Grant Thornton

Clerk's Stamp

CLERK OF THE COURT
FILED
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JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER	1201-15430
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	STANLEY EISENBERG, LYNN EISENBERG, JACK EISENBERG, BRENDA EISENBERG and EISENBERG'S PROPERTIES LTD.
DEFENDANTS:	910234 ALBERTA LTD., RANDY CALMUSKY, THERESA CALMUSKY, KYLE CALMUSKY, CALE HUMENIUK and JORDON RINTOUL
DOCUMENT	RECEIVER'S FIRST REPORT DECEMBER 20, 2012
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING DOCUMENT	<u>RECEIVER</u> Grant Thornton Limited 900, 833 – 4th Avenue SW Calgary, AB T2P 3T5 Attention: Guy Odhams Telephone: (403) 296-3143 Facsimile: (403) 260-2571 E-Mail: Guy.Odhams@ca.gt.com <u>COUNSEL</u> Burnet, Duckworth & Palmer LLP 2400, 525 – 8th Ave SW Calgary, AB T2P 1G1 Attention: Doug Nishimura Telephone: (403) 260-0269 Facsimile: (403) 260-0332 E-Mail: dsn@bdplaw.com

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Exhibits

Exhibit 1 – Attachment Order, dated December 6, 2012

Exhibit 2 – Receivership Order, dated December 12, 2012

Exhibit 3 – Inventory of Books and Records as at December 12, 2012

Exhibit 4 – 910234 Alberta Ltd. Investor Questionnaire

Exhibit 5 – Investor Letter

Background

1. 910234 Alberta Ltd. ("910234") is a corporation incorporated pursuant to the laws of Alberta. Mr. Randy Calmusky ("R. Calmusky") is the sole director of 910234.

2. According to an affidavit by Stanley Eisenberg, filed in this matter, 910234 is in the business of raising funds from investors for the purpose of investing in residential mortgages. Investors provided funds in the form of loans to 910234, and those loans were documented through a series of mortgage sale and servicing agreements.

3. On December 6, 2012, Stanley Eisenberg, Lynn Eisenberg, Jack Eisenberg, Brenda Eisenberg and Eisenberg's Properties Ltd. (collectively "the Eisenbergs") applied for, and were granted, an Attachment Order against 910234 and other parties. A copy of the Order is attached as Exhibit 1 to this report.

4. The Attachment Order covered the following properties:

   a. Plan 0715416
   Block 1
   Lot 20
   Excepting thereout all mines and minerals
   and municipally described as 27 Elveden Place SW, Calgary, Alberta
   ("27 Elveden Property")

   b. Plan 0613282
   Block 26
   Lot 10
   Excepting thereout all mines and minerals
   and municipally described as 41 Everglen Crescent SW, Calgary, Alberta
   ("41 Everglen Property")

   c. Plan 0410490
   Block 4
   Lot 13
   Excepting thereout all mines and minerals
   and municipally described as 110 Hawk's Landing Drive, Priddis, Alberta
   ("Hawk's Landing Property")

   d. Plan 0613282
   Block 26
   Lot 6
   Excepting thereout all mines and minerals
   and municipally described as 57 Elveden Crescent SW, Calgary, Alberta

("57 Everglen Property")

5. On December 10, 2012, the Eisenbergs applied for a Receivership Order against 910234 and other parties. The Order was granted on December 12, 2012. Grant Thornton Limited ("Grant Thornton" or the "Receiver") consented to act as Receiver. A copy of the Order is attached as Exhibit 2 to this report.

6. The Receiver was given the powers to investigate the business affairs of 910234 and any transactions between 910234 and the following parties: Randy Calmusky, Theresa Calmusky, Kyle Calmusky, Cale Humenuik, Jordan Rintoul (collectively the "Debtors"), including but not limited to the acquisition by one or more of the Defendants of any interest in the following real properties:

   a) 27 Elveden Property;

   b) 41 Everglen Property; and,

   c) 57 Everglen Property.

7. Additionally, the Receiver is authorized to receive and collect money payable to the Debtors, including but not limited to payments made under the terms of any mortgages under which the Debtors are a mortgagee and any monies arising out of any sale of the following properties municipally described as:

   a. 28 Rockcliffe Grove NW, Calgary Alberta; and,

   b. 300 Spyglass Way, Rocky View County, Alberta.

8. The Receiver was required to provide an initial report to the Court no later than December 21, 2012.

9. This report is intended to provide the Court with the following information:

   a. Background to the appointment of the Receiver;

   b. Receiver's Initial activities; and

   c. Receiver's Recommended course of action.

Receiver's Initial Activities

Corporate Records

10. The Receiver was advised by counsel for 910234 that all of the corporate records were located at the residence of Mr. R. Calmusky. On December 12, 2012 the Receiver attended

the home office of R. Calmusky, located at 110 Hawks Landing Drive in Priddis, Alberta. Upon attendance on site the Receiver took possession of the books and records of 910234. Attached as Exhibit 3 is a detailed inventory of all books and records removed from the home office of R. Calmusky who signed a copy of the initial inventory form noting that the inventory listing was correct and that all books and records have been provided to the Receiver.

