

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL 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.

**THIRD SUPPLEMENTARY REPORT TO THE
TENTH REPORT OF THE RECEIVER**

Dated: June 9, 2015

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TO: THE SERVICE LIST

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Confidential Appendix “A” Updated list of contested claims as of June 8, 2015 (unredacted)

TAB 1

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL 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.

**THIRD SUPPLEMENTARY REPORT TO THE
TENTH REPORT OF THE RECEIVER**

June 9, 2015

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Confidential Appendix “A” Updated list of contested claims as of June 8, 2015 (unredacted)

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL 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.

**THIRD SUPPLEMENTARY REPORT TO THE
TENTH REPORT OF THE RECEIVER**

JUNE 8, 2015

A. Farber & Partners Inc., in its capacity as the Court appointed Receiver (the “**Receiver**”) of Crate Marine Sales Limited (“**CMS**”), 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. All capitalized terms have the meaning given to them in the Tenth Report of the Receiver dated May 15, 2015 (the “**Tenth Report**”).
2. This report (the “**Third Supplementary Report**”) is to supplement the Tenth Report and regarding the process by which the Receiver proposes that contested claims made pursuant to the Property Claims Procedure Order dated December 23, 2014 (the “**PCPO**”) be determined.

3. The Receiver's initial motion in that regard was heard on May 22, 2015 before the Honourable Madam Justice Conway. Her Honour directed, among other things, that the Receiver prepare a further proposed process instead of the one referred to in the Tenth Report. Her Honour's endorsement in that regard specifically noted the following:

The Receiver originally sought to have a case management master appointed as Property Claims officer. I advised that this was not possible. I also told counsel that I do not want to tax the Commercial List judges with all of these disputes. Counsel are directed to come up with a better process and return to me for further directions – see para. 25 of Order.

4. A copy of the Second Claims Order of Justice Conway dated May 22, 2015 is attached as **Appendix "A"** and a copy of the accompanying endorsement is attached as **Appendix "B"**.

5. The Receiver has considered the issues further, and has engaged in discussions with counsel for certain of the claimants at issue and with Krates Keswick Inc. ("**KKI**"), which will both be a claimant in certain of the disputes and will also in most cases be retaining possession of the disputed items pending determination of the relevant disputes (including in cases where the dispute is among third parties). The Receiver accordingly proposes that the following procedure be applied for all such claims.

LIMITATION OF REVIEW

6. A. Farber & Partners Inc. in its capacity as 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, except as specifically noted in this Third Supplementary 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 Third Supplementary Report for the sole use of the Court and of the other stakeholders in these proceedings.

A) FURTHER PROPOSED PROCEDURE TO RESOLVE DISPUTED CLAIMS

7. As described more fully in the Tenth Report (a copy of which is attached without appendices as **Appendix "C"**) at paragraphs 52 to 58, there are a number of claims that have

not been resolved through the processes in the PCPO by which the Receiver reviewed and, where appropriate, disallowed claims made.

8. The claims that have not been resolved are contested either because the Receiver has been unable to make a determination as to which claimant between or among competing claimants should have their claim allowed, or because the Receiver's disallowance was disputed by the claimant. The Receiver refers to all such claims as "contested" claims.

9. Some of the contested claims had been in respect of items not in the possession of the Receiver as of the date of its appointment. Those claims were dismissed by paragraph 24 of the Second Claims Order, as counsel for the claimant with those three claims and counsel for the Receiver agreed that such dismissal would be without prejudice to that claimant's right to either seek further information from the Receiver in respect of the transactions underlying the claims (without agreeing that there is any such right or the terms that should apply), or to seek remedies other than under the PCPO.

10. The remaining contested claims are accordingly now comprised of the first two categories previously described in the Tenth Report, namely:

- (a) instances involving two (or more) Item Claims filed for the same boat or other asset by third parties; or
- (b) instances where an asset may properly belong to the Companies, but for which an Item Claim has been filed by a third party.

11. The claims in category (a) do not involve the interests of the Companies or their stakeholders.

12. The claims in category (b) do involve the prior interests of the Companies or their stakeholders, but by virtue of the sale of all of the assets of the Companies under the stalking horse agreement of purchase and sale that was completed on April 10, 2015 all of the Companies' right, title and interest in such claims was conveyed to KKI. KKI is accordingly the entity with the economic interest in such claims going forward.

13. The Supplementary Report to the Tenth Report of the Receiver dated May 21, 2015 attached the list of contested claims as of that date. That report also attached a list of disallowed

claims, which included some claims for which notices of dispute could be filed within the 14 day period provided in the PCPO up to and including June 4, 2015. As that time has now passed, the final list of contested claims (the “**Contested Claims**”) is now known and is attached as **Appendix “D”** with redactions for identifying information about claimants, and as **Confidential Appendix “A”** with such information included.

14. Aside from the claims of 2124915 Ontario Inc. (“**212**”) as landlord of the Lagoon City marina to certain chattels located at that site, there are no other Contested Claims at the Lagoon City facility formerly operated by the Companies. All such claims are at the Keswick and Willow Beach facilities, which are now operated by KKI.

15. As a result, and in consideration of the directions of Justice Conway in the May 22, 2015 endorsement regarding judicial resources, the Receiver now proposes that the venue for determination of Contested Claims essentially be the responsibility of the relevant claimants to select as between the appropriate branches (as between Small Claims Court and Superior Court) and judicial districts of the Court, or by arbitration pursuant to the *Arbitrations Act, 1991* if agreed to by the parties.

16. The procedure proposed by the Receiver, which is more fully set out in the draft Third Claims Order it now seeks as attached at **Appendix “E”**, may be summarized as follows:

- (a) The parties to a contested claim shall be the persons who submitted a Proof of Property Claim form to the Receiver for the item(s) in dispute, or in the case of a claim by a person to an item that may have been the property of the Companies, KKI (the “**Parties**”);
- (b) Parties to a Contested Claim must start their own proceeding to seek an adjudication of that claim. It should be before whatever branch of the Court (such as Small Claims or Superior Court of Justice) and before whatever judicial district that is required by the *Courts of Justice Act* or the *Rules of Civil Procedure*. Parties may also proceed by private arbitration pursuant to the *Arbitrations Act, 1991* if they consent;
- (c) If any parties desire to have a Contested Claim determined on the Commercial List, they must comply with the requirements of Consolidated Practice Direction Concerning the Commercial List dated April 11, 2014, and in particular Parts II and IV thereof concerning what matters may be issued on, or transferred to the Commercial List;

- (d) Until there is a resolution of a Contested Claim through either an adjudication or through the consent of the Parties:
 - i) in the case of the items subject to Contested Claims that are located at the Keswick and Willow Beach facilities formerly operated by the Companies KKI, shall hold all such items. KKI shall only be liable for any loss or damage in connection with those items that is the result of gross negligence or wilful misconduct of KKI, which are the same terms as those on which KKI stores the property of its customers, and
 - ii) in the case of the claims of 212, the terms of interim possession were set by the Endorsement of the Honorable Mr. Justice Pattillo dated April 30, 2015, which shall continue;
- (e) KKI shall be paid for its storage services and is entitled to rely on a storer's lien pursuant to the *Repair and Storage Liens Act* (the "**RSLA**") such that it is not obliged to release any items after adjudication or consent of the parties without payment;
- (f) Parties must commence a proceeding in respect of a Contested Item within 60 days of the Order, failing which KKI may proceed to sell the item under the *Repair and Storage Liens Act*; and
- (g) The Receiver shall provide to each claimant to a Contested Claim the name and contact information for the other claimant(s) including any counsel or other representative, and a copy of all documents delivered pursuant to the PCPO. This will be done by e-mail or mail within 10 days of the date of the Order. Following the provision of such information and documents, the Receiver and Trustee shall have no further obligation or role in respect of Contested Claims.

17. This proposed procedure refers to the Endorsement of Justice Pattillo dated April 30, 2015. A copy of that endorsement as well as a typed transcription is attached as **Appendix "F"**.

18. As noted in paragraph 16(g), in order for this proposed procedure to work, the parties to a contested claim need to be able to communicate with each other and to know the basis of the dispute in order to then either resolve the dispute or seek an adjudication of it. To date the Receiver has attempted to keep the personal details of claimants confidential and out of the public Court record, but insofar as claimants to contested claims now have disputes that require resolution, the limited disclosure to parties to the same claim of this information and documentation appears necessary.

All of which is respectfully submitted this 9th day of June, 2015.

A. FARBER & PARTNERS INC.

**COURT-APPOINTED RECEIVER 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.**

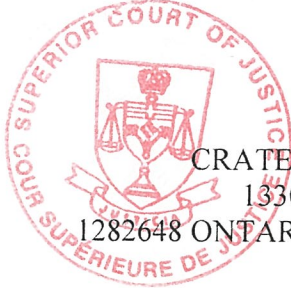
A handwritten signature in black ink that reads "Stuart Mitchell". The signature is written in a cursive style with a horizontal line underneath the name.

Per: Stuart Mitchell
Senior Vice President

TAB A

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

THE HONOURABLE MADAM) FRIDAY, THE 22ND
JUSTICE CONWAY) DAY OF MAY, 2015



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.

SECOND CLAIMS ORDER

THIS MOTION, made by A. Farber & Partners Inc. in its capacity as the Court-appointed Receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties (collectively, the “**Property**”) 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 “**Debtors**”) for an order, amongst other things, (1) approving the Eighth Report of the Receiver dated April 14, 2015 (the “**Eighth Report**”), the Ninth Report of the Receiver dated April 28, 2015 and the Supplement thereto dated May 15, 2015 (collectively, the “**Ninth Report**”), the Tenth Report of the Receiver dated May 15, 2015 (the “**Tenth Report**”) and the Supplementary Report thereto dated May 21, 2015 (the “**Supplement**”) (2) approving the fees and disbursements of the Receiver and its counsel, Goldman Sloan Nash & Haber LLP (“**GSNH**”) for the period February 9, 2015 to April 30, 2015, and (3) authorizing the Receiver to take certain steps for the purposes of the Receiver’s administration of the property claims process in respect of boats and other tangible personal property in the Debtors’ possession pursuant to the Property Claims Procedure Order dated December 23, 2014 (the “**PCPO**”) and the Claims Order dated March 31 2015 (the “**Claims Order**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Eighth Report and the Ninth Report, and the Tenth Report, the Supplement and the appendices thereto, and the affidavits of the Receiver and its counsel as to fees (the "**Fee Affidavits**") and on hearing the submissions of counsel for the Receiver and the other parties appearing on the counsel slip, no one appearing for any other person on the service list, although duly served as appears from the affidavits of service of Sanja Sopic sworn May 19, May 20, and May 22, 2015, filed.

1. **THIS COURT ORDERS** that the time for service and filing of the Receiver's Notice of Motion and the Motion Record is hereby abridged and the service thereof is hereby validated so that this motion is properly returnable today and further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS** that the Eighth Report, the Ninth Report, the Tenth Report and the Supplement, and the activities, decisions, and conduct of the Receiver and its counsel as set out in such Reports, be and hereby are approved, provided that such approval shall not extend to the recommendations of the Receiver with respect to the manner of adjudication of the contested claims as set out in the Tenth Report.

3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel GSNH for the period February 9, 2015 to April 30 2015, as set out in the Tenth Report and the Fee Affidavits, be and hereby are approved.

