective November 28, 2014. The funds were sent to F.S. Holdco 1382415 Ontario Ltd.

Furthermore, these are the only policies the debtor has with us.

In addition, we have recorded the bankruptcy on these files and it will be considered whenever a request is received from the debtor to make changes, withdraw funds or surrender the policies. We will require a certificate of discharge.

If you have any questions, please send us a fax at 1-800-661-7296 or 416-883-5520.

Sincerely,

  
Munira Vadavji  
Customer Service Specialist  
Client Services

TAB N

Farber  
FINANCIAL GROUP

150 York Street  
Suite 1600  
Toronto, ON M5H 3S5  
Canada  
Office: 416-497-0150  
Fax: 416-496-3839  
www.farberfinancial.com

Peter Crawley, MBA, CPA, CA•CIRP

Direct: (416) 496-3507

Email: [pcrawley@farberfinancial.com](mailto:pcrawley@farberfinancial.com)

February 26, 2015

By Fax: 416-883-5520

Transamerica Life Canada  
5000 Yonge Street  
Toronto, ON M2N 7J8

Attn: Munira Jadavdji

Dear Ms. Jadavdji:

In the matter of the Receivership and Bankruptcy of 1382415 Ontario Limited and 1382416 Ontario Ltd.  
(the "Crate Holdcos")

Thank you for your correspondence dated February 25, 2015, wherein you have confirmed that six withdrawals occurred from the Universal Life Insurance policies of the Crate Holdcos.

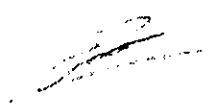
Policy No.	Life Insured	Withdrawal
080203458	Lynn Marko	\$86,801.27
080203459	Lynn Marko	\$86,801.27
080203460	Steven Crate	\$37,557.39
080203461	Steven Crate	\$37,557.39
080203462	Gregory Crate	\$52,964.85
080203463	Gregory Crate	\$52,964.85

Please provide us with copies of cancelled cheques (front and back), or if applicable, the bank account coordinates of the recipients if the funds were paid by direct transfer (wire transfer or otherwise).

Your immediate attention to this request is greatly appreciated.

Yours truly,

A. Farber & Partners Inc., in its capacity as  
Court Appointed Receiver and Bankruptcy Trustee

  
Per: Peter Crawley, MBA, CPA, CA, CIRP

**TAB O**



An AEGON Company

Transamerica Life Canada  
5000 Yonge Street  
Toronto, ON M2N 7J8

## FACSIMILE COVER SHEET

**To:** Peter Crawley  
**From:** Client Services  
**Fax:** 416-496-3839  
**Pages:** 7  
**Phone:**  
**Date:** March 3, 2015  
**Re:** Policy information  
**CC:**

☐ Urgent ☐ Confidential ☐ For Review ☐ Please Comment ☐ Please Reply

### Comments:

Good afternoon Peter,

Thank you for your fax inquiry.

As requested, I have attached copies of the surrender cheques for the below policies:

Policy 080203458

Policy 080203461

Policy 080203459

Policy 080203462

Policy 080203460

Policy 080203463

If you have any questions or need additional assistance, please feel free to e-mail us at [lifeservices@transamerica.ca](mailto:lifeservices@transamerica.ca) or call us at 1-800-846-5970 (Monday to Friday, 8 a.m. to 7 p.m. ET).

Thank you for choosing Transamerica, the Tomorrow Makers.

Debbie Lynn  
Client Service Specialist  
Client Services - Correspondence Unit  
Transamerica Life Canada  
Phone: 1-800-846-5970  
Fax: 1-800-661-7296  
E-mail: [lifeservices@transamerica.ca](mailto:lifeservices@transamerica.ca)  
Address: 5000 Yonge Street, Toronto, ON M2N 7J8

The contents of this fax transmission are intended for the use of the addressee only and may contain information that is privileged and confidential. If you are not the intended recipient, please be advised that any dissemination, distribution or copying of the content of this fax is strictly prohibited. If you have received this fax in error, please notify us immediately by calling the number noted above.





