IN THE MATTER OF
THE BANKRUPCTY OF
910234 ALBERTA LTD.

June 4, 2013

TRUSTEE'S PRELIMINARY REPORT

BACKGROUND

910 is a privately held corporation engaged in mortgage investment. The sole director of the Company is Randy Calmusky.

On December 12, 2012, Grant Thornton Limited (the "Receiver") was appointed Receiver of 910234 Alberta Ltd. ("910" or the "Company") pursuant to an application by Stanley, Brenda, Jack and Lynn Eisenberg together with Eisenberg Properties. The initial powers of the Receiver were expanded in later applications to the Court of Queen's Bench of Alberta ("the Court").

On May 13, 2013, the Court granted the Receiver the power to assign 910 into bankruptcy. On May 14, 2013 Grant Thornton Alger Inc. (the "Trustee") was appointed as trustee of the estate of the bankrupt by the official receiver.

SECTION A - PRELIMINARY EVALUATION OF ASSETS

The Company's assets are listed on the Statement of Affairs. The Statement of Affairs was prepared by the Receiver based on information available to the Receiver at this date. The material assets of 910 listed on the Statement of affairs include cash in trust and real estate property. Additional recoveries relate to legal actions as discussed later in this report.

SECTION B – DETAILS OF SECURITY INTEREST

The only known security interest held against the company assets at this time is a mortgage in favour of Toronto Dominion Bank in the amount of approximately $550,000. This loan is secured by 27 Elveden Place. The funds were used to complete the construction of the house. This mortgage will be repaid from the proceeds arising from the sale of the property.

SECTION C – CONSERVATORY AND PROTECTIVE MEASURES

Upon its appointment, the Receiver ensured that adequate insurance was in place on the only known physical asset, 27 Elveden Place.

SECTION D – PROVABLE CLAIMS

Since the date of the Notice of Bankruptcy, the Trustee is not aware of any material changes in the nature or the amount of the liabilities of the Company. Amounts owed to those investors in Unity Builders Group ("UBG") were not included in the listing of assets or liabilities as they are held in the individual investor names, with the exception of one investor, in the amount of $300,000, where it is held in the name of 910, although the specific investor is known and the funds traced.

SECTION E – LEGAL PROCEEDINGS

As at the date of this report, the Receiver has continued the following legal actions on behalf of the Company:

Rembrandt Homes Ltd. ("Rembrandt")

The facts surrounding this matter are as follows:

- 910 advanced funds totalling approximately $1,000,000 was advanced to Rembrandt. Security for the loan was to consist of a first charge on 7 properties, although charges were only registered on 6 properties.
- One of the properties was sold in early 2009 for net proceeds of approximately $423,000 which was paid to 910. A second property was sold but the mortgage in favour of 910 was

not discharged although the funds to discharge the mortgage were advanced. This property is the subject of ongoing litigation.

- Rembrandt got into financial difficulty and on October 7, 2009 the Company foreclosed on the four remaining properties, with an estimated fair market value of $398,000 and the Court granted an order transferring title to 910. These properties were transferred to 910 and then further transferred to various Calmusky family members in 2010 and 2011.
- Based on current title searches the four properties have been sold to third parties however the Receiver has not identified evidence that the proceeds were deposited back to 910.

Vaughan Custom Builders & Design Inc. ("Vaughan")

As indicated in the Receiver's previous reports, 910 demanded repayment of $135,000 and accrued interest. The Receiver's legal counsel has filed a Statement of Claim to ensure the action would not become statute-barred, but it has not yet served the Statement of Claim. No further action has been taken at this time.

Mika Development Corp. / Belmonte

$450,000 was advanced to Mika Development Corp. The loan was not repaid and a foreclosure and a legal suit was commenced. A judgment in favour of Alberta and 910234 Alberta Ltd. was awarded May 15, 2008.
A payment of $210,805.58 was issued to Mr. Calmusky as partial settlement of the judgment. The Receiver has been unable to find evidence of payment being deposited back to 910. The collection of the balance of the claim is doubtful.

