

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

BETWEEN:

JAMES BOUGHNER, RICHARD GIBSON and JACK WALDOCK

Plaintiffs

-and-

**GREYHAWK EQUITY PARTNERS LIMITED PARTNERSHIP (MILLENIUM),
GREYHAWK EQUITY PARTNERS LIMITED PARTNERSHIP,
GREYHAWK EQUITY PARTNERS LTD.,
BEDFORD & ASSOCIATES RESEARCH GROUP INC.,
TERENCE M. BEDFORD and JOANNE HARRIS-BEDFORD**

Defendants

FOURTH REPORT OF THE RECEIVER

PURPOSE OF FOURTH REPORT

1. This fourth report (the “**Fourth Report**”) of A. Farber & Partners Inc., as receiver (“**Farber**” or “**Receiver**”), without security, of all the assets, undertakings and properties of Greyhawk Equity Partners Limited Partnership (Millenium) (“**Greyhawk LP**”), Greyhawk Equity Partners Limited Partnership (“**Greyhawk LP 2**”) and Greyhawk Equity Partners Ltd. (“**Greyhawk GP**”, and together with Greyhawk LP and Greyhawk LP 2, “**Greyhawk**”), and Bedford & Associates Research Group Inc. (“**BARG**”) is filed with the Court to summarize the activities of the Receiver since the Third Report of the Receiver dated May 31, 2011 (the “**Third Report**”), and in support of a motion to:
 - (a) advise and seek approval of the Court of the Receiver’s activities since the Third Report;

- (b) seek approval to extend the receivership for a period of 120 days from October 15, 2011, on the same terms as prior orders of this Honourable Court.

DISCLAIMER

2. Farber assumes no responsibility or liability for loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this Fourth Report. Any use which any party, other than the Court, makes of this Fourth Report or any reliance on or a decision made based upon it is the responsibility of such party.
3. Capitalized terms not defined in this Fourth Report are as defined in the Third Report or in the Initial Order. All references to dollars are in United States currency unless otherwise noted.

INTRODUCTION AND BACKGROUND

4. By Order of the Honourable Mr. Justice Morawetz dated February 8, 2011, Farber was appointed Receiver, without security, of all of the assets, undertakings and properties of Greyhawk acquired for, or used in relation to a business carried on by Greyhawk, including all proceeds thereof (the “**Property**”), pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**Initial Order**”). A true copy of the Initial Order is attached as **Appendix “A”**.
5. The Initial Order authorizes and empowers the Receiver to act at once in respect of the Property, including but not limited to, take possession and exercise control of the Property, to receive, preserve and protect the Property, or any parts thereof, and to engage counsel, consultants and experts to assist with the exercise of the Receiver’s powers and duties.
6. Additionally, the Receiver is empowered and authorized, where necessary, after consultation with the Plaintiffs to, amongst other things, sell securities, purchase

securities, complete open contractual commitments and sell, without tender, assets of Greyhawk essential to the carrying on of its business.

7. Further, the Initial Order has restrained the Defendants, anyone acting on their behalf and any and all person with notice of the Initial Order, from selling, removing, transferring, assigning or similarly dealing with any assets of Greyhawk and/or BARG, wherever situate; or instructing or encouraging any other person to do so (the “**Freeze Order**”).
8. By Order of the Honourable Mr. Justice Morawetz dated February 17, 2011 (the “**Second Order**”), the Initial Order was amended to extend the receivership to BARG and to Greyhawk LP 2. A true copy of the Second Order is attached as **Appendix “B”**.
9. The Second Order also authorized and directed Farber to distribute T5013 tax receipts relating to income from the Greyhawk LP partnership on the best information available based on the books and records as provided by Bedford.
10. By Order of the Honourable Mr. Justice Morawetz dated April 18, 2011 (the “**Third Order**”), the relief granted in the Initial Order and Second Order was extended to June 17, 2011. In addition, the Court granted the Plaintiffs authority to have their costs (up to and including entry and service of the Second Order) of this proceeding paid by the Receiver from the Greyhawk and/or BARG estates, without delay. A true copy of the Third Order is attached as **Appendix “C”**.
11. By Order of the Honourable Mr. Justice Morawetz dated June 1, 2011 (the “**Fourth Order**”), the receivership was extended to October 14, 2011. A true copy of the Fourth Order is attached as **Appendix “D”**.