4. **THIS COURT ORDERS** that unless otherwise defined, the capitalized terms used in this Order shall have the meaning ascribed to them in the PCPO.

5. **THIS COURT ORDERS** that, for purposes of administering the PCPO and discharging its duties thereunder the Receiver be and hereby is authorized, in addition to those Property Claims referred to in paragraph 4(a) of the Claims Order, to accept within the meaning of the PCPO those additional Property Claims made under the PCPO that the Receiver has approved as cumulatively included in **Appendix "B"**, and **Confidential Appendix "A"** to the Supplement (collectively, the "**Accepted Property**"). For greater certainty, but subject to the provisions of paragraph 6 of this Order, the provisions of paragraph 6 of the Claims Order shall continue to apply to all the tangible personal property for which Property Claims are authorized for acceptance in the Claims Order or this Order.

6. **THIS COURT ORDERS** that the provisions of paragraph 4(d) of the Claims Order shall no longer be in force or effect and the Receiver shall not administer, accept or disallow any Property Claims filed after the issuance of this Order, which Property Claims shall be of no force or effect.

7. **THIS COURT ORDERS** that commencing on June 1, 2015 the release of the Accepted Property remaining at the Keswick and Willow Beach marinas (collectively, the “**KKI Marinas**”) formerly operated by the Debtors and now operated by Krates Keswick Inc. (“**KKI**”) shall be administered solely by KKI in accordance with the terms of the protocol attached as **Schedule “A”** hereto, and effective as at June 1, 2015 the Receiver shall be released and discharged from all further duties and liabilities pursuant to the PCBO, the Claims Order, this Order and all other Orders in these proceedings in respect of such Accepted Property and the Property Claims therefor.

8. **THIS COURT ORDERS** that commencing on June 1, 2015 the release of the Accepted Property remaining at the Lagoon City (Brechin) marina (the “**Lagoon City Marina**”) formerly operated by the Debtors and now operated by Pride Marine Group Ltd. (“**Pride**”) shall be administered solely by Pride in accordance with the terms of the protocol attached as **Schedule “A”** hereto, and effective as at June 1, 2015 the Receiver shall be released and discharged from all further duties and liabilities pursuant to the PCBO, the Claims Order, this Order and all other Orders in these proceedings in respect of such Accepted Property and the Property Claims therefor.

9. **THIS COURT ORDERS AND DECLARES** that, pursuant to the provisions of the PCPO and this Order, any and all Claimants or potential Claimants to the unclaimed boats and other tangible personal property set out in **Schedule “B”** hereto (collectively, the “**Unclaimed Property**”) be and they hereby are forever barred from making or enforcing any Property Claims or other claims against the Unclaimed Property or the proceeds thereof.

10. **THIS COURT ORDERS AND DECLARES** that the Unclaimed Property shall be liquidated pursuant to an auction services agreement between the Receiver and Hilco Asset Sales Canada (the “**Agent**”) substantially in the form attached as **Appendix “F”** to the Supplement (the “**Auction Services Agreement**”), the terms of which are hereby approved The execution of

the Auction Services Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the purposes of the implementation and completion of the Auction Services Agreement.

11. **THIS COURT ORDERS AND DECLARES** that upon the delivery by the Agent of an executed bill of sale to the purchaser of an item of Unclaimed Property (individually the “**Purchaser**” and collectively, the “**Purchasers**”), any and all of the right, title and interest of the respective Debtors and all other Persons in such item of Unclaimed Property shall vest absolutely in the Purchaser free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Penny dated November 21, 2014 in the Notice of Intention to Make a Proposal proceedings of certain of the Debtors (Court File No. 31-1932502 et al.) or by the Amended Order of the Honourable Mr. Justice Newbould dated December 8, 2014 in these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system.

12. **THIS COURT ORDERS** that the net proceeds of the Auction Services Agreement paid to the Receiver by the Agent shall be held in trust by the Receiver pending further Order of this Court determining entitlement to such net proceeds, provided that nothing in this Order shall prejudice the rights of KKI and Pride to assert claims against such net proceeds in respect of any costs, losses or expenses that they incur as a result of the Auction Services Agreement and the provisions of paragraphs 17 and 21, respectively, of this Order.

13. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings; and

- (b) the pendency of the bankruptcy proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors,

the Auction Services Agreement and the vesting of the Unclaimed Property in the Purchasers pursuant to this Order shall be binding on the trustee in bankruptcy appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

14. **THIS COURT ORDERS AND DECLARES** that the Auction Services Agreement and the vesting of the Unclaimed Property in the Purchasers are exempt from the application of the Bulk Sales Act (Ontario).

15. **THIS COURT ORDERS** that paragraphs 10 to 14, above, shall be in full force and effect, unless ~~counsel for KKI advises~~ ^{provides} counsel for the Receiver ~~in writing~~ prior to 5:00pm on May 25, 2015 ~~of an objection~~, in which case further direction of the Court shall be sought by the Receiver.

16. **THIS COURT ORDERS AND DECLARES** that, subject to the provisions of paragraph 12 of this Order, until July 31, 2015, without any charge or other consideration payable to KKI by the Receiver, (a) the Unclaimed Property at the KKI Marinas shall remain at the KKI Marinas, and (b) the Agent, prospective purchasers of Unclaimed Property and the Purchasers, and their respective employees, agents and representatives, shall be entitled to access to the KKI Marinas at all times when the KKI Marinas are open for business in order to permit the sale of the Unclaimed Property at the KKI Marinas, and all preparation therefor, to take place in accordance with the provisions of the Auction Services Agreement and the removal of Unclaimed Property by the Purchasers thereof.

17. **THIS COURT ORDERS AND DECLARES** that at 11:59 p.m. on July 31, 2015 any and all of the right, title and interest of the respective Debtors and all other Persons in any and all Unclaimed Property at the KKI Marinas not sold by the Agent (**collectively, the KKI Marinas Unclaimed Property**) shall vest absolutely in KKI free and clear of and from any and all

BC
at a
9:30
appointment.
PS

with a further proposed auction agreement that is on better commercial terms in the opinion of the Receiver

security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Penny dated November 21, 2014 in the Notice of Intention to Make a Proposal proceedings of certain of the Debtors (Court File No. 31-1932502 et al.) or by the Amended Order of the Honourable Mr. Justice Newbould dated December 8, 2014 in these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system.

18. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings; and
- (b) the pendency of the bankruptcy proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors,

the vesting of the KKI Marinas Unclaimed Property in KKI pursuant to this Order shall be binding on the trustee in bankruptcy appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

19. **THIS COURT ORDERS AND DECLARES** that the vesting of the KKI Marinas Unclaimed Property in KKI pursuant to this Order is exempt from the application of the Bulk Sales Act (Ontario).

20. **THIS COURT ORDERS AND DECLARES** that, subject to the provisions of paragraph 12 of this Order, until July 31, 2015, without any charge or other consideration payable to Pride by the Receiver, (a) the Unclaimed Property at the Lagoon City Marina shall remain at the Lagoon City Marina, and (b) the Agent, prospective purchasers of Unclaimed Property and the Purchasers, and their respective employees, agents and representatives, shall be

entitled, to access to the Lagoon City Marina at all times when the Lagoon City Marina is open for business in order to permit the sale of the Unclaimed Property at the Lagoon City Marina, and all preparation therefor, to take place in accordance with the provisions of the Auction Services Agreement and the removal of Unclaimed Property by the Purchasers thereof.

21. **THIS COURT ORDERS AND DECLARES** that at 11:59 p.m. on July 31, 2015 any and all of the right, title and interest of the respective Debtors and all other Persons in any and all Unclaimed Property at the Lagoon City Marina not sold by the Agent (**collectively, the Lagoon City Marina Unclaimed Property**) shall vest absolutely in Pride free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Penny dated November 21, 2014 in the Notice of Intention to Make a Proposal proceedings of certain of the Debtors (Court File No. 31-1932502 et al.) or by the Amended Order of the Honourable Mr. Justice Newbould dated December 8, 2014 in these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system.

22. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings; and
- (b) the pendency of the bankruptcy proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors,

the vesting of the Lagoon City Marina Unclaimed Property in Pride pursuant to this Order shall be binding on the trustee in bankruptcy appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or

provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

23. **THIS COURT ORDERS AND DECLARES** that the vesting of the Lagoon City Marina Unclaimed Property in Pride pursuant to this Order is exempt from the application of the Bulk Sales Act (Ontario).

24. **THIS COURT ORDERS AND DECLARES** that the Dispute Notices filed by the Claimants with the Property Claims set out at item 10-12 of **Appendix "D"** and **Confidential Appendix "C"** to the Supplement be and are hereby dismissed and the Notices of Disallowances delivered by the Receiver in respect thereof shall be final and binding.

25. **THIS COURT ORDERS** the portion of the relief sought in paragraph 2(c) of the Receiver's Notice of Motion pertaining to the process by which the claims of the respective Claimants entitled to the Property listed in the Property Claims set out in **Appendix "D"** and **Confidential Appendix "C"** to the Supplement (collectively, the "**Contested Property Claims**") will be adjudicated be and hereby is adjourned to a date to be set in the week of June 1, 2015 before the Honourable Madam Justice Conway.

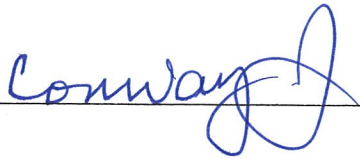
26. **THIS COURT ORDERS** that, for the further hearing referred to in paragraph 25, above, the Receiver prepare a further recommendation for the Court respecting the method by which the Contested Property Claims be adjudicated in which the respective claimants will bring or continue proceedings to determine the Contested Property Claims

27. **THIS COURT ORDERS** that the Receiver provide to all claimants who have a Contested Property Claim of (a) the Receiver's further recommendation pursuant to paragraph 26, above, (b) the Receiver's proposal to seek an Order that it be authorized and directed to provide the names and copies of the Property Proofs of Claim and other documents issued under the PCPO in respect of each Contested Property Claim to the relevant claimants, and (c) and a copy of this Order.

BC ✓ and a request ✓
for consent to
that relief

[9]

28. **THIS COURT ORDERS** that Confidential Appendices "A", "B", and "C" to the Supplement be sealed until further Order of this Court.