11. The Receiver has commenced a review of the records, the results of which are discussed below.

Electronic Records

12. The Receiver also took possession of Mr. R. Calmusky's computer on December 12, 2012. As agreed between counsel for the Receiver, the Defendants and the Plaintiffs, the computer was brought to the Receiver's office where two images of the hard drive were made. The Receiver undertook not to review any of the information on the computer until Mr. Loberg; counsel for 910234, had an opportunity to remove any documents that he believed may be subject to privilege. Mr. Loberg indicated that this would not be a long process and that the computer would be returned within days.

13. In the morning of December 14, 2012 one copy of the imaged hard drive and physical computer were sent to Mr. Loberg. As at the date of this report, the computer has not been returned and Mr. Loberg has been unresponsive to the Receiver's counsel's requests for information. Therefore any investigation into the business dealings of 910234 and R. Calmusky and any other party have been impeded since the Receiver has been unable to review electronic documents, files or accounting records of 910234 that may be located on the computer.

Notification to Investors

14. The Receiver identified certain investors of 910234 through a review of the books and records of 910234 and investor contact information emailed to the Receiver by R. Calmusky on December 12, 2012.

15. On December 13, 2012, the Receiver sent correspondence by email to all known investors on the contact list. The email contained a copy of the Receivership Order and a questionnaire for the investors to complete and return to the Receiver. The questionnaire was developed to provide the receiver of independent verification of financial information to compare with corporate records. A copy of the questionnaire is attached to this report as Exhibit 4.

16. On December 18, 2012 the Receiver sent a questionnaire reminder email to the six remaining investors who hadn't sent in their questionnaire or responded to the earlier emails.

17. As of today, the Receiver has received communication, completed questionnaires or supporting documentation from ten of the fifteen investors in 910234.

18. Although the review of the investor responses is not complete, the results of the preliminary analysis are discussed below.

Financial Records

Bank Statements

19. Bank statements for 910234 have been provided for the last ten years and are in the process of being reviewed. Counsel for 910234 confirmed that there are only two bank accounts with Toronto Dominion Bank as follows:

    a. 910234 Alberta Ltd. – Operating Account:
        (i.) This account appears to have been used to process day to day operations of 910234 including expenses such as wages, vehicle, office, advertising etc.
        (ii.) A summary of the transactions flowing through this account are discussed below.
        (iii.) According to the records provided, the balance of this account as at December 6, 2012 was $8,814.81.

    b. 910234 Alberta Ltd. – In Trust Account:
        (i.) This account appears to have been used to process borrower loans and investor mortgage servicing agreements.
        (ii.) No financial statements or accounting of the Trust Account were included in the physical books and records provided. This is concerning as the majority of transactions moving through the Trust Account appear to relate to loans, investments and interest payments to investors.
        (iii.) On December 5, 2012, it appears $30,000 was transferred to the operating account and paid to Mr. Loberg from that account.
        (iv.) According to the records provided, the balance of this account as at December 5, 2012 was $742.31.

Tax Returns

20. The tax returns are being reviewed prior to contacting the external accountants that prepared the returns. It is not known whether there are any outstanding returns at this time.

21. There are no records showing any forms provided to investors for interest paid to them, although individual investors are providing certain information.

22. There may be forms required to be prepared for 2012 interest payment transactions however, if the investors will suffer a loss in principal, consideration will have to be given as whether those payments should be considered return of principal as opposed to income.

910234 Financial Statements

23. The books and records provided a summary print out of the transactions flowing through the operating account. This is summarized in the table below. Tax returns, prepared by outside accountants, were also provided. There is no corresponding summary of trust account activity and the Receiver has not yet compiled such a summary.

	2001 - 2005	2006	2007	2008	2009	2010	2011	Total
Revenue	165,574	194,752	378,232	460,000	260,500	82,000	22,000	1,563,058
Wages	77,205	139,539	239,824	373,252	125,119	37,813	27,108	1,019,860
Professional Fees	53,889	2,373	60,942	54,201	34,315	12,547	26,948	245,215
Advertising	17,110	17,021	34,600	21,079	31,770	25,652	17,701	164,933
Travel and Auto	4,341	10,141	11,792	15,186	23,939	19,232	20,057	104,688
Other	12,793	3,686	9,614	13,208	11,144	4,282	8,579	63,306
Total Expenses	165,338	172,760	356,772	476,926	226,287	99,526	100,393	1,598,002
Net Income	236	21,992	21,460	- 16,926	34,213	- 17,526	- 78,393	- 34,944

24. Wages accounted for a significant amount of expenses in 910234, but at this time it is not clear who the wages were paid to.

Ongoing Litigation matters

25. The Receiver was made aware of two ongoing litigation matters and has sent all relevant documentation found in books and records to our counsel for review. The two ongoing litigation matters are as follows:

   a. Vaughan Custom Builders & Design Inc. v. 910234 Alberta Ltd.

   b. 910234 234Alberta Ltd. v. Rembrandt Homes

26. The Receiver's Counsel has indicated that the information found in the books and records could be incomplete. There is a concern since the Receiver was advised that there is a limitation issue with one of the actions.

27. We are not aware of any other litigation matters at this time.

Review of Letter to Investors

28. An exhibit to Stanley Eisenberg's affidavit in this matter was a copy of a letter sent by R. Calmusky to the investors in 910234, dated November 12, 2012. The letter summarized events that negatively impacted 910234's business and led to eventual financial distress. A copy of this letter is attached as Exhibit 5 to this report ("Investor Letter").