SECTION F – TRANSFERS AT UNDERVALUE AND PREFERENCE PAYMENTS

The Receiver continues to obtain additional information with respect to 910. The Receiver has reason to believe that certain transactions may potentially be reviewable transactions pursuant to statute. These transactions include the following:

a. Mary and Gary Calmusky, who are family members of the 910 director Randy Calmusky, were repaid principal in the amounts of $170,000 and $200,000, respectively, on May 29, 2012. It appears these funds were subsequently used to fund a mortgage from Trickle Creek Custom Homes.

b. On May 15, 2012, $798,101.99 was advanced from 910's TD Trust bank account to Theresa and Randy Calmusky's Line of Credit. It appears these funds were subsequently used to fund a mortgage from Trickle Creek Custom Homes.

c. As previously mentioned, property was taken by 910 in the Rembrandt foreclosure were subsequently transferred to related parties: Theresa Calmusky, Randy Calmusky and their daughter Jennifer Calmusky. The properties were then sold to third parties.

d. 5 Trico built homes were purchased partially using funds from investors. Certain of the properties were sold and the investors' advances partially repaid. The remaining properties are now into names of Randy Calmusky, Theresa Calmuskly, Kyle Calmusky and other non-arm's length parties including the defendants, Cale Humeniuk and Jordon Rintoul. There appears to be equity in these properties.

SECTION G – PROJECTED DISTRIBUTION AND ANTICIPATED ASSET REALIZATION

All net proceeds realized by the Receiver will be distributed to the investors, subject to those priorities set out under Section 136 of the *Bankruptcy and Insolvency Act* and any potential priority claims of the Government of Canada, if any. Exhibit 1, attached summarizes the estimated recoveries available to Creditors at this time. Exhibit 2 provides a statement of Receipts and disbursements to date.

SECTION H – OTHER MATTERS

None to report.

Dated at Calgary, Alberta, the 4th[th] day of June, 2013.

GRANT THORNTON ALGER INC.

Per: Guy Odhams, CA•CIRP

910234 Alberta Ltd. **Exhibit 1**

Estimated Recoveries

As at June 3, 2013

Net Investor Principal Outstanding		$6,605,005
Estimated Recoveries:		
Cash in Trust as at June 3, 2013 (see Exhibit 2)	1,293,654	
Sale of 27 Elveden Place:		
Sale price	$1,950,000	
Mortgage	(550,000)	
Closing costs	(95,000)	
	1,305,000	
Estimated Net Funds Available		2,598,654
Potential Recoveries:		
Line of credit	798,102	
Repayment of Mary and Gary Calmusky	370,000	
Trico Properties	100,000	
UBG Interest	unknown	
Rembrandt	unknown	
Rembrandt properties	unknown	
Vaughn Custom	unknown	
		$1,268,102
Estimated total Recovery		$3,866,756

District of	Alberta
Division No.	02 - Calgary
Court No.	1201-15430
Estate No.	25-094345

Exhibit 2

Form 12

Interim Statement of Receipts and Disbursements

RECEIPTS			
1. Miscellaneous Refunds and Receipts			
Interest allocation		616.20	
Miscellaneous other receipts		58.50	
Mortgages receivable		1,555,391.94	1,556,066.64
TOTAL RECEIPTS			**1,556,066.64**
DISBURSEMENTS			
2. Fees Paid			
To registrar		150.00	
To official receiver		70.00	220.00
3. Premium			
Insurance		3,650.00	3,650.00
4. Miscellaneous			
Net Operating expenes		250.00	
Bank charges		21.00	
Security		2,062.75	
Utilities		1,357.57	
Legal fees/disbursements		48,057.46	
Receiver's fees and costs		194,555.58	
GST Paid		12,238.68	258,543.04
TOTAL DISBURSEMENTS			**262,413.04**
Note: How much of the total disbursements was paid for services provided by persons related to the trustee?		0.00	
Amount available for distribution			**1,293,653.60**
5. Levy payable under section 147 of the Act			0.00
6. Unsecured creditors			
Current dividend	0.00 less levy	0.00	0.00
7. Amount retained in the Trust account by the Trustee:			1,293,653.60

Dated at the city of Calgary in the Province of Alberta, this 4th day of June 2013.

Grant Thornton Limited - Receiver

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