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



MAY 22 2015

Schedule "A"

Protocol

1. Unless otherwise defined herein, the capitalized terms used in this protocol shall have the meanings given to them in the Property Claims Procedure Order dated December 23, 2014 (the "PCPO") or the Second Claims Order dated May 22, 2015, as the case may be. For the purposes of the Keswick and Willow Beach marinas, "Accepted Property" shall mean the Accepted Property remaining at such locations on June 1, 2015 and "Occupier" shall mean KKI. For the purposes of the Lagoon City marina in Brechin, "Accepted Property" shall mean the Accepted Property remaining at such location on June 1, 2015 and "Occupier" shall mean Pride.
2. Without any charge or other consideration, the Occupier shall release the Accepted Property to Claimants only in accordance with this protocol or any further order of the Court, provided that the Occupier shall not be liable for any actions or omissions in connection with this protocol save and except for matters involving the gross negligence or wilful misconduct of the Occupier.
3. The persons responsible for supervising compliance with this Protocol at the Keswick and Willow Beach marinas and at the Lagoon City (Brechin) marina, respectively, shall be ■ and ■, or their respective designates.
4. The Occupier may release Accepted Property to a Claimant only where:
 - a. A Property Claim for the corresponding Accepted Property has been approved by the Receiver as evidenced by the Claimant and such Accepted Property being listed on the "Approved" Worksheet dated May ■, 2015 (the "Approved Worksheet");
 - b. If the Claimant is one or more individuals, each listed Claimant produces to the Occupier an original valid and current (i) driver's license with a photograph of the Claimant issued by a Canadian province or US state, (ii) passport issued by a sovereign nation with a photograph of the Claimant, or (iii) other similar government-issued photo identification, in order to substantiate that the Claimant requesting the release of the Accepted Property is the corresponding Claimant listed on the Approved Worksheet. The Occupier shall take true and complete copies the items of identification it accepts from each Claimant; and
 - c. If the Claimant is a corporation, the representative of the Claimant produces to the Occupier (i) satisfactory evidence that the representative of the Claimant has been authorized by the Claimant to take possession of the Accepted Property, and (ii) personal

identification for the representative in accordance with section 4(b) hereof, in order to substantiate that the Claimant requesting the release of the Accepted Property is the corresponding Claimant listed on the Approved Worksheet and the representative is the duly authorized agent of the Claimant. The Occupier shall retain the originally signed letter from the Claimant and shall take true and complete copies of the items of identification it accepts from each representative of a Claimant.

5. In the event that the Occupier determines in accordance with section 4 that a Claimant is entitled to have released to it a specific boat that is Accepted Property, the Occupier may also release to such Claimant trailers stored underneath such boat or dinghies and other property such as tables, barbecues and life jackets, stored aboard a boat. However, in instances where any item of the type listed in this section 5 is not underneath or aboard a boat, the Occupier shall not release the item to a Claimant unless the item appears separately on the Approved Worksheet and the Occupier follows the procedures set out in section 4.
6. In the case of:
 - a) Keswick and Willow Beach, the Occupier shall be entitled but not required, to withhold releasing Accepted Property to any Claimant who has not paid any outstanding accounts for materials or services supplied to the Claimant by the Companies or the Receiver. As the assignee of the accounts receivable pursuant to the Sale Agreement dated February 8, 2015, KKI shall be entitled to all amounts collected from Claimants in respect of such outstanding accounts; and
 - b) Lagoon City, the Occupier shall be required, to withhold releasing Accepted Property to any Claimant who has not paid any outstanding accounts for materials or services supplied to the Claimant by the Companies or the Receiver. As KKI is the assignee of the accounts receivable pursuant to the Sale Agreement dated February 8, 2015, any such Claimant shall be referred by the Occupier to contact KKI to arrange for payment directly to KKI or to otherwise resolve the outstanding accounts to the satisfaction of KKI, and the Occupier shall not release the Accepted Property in question unless and until KKI has advised the Occupier in writing (including by e-mail) that the outstanding accounts have been resolved.
7. Any matter requiring determination pursuant to, or disputes under, this protocol shall be resolved solely and exclusively by the Court upon motion brought on notice by the Occupier, the relevant Claimant or any other interested Person.

8. The Occupier shall maintain accurate records in respect of the Accepted Property it has released to Claimants, including copies of personal identification and original corporate Claimant authorization letters that the Occupier is required to obtain in accordance with sections 4(b) and (c). Such records or copies thereof shall be made available to (a) the Court upon its request and (b) other interested Persons upon Order obtained on motion to the Court.
9. This protocol shall continue to be in force and effect until the Occupier is no longer in possession of any Accepted Property or until such other time as determined by an Order of the Court.

Schedule "B"

Willow Beach Customer Boats Listing

20-May-15

Cust #	Location #	HULL NUMBERS	BOAT MAKE	Status	Comments
1575	24	TARPED		Unclaimed	
1407		LIC#86E1629 -30HP		Abandoned and Unclaimed	
	7	CYG28329C989		Unclaimed	
	33	STR21CKG192		Unclaimed	
8842		PNYUS31VJ708	STINGRAY	Unclaimed	
	10	MAB04695H394		Unclaimed	
	12	TRB00140K506		Unclaimed	
1670	39	ZGR20010M687		Unclaimed	
1456	22	TARPED		Unclaimed	
1312	47	MXPA90NFA202	MAXUM	Unclaimed	
1346		CHK45846F900	BAJA	Unclaimed	
	5	TARPED		Unclaimed	
5427	41	VMX28061B999	VELOCITY	Unclaimed	
	65	MBCNRCM1A010	MASTERCRAFT	Unclaimed	
		YDV30626F808	SEADOO GTX	Unclaimed	
		LIC #50E95503	SUNRAY	Abandoned and Unclaimed	
		FGB81422F292	CHAPARRAL	Abandoned and Unclaimed	
		ZZN12387L102	SEADOO	Unclaimed	
		PLR52045J910	POLARCRAFT	Unclaimed	
		LAR72135G304	LARSON	Unclaimed	
		LIC#50E60553-MARY ANN	CRESTLINER	Abandoned and Unclaimed	

Quebec Customer Boats Listing
20-May-15

#	Picture No.	Details	Registration/Immat	Owner	Status
10		16 Carver 30		Gaétan Lafèche	Unclaimed
19		42 27' Chaparal	QC491913	Martin Paquette	Unclaimed
		Ferraiolo 19 '(pétoncles)		Cie. Pietracoup & Ass. Inc.	Unclaimed
		Bateau Constellation 23		Cie. Pietracoup & Ass. Inc.	Unclaimed
		Celebrity 26 'Bateau Owner		Cie. Pietracoup & Ass. Inc.	Unclaimed
		Brig Zodiac - Pietracupa		Cie. Pietracoup & Ass. Inc.	Unclaimed
		Bastien - 1950 Chriscraft Roover 30'		Gilles Bastien	Unclaimed
22	113 & 114	Carver 360SS		Alain Breton	Unclaimed
28		123 30' Rampage		Daniel Legault	Unclaimed
30		125 35' Chaparal 350	QC1649871	Michel Roy	Unclaimed

Keswick
20-May-15

SLIP#	DOCK/Map	Location	BOAT REG#	BOAT NAME	BOAT DESC	HULL #	STATUS
12 111	116	7	229 50E90809	NAUGHTY BOUY	1980 30' TROJAN		Unclaimed
45		7	191		MAXUM	MXPA05NNG304	Abandoned and Unclaimed
89		9	258		SeaRay	01 JAN 15	Abandoned and Unclaimed
118		9	265		Sea Ray	01 JAN 15- SER030720583	Abandoned and Unclaimed
125 92	97	16	491 ONI395421?		2008 FOUR WINNS	GFNMN092L809	Unclaimed
203		1	1		30 CARVER	CDR10028A393	Abandoned and Unclaimed
239		9	255		CARVER	CDRS81191405	Unclaimed
249-253B	478	9	256-80E12831		97-PRECISION, SAHBOAT	PGW242341697	Abandoned-and-Unclaimed
314		2	29 86E17855		CARVER	CDRV0049B090	Abandoned and Unclaimed
325		2	25		Carver		Abandoned and Unclaimed
344 246B	464	7	211 FL5640JA		AQUA SPORT 1997		Unclaimed
386 451	427	6	98 59E48013	SUMMER BREEZE	2005 REGAL 2465	RGMH428J708	Unclaimed
390		2	30		26 FOUR WINNS	GFNCC139D202	Unclaimed
442		9	254	OUR RETREAT	36 CARVER	CDR600440182-82	Unclaimed
498		7	215 TR. PL#J9061V		BLUE YAMAHA SPEEDSTER	YAMCP4261405/412BDTU225108101	Unclaimed
502	FIELD		59E10703	MOM'S LEGACY	MACREGOR SAILBOAT	MACW4187E393	Abandoned and Unclaimed

Lagoon City Customer Boats Listing
20-May-15

Location	Slip #	Boat Name	Make	Boat Size	hull #	Status
Pier2-South	250		ALBIN 34		AUL32186J798	Unclaimed
Pier5-North	511	SAND DOLLAR	Carver	28'	CDR0047485	Unclaimed
Pier5-North	514				ZTH29237E787	Unclaimed
	38				REG 50E18569	Abandoned and Unclaimed
			ON A TRAILER		LIC H94 05E	Unclaimed
	63		SEA RAY		21 SCRAP	Abandoned and Unclaimed
	65	KISMET	SAILBOAT		23 REG# 50E 94446	Abandoned and Unclaimed
	68	EPIPHANY	SAILBOAT		28 REG# 24E13095	Abandoned and Unclaimed
	69	ANGEL	MIRAGE SAIL		24 REG#32E24037	Abandoned and Unclaimed
			ON A TRAILER		Y67 903	Unclaimed
	78	BOO	SAIL/TRAIL		26 ??IN00318583	Abandoned and Unclaimed
	84		SUNBIRD PONTOON		20 SB2W1090L192	Unclaimed
	86		BAYLINER		28 REG# 50E-132120	Abandoned and Unclaimed
			TRAILER			Abandoned and Unclaimed
	87		HOLIDAY MANSION		40 HMH00862E585	Abandoned and Unclaimed
	95	ROUGH DRAFT	SAILBOAT		33	Unclaimed
	98					Abandoned and Unclaimed
	106	DOGS FERRY	SAILBOAT			Abandoned and Unclaimed
	107				TRAILER L95-45C	Unclaimed
	122	REG#6E5042	GRAMPION SAILBOAT		26 REG#6E5042/XDYM0266M75H	Abandoned and Unclaimed
	123		SILVERTON		31	Unclaimed
	124		TANZER SAIL		31 ZTI81025A585	Abandoned and Unclaimed
	128		TANZER SAIL		28 TAN280480673	Abandoned and Unclaimed
	130	ACE	SAILBOAT		25	Abandoned and Unclaimed
	131	CELTIC KNOT	GRAMPION SAIL		23 REG# 23E 9185	Abandoned and Unclaimed
	132		GRAMPION SAIL		26 GRM266780276	Abandoned and Unclaimed
	133	NIGHTWIND	SAILBOAT		29	Abandoned and Unclaimed
	134	AD/VENTURE	PACEMAKER		38	Abandoned and Unclaimed
	135	BABY BLUE				Abandoned and Unclaimed
	141	AQUAPHORIA	DORAL		35 QJA05351G596	Abandoned and Unclaimed
	145					Abandoned and Unclaimed
					REG 31E 674 ENG SN	
		110 JOHNSON VRO			C7989055	
	148					Abandoned and Unclaimed
	149				RGFD049BE989	Abandoned and Unclaimed
	151		SUNRUNNER/TRAILER		19 XUE51776G86	Unclaimed
	154					Abandoned and Unclaimed
	162		PONTOON/TRAILER		20 TRAILER ON241893 / ZZA2903	Unclaimed
	165		BAYLINER		18 BIYA53CSH293	Abandoned and Unclaimed
	166		RICHELIEU TRAILER		TRIAAXIL TRAILER	Abandoned and Unclaimed
	170		FOUR WINNS / TRAILER		22 TRAILER K2894N/ FWNMJ135J	Unclaimed
	171		CHRIS CRAFT		35 CCHML1841074	Unclaimed
	172	SCRAP	SEARAY		30 REG# 42E 7720	Abandoned and Unclaimed
	176		BLUE MAX		SCRAP	Abandoned and Unclaimed
	182	SWEET LIBERTY	BAYLINER		REG 16E1515	Abandoned and Unclaimed
	186		THUNDERCRAFT		26 ZTH26213B888	Unclaimed
	209	BLUE OPAL	REGAL		26 REG #59E 39670	Unclaimed
	210	DERELICT VESSEL	BAYLINER RED		27 REG# 50E125653	Abandoned and Unclaimed
	213	MISSING 1 WHEEL	TRAILER		TRAILER UNIDENTIFIED	Abandoned and Unclaimed
	215		DORAL		21 DJA01305J001	Abandoned and Unclaimed
	216		BAYLINER		28 REG# 25E13278	Abandoned and Unclaimed
	218	LADY DIANNE	CHRIS CRAFT		28 CCCTJC0421272 REG86E13745	Abandoned and Unclaimed
	219		FAIRLINE	?	DERELECT SCRAP	Abandoned and Unclaimed
	222	SCRAP	CAMPION 7E5870		7E 5870	Abandoned and Unclaimed
	225		PETERBOROUGH		23 ZHN57139H787	Abandoned and Unclaimed
	226		INFLATABLE		ON TRAILER X28 214	Abandoned and Unclaimed
	229		CARVER RIVIERA		28 CDR800451182-83	Abandoned and Unclaimed
	233		CADORETTE		ZWC008328898	Unclaimed
	234	RUFF WATERS	BAYLINER		32 BLZA56E6J788	Abandoned and Unclaimed

**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. CV-14-10798-00CL

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

ORDER

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Court appointed Receiver 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 B

May 22-15

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.