29. Given the current absence of financial records and statements relating to the investment funds, the Receiver has only conducted a preliminary review of information provided in the Investor Letter to better understand investments made by 910234 and any remaining assets. This information was also compared to the books and records relating to investments in the possession of the Receiver. Certain clarifications regarding investment names were requested from R. Calmusky, however no responses have been received to date.

30. The Investor Letter advises that that:

    a. Current advances from investors total $8,071,500. The Receiver is unable to confirm whether this amount is correct based on the information reviewed and provided to date.

    b. There are an anticipated mortgage repayments of $1,534,400 from the following:

        i. $900,000 - 28 RockCliffe Grove

        ii. $634,400 - 300 Spyglass Way

    The Receiver's counsel has received the RockCliffe Grove amount, less legal fees to complete the conveyancing. A request for a payout of the Spyglass Way mortgage has been received however the receiver is unable to confirm the outstanding balance at this time until additional documentation can be provided by R. Calmusky or located in the accounting records. The Receiver's counsel has agreed to receive the funds on the basis of the payout which was provided by Mr. R. Calmusky in order to cease accruing interest.

    The Receiver's work to date in regard to the mortgages is discussed below.

    c. 910234 invested $1,519,000 with Unity Builders Group ("UBG") investment division Unity Investments. UBG is currently in restructuring proceedings under Companies' Creditors Arrangement Act ("CCAA"). Investments in UBG would be dealt with separately. The Receiver's work to date in regard to this asset is discussed below.

    d. Sales of real estate and settlement of law suits would provide the additional proceeds to re-pay investors.

e. The Investor Letter anticipates a shortfall of $2,678,100 which was to be split equally amongst investors. The Receiver is concerned that:

   i. The total amount of Investments has not been confirmed.

   ii. The actual shortfall may be different than that suggested.

   iii. Payments to Investors may include payments to certain of the defendants.

   iv. The pro-rata payment scheme may not be appropriate if individual investors were not proportionately exposed to the losses.

   v. The informal proposal does not include any investigation into whether the reason for the shortfalls is accurate.

Assets

Active Mortgages

31. 28 RockCliffe Grove – Crystal Creek Homes:

    The Receiver located documentation in the books and records which included a Mortgage agreement between 910234 and Crystal Creek Homes and mortgage service agreements between the investors of 910234 and 910234. According to the agreement, the maximum mortgage was $900,000. Upon review of the bank statements the Receiver located a payment that was made February 2nd, 2011 in the amount of $400,000 and has a notation on the Bank statement indicating payment was made to Crystal Creek homes. Evidence of other payments from 910234 to Crystal Creek is unclear at this point. The Receiver has the following concerns with the information:

    a. The bank statements and books and records don't provide any supporting documentation for the bank draft in the amount of $400,000.

    b. The Receiver is relying on handwritten notation on the bank statements which indicates the bank draft is related to the Crystal Creek Homes project.

    c. The Receiver has reviewed the bank statements for other notations of payments to Crystal Creek Homes. However, only interest payments to investors were noted.

32. 300 Spyglass Way – New West Homes:

The Receiver located documentation in the books and records which included a loan agreement between 910234 and New West Homes and general correspondence between Mr. Calmusky and the New West Homes President. According to the agreement, the maximum mortgage was $3,000,000. Upon review of the bank statements, the Receiver located a payment dated April 12, 2012 in the amount of $634,000, which roughly corresponds to the date that the amounts were advanced according to the mortgage agreements. The Receiver has the following concerns:

a. The bank statements and books and records didn't provide any supporting documentation for the bank draft in the amount of $634,410.

b. The Receiver is relying on handwritten notation on the bank statements which indicate the bank draft is related to the New West Homes project.

c. The Receiver has reviewed the bank statements for other notations of payments to New West Homes. However, only interest payments to investors were noted.

33. In addition, the Receiver has not had an opportunity to review the electronic or accounting records which may provide more details into both transactions.

34. Due to the lack of supporting documentation at this time the Receiver cannot provide mortgage discharges on the above mentioned properties until the Receiver can verify that the entire mortgage has been paid out.

Unity Builders Group Investment

35. The Receiver notified the Monitor of the Unity Builders Group, Ernst & Young LLP ("E&Y"), on December 13, 2012 of Grant Thornton's appointment as Receiver of 910234.

36. The Receiver has reviewed a letter sent to 910234 and Mr. Calmusky from E&Y dated June 22, 2012. The letter documents that 910234's claim was accepted as of May 9, 2012 and is a secured claim in the amount of $300,000 (principal) plus $3,766.44 (accrued interest) for a total of $303,766.44 against the project Origins at Cranston Limited Partnership ("Origins").

37. On December 17, 2012 the Receiver sent the UBG investors a letter detailing the CCAA proceedings of UBG along with the E&Y creditor package. The list of UBG investors that the Receiver was working with was created based on the mortgage and servicing documents and debenture agreements found in the company records. The letters and package was sent by email to six investors and by regular mail to the remaining six as electronic contact information has not yet been provided by Mr. Calmusky, though it was requested from Mr. Loberg on December 17, 2012.

38. As of today the Receiver has only heard back from one of the UBG investors confirming their proof of claim was accepted by E&Y.

39. On December 19, 2012 the Receiver requested confirmation from E&Y that all individual investors of 910234's proofs of claim have been accepted. No reply has been received to date.