416-883-4829

13:29:11 03-01-2015

3/7



**TRANSAMERICA LIFE  
CANADA**

5000 Yonge Street, Toronto, ON M2N 7J8

Royal Bank of Canada  
200 Bay Street  
Royal Bank Plaza  
Toronto, Ontario M5J 2J5

Reference No.  
RAVINDV 12015181

Cheque No. 21375509

1 2 0 1 2 0 1 4

DATE M M D Y Y Y Y

PAY/PAYEZ

\*EIGHTY-SIX THOUSAND EIGHT HUNDRED ONE dollars and 27 cents

\$ \*\*\*86,801.27

TO THE ORDER OF / À L'ORDRE DE

F.S. HOLDCO 1382415 ONTARIO LT  
280 THE QUEENSWAY SOUTH  
KESWICK, ON  
L4P 2B3 CA

CAN

*[Signature]*  
DIGITIZED SIGNATURES ARE VALID ON CHEQUES UNDER \$250,000.00

\*21375509\* 10000200031 0001589100 \*0008680127\*

Policy # 080203459

Printer ID# 1021-M 1272463  
ID d'imprimeur-1021-M

Endorsement - Signature or Stamp	
Endorsement - Signature ou Timbre	
20102-004	09
THE TORONTO DOMINION BANK	
DEC 03 2014	
BACK TO BACK	
20102-004	

DOC: 201425477  
TORONTO ONTARIO

0300347321

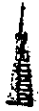
2700339700

1272463

416-883-4829

13:29:58 03-03-2015

4/7



**TRANSAMERICA LIFE  
CANADA**

5000 Yonge Street, Toronto, ON M2N 7J8

Royal Bank of Canada  
200 Bay Street  
Royal Bank Plaza  
Toronto, Ontario M5J 2J5

Reference No.  
RACHPAD 12015169

Cheque No. 21375502

1 2 0 1 2 0 1 4

DATE M M D Y Y Y Y

PAY/PAYEE

"THIRTY-SEVEN THOUSAND FIVE HUNDRED FIFTY-SEVEN dollars and 39 cents

TO THE ORDER OF / À L'ORDRE DE

F.S. HOLDCO 1382415 ONTARIO LT  
290 THE QUEENSWAY SOUTH  
KESWICK, ON  
L4P 2B3 CA

\$

37,557.39

CAN

*[Signature]*  
DIGITIZED SIGNATURES ARE VALID ON CHECKS/LS UNDER 1344.000.00

⑈ 21375502⑈ ⑆00002⑈003⑆

000⑈889⑈0⑈

⑈0003755739⑈

Policy + 080203460

Printer ID# 1021-M

ID# 1021-M

212461

22003-104 05  
THE TORONTO MICHIGAN 2400

DEC 03 2014

22003-104 05  
22003-104 05

DEC 2014 1204  
TORONTO, ONTARIO

22003-104 05

BACK VERIFICATION

212461

3755739

212461  
3755739

416-883-4829

13:30:41

03-03-2015

5/7



TRANSAMERICA LIFE  
CANADA

5000 Yonge Street, Toronto, ON M2N 7J8

Royal Bank of Canada  
200 Bay Street  
Royal Bank Plaza  
Toronto, Ontario M5J 2J5

Reference No.  
PANJALT 12013163

Cheque No. 21375498

1 2 0 1 2 0 1 4  
DATE M M D D Y Y Y Y

PAY/PAYEE

\*\*THIRTY-SEVEN THOUSAND FIVE HUNDRED FIFTY-SEVEN dollars and 39 cents

TO THE ORDER OF / À L'ORDRE DE

GRATE HOLDINGS 1382416 ONTARIO  
290 THE QUEENSWAY SOUTH  
KESWICK, ON  
L4P 2B3 CA

\$ 37,557.39

CAN

*[Signature]*  
DIGITIZED SIGNATURES ARE VALID ON CHEQUES UNDER SIGNATURE

⑈21375498⑈ ⑆00002⑈003⑈ 000⑈689⑈0⑈ ⑆0003755739⑈

Policy # 080203461

Printed ID# 1021-M  
ID# 1021-M 1021-M 1021-M

22902404  
THE TRANSAMERICA LIFE  
DEC 03 2014  
ENDORSEMENT - Signature of Signatory  
ENDORSEMENT - Signature of Intervener  
BACK TO PERSON  
20141204

DEC 2014  
KESWICK, ONTARIO

080203461

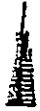
3700355386

0722  
00000000  
92

416-883-4829

13:31:21 03-03-2015

6/7



TRANSAMERICA LIFE  
CANADA

5000 Yonge Street, Toronto, ON M2N 7J8

Royal Bank of Canada  
200 Bay Street  
Royal Bank Plaza  
Toronto, Ontario M5J 2J5