May 22/15 As per counsel slip.

OTG as signed by me. The R originally sought to have a case management master appointed as property claims officer. I advised that this was not possible. I also told counsel that I do not want to take the CL judges with all of these disputes. Counsel are directed to come up with a better process & return to me for directions - see para 25 of Order. I questioned the R's fees & counsel fees. They are w/in the budget agreed to by Crammet & me not opposed by Crammet or any other on the service list. I note that there has been a significant amount of work required on this matter. I discussed issues surrounding the auction process for unclaimed property. I am approving the auction process but subject to the ability of Pride & KKI to claim a charge on the proceeds w/rt expenses incurred by them, at a later date, once the process has been completed & the expenses & other info known; and @ Mr.

~~Issues with the proposed process~~
Issues with the proposed process that Crammet will be seeing if it can get better terms for the auction

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

SUPPLEMENTARY REPORT TO THE
TENTH REPORT OF THE RECEIVER

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Limited, 1330732 Ontario Limited, 1328559 Ontario Limited
1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416
Ontario Ltd.

MB

than those set out in the Hilco letter. Mr Charlton has, however, agreed that the Order can issue now & if Crawmer cannot secure better terms by Monday May 25 @ 5pm, the auction will proceed with Hilco. If Crawmer provides the Receiver by that deadline with an offer on better commercial terms, parties are to return to court for further direction at a 9:30 next week before any judge on the LL (see para 15 of Order). The remainder of the Order is unopposed & minor amendments have been made by counsel to address my concerns. OTC as signed by me.

Conway J

T A B C

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL 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.

TENTH REPORT OF THE RECEIVER

MAY 15, 2015

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- “E” Endorsement of Mr. Justice Pattillo dated April 30, 2015
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- “H” Supplementary Report to the Ninth Report of the Receiver (without appendices)
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- “J” Property Release Protocol for Keswick and Willow Beach
- “K” Redacted List of Contested Item Claims
- “L” Affidavit of John Hendriks sworn May 15, 2015
- “M” Affidavit of R. Brendan Bissell sworn May 15, 2015

Confidential Appendix “A”

Full Listing of Contested Item Claims

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL 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.

TENTH REPORT OF THE RECEIVER

MAY 15, 2015

A. Farber & Partners Inc., in its capacity as the Court appointed Receiver (the “**Receiver**”) 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:

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**”).
2. On November 20, 2014, the 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 A. Farber & Partners Inc., as a receiver over the properties, assets and undertakings of certain of the Companies and (iii) to substitute A.

Farber & Partners Inc. as bankruptcy trustee of certain of the Companies. At the November 21, 2014 hearing, this motion was adjourned to December 1, 2014.

3. On November 21, 2014, A. Farber & Partners Inc. was appointed Interim Receiver of certain of the Companies pursuant to section 47.1 of the BIA (the “**Interim Receiver**”) to preserve and protect the assets, undertakings and properties of those Companies acquired for, or used in relation to the business carried on by the Companies, including all proceeds thereof pursuant to the November 21, 2014 Order of the Honourable Mr. Justice Penny.

4. Following two intervening hearings, on December 8, 2014, the Honourable Mr. Justice Newbould terminated the NOI proceedings of the Companies and appointed A. Farber & Partners Inc. as Receiver and also as trustee in bankruptcy (the “**Trustee**”) of the Companies.

5. Since December 8, 2014, the Receiver has taken the following steps and brought the following motions and proceedings, most of which have been more fully discussed in the First through Ninth Reports of the Receiver:

- 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. Mr. Justice Newbould issued an Amended Order dated December 8, 2014, a copy of which is attached as **Appendix “A”**. Mr. Justice Newbould also issued an Order dated December 12, 2014 in respect of the consolidation and administrative relief;
- 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 the Interim Receiver; (iv) increase the borrowing power of the Receiver; and (v) as discussed in more detail below, establish a property claims process pertaining to the proprietary and secured claims against tangible personal property of the Companies. Mr. Justice Penny issued Orders granting that relief, including the Property Claims Procedure Order (“**PCPO**”), a copy of which is attached as **Appendix “B”**;
- 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 Silver) 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 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 brought a motion for approval of a stalking horse sales process, which is fully described in the Receiver's Third Report dated February 8, 2015. By Order dated February 18, 2015, the Honourable Mr. Justice Pattillo granted that relief;
- 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. These applications are disputed and will be proceeding for hearing on a date to be determined by the Honourable Mr. Justice Pattillo following the completion of cross examinations;
- g) On March 13, 2015, the Receiver brought a motion to approve its and its counsel's fees and disbursements to February 8, 2015 and to increase the Receiver's Borrowing Charge, as defined in the Appointment Order, to \$2,000,000.00. The Honourable Madam Justice Conway granted the relief sought;
- h) On March 20, 2015, after obtaining a preservation Order without notice from Mr. Justice Newbould respecting the subject matter of the motion, the Receiver brought a motion on notice seeking, inter alia, declarations that certain life insurance policies issued by Transamerica Life Canada and held by 1382415 Ontario Ltd. ("**415**") and 1382476 Ontario Ltd. ("**416**") on the lives of Steven Crate, Gregory Crate and Lynn Marko and the proceeds thereof are property of 415 and 416, and finding Steven Crate, Gregory Crate and Lynn Marko in contempt of the Order and Amended Order of Mr. Justice Newbould dated December 8, 2014. On March 20, 2015, Madam Justice Conway made an order which, among other things, adjourned the motion to April 29, 2015, continued the preservation Order and required the disclosure of records pertaining to transactions in respect those proceeds. This motion has been further adjourned to a date to be set after completion of the applications for bankruptcy order referred to in paragraph 5 (f), above;
- i) On March 30, 2015, the Receiver commenced a claim against Brian Miller, a customer of Crate Marine Sales Limited ("**CMS**"), who obtained services

and materials from CMS related to the Keswick marina, for amounts owed to CMS for the provision of the services and materials;

- j) On March 31, 2015, the Receiver moved for an approval and vesting order in favour of 2450902 Ontario Limited (“**Realty Co.**”) and Krates Keswick Inc. (“**KKI**”) in respect of the agreement of purchase and sale subject to the Court-approved stalking horse process (excepting the portions for purchase of the premises at 210 Wynhurst Rd. and 7/8 Mac Ave.), which relief was granted by Order of Madam Justice Conway of that date (the “**Vesting Order**”), a copy of which is attached as **Appendix “C”**;
- k) On March 31, 2015, the Receiver moved for authorization to take certain steps for the purpose of, and approval of its activities in connection with, the claims process, which was granted by Order of Madam Justice Conway (the “**Claims Order**”), a copy of which is attached as **Appendix “D”**;
- l) On April 9, 2015, the Receiver commenced an application against 1800239 Ontario Limited, 2186015 Ontario Inc. and 2180618 Ontario Inc., corporations controlled by Gregory Crate, Steven Crate and Lynn Marko, for various relief, including an order vesting title to the lands and premises municipally known as 253 The Queensway South, Keswick, Ontario (the “**Boston Pizza Lands**”) in the name of CMS;
- m) On April 13, 2015, the Receiver brought a motion now returnable May 20, 2015 for advice and directions in connection with competing claims to a travel lift at the Belleville marina in which CMS may have an interest; and
- n) On April 28, 2015, the Receiver brought a motion returnable April 30, 2015 for advice and directions in connection with the administration of the Receiver’s property claims process in respect of boats and other tangible personal property in possession of the Companies at the Lagoon City marina. A copy of Mr. Justice Pattillo’s endorsement in respect of this motion is attached as **Appendix “E”**. The landlord of the Lagoon City premises brought a motion returnable May 15, 2015 seeking various relief related to the Companies’ property remaining on such premises. The Receiver has filed its Ninth Report dated April 28, 2015 in respect of the Receiver’s motion returnable on April 30, 2015 and its Supplement to the Ninth Report dated May 15, 2015 in respect of the motion returnable May 15, 2015. A copy of the endorsement of Madam Justice Conway issued in response to the motion returnable May 15, 2015 is attached as **Appendix “F”**.

PURPOSE OF THIS REPORT

- 6. This is the Tenth report of the Receiver (the “**Tenth Report**”). Its purpose is to seek an Order in the form attached as Schedule “A” to the Receiver’s Notice of Motion. The Order is sought because (a) the Receiver is proposing that other parties assume

responsibility for the release of boats and other property corresponding to accepted property claims, (b) there remain a number of unclaimed boats and other property that the Receiver must deal with, and (c) there remain a number of claims for which adjudication appears necessary beyond the Receiver's role under the PCPO. The Receiver also seeks approval of its activities since the date of the Seventh Report and approval of its fees from February 8, 2015 to April 30, 2015.

LIMITATION OF REVIEW

7. A. Farber & Partners Inc. in its capacity as 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, except as specifically noted in this Tenth 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 Tenth Report for the sole use of the Court and of the other stakeholders in these proceedings.

A) SUMMARY OF THE RECEIVER'S ACTIVITIES SINCE THE SEVENTH REPORT

8. The Receiver has obtained Court approval of its activities up to March 29, 2015, the date of the Receiver's Seventh Report, a copy of which is attached without appendices as **Appendix "G"**. In this section and the following sections of the Tenth Report, the Receiver reports to the Court on its activities since March 29, 2015.

The Sale Process

9. As described in the Receiver's Sixth Report, on February 8, 2015, the Receiver, as vendor, and Realty Co. as purchaser, entered into an agreement of purchase (the "**Stalking Horse Agreement**") respecting substantially all the assets of the Companies (collectively, the "**Purchased Assets**"), but excluding boats that were customer boats within the meaning of that agreement. Realty Co. subsequently assigned to KKI its rights and obligations under the Stalking Horse Agreement arising from or related to all the Purchased Assets other than real property (collectively, the "**Assigned Personal Property**").