Real Estate

40. The Attachment Order effected the following three properties:

    a. 27 Elveden Property

       27 Elveden is listed for $2,100,000 with Frances Dares of Re/Max House of Real Estate. The listing expires at the beginning of January 2013. The Receiver has been in contact with Frances Dares and she has provided information pertinent to this property as follows:

       - Sales in the Estates of Elveden subdivision are extremely slow
       - Some builders have begun to reduce their prices.
       - Many spec homes will be hitting the market in the next 6 months

    b. 41 Everglen Property

       Currently no information pertinent to the 41 Everglen Property has been provided to the Receiver regarding the sales process of this property at this time.

    c. 57 Everglen Property

       According to the attachment order, 57 Everglen Property is currently registered in the name of Ryan Calmusky. Currently no information Pertinent to the 57 Everglen Property has been provided to the Receiver regarding the sales process of this property at this time.

41. Due to a lack of information provided to date, the Receiver is not certain whether the three above discussed properties are all mentioned in Mr. R. Calmusky's letter to the investors.

Conclusion

42. At this time the Receiver requires access to the electronic books of records including accounting records to better assess the financial position of 910234.

43. Based on the Receiver's preliminary review of the books and records the existing attachment order should continue until the Receiver can review the electronic books of records including accounting records.

Dated at Calgary Alberta, the 20st day of December, 2012

PER: Grant Thornton Limited

Guy W.L Odhams

Exhibit 1

Order
Rule 9.1

Clerk's Stamp

COURT FILE NO.:	1201-15430
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF(S)	STANLEY EISENBERG, LYNN EISENBERG JACK EISENBERG, BRENDA EISENBERG and EISENBERG'S PROPERTIES LTD.
DEFENDANT(S)	910234 ALBERTA LTD., RANDY CALMUSKY, THERESA CALMUSKY, KYLE CALMUSKY, CALE HUMENIUK and JORDAN RINTOUL
DOCUMENT	**EX PARTE ATTACHMENT ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Gowling Lafleur Henderson LLP 1400, 700 2nd Street SW Calgary, AB T2P 4V5 Telephone (403) 298-1000 Facsimile (403) 263-9193 File No. A129590 **Attention: Jeffrey L. Oliver**

I hereby certify this to be a true copy of the original
Dated this 6 day of December 2012
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:	December 6, 2012
LOCATION AT WHICH ORDER WAS MADE:	Calgary, Alberta
NAME OF JUDGE WHO MADE THIS ORDER:	The Honourable Mr. Justice Yamauchi

UPON THE EX PARTE APPLICATION of the Plaintiffs; **AND UPON HAVING READ** the Statement of Claim, the Notice of Application of the Plaintiffs dated December 6, 2012, the Affidavit of Stanley Eisenberg sworn December 4, 2012, the Affidavit of Jack Eisenberg sworn December 4, 2012, the Affidavit of Richard Comstock sworn December 6, 2012; **AND UPON NOTING** the undertaking as to damages provided by the Plaintiffs in the Affidavit of Stanley Eisenberg and the Affidavit of Jack Eisenberg; **AND UPON HEARING** representations made by counsel for the Plaintiffs;

IT IS HEREBY ORDERED THAT:

1. This application shall be heard on a without notice basis, on the basis that serving notice of this application may cause undue prejudice to the applicant;

2. The Registrar of Land Titles for the Province of Alberta is hereby directed to:

   (a) Provide a list of lands currently registered in the name of 910234 Alberta Ltd., Randy Calmusky, Theresa Calmusky, Ryan Calmusky, Kyle Calmusky, Jennifer Calmusky, Cale Humeniuk and Jordan Rintoul; and

   (b) Immediately register this Attachment Order against all such lands or documents registered in the name of 910234 Alberta Ltd., Randy Calmusky or Theresa Calmusky, pursuant to section 22 of the *Civil Enforcement Act* (Alberta), RSA 2000, c C-15 (*"CEA"*);

   (c) Immediately register this Attachment Order against the following lands, regardless of the identity of their legal owner, legally described as:

      (i) Plan 0715416
      Block 1
      Lot 20
      Excepting thereout all mines and minerals
      and municipally described as 27 Elveden Way SW, Calgary, Alberta

      (**"Elveden Property"**);

      (ii) Plan 0613282
      Block 26
      Lot 10
      Excepting thereout all mines and minerals
      and municipally described as 41 Everglen Crescent SW, Calgary, Alberta

      (**"41 Everglen Property"**);

      (iii) Plan 0410490
      Block 4
      Lot 13
      Excepting thereout all mines and minerals

and municipally described as 110 Hawk's Landing Drive, Priddis, Alberta

(**"Hawk's Landing Property"**);

(d) Immediately register this Attachment Order against the below legally described lands registered in the name of Ryan Calmusky, pursuant to section 22 of the *Civil Enforcement Act* (Alberta), RSA 2000, c C-15 (*"CEA"*):

(i) Plan 0613282
Block 26
Lot 6
Excepting thereout all mines and minerals
and municipally described as 57 Everglen Crescent SW, Calgary, Alberta

(**"57 Everglen Property"**);

3. The Defendants 910234 Alberta Ltd., Randy Calmusky and Theresa Calmusky and their respective agents or any other person under their instruction, and any other person having knowledge of this Attachment Order, are hereby until 5:00 p.m. M.T. on December 21, 2012 prohibited from transferring, disposing of, encumbering or otherwise dissipating any other real or personal property legally or beneficially owned by them, including bank and securities accounts, except for the purpose of meeting 910234 Alberta Ltd., Randy Calmusky and Theresa Calmusky's reasonable and ordinary business or living expenses without the consent of any Receiver appointed in this proceeding or further Order of the Court;