Reference No.  
RACHPAD 12015162

Cheque No. 21375503

1 2 0 1 2 0 1 4

DATE M M D D Y Y Y Y

PAY/PAYEE

"FIFTY-TWO THOUSAND NINE HUNDRED SIXTY-FOUR dollars and 88 cents

TO THE ORDER OF / À L'ORDRE DE

CRATE HOLDINGS 1382416 ONTARIO LTD.  
280 THE QUEENSWAY SOUTH  
KESWICK, ON  
L4P 2B3 CA

\$  52,984.88

CAN

  
ENDORSED SIGNATURES ARE VALID ON CHEQUES UNDER 150,000.00

⑈21375503⑈ ⑆00002⑈003⑈ 000⑈689⑈0⑈ ⑆0005296485⑈

Policy # 080203462

Printed 104-1021-M  
104-1021-M 1272462

22403-004  
THE TRANSAMERICA LIFE  
080203462  
22403-004

BACKMERSO (M10)

080203462

416-883-4829

13:32:04 03-03-2015

7/7



**TRANSAMERICA LIFE  
CANADA**

5000 Yonge Street, Toronto, ON M2N 7J8

Royal Bank of Canada  
200 Bay Street  
Royal Bank Plaza  
Toronto, Ontario M5J 2J5

Reference No.  
RAVINOV 12015164

Cheque No. 21375510

1 2 0 1 2 0 1 4

DATE M M D D Y Y Y Y

PAY/PAYEE

\*\*FIFTY-TWO THOUSAND NINE HUNDRED SIXTY-FOUR dollars and 85 cents

\$ \*\*52,964.85

TO THE ORDER OF / A L'ORDRE DE

F.S. HOLDCO 1382415 ONTARIO LT  
290 THE QUEENSWAY SOUTH  
KESWICK, ON  
L4P 2B3 CA

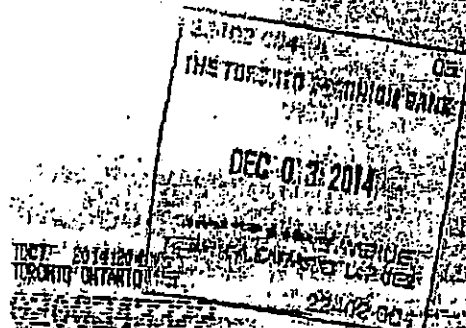
CAN

*Signature*  
PRINTED SIGNATURES ARE VOID ON CHECKS UNDER 254/96/05

⑈21375510⑈ ⑆00002⑆003⑆ 000⑆689⑆0⑆ ⑆0005296485⑆

Policy # 080203463

Printer ID# 1021-M  
ID # Imprimé# 1021-M 1272469



BACK VERSO

5009386

**IN THE MATTER OF THE RECEIVERSHIP OF  
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,  
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,  
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

**IN THE MATTER OF THE BANKRUPTCY OF  
CRATE MARINE SALES LIMITED**

Court File No. 31-1932502

**IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE  
& SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648  
ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

Court File No.: 31-193502  
Court File No.: 31-193534  
Court File No.: 31-193548  
Court File No.: 31-193557  
Court File No.: 31-193540  
Court File No.: 31-193555  
Court File No.: 31-193553

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceedings commenced at  
Toronto**

**MOTION RECORD OF THE RECEIVER AND TRUSTEE**

**GOLDMAN SLOAN NASH & HABER LLP**

480 University Avenue, Suite 1600  
TORONTO, ON M5G 1V2  
Fax: 416-597-3370

**Michael B. Rotsztein (LSUC #: 17086M)**

Tel: 416-597-7870  
Email: [rotsztein@gsnh.com](mailto:rotsztein@gsnh.com)

**R. Brendan Bissell (LSUC #: 40354V)**

Tel: 416-597-6489  
Email: [bissell@gsnh.com](mailto:bissell@gsnh.com)

Lawyers for A. Farber & Partners Inc. in its capacities as the Court  
appointed Receiver and as the trustee in bankruptcy of Crate Marine  
Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited,  
1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario  
Ltd., and 1382416 Ontario Ltd.