10. There having been no other bids in the stalking horse process, the Stalking Horse Agreement was approved by the Court in the Vesting Order, a copy of which was attached above as Appendix “C”, and was completed on April 10, 2015, whereupon all the right, title and interest of the respective Companies in real property vested in Realty Co. and the Assigned Personal Property vested in KKI. Between the issuance of the Vesting Order on March 31, 2015 and closing on April 10, 2015, the Receiver and its counsel Goldman Sloan Nash & Haber LLP (“**GSNH**”) were involved in ongoing negotiations and meetings with KKI to settle the form of the closing documents and to resolve outstanding issues including utilities, payroll, outstanding realty taxes and the allocation of the purchase price under the Stalking Horse Agreement. As determined in accordance with the Stalking Horse Agreement, the final purchase price under the Stalking Horse Agreement was \$26,249,951.16, \$22,428,191.00 of which was assumed secured debt, the Stalking Horse Agreement having been a credit bid.

Communications

11. Since March 29, 2015, when the Receiver’s Seventh Report was prepared, the Receiver responded to ongoing telephone and email inquiries from third parties regarding the anticipated 2015 operations of the Keswick, Lagoon City and Willow Beach marinas and the Quebec location, and until April 10, 2015, the pending closing of the Stalking Horse Agreement.

12. The Receiver also responded to third party inquiries about the status of their Proof of Property Claims (as defined in the PCPO), customer accounts and the status of 2015 slip rental fees collected by the Companies prior to the NOI filings, and about advice the third parties received from their credit card processor.

13. Up to the closing of the Stalking Horse Agreement on April 10, 2015 and the ensuing weeks, the Receiver attended at the Companies’ premises to address and respond to the numerous requests for accounting information and records with regard to the investigations of various parties into the pre-filing transactions and books and records of the Companies.

Employees

14. The Receiver maintained certain of the employees up to the Stalking Horse Agreement closing date of April 10, 2015; accordingly the Receiver paid for the services until then and updated the final records of employment and 2014 T4 – Statement of Remuneration Paid – slips for those employees of the Companies.

Assets of the Companies

15. Prior to the closing of the Stalking Horse Agreement on April 10, 2015, the Receiver co-ordinated the centralization of the assets of the Companies at the Keswick marina from its other locations across Ontario and Quebec. The exception in that regard pertains to the chattels at the Brechin, or Lagoon City, location, which are the subject of a disputed property claim by the relevant landlord and two inventory boats that remained in Quebec that were transported after April 10, 2015.

16. Until April 10, 2015, the Receiver attended at the Companies' premises to provide further supervision of former staff that were providing on-site services for the Receiver. The Receiver also attended to the security and cataloguing of customer boats and provided ongoing security and maintenance of the sites.

17. After the closing on April 10, 2015, KKI, as purchaser, assumed the task of collecting outstanding accounts receivable from current (usually outstanding invoices for boats and maintenance) and future (usually 2015 boat slip rental fees) customers and other debtors to the Companies. The Receiver has assisted KKI in understanding some of the more complex situations by providing additional information as required.

18. As discussed in the Receiver's Sixth Report, the Receiver reviewed credit card chargebacks to customers to determine the impact of the Receiver's efforts to recover the customer accounts receivable due to the Companies. Since March 29, 2015, the Receiver has responded to several customer complaints about the amount of their chargebacks and has provided further information and support to Moneris to assist with resolving these issues.

19. The Receiver commenced the negotiation of the sale of a vehicle left in Florida by the Companies prior to the insolvency proceedings. After April 10, 2015, that matter has been directed to KKI, as purchaser.

20. Prior to the April 10, 2015 closing date, the Receiver had, with the consent of KKI, negotiated and accepted an offer from a third party to acquire certain of the Companies' assets in Quebec. As the sale was not concluded by April 10, 2015, this sale was directed to KKI to conclude.

21. Prior to April 10, 2015, the Receiver continued to follow up on the initial demand made on Crate Belleville Inc. (“CBI”) for payment of \$710,408.57, which according to the records of CMS, is owed by CBI to CMS. This amount consists of expenditures made by CMS on CBI's behalf for the acquisition, refurbishment and installation of docks in Belleville and for various other CBI transactions. CBI has made no payments to the Receiver in response to this demand. The Receiver arranged for its counsel to issue a further demand dated April 7, 2015. CBI has since sent certain CBI accounting information which the Receiver has reviewed. After April 10, 2015, this matter has also been directed to KKI, as purchaser.

Litigation matters

22. In its Sixth Report, the Receiver set out the various litigation matters commenced by it. The Receiver and its counsel continued to advance the various litigation matters from March 29, 2015 up to and including April 10, 2015. In the following paragraphs, the Receiver reports to the Court on any additional steps that have been taken to advance the litigation matters within that time frame.

23. The Assigned Personal Property transferred to KKI in the Stalking Horse Agreement included the litigation matters commenced by the Receiver. Post-closing, KKI has ownership and carriage of the litigation matters. As authorized by the Court in the Vesting Order, a copy of which was attached above as Appendix “C”, GSNH has been retained by KKI, and the Receiver is in the process of being engaged by KKI, to act for it in connection with these litigation matters post-closing.

The Companies' Interest in a Boston Pizza Franchise

24. The Receiver reported on this in detail in its Sixth Report. On April 9, 2015, the Receiver commenced an application against 1800239 Ontario Limited, 2186015 Ontario Inc. and 2180618 Ontario Inc., corporations controlled by Gregory Crate, Steven Crate and Lynn Marko, for various relief, including an order vesting title to the Boston Pizza Lands in the name of CMS.

Amounts Owning by Brian Miller

25. As described in the Receiver's Sixth Report, the Receiver investigated a specific large accounts receivable of \$264,617.33 due from Brian Miller. Mr. Miller advised the Receiver that he does not owe any amounts to CMS due to offsets for services provided by his landscaping business to CMS and to the Crates personally, including installing a pool and providing landscaping to Mr. Gregory Crate's personal residence. No support for this assertion was provided by Mr. Miller or his counsel. As described in paragraph 5 (i) above, GSNH issued a statement of claim in pursuance of this matter on March 30, 2015.

Belleville Travelift

26. The Eighth Report dated April 14, 2015 and the Supplementary Report to the Eighth Report dated April 23, 2015 reported to the Court on a travel lift at the Belleville marina in which CMS may have an interest and sought the Court's advice and direction regarding the competing claims to the travel lift. On April 13, 2015, the Receiver brought a motion now returnable May 20, 2015 for advice and directions in that regard.

Lagoon City

27. As more fully set out in the Receiver's Ninth Report, several issues arose in connection with the Lagoon City marina ("**Lagoon City**") where the Companies formerly carried on business. In late December 2014 or early January 2015, the landlord of Lagoon City advised the Receiver that it had concluded a new lease with Pride Marine Group ("**Pride Marine**") effective May 1, 2015.

28. In light of the impending commencement of Pride Marine's tenancy at Lagoon City, the Receiver brought a motion returnable April 30, 2015 for advice and directions in connection with the administration of the Receiver's property claims process in respect of boats and other tangible personal property in possession of the Companies at Lagoon City. A copy of the endorsement of Mr. Justice Pattillo dated April 30, 2015, permitting the Receiver continued access to Lagoon City until May 31, 2015, was attached above as Appendix "E". The Lagoon City landlord brought a motion returnable May 15, 2015 seeking various relief related to the Companies' property remaining on such premises. The Receiver filed its Supplementary Report to the Ninth Report dated May 15, 2015 in respect of such motion, a copy of which is attached as **Appendix "H"** without appendices. A copy of the endorsement of Madam Justice Conway issued in response to the motion returnable May 15, 2015 was attached above as Appendix "F".

B) UPDATE ON THE PROPERTY CLAIMS PROCESS

Background to the Property Claims Procedure

29. The Receiver summarized the basis for the Receiver's request to implement a property claims procedure in its Seventh Report, a copy of which was attached above without appendices as Appendix "G". In summary, due to the state of the Companies' books and record and the manner in which the Companies conducted their business, there was substantial uncertainty regarding what tangible personal property was owned by the Companies, and what was owed by third parties (and in some such cases, precisely which third party owned the property). The uncertainty arose most frequently with boats, because the business of the Companies had been comprised of both the sale and resale of new and used boats, and also the maintenance and storage (during boating months in dock or slip facilities, and during winter on land while shrink-wrapped) of boats belonging to customers. In that regard, there were more than 800 boats in the possession of the Companies upon appointment of the Receiver.

30. In light of these concerns, and in order to obtain an accurate factual foundation for the evaluation of property claims to the boats and other tangible personal property in the Companies' possession, the Receiver sought and obtained the PCPO on December 23, 2014, a copy of which was attached above as Appendix "B". The PCPO also extends to tangible

personal property other than boats, and also extends to the interests of secured creditors, including those who have registrations under the *Personal Property Security Act*.

Steps Taken by the Receiver to Publicize the Property Claims Procedure

31. As described in the Receiver's Seventh Report, the Receiver took steps to comply with the notice and publication requirements set out in the PCPO. The Receiver complied with paragraph 8 (a) of the PCPO by posting a proof of property claim document package on its website and sending a copy to each of the approximately 850 Known Claimants (as defined in the PCPO) for which it had addresses. A further 100 property claim packages were emailed as inquiries were made to the Receiver. The Receiver is also aware that an unknown number of further claim packages were downloaded from its website, because certain people indicated that they wished to do so rather than receive a hard copy.

32. Paragraph 8(b) of the PCPO directed the Receiver to cause to be published, on two separate days on or before January 9, 2015, a notice of the claims process in each of a local Keswick newspaper and a Canadian national newspaper. The Receiver had the required notices published in the *Globe & Mail* on January 7 and January 9, 2015. The local papers were only published weekly, so the Receiver had the required notices published in the *Georgina Advocate* (Keswick), the *Barrie Advance* and *Orillia Today* on January 8 and 15, 2015.

33. The Receiver had concerns that the efficacy of the notices sent and published pursuant to the PCPO may have been attenuated for customers of the Quebec location, because those notices were exclusively in English. To address these concerns, the Receiver provided its Quebec agent with a French language version of the property claims package on March 17, 2015 to be provided to the known customers of the Quebec location. The Receiver's agent in Quebec also attempted to call each of the known customers that it was able to locate contact details for in the Companies' books and records.

34. As directed by the April 30, 2015 endorsement of Mr. Justice Pattillo, the Receiver prepared and mailed a letter to all known former customers of Crate Marine at the Lagoon City marina to advise them of the process to retrieve their boats, including the need to make

an appointment to do so after May 2 and 3. A copy of the letter sent to all such customers dated May 5, 2015 is attached as **Appendix “T”**.

35. As is further discussed below regarding the status of claims at Lagoon City, there remain a number of unclaimed boats. The Receiver has the customer’s name for most of those boats and has been working to obtain phone numbers for the remainder, and has called each such phone number.

36. As noted in the Receiver’s Second, Third and Seventh Reports, the Companies’ books and records, including customer lists and contact details, were incomplete and/or out of date. To date, there are still several boats for which the Companies have no record of the owner, let alone have contact information. The Receiver is continuing its efforts to identify and contact owners of unclaimed boats as the contact information becomes available.