4. The Defendants 910234 Alberta Ltd., Randy Calmusky and Theresa Calmusky, and their respective agents or any other person under their instruction, or any other person having knowledge of this Attachment Order, are hereby until 5:00p.m. M.T. on December 21, 2012 prohibited from transferring or further encumbering the Elveden Property or the Hawk's Landing Property without the consent of any Receiver appointed in this proceeding or further Order of the Court;

5. Ryan Calmusky, and his respective agents or any other person under their instruction, or any other person having knowledge of this Attachment Order, are hereby until 5:00p.m. M.T. on December 21, 2012 prohibited from transferring or further encumbering the 57 Everglen Property without the consent of any Receiver appointed in this proceeding or further Order of the Court;

6. The Defendants Kyle Calmusky, Cale Humeniuk, Jordan Rintoul and Randy Calmusky, and their respective agents or any other person under their instruction, or any other person having knowledge of this Attachment Order, are hereby until 5:00p.m. M.T. on December 21, 2012 prohibited from transferring or further encumbering the 41 Everglen Property without the consent of any Receiver appointed in this proceeding or further Order of the Court;

7. The Plaintiffs or any Receiver appointed in this proceeding shall be at liberty to file a caveat at any Land Titles Office on the Elveden Property, the 41 Everglen Property, the 57 Everglen Property, the Hawk's Landing Property, and any other real property of 910234 Alberta Ltd., Randy Calumsky or Theresa Calumsky, to the extent of those parties' registered ownership interest in those properties.

8. The Plaintiffs or any Receiver appointed in this proceeding shall be at liberty to register a lien with respect to this Attachment Order with the Personal Property Registry for the Province of Alberta and are specifically authorized to register the same against any personal property that may be owned or possessed by 910234 Alberta Ltd., Randy Calmusky or Theresa Calmusky, pursuant to section 22 of the *CEA*.

9. Neither the Clerk of the Court of Queen's Bench, nor any Civil Enforcement Agency, shall distribute any money realized through Writ proceedings as against any of the Defendants herein until termination of this Attachment Order or further Order of the Court.

10. This Attachment Order shall remain in effect until 5:00p.m. M.T. on December 21, 2012, unless this Attachment Order is extended by application to this Court on notice to the Defendants pursuant to section 18(2) of the *CEA*.

11. The Plaintiffs or any Receiver appointed in this proceeding shall be at liberty to apply to this Honourable Court to extend, vary or amend this Attachment Order at any time.

12. The Plaintiffs shall forwith serve a copy of this Order upon the Defendants and Ryan Calmusky.

13. Subject to paragraph 14 below, any interested person may apply to this Honourable Court to vary this Attachment Order upon two clear days notice to the Plaintiffs and their counsel, and any Receiver appointed in this proceeding and its counsel.

14. This Order is made without prejudice to the rights of any party in attendance at the application to appoint a Receiver in this proceeding scheduled for 2:00 p.m. on December 7, 2012 to argue that this Order should be vacated at the conclusion of the hearing of that application.

Justice of the Court of Queen's Bench of Alberta

Order
Rule 9.1

CLERK OF THE COURT
FILED
DEC 12 2012
JUDICIAL CENTRE
OF CALGARY

COURT FILE NO.:	1201-15430
COURT	Court of Queen's Bench of Alberta
JUDICIAL CENTRE	Calgary
PLAINTIFFS	STANLEY EISENBERG, LYNN EISENBERG, JACK EISENBERG, BRENDA EISENBERG and EISENBERG'S PROPERTIES LTD.
DEFENDANTS	910234 ALBERTA LTD., RANDY CALMUSKY, THERESA CALMUSKY, KYLE CALMUSKY, CALE HUMENIUK and JORDAN RINTOUL
DOCUMENT	RECEIVERSHIP ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Gowling Lafleur Henderson LLP 1400, 700 2nd Street SW Calgary, AB T2P 4V5 Telephone (403) 298-1000 Facsimile (403) 263-9193 File No. A129590 **Attention: Jeffrey Oliver**

I hereby certify this to be a true copy of the original Order
Dated this 12 day of Dec 2012
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED:	December 12, 2012
NAME OF JUDGE WHO MADE THIS ORDER:	The Honourable Mr. Justice LoVecchio

UPON the application of the Plaintiffs in respect of the Defendant 910234 Alberta Ltd. (the "Debtor"); AND UPON having read the Application, the Affidavits of Stanley Eisenberg, sworn December 4, 2012 and the Affidavit of Jack Eisenberg, sworn December 4, 2012, the

Affidavit of Richard Comstock sworn December 6, 2012, and the Affidavit of Service of Richard Comstock, sworn December 10, 2012, filed; AND UPON reading the consent of Grant Thornton Limited to act as receiver and manager ("Receiver") of the Debtor, filed; AND UPON hearing counsel for the Plaintiffs; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient on all parties except the Defendant Cale Humeniuk.