ACTIVITIES OF THE RECEIVER SINCE THE THIRD REPORT

12. The Receiver has continued to maintain control of the Property and has responded to and dealt with enquiries from the Greyhawk investors (the “**Investors**”) and their legal counsel as they have arisen with respect to various issues. Specifically, the Receiver’s activities since the Third Report include:

- (a) Numerous calls with Baker & McKenzie LLP (“Baker”), legal counsel to one of the Plaintiffs, Jack Waldock, and other Investors (the “**Waldock Investors**”) regarding the Allocation Calculations prepared by the Receiver (as detailed in the Third Report) of the Greyhawk fund (the “**Fund**”). The Receiver provided its detailed working spreadsheets and other information related to the Allocation Calculations in order to assist Baker in understanding the flow of transactions in the Fund and to support meaningful discussions with them;
- (b) Numerous calls with Norton Rose OR LLP (“NR”), legal counsel to one of the Plaintiffs, Richard Gibson, and other Investors (the “**Gibson Investors**”) regarding the Allocation Calculations prepared by the Receiver (as detailed in the Third Report) of the Fund. The Receiver provided its detailed working spreadsheets and other information related to the Allocation Calculations in order to assist NR in understanding the flow of transactions in the Fund and to support meaningful discussions with them;
- (c) Preparing and distributing letters to the Investors advising them of the receivership and detailing their investments made and redemptions received from the Fund and providing them an opportunity to dispute any of the transactions noted. Further, the Receiver placed the Investors on notice that claims may be made against them by the Receiver for repayment of some or all of the redemptions made to them by the Fund for the purpose of redistributing such amounts among Investors who incurred

losses. In addition, the Receiver noted that Investors should preserve all relevant records and proceeds received;

- (d) At the request of the Ontario Securities Commission (“OSC”), the Receiver made arrangements for the website, www.baresearch.com, to be deactivated and no longer accessible by the public, including Bedford and all subscribers to the website;
- (e) Complying with a search warrant made by the Justice of the Peace L. Crawford dated August 15, 2011 which requires copies of all Greyhawk material in the Receiver’s possession to be provided to the OSC, as detailed in the search warrant. The Receiver arranged for copies of all the paper documents and computer hard-drive images it had in its possession (and as detailed in the search warrant) to be made, and provided those copies to representatives of the OSC on August 22, 2011. The Receiver has now complied with the search warrant.
- (f) Bennett Jones LLP advised the Receiver that the Plaintiffs wished to serve a notice of motion and statement of claim against Bedford and Greyhawk, however, in order to do so, they required the Receiver’s consent to continue the Plaintiff’s action. The Receiver consented to the continuation of the above noted action;
- (g) Posted a copy of the Fourth Order and Endorsement together with the Third Report on the Receiver’s website, www.farberfinancial.com, in order to provide continued updates to the Investors and other stakeholders;

EXTENSION OF THE RECEIVERSHIP

13. As previously stated in the Third Report, the Receiver had hoped that Investors would be able to agree among themselves as to the appropriate manner of distribution of the Fund prior to the expiry of the Receivership, either consensually or through further direction of the Court.
14. The Receiver notes that the Waldock and Gibson Investors have retained their own independent counsel to assist them in the determination of the most appropriate manner of distribution of the Fund.
15. The Receiver has been made aware that the Waldock and Gibson Investors have been in discussions regarding the allocation of the Fund and to date, no resolution was forthcoming. Accordingly, the Receiver has been advised that the Waldock and Gibson Investors are taking steps to resolve the dispute and intend to bring a motion on the Commercial List with a hearing date scheduled for January 16, 2012.
16. The Receivership extension proposed in the Third Report expires on October 14, 2011. Based on the proposed scheduled hearing date between the Waldock Investors, the Gibson Investors and the Receiver, it appears that no agreement regarding the most appropriate manner of distribution of the Fund will be resolved prior to the expiry of the Receivership.

CONSENT OF BEDFORD TO THE RECEIVERSHIP

17. BJLLP has advised the Receiver that Bedford consents to the extension of the Receivership for a further 120 days.

RECOMMENDATIONS

18. The Receiver respectfully requests that this Honourable Court:
- (a) approve the Receiver's Fourth Report and the activities described therein;
and
 - (b) approve the extension of the receivership for a period of 120 days from
October 15, 2011, on the proposed terms described above.

All of which is respectfully submitted this 27th day of September 2011,

A. Farber & Partners Inc.

**A. FARBER & PARTNERS INC.
IN ITS CAPACITY AS RECEIVER OF
GREYHAWK EQUITY PARTNERS LIMITED PARTNERSHIP (MILLENIUM),
GREYHAWK EQUITY PARTNERS LIMITED PARTNERSHIP, GREYHAWK
EQUITY PARTNERS LTD., and BEDFORD & ASSOCIATES RESEARCH
GROUP INC.
and with no personal or corporate liability.**