The Receiver’s Review of Property Claims

37. As set out in the Receiver’s Seventh Report, over 700 Proofs of Property Claim were submitted to the Receiver by the close of business on March 27, 2015. Where a Proof of Property Claim was for more than one item, the Receiver analysed each claim individually (an **“Item Claim”**). The Receiver’s analysis and categorization was accordingly done on the basis of individual Item Claims, rather than by Proof of Property Claims, because, as set out in the Receiver’s Seventh Report, where a Proof of Property Claim related to more than one item, each item might be reviewed and administered differently by the Receiver.

38. In its motion returnable March 31, 2015, the Receiver sought authorization to take certain steps for the purposes of the PCPO. Madam Justice Conway granted the relief requested, as set out in the Claims Order, a copy of which was attached above as Appendix “D”. The Claims Order authorized the Receiver to, *inter alia*, accept and disallow the property claims it had reviewed, administer and continue its review of claims received after the claims bar date stipulated in the PCPO, and release tangible personal property subject to approved claims.

39. The Claims Order provides that if there is an outstanding account receivable for repair and/or storage services supplied by the Companies or the Receiver, the Receiver is

authorized to make the release of property dependent on the payment of such outstanding accounts receivable.

C) UPDATE ON THE ADMINISTRATION OF CLAIMS SINCE THE RECEIVER'S SEVENTH REPORT

Approved Claims

40. As of March 29, 2015, the Receiver had approved 730 Item Claims. To date, the Receiver has approved an additional 111 Item Claims, bringing the total to 841 approved Item Claims. The Receiver will provide an updated appendix to the Court setting out the approved Item Claims on May 22, 2015.

41. The Receiver has dealt with tangible boats and other personal property corresponding to approved Item Claims at each of the Keswick, Willow Beach, Lagoon City and the St.-Paul-Ile-Aux-Noix, Quebec locations operated by the Companies in the manner outlined below.

Keswick and Willow Beach

42. KKI is operating marina and boat dealership businesses at two of the locations on which the Companies formerly carried on such businesses: 290 The Queensway South in Keswick and 1354 Metro Road North in Willow Beach.

43. As set out above, Realty Co., the purchaser in the Stalking Horse Agreement, assigned to KKI its rights and obligations under the Stalking Horse Agreement arising from or related to Assigned Personal Property. In section 2.11(e) of the Stalking Horse Agreement, the Receiver and Realty Co. agreed, among other things, that Realty Co. would at its expense cooperate with the Receiver for as long as is necessary for the Receiver to complete its duties required by the PCPO and any other applicable Order, and to release and remove certain customer-owned boats located at certain marinas operated by Realty Co., which KKI subsequently advised would be those in Keswick and Willow Beach (collectively, the “**Assumed Locations**”). Realty Co. further agreed to permit customer boats to remain at the Assumed Locations and to permit the Receiver and its authorized agents to have access to the

Assumed Locations in order to comply with the PCPO and any other applicable Order. Realty Co. also agreed to permit the Receiver or its authorized agents or entitled claimants to remove customer boats from the marinas. Pursuant to the partial assignment referred to in paragraph 9 above, KKI is jointly and severally liable with Realty Co. to perform these covenants of the Purchaser.

44. Completing the property claims procedure, including the release of items subject to approved Item Claims, is the final significant task outstanding for the Receiver.

45. Keeping the administration of the receivership open for that purpose could delay the termination of the receivership and the discharge of the Receiver for several months, and this would increase the costs of the administration for which there is no funding in the estate now the asset sale to KKI has closed. To avoid this, and to permit the release of property in an efficient manner, the Receiver is proposing that commencing on June 1, 2015, KKI assume the responsibility for releasing boats and other property located at Keswick and Willow Beach subject to approved Item Claims, in accordance with the terms of the protocol attached as **Appendix “J”** (the **“Protocol”**).

46. The Protocol contemplates a process by which KKI may release assets corresponding to approved Item Claims. Among other things, the Protocol requires KKI to maintain accurate records in respect of the boats and other tangible personal property it has released to claimants, including copies of personal identification and, in the case of corporate claimants, original corporate claimant authorization letters that KKI is required to obtain under the Protocol. Such records or copies thereof shall be made available to (a) the Court upon its request and (b) other interested persons upon Order obtained on motion to the Court. The Receiver believes the Protocol represents the most efficient and cost-effective method for releasing these items.

Lagoon City

47. As described in the Receiver’s Ninth Report, the Lagoon City landlord has leased the marina to Pride Marine commencing on May 1, 2015. Pursuant to the endorsement of Mr. Justice Pattillo dated April 30, 2015, a copy of which was attached above as Appendix “E”,

and subject to the further terms in Madam Justice Conway's endorsement of May 15, 2015, a copy of which was attached above as Appendix "F", the Receiver has been granted access to the marina until May 31, 2015 in order to supervise the release of the items corresponding with Item Claims approved by the Receiver.

48. The Receiver engaged an agent at Lagoon City to oversee this process on its behalf and under its supervision. As noted above at paragraph 34, on May 5, 2015, the Receiver sent a letter to the former Lagoon City customers of CMS to advise them of the process to be followed to retrieve their boats in light of the commencement of Pride Marine's tenancy on May 1, 2015, and the endorsement of Justice Pattillo granting the Receiver access to the marina until May 31, 2015 for the purpose of administering remaining claims.

49. The Receiver further notes that there are accounts receivable of approximately \$45,083.00 for repairs and/or storage services for 21 boats at Lagoon City that have been approved for release subject to resolving outstanding accounts receivable. As set out in paragraph 39, the Receiver has, through its agent, not released any boats until the corresponding outstanding accounts receivable have been paid in full. Pursuant to the Stalking Horse Agreement and assignment from Realty Co., KKI is entitled to the accounts receivable.

50. As noted, the Receiver has been granted access to the Lagoon City marina until May 31, 2015. The Receiver proposes to deal with boats and other personal property corresponding to approved Item Claims at the Lagoon City location that are not picked up by May 31, 2015 in the same manner as with KKI at the Willow Beach and Keswick locations described in paragraphs 45-46, above.

St.-Paul-Ile-Aux-Noix, Quebec

51. There are 10 boats in Quebec that remain unclaimed as at the date of this Tenth Report. The Receiver has approved the Item Claims in respect of 29 boats. As mentioned above, with the Receiver's assistance, KKI finalized the sale of assets at the Quebec location to a third party. This transaction closed on May 13, 2015. Included in the bill of sale between KKI and the purchaser was a provision for the benefit of the Receiver wherein the purchaser undertook to observe the Receiver's protocol when releasing boats, namely:

"The Purchaser hereby agrees to facilitate the removal of third-party owned boats that are presently stored at the Premises, 67th Avenue, St-Paul-De-L'Ile-Aux-Noix and 800 Industriel Blvd, St-Jean-Sur-Richelieu by April 30, 2015, and further to communicate with those parties that are known to own the boats to make suitable arrangements for removal in accordance with this provision.

The Purchaser further agrees that two conditions must be met prior to releasing any boat to a third party, namely:

- i) The customer pays all amounts owing, if any, in certified funds payable to Krates Keswick Inc.; and
- ii) A. Farber & Partners Inc. has confirmed to the Purchaser in writing that there are no competing claims in respect of the applicable boat."

Disallowed Claims

52. To date, the Receiver has disallowed several Item Claims, in connection with which Notices of Disallowance have been sent and the 14-day dispute period has elapsed. In addition, the Receiver has sent several Notices of Disallowance for which the 14-day dispute period has not yet elapsed. The Receiver will provide to the Court an updated appendix setting out these Item Claims on May 22, 2015.

53. If such disallowances are disputed, the Receiver proposes that the Court designate a master of the Court sitting in Toronto as the Property Claims Officer within the meaning of the PCPO and that the disputed disallowances be referred to such Property Claims Officer in accordance with the PCPO. This is because these disallowed claims either pertain to other third party claims, or are against the Companies, and since KKI is the assignee of the Companies' interest in the property subject to these Item Claims, the Receiver has no economic interest in the outcome of the dispute proceedings.

Contested Claims

54. The contested Item Claims fall into three categories, each of which is discussed in further detail below:

- a) instances involving two (or more) Item Claims filed for the same boat or other asset by third parties;
- b) instances where an asset may properly belong to the Companies, but for which an Item Claim has been filed by a third party; and

- c) instances where a third party has claimed an item that is not in the Receiver's possession.

55. Attached as **Appendix "K"** is a list of the contested Item Claims with redactions for personal identifying information of the claimants. The same list without redactions is provided as **Confidential Appendix "A"**. The Receiver will provide an updated appendix of the contested Item Claims to the Court on May 22, 2015.

Two (or more) Third Party Item Claims filed for the same Asset

56. There were numerous Item Claims involving multiple claims to the same asset. In such cases, the Companies claim no economic interest to the assets in question, for the reasons noted above. The Receiver accordingly makes the same proposal as above relating to the designation of and referral to the Property Claims Officer.

Assets which May Belong to the Companies but for which there is a Competing Item Claim

57. There were several Item Claims involving competing ownership claims by the Companies and third party claimants. The Receiver believes that KKI should take over these disputes.

Third Party Claims to an Asset that is Not in the Receiver's Possession

58. In several cases, the Receiver has sent Notices of Disallowance to claims on the basis that the item claimed is not in the Receiver's possession, and Notices of Dispute have been filed. The Receiver asks that the Court order that these Item Claims be summarily dismissed, since it is clear that such claims are not proper property claims under the PCPO, and more particularly the definition of Property in paragraph 2 (q) thereof.

D) ONGOING CLAIMS

59. The Receiver continues to get new claims. Pending disposition of unclaimed property as discussed below, and the transfer of responsibility after June 1, 2015 to KKI and Pride Marine to release assets corresponding to approved Item Claims, the Receiver will continue to administer Item Claims (including late Item Claims in its discretion) in accordance with the previous Orders of the Court and the further direction given on this motion.

E) DISPOSITION OF UNCLAIMED PROPERTY

60. Despite the steps taken by the Receiver to publicize the property claims process and comply with the PCPO, as noted in the Receiver's Seventh Report and summarized above in paragraphs 31 - 32, as of May 15, 2015 there remain numerous unclaimed boats in each of the Keswick, Willow Beach, Lagoon City and Quebec locations formerly operated by the Companies.

61. The Receiver has considered three options to deal with these unclaimed boats:

- a) continuing to administer them in accordance with the PCPO pending further Order of the Court;
- b) hiring a third party to retrieve and store the unclaimed boats at a central location, and then having the third party asset liens pursuant to the *Repair and Storage Lien Act* for transportation and storage costs until all outstanding accounts receivable on these boats are paid; or
- c) liquidating the boats.

62. Options (a) and (b) are both problematic in the view of the Receiver. With regard to option (a), it would be impractical and unaffordable for the Receiver to deal with unclaimed boats for an indeterminate period of time. Moreover, as discussed above, Justice Pattillo's April 30, 2015 endorsement only grants the Receiver access to the Lagoon City marina until May 31, 2015. Additional arrangements would thus have to be made for the administration of the 133 unclaimed boats at this location after May 31, 2015. In addition, KKI has advised the Receiver that it wishes unclaimed boats to be removed from Keswick and Willow Beach as soon as possible. Further, option (b) is not feasible because it is commercially unrealistic to attempt to have a third party do such a significant amount of transportation and storage without any arrangements for payment, and without continued supervision of the claims process.