APPOINTMENT

2. Pursuant to section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, and subject to the terms and conditions of this Order, Grant Thornton Limited is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

   (a) to investigate the business affairs of the Debtor and any and all transactions between the Debtor and the Defendants or any other person, including but not limited to the acquisition by one or more of the Defendants of any interest in the following real properties:

      (i) Plan 0715416
      Block 1
      Lot 20
      Excepting thereout all mines and minerals
      and municipally described as 27 Elveden Place SW, Calgary, Alberta;

      (ii) Plan 0613282
      Block 26
      Lot 10
      Excepting thereout all mines and minerals
      and municipally described as 41 Everglen Crescent SW, Calgary, Alberta;

      (iii) Plan 0613282
      Block 26
      Lot 6
      Excepting thereout all mines and minerals
      and municipally described as 57 Everglen Crescent SW, Calgary, Alberta;

(b) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order, provided that the costs of which shall be paid in accordance with paragraphs 12 and 13 below;

(c) to receive and collect any monies payable to the Debtor, including but not limited to payments payable under the terms of any mortgages under which the Debtor is a mortagee and any monies arising out of any sale of the properties with the legal description of Plan 1014173, Block 10, Lot 51, excepting thereout all mines and minerals, municipally described as 28 Rockcliffe Grove NW, Calgary, Alberta and Plan 1210765, Block 2, Lot 23, excepting thereout all mines and minerals, municipally described as 300 Spyglass Way, Rocky View County, Alberta (collectively, the "Proceeds");

(d) to execute, assign, issue and endorse documents of whatever nature, whether in the Receiver's name or in the name and on behalf of the Debtor, for the purpose of being able to collect the Proceeds and discharge any security or related matters of the Debtor;

(e) to apply to extend, amend, or vacate the December 6, 2012 attachment order granted in favour of the Plaintiffs (the "Attachment Order") in this proceeding;

(f) to undertake any actions the Receiver is required or permitted to undertake pursuant to the terms of the Attachment Order;

(g) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(h) to serve a copy of this Order on any person whom the Receiver determines may have invested or advanced monies to the Debtor;

(i) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property; and

(j) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors (including but not limited to Randy Calmusky), officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other

individuals (including but not limited to Theresa Calmusky, Kyle Calmusky, Cale Humeniuk and Jordan Rintoul), firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure. No paper or electronic records of the Debtor shall be destroyed or altered by any Person.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage (excluding any records stored on a computer or other electronic system of counsel to the Debtor, which are not subject to this paragraph), whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver (notwithstanding whether records of other parties may be stored on the same computer or electronic system) for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

RECEIVER TO HOLD FUNDS

8. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, shall be held by the Receiver in trust, and shall not be used to pay any expenses of the Debtor or costs or disbursements of any kind, including but not limited to the fees and disbursements of the Receiver and its counsel, pending further Order of this Court.

EMPLOYEES

9. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, or any successor, employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction in respect of its obligations under section 81.4(5) or 81.6(3)of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3 ("BIA") under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("WEPPA").

LIMITATION ON ENVIRONMENTAL LIABILITIES

10. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

    (i) before the Receiver's appointment; or

    (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.

    (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

    (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

    (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:

A. complies with the order, or

B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

(ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,

A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or

B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

(iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

LIMITATION ON RECEIVER'S LIABILITY

11. The Receiver shall incur no liability or obligation as a result of its appointment or carrying out the provision of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under section 81.41(5) or 81.6(3) of the BIA or under the WEPPA.

RECEIVER'S ACCOUNTS

12. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges, which fees and disbursements shall, subject to paragraph 13, be paid by the Plaintiffs.

13. The Plaintiffs are entitled to apply, at any time and on notice to all interested parties, for an Order that the following sums be paid by the Receiver from the Post Receivership Accounts or other monies, properties or other assets in the possession or control of the Receiver, and that the sums be allocated as amongst those assets in any fashion that the Court deems appropriate:

(a) any fees and disbursements paid or incurred by the Plaintiffs pursuant to paragraph 12 of this Order; and

(b) the costs of this motion and the costs in relation to the Plaintiffs' motion to obtain the Attachment Order, at a scale to be determined, up to and including entry and service of this Order, with such priority and payable at such time as this Court may determine.

14. The Receiver and its legal counsel shall pass their accounts from time to time.

15. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of monies advanced by the Plaintiffs as a retainer and not from any Post Receivership Accounts, against the Receiver's fees and disbursements, including its legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

GENERAL

16. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

17. The Registrar of Land Titles for the Province of Alberta is hereby directed to provide a list of documents currently registered in the name of the Defendants.

18. The Debtor is hereby relieved of the obligation to file a Statement of Defence in the within proceeding, without further Order of the Court.

19. The Receiver shall report to the Court with respect to its initial findings of its investigation pursuant to the terms of this Order through a written report, which report shall be considered at a hearing to occur by no later than December 21, 2012.

20. The costs and expenses of the Debtor incurred in the usual and ordinary course of business shall remain the sole responsibility of the Debtor, and shall be paid by the Debtor to the extent that it has the funds on hand to do so. If the Debtor refuses or is unable to continue to pay its costs and expenses pursuant to this paragraph, the Receiver may, but is not obliged, pay any cost or expense of the Debtor on the Debtor's behalf provided that the Receiver has determined, in its sole discretion, that the payment of that sum is required in order to preserve or protect the Property.

21. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

22. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an

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

23. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

24. Any interested party may apply to this Court to vary or amend this Order, including but not limited to expanding the powers of the Receiver granted hereunder, on not less than 5 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

J.C.C.Q.B.A.