63. In light of the foregoing, the Receiver requests that it be authorized to liquidate unclaimed boats at each of the Keswick, Willow Beach and Lagoon City marinas, subject to any further Item Claims that are provided to the Receiver before May 22, 2015 and which the Receiver decides in its discretion to administer as if such Item Claims had been made in time

under the PCPO pursuant to paragraph 4 (d) of the Claims Order. The Receiver will provide on May 22, 2015 an appendix setting out the list of the unclaimed boats at each location. In similar circumstances, a trustee in bankruptcy has such rights pursuant to section 81(4)(b) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, which sets out a trustee's power to sell unclaimed property in a bankruptcy. The Receiver, which also acts as trustee in bankruptcy of each of the Companies, believes that it finds itself in an analogous situation.

64. The Receiver has solicited a liquidation proposal for this purpose, and will report further to the Court thereon and refine its recommendation no later than the hearing of its motion.

65. If a liquidation is approved by this Court, the Receiver will subsequently report on possible payments to be made out of the proceeds.

F) APPROVAL OF FEES

66. The fees of the Receiver and GSNH up to February 8, 2015 were approved by the Order of Madam Justice Conway dated March 13, 2015.

67. Attached as **Appendix "L"** is an affidavit of the Receiver setting out its fees and disbursements from February 8, 2015 to April 30, 2015. The Receiver's detailed statements of account for this period are attached as exhibits to that affidavit. The total quantum of the amounts incurred and for which approval is sought is \$711,437.90.

68. Attached as **Appendix "M"** is an affidavit of GSNH setting out its fees and disbursements from February 8, 2015 to April 30, 2015. GSNH's detailed statements of account for this period are attached as exhibits to that affidavit. The total quantum of the amounts incurred and for which approval is sought is \$458,061.14.

G) CONCLUSION

69. The Receiver therefore requests an Order in the form attached as Schedule "A" to its Notice of Motion.

All of which is respectfully submitted this 15th day of May, 2015.

**A. FARBER & PARTNERS INC.
COURT-APPOINTED RECEIVER 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.**

A handwritten signature in black ink that reads "Stuart Mitchell". The signature is written in a cursive, flowing style.

Per: Stuart Mitchell
Senior Vice President

TAB D

Contested Claims

Claims the Receiver is unable to resolve

Date filed	Licence No.	Serial No.	Nature of Property Claim	Location of Property
9-Jan-15		SERF8060D000	2000 380 Searay. Boat (380 Searay) + modification & repairs as per enclosed bill of sale.	Keswick
19-Jan-15	ON 865308	SERF8060D000	2000 SeaRay 380 Sundancer. The debtor entered contract with broker for the sale of the above-noted boat. Debtor sold boat and did not make payment to the Claimant.	Keswick
29-Jan-15		RGFC0413L405	2005 Monterey 302	Keswick
29-Jan-15	18E40310	RGFC0413L405	2005 Monterey 305 Express Cruiser, blue hull. Bought the 2005 Monterey from Crate Marine Sales and traded in a 2008 Regal to be paid out from the funding. The two loans have not been taken care of and he is still left with both loans and one of the boats being sold without his consent and knowledge of where it went.	Keswick
28-Jan-15		CDRW0017J001	40 ft Carver 406 AFT cabin. Claimant purchased and paid for the boat described, insured the boat and paid Crates to store it. Crates did not transfer title to the claimant	Keswick
30-Jan-15	59E33163	CDRW017J001	2001 Carver 406 AFT Cabin	Keswick
20-Jan-15		CDRD0174C607	2007 Carver 46 MY.	Keswick
3-Feb-15	ON3031383	CDRD0174C607	2007 Carver 446, vessel is stored on Crate property for winter months.	Keswick
5-Jan-15	ON2119219	SERT4079F898	1998 330 Sundancer white and beige "Sea Ray"	Keswick
11-Jan-15		USSERT4079F898	1998 Searay 330 Sundancer	Keswick
19-Mar-15			22 Foot Regal	Belleville

Date filed	Licence No.	Serial No.	Nature of Property Claim	Location of Property
18-Jan-15		RGMDM956B808	2008 Regal 22 ft	Keswick
30-Jan-15		CDRNA123H203	2003 Carver 570 Voyageur. Bought at Crate Marine location in Keswick. Stored in Crate's Marina in Belleville.	Belleville
29-Jan-15		CDRNA123H203	2003 Carver 57 PH Yacht. Security agreement between Crates Marine and claimant, registered on the PPSA with ref# 20140715152960836660.	Belleville
10-Jan-15		CDRNA123H203	Carver 2003 57'	Belleville
28-Jan-15		PFWCJ003K011	Promissory note in the amount of \$300,000 US given by Crate Marine Sales Ltd in favour of claimant as secured by a security agreement. 2011	Keswick
21-Jan-15	ON3066185	CRSFDA07D011	305 Four Winns. 2011 Cruisers Yachts 330 Express	Keswick
25-Mar-15			Instrument No. YR1315819 Charge/ mortgage of land registered in favour of the claimant on lands PIN NOS 03475-1972 and 03475-1967, as collateral to promissory note from Crate to secure payment of the Principal sum of one million dollars with interest	
30-Jan-15			Schedule "A" - List attached to Claim	
9-Feb-15			Trailer/Crates on side (black)	
9-Feb-15			2 Volvo V6 engines	
9-Feb-15			Arien snow blower	Willow Beach

Date filed	Licence No.	Serial No.	Nature of Property Claim	Location of Property
9-Feb-15			Black truck cap in rack storage	Keswick
9-Feb-15			22' Donzi White	Keswick?
9-Jan-15		2BPSMF8B98V001209	2008 Ski-Doo	Willow Beach
9-Jan-15		2BPSJC7B37V000290	2007 Ski-Doo	Willow Beach
9-Jan-15		2BPSEH5B55V000177	2005 Ski-Doo	Willow Beach
30-Jan-15	ON4385711; L1926W	YDV31328C313; 4TCSM1117EHL43474	2013 SeaDoo wake with Triton trailer	Willow Beach
30-Jan-15			Green seadoo with trailer	Willow Beach
30-Jan-15			Floating pontoon dock, 36 ft., located concrete pad south driveway	Keswick
30-Jan-15			Hydraulic shorestation and all accessories, located by dock	Keswick
30-Jan-15		YDV30141C707	Blue 2007 Bombardier GTX seadoo,	
30-Jan-15		ZZH38257L001	Red 2001 Seadoo GTX	
30-Jan-15			Tandem white Seadoo trailer	
30-Jan-15			Single Northtrail black trailer (located Crate Marine)	
30-Jan-15		RGMFM509A707	2007 Regal 2000 bowrider	
30-Jan-15			Single Cylinder antinque motor in Front saleroom	Keswick
30-Jan-15			Ship steering wheel lamp in Service Department	Keswick
30-Jan-15			Lake Simcoe and Great Lakes depth maps hanging in Service Department	Keswick
30-Jan-15			2 Cream colour leather couches in Front Sales building	Keswick
9-Feb-15			1977 23' Chris Craft Lancer,	Keswick
9-Feb-15			1967 Carver	Keswick
9-Feb-15			1965 16' Mahogany Carver (at Willow Beach)	Willow Beach

Date filed	Licence No.	Serial No.	Nature of Property Claim	Location of Property
9-Feb-15			1931 Mahogany 18' Chris Craft Runabout	Keswick
9-Feb-15			1932 Crate Craft Runabout	Keswick
9-Feb-15			Painted Crate Marine Picture	Keswick
9-Feb-15			Chrome Hardware	Keswick
9-Feb-15			Green and White Bombardier Golf Cart	Keswick
9-Feb-15			1963 23' Sheppard "Helen C"	Willow Beach
9-Feb-15			Green Argo	Keswick
9-Feb-15			Red Kawasaki yard cart	Keswick

T A B L E

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

THE HONOURABLE MADAM) THURSDAY, THE 11TH
)
JUSTICE CONWAY) DAY OF JUNE, 2015

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.

THIRD CLAIMS ORDER

THIS MOTION, made by A. Farber & Partners Inc. in its capacity as the Court-appointed Receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties (collectively, the “**Property**”) 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 “**Debtors**”) for an order, amongst other things, authorizing the Receiver to take certain steps for the purposes of the Receiver’s administration of the property claims process in respect of boats and other tangible personal property in the Debtors’ possession pursuant to the Property Claims Procedure Order dated December 23, 2014 and the Claims Order dated March 31 2015, was heard on May 22, 2015 and adjourned to be heard further this day at 330 University Avenue, Toronto, Ontario.

ON READING the Tenth Report of the Receiver dated May 15, 2015 and the Third Supplementary Report to the Tenth Report of the Receiver dated June 9, 2015 (the “**Third Supplement**”) and the appendices thereto, and on hearing the submissions of counsel for the Receiver and the other parties appearing on the counsel slip, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Sanja Sopic sworn May 19, 2015, and the affidavit of service of ■, sworn June ■, 2015, filed.

1. **THIS COURT ORDERS** that the time for service and filing of the Receiver's Notice of Motion and the Motion Record and the Third Supplementary Report is hereby abridged and the service thereof is hereby validated so that this motion is properly returnable today and further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS** that the following procedures shall apply to the resolution of the contested claims listed in Appendix "D" and Confidential Appendix "A" to the Third Supplement (the "**Contested Claims**"):

- (a) The parties to a Contested Claim shall be the persons who submitted a Proof of Property Claim form to the Receiver for the item(s) in dispute, or in the case of a claim by a person to an item that may have been the property of the Companies, KKI (the "**Parties**");
- (b) Parties to a Contested Claim shall commence a proceeding either before a court of competent jurisdiction, or before an arbitrator appointed pursuant to the *Arbitrations Act, 1991* to seek a determination of the issues in such claim;
- (c) If any Parties desire to have a Contested Claim determined on the Commercial List, they shall adhere to the procedures in the Consolidated Practice Direction Concerning the Commercial List dated April 11, 2014, and in particular Parts II and IV thereof;
- (d) Pending either consent of the Parties or an adjudication of the Contested Claim:
 - i) for all items subject to a Contested Claim that are at the Keswick or Willow Beach facilities formerly operated by the Debtors, Krates Keswick Inc. ("**KKI**") shall continue to maintain possession and care of the item(s) subject to such claim, and shall only be liable for any loss or damage in connection with those items that is a result of the gross negligence or wilful misconduct of KKI, and
 - ii) for the items subject to the claim of 2124915 Ontario Inc. ("**212**") as landlord of the Lagoon City marina to certain chattels located at that site,

pending adjudication of a Contested Claim, the terms set by the Endorsement of the Honourable Mr. Justice Pattillo dated April 30, 2015 shall continue;

- (e) KKI shall have a storer's lien pursuant to the *Repair and Storage Liens Act* (the "RSLA") for all items in its possession that are subject to Contested Claims, and, without limiting the generality of the foregoing, shall be entitled to payment of its storage fees for all such items prior to their release as adjudicated or pursuant to the consent of the parties;
- (f) A proceeding referred to in paragraph (b) shall be commenced within 60 days of the date of the Order, failing which KKI shall be at liberty to avail itself of all remedies under the RSLA, including without limiting the generality of the foregoing the right to sell the item(s) subject to such claim pursuant to Part III of the RSLA; and
- (g) In order to facilitate this procedure, the Receiver shall provide to each claimant to a Contested Claim the name and contact information for the other claimant(s) including any counsel or other representative, and a copy of all documents delivered pursuant to the PCPO in respect of such Contested Claim, including Property Proof of Claim form(s) submitted, any Notice(s) of Disallowance, and any Notice(s) of Dispute. Such information and documentation shall be delivered by e-mail or mail within 10 days of the date of the Order. Following the provision of such information and documents, the Receiver and Trustee shall have no further obligation or role in respect of Contested Claims.

3. **THIS COURT ORDERS** that Confidential Appendix "A" to the Third Supplement be sealed until further Order of this Court.

**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. CV-14-10798-00CL

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

THIRD CLAIMS ORDER

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Lawyers for A. Farber & Partners Inc. in its capacity as the
Court appointed Receiver 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.

T A B F

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

CRATE Marine

Plaintiff(s)

AND

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
R.B. Bunnell - for Receiver		
James McReynolds - for 2124915 Ont. dnc. (landlord)		
M. Poliak - for Crane Crane and K&E Krates Kenwick dnc ("K&E")		

- 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):

Receiver's motion concerning issues at Lagoon City location. 2124915 Ontario dnc. is the landlord of the property. ^(landlord) It has entered into a lease with Pride Marine Group ("Pride") beginning May 1, 2015. Pride has notice of this motion but has not appeared. Nevertheless, Mr. McReynolds, on behalf of the landlord, has been in touch with Pride.

There is a dispute with respect to the ownership of some of the equipment at Lagoon City between the landlord and the Receiver. Pride has identified some of the

April 30 / 15
Date

[Signature]
Judge's Signature

Additional Pages 3

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

disputed equipment (items (a) to (v)) in the current exchange between Mr. McReynolds and Mr. Smith from Pride dated April 30, 2015 (attached as Sch. "A").

Pending resolution of the equipment dispute and upon provision by Pride of a duly executed undertaking as to responsibility for any damage occurring to the

Schedule A equipment as well as a certificate of insurance ^{* for both the landlord and KKI *} confirming coverage for it, Pride shall be

entitled to use the equipment ~~and~~ its operation at the Lagoon City Marina. ^① The Receiver, the Landlord, ^{"Pride"} and KKI (the purchaser) shall all meet at Lagoon City on Friday May 1, 2015 at an agreed time to inspect the Schedule "A" equipment and agree on its state of repair as a baseline in the event an issue of damage arises.

The Receiver shall ~~also~~ advise both the Landlord and Pride in respect of the property which it asserts belongs to Crote and over which the Landlord has not claimed an interest in the claims process. KKI shall attend at Lagoon City, on reasonable notice on or before May 5, 2015 in order to pick up the

* ① In the absence thereof, the Schedule A equipment ~~and~~ ^{"in addition to"} all other disputed equipment shall be segregated on the Lagoon City ^{MP.} property.

JP.
JP.

MP

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

undisputed property. The landlord and Pride shall allow KKI access to the Lagoon City property to retrieve such property.

The Receiver is granted access to the Lagoon City property for the purpose of dealing with both the claimed and unclaimed customer's boats. Such access shall be in force from May 1 to May 31, 2015.

J.P. *~~It~~ and in accordance with the terms set out in Mr. Bursell's letter to Mr. McReynolds dated

J.P. April 17, 2015, ^(Motion Record, Tab 2) and respect as to period

access and the issue of occupation rent. Further, the Receiver shall have a representative⁽¹⁾ present on the Lagoon City property on May 2 and 3/15. The Receiver and Pride shall discuss and agree on reasonable periods when the Receiver's representative should be present (not full time) and the Receiver will notify all customers that they should book an appointment to get their boat during one of those time periods.

The issue of whether the Receiver should pay

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

Occupation rest is to be determined on July 9, 2015 (90 minutes). Date confirmed. All material to be filed by July 6, 2015.

As noted, Pride did not attend today although given notice. If it wishes to contest any part of this order, it should book a 9:30 am appointment before me on May 4 or 5, 2015 to deal with the issue.

Brendan Bissell

From: James McReynolds <JMcReynolds@srglegal.com>
Sent: April-30-15 3:31 PM
To: Brendan Bissell; Maya Poliak
Subject: Fw: Crates Receivership
Attachments: image001.jpg; image002.jpg

From: Mike Smith <msmith@pridemarinegroup.com>
Sent: Thursday, April 30, 2015 12:48 PM
To: James McReynolds
Cc: mcallery@taliskercorp.com; Mandy Scully (mscully@taliskercorp.com)
Subject: RE: Crates Receivership

Yes your email correctly reflects Pride Marine Group's position.

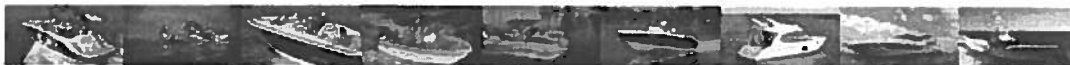
Thanks
Mike

Mike Smith

Pride Marine Group Ltd.
Direct / Cell / Fax – 705 242-3382
Toll Free – 800-991-3006 Ext 143
Email - msmith@pridemarinegroup.com

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From: James McReynolds [mailto:JMcReynolds@srglegal.com]
Sent: Thursday, April 30, 2015 12:42 PM
To: Mike Smith
Cc: mcallery@taliskercorp.com; Mandy Scully (mscully@taliskercorp.com)
Subject: Crates Receivership

Dear Mr. Smith:

Thank you for speaking with me today at 12:25 pm.

I confirm I advised you that I had been in court before the Honourable Mr. Justice Patillo, on a motion brought by the Receiver, which deals with issues regarding equipment in dispute at Lagoon City and the presence of the Receiver on and after May 1, 2015, when Pride Marine Group ("Prides") commences its tenancy.

I confirm your advice that our letter to the counsel for the Receiver dated April 22, 2015, sets out the terms Prides accepts for a continuing presence by the Receiver. Prides does not agree with the terms set out in the Receiver's letter dated April 17, 2015.

I confirm your advice that, with regard to the equipment in dispute, Prides considers some of the equipment vital to the operation of the Marina this weekend. To that end, Prides has identified a list of key items, as follows:

all fixtures are the property of 2124915 Ontario Inc., including, but not limited to:

- a. fuel pump at Cabana;
- b. gas pump located at channel entrance to Lagoon City, hoses and incidental pieces to pumps;
- c. two gas pumps on Dock (Petro Canada) and all hoses and other incidental pieces to pumps; and,
- d. all equipment servicing pool.

as well as the following items, in addition to the Marine Travel Lift (movable), capacity 70,000.00 pounds 35 BFMSN: 21751087, already conceded by the Receiver to be the property of the landlord:

- e. Magna two horse power air compressor model M1O4CO200-20A SN: L1420019;
- f. Fuel tank for Travel Lift (which Travel Lift has already been released by the Receiver);
- g. three Inglis commercial coin dryers TO-81001 SN; 9CM38640, 9DB32121, 9CM38616;
- h. three GE commercial coin washers WCCB1030J1WC, SN HR145501G, HT 145513G, ST116562G;
- i. one Taylor Forklift (red);
- j. boat straps (approximately 8) in boat slip area in mini cabin;
- k. four 3-ton chain fall hoist in boat slip area attached at 234;
- l. four 5-ton chain fall hoist in boat slip area attached at 216;
- m. mobile waste trailer and pumper;
- n. park benches/ picnic table (approximately 200 plus);
- o. electric boat lift for lifting boats in water (5 foot);

- p. sailboat mast crane (motorized) SN 34JC43-071G1;
- q. one Conolift Hydraulic Trailer;
- r. blocks and metal boat stands for holding boats: many hundreds.

For these items, Prides agrees to inspect these items with a representative of the Receiver on May 1, 2015, for the purpose of reaching agreement as to the items current status. For these items listed above, Prides will give an undertaking respecting damages, so that it will pay damages for any of the above items which become damaged on or after May 1, 2015, which ultimately turn out to belong to the purchaser of the assets of Crates Marine Sales Limited.

The remaining disputed assets can be securely stored at the Marina by the Receiver.

Please confirm by return email that the above correctly reflects Prides intentions in this matter.

Yours very truly,

James P. McReynolds

Solmon Rothbart Goodman LLP
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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL 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.

**ENDORSEMENT OF MR. JUSTICE PATTILLO
DATED APRIL 30, 2015 (UNOFFICIAL TYPED TRANSCRIPTION)**

R. B. Bissell – for Receiver

James McReynolds – for 2124915 Ontario Inc. (landlord)

M. Poliak – for Crawmet and Krates Keswick Inc. (“KKI”)

Receiver’s motion concerning issues at Lagoon City location. 2124915 Ontario Inc. is the landlord of the property (“Landlord”). It has entered into a lease with Pride Marine Group (“Pride”) beginning May 1, 2015. Pride has notice of this motion but has not appeared. Nevertheless, Mr. McReynolds, on behalf of the Landlord, has been in touch with Pride.

There is a dispute with respect to the ownership of some of the equipment at Lagoon City between the Landlord and the Receiver. Pride has identified some of the disputed equipment (items (a) to (r) in the e-mail exchange between Mr. McReynolds and Mr. Smith from Pride dated April 30, 2015 (attached as Schedule “A”)). Pending determination of the equipment dispute and upon provision by Pride of a duly executed undertaking as to responsibility for any damage occurring to the Schedule A equipment as well as a certificate of insurance confirming coverage for it for both the Landlord and KKI, Pride shall entitled to use the equipment in its

operations at the Lagoon City marina. In the absence thereof, the Schedule "A" equipment in addition to other disputed equipment shall be segregated on the Lagoon City property. The Receiver, the Landlord, Pride and KKI (the purchaser) shall all meet at Lagoon City on Friday May 1, 2015 at an agreed time to inspect the Schedule "A" equipment and agree on its state of repair as a baseline in the event an issue of damage arises.

The Receiver shall advise both the Landlord and Pride in respect of the property which it asserts belongs to Crate and over which the Landlord has not claimed an interest in the claims process. KKI shall attend at Lagoon City, on reasonable notice on or before May 5, 2015 in order to pick up the undisputed property. The Landlord and Pride shall allow KKI access to the Lagoon City property to retrieve such property.

The Receiver is granted access to the Lagoon City property for the purpose of dealing with both the claimed and unclaimed customer boats. Such access shall be in force from May 1 to May 31, 2015 and in accordance with the terms set out in Mr. Bissell's letter to Mr. McReynolds dated April 17, 2015 (Motion Record, Tab I) save and except as to period of access and the issue of occupation rent. Further, the Receiver shall have a representative (1) present on the Lagoon City property on May 2 and 3, 2015. The Receiver and Pride shall discuss and agree on reasonable periods when the Receiver's representative should be present (not full time) and the Receiver will notify all customers that they should book an appointment to get their boat during one of those time periods.

The issue of whether the Receiver should pay occupation rent is to be determined on July 9, 2015 (90 minutes). Date confirmed. All material to be filed by July 6, 2015.

As noted, Pride did not attend today although given notice. If it wishes to contest any part of this order, it should book a 9:30 a.m. appointment before me on May 4 or 5, 2015 to deal with the issue.

"Pattillo J."

**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. CV-14-10798-00CL

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

**THIRD SUPPLEMENTARY REPORT TO THE
TENTH REPORT OF THE RECEIVER**

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Lawyers for A. Farber & Partners Inc. in its capacity as the Court
appointed Receiver 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.