Room	Box	Description
	1	Woodmaster Homes binder 2007-2008
		Woodmaster Homes binder 2004-2007
		Invoice from Masuch Albert LLP Re: Loan to Woodmaste
		Homes Ltd. 2008
		Investment Opportunity - Talisman Homes Ltd binder 2005 - 2009
		Investment Opportunity - Talisman Homes Ltd binder 2004 2005
		Woodmaster #2 2006
		Woodmaster #4 2007
		Woodmaster #3 2007
		Woodmaster #1 2005 - 2006
		Woodmaster Homes #2 2005-2007
		Various Mortgage documents for # 6 40 Kestrell
		place, Vernon BC V1H 1S6 and
		47 Woodhaven Manor SW Calgary AB T2W 5P6
		2006 - 2008

Room	Box	Description
	2	~~B~~ Rembrandt Homes Binder 2007 - 2011
		Rembrandt Homes Binder 2009
		Unlabled binder - Documents + communications relating
		to Rembrandt Mortgage and ~~Undertak~~
		undertaking #1 2008 - 2012
		Wilson Laycraft binder 2010 - 2011
		[redacted] - Re: documents
		and communications relating to 910234 vs
		Rembrandt Homes 2006 - 2010
		Rembrandt Homes 2007 - 2008
		Schneider Evidence 2010 - 2012

Room	Box	Description
	3	Lifestyle Homes Folder 2010 - 2012
		Extensions of borrowing agreements with Lifestyle Homes Inc. 2010
		Copy of cheque from Masuch Albert LLP 2010
		Morgaging Agreement documents Re Lifestyle Homes Inc. 2008-2012
		Cheque stubs Re: Lifestyle Homes 2012
		Lifestyle Homes 2008
		Appraisal Report - 10505 + 10607 112th Ave NW, Calgary, AB 2009
		Rockcliff Payout 2009 - 2010
		Mortgage sale + servicing agreements Re: Trico 2007/2006
		47 Woodhaven Manor SW, Calgary, AB T2W 5P6 2007
		Trico Homes 2007
		Investment in arms length mortgage - Canadian Western
		Trust - 44 Woodmeadow Close SW, Calgary, AB 2006
		Mika Dev Corp #4 2007
		Mika #2 2006
		Mika #1 2006/2007
		Mika #1 2006
		Acquadale Property 2006/2007
		A Unity Investments - Origins 2009-2012
		Unity Investments - Origins 2009

Room	Box	Description
	4	Discharge of Talisman Mortgage: Disbursement of funds
		Talisman #3
		Talisman Homes #2
		Mortgage Servicing Agreements
		Varios documents Re: Talisman Homes #2 2005
		General Release of Mortgage Re: Mika Dev - 2007
		Mortgage Servicing Agreements 2004
		Talisman Homes 2004/2005
		Talisman Homes 2004
		Woodmaster Homes 2005
		Mika #1 2006
		Woodmaster Homes #2 2006
		Talisman Homes #2 2006
		Mika #3
		Mika #2
		Mika 1,409,000 Mortgage
		Woodmaster #3 2007
		Mika Dev Corp #4 2007
		Woodmaster #4 2007
		Trico Homes 2007
		Talisman #3 2007
		Rembrandt 2008
		Lifestyle Home 2008
		UBG 2009
		Cranston 2009
		UBG 2009
		Vaughan 2011

Room	Box	Description
	4	continued
		Aspire 2011
		Benlow + Lang 2011
		New West 2012
		Talisman Homes # 1 2004/2005
		General Release of Mortgage Re: Talisman
		Homes - January 31, 2007
		Unlabeled Binder - Woodmaster Homes,
		Tailsman and Lifestyle 2006/2007
		Beaton/Lang -19 Dain 2011/2012

Room	Box	Description
	5	Depost Books
		Cheque stUbs
		Blank cheques
		910234 Alberta Ltd Binder - incorporation
		documents

Room	Box	Description
	6	Trico Homes folio 2008
		Trico Homes folio 2008
		58 Evergreen 2008
		58 Evergreen · cres - Trico homes folder 2008
		41 Evergreen - cres
		78 Evergreen cres
		78 Evergreen cres 2007
		Vaughan Custom Builders 2011

Room	Box	Description
	7	Trickle Creek Elveden 2012
		Aspire Homes 2006 - 2012
		27 Elveden Place 2012
		various investment documents 2000 - 2012
		relate primarily to the [redacted]
		[redacted] 2000 - 2004
		[redacted] investment documents
		with Assante 2007
		[redacted]
		[redacted] 2006
		[redacted] 2007
		[redacted] 2004 - 2007
		[redacted] 2004
		[redacted] 2007 - 2012
		[redacted] 2007
		[redacted] 2012
		[redacted] - Discharge of mortgage 2004
		Rockyview community expenses 2010 - 2012
		Documents relating to Langdon properties 2009 - 2010
		Trickle creek Homes - Rembrandt
		Blueprints + Designs.

Exhibit 4

Questionnaire regarding investment in 910234 Alberta Ltd.

Please complete the following questionnaire and the following tabs relating to your investments in 910234 Alberta Ltd. Once completed, please e-mail your completed form and scanned documents if available to Guy Odhams at Guy.Odhams@ca.gt.com

If you are unable to provide a scanned copy of the documents by e-mail, please courier a copy of the originals to:

Grant Thornton LLP
Attention: Guy Odhams
900, 833 - 4th Avenue SW
Calgary, AB T2P 3T5

Name:

If your investment in 910234 Alberta Ltd was made through a company, the company name:

Phone Number:

Day:
Evening/ weekend:

Mailing Address:

Have you received any statements of account (Any statements received from 910234 Alberta Ltd.)?

Please Select

If yes, please attach to this questionnaire

Have you received copies of any mortgage servicing agreements?

Please Select

If yes, please attach

Have you received any notifications of sales of properties/ investments?

Please Select

If yes, please attach

Have you received any other documents relating to your investment

Please Select

If yes, please describe the nature of the documents below and attach

Please proceed to the next tab: Investments made to 910234

Please list all investments made to 910234 Alberta Ltd or related parties below, and attach all available proof of the payment to the attached list. Proof of the payment would include a receipt issued from 910234 Alberta Ltd, a cancelled cheque, confirmation of wire transfer, or statement showing the investment.

After completion of this schedule, please proceed to the next tab: Receipts from 910234

Investment date (DD-MMM-YY)	Investment amount	Receipt number if applicable	Receipt attached	Cheque number/ wire transfer number	Cancelled cheque/ confirmation of wire transfer attached

Please list all payments made to you from 910234 Alberta Ltd and attach all available proof of the payment to the attached list. Proof of the payment would include a counterfoil (cheque stub), wire transfer confirmation or statement showing the payment. Furthermore please indicate whether the payment was classified as Principal, Interest, or Principal & Interest, and attach any evidence that this is the case to this questionnaire.

After completion of this schedule, please submit the completed questionnaire and schedules with supporting documents via e-mail to Guy Odhams: Guy.Odhams@ca.gt.com

Date received (DD-MMM-YY)	Amount received	Interest/ principal repayment	Cheque number/wire transfer number	Counterfoil (cheque stub)/ wire transfer confirmation attached	Statement attached

November 12, 2012

Attention: Brenda Eisenberg
Jack Eisenberg
Eisenberg Properties

From: 910234 Alberta Ltd.

MESSAGE TO THE INVESTORS

Over the years 910234 Alberta Ltd. has enjoyed many successes which you as investors have participated in, including above-average rates of return and uninterrupted interest payments. Our records indicate that presently you have **$880,000 invested and since 2005, 910234 Alberta Ltd. has been able to generate in excess of $546,000 in interest income to you.** We are proud of what was attainable and it was a pleasure to have worked with you during this time.

Unfortunately, a series of events has made the current business unsustainable for the foreseeable future, leading us to have to analyze options for the restructuring of the business of the company, and to turn to the investors for approval of a proposal to undertake that restructuring to maximize the return of investment to the investors.

The following provides a brief overview of the events that have negatively impacted 910234 Alberta Ltd.'s business and led to the situation that we are in today.

- **Event # 1**

  910234 Alberta Ltd. was forced to foreclose on a mortgage that the borrower had defaulted upon. The company received a Judgment for the plaintiff in the amount of $450,000, plus interest and legal costs. Although a new buyer was eventually found for the property, it is very unlikely that the company will be paid back this outstanding judgment. For what it is worth, the borrower was also mentioned in the mortgage fraud that was in the papers a few years back involving the Bank of Montreal.

  Throughout this, 910234 Alberta Ltd. continued to make the interest payments uninterrupted to the investors on the entire amount of the loan for 8 months while a new buyer was found, and continued to make the interest payments on the $450,000 that was awarded in the Judgment but never recovered.

  The loss of the $450,000 plus the interest payments made until the interest payments were suspended to you in September of this year, totals approximately **$961,250.**

- **Event # 2**

910234 Alberta Ltd. found itself having to foreclose on 5 properties after the loan entered into default. Given market conditions at the time we were unable to find a buyer for the properties at a reasonable price, so the decision was made to build out the properties and put them up for sale. Without much improvement in the market and after much time and effort, 4 of the properties were sold netting a loss of $80,000.

The fifth property had a market value of $430,000 but the mortgage was improperly discharged by the law firm acting on behalf of 910234 Alberta Ltd. The company has brought legal action against the law firm who improperly discharged the mortgage on this fifth property. The lawsuit has been going on for a number of years and is just now into 'discoveries'. It is anticipated that this value will be recovered in the first half of 2013.

It is estimated that including the $80,000 lost on the 'build out' of the 4 properties plus the interest in arrears on the 5 properties plus the $430,000 that was improperly discharged, the total loss is **$897,160**.

- **Event # 3**

910234 Alberta Ltd. was involved in another foreclosure on a property that was partially completed. Unable to find a suitable buyer in this partially completed state, it was decided to finish the project. The property has just been completed and is up for sale.

Unfortunately, given the amount that had been advanced to the borrower ($1,600,000), the amount required to finish the property, and market conditions it is estimated that the loss on this property after real estate fees will likely be in the neighborhood of $450,000.

Including the interest in arrears, the total loss on the project is approximately **$770,000**.

- **Event # 4**

While the principle has been returned on this project none of the interest has been paid by the Borrower. Interest to be paid totals **$240,000**.

- **Event # 5**

  $135,000 was advanced to a Borrower prior to mortgage documents being finalized. Including interest which continued to be paid to investors the loss on this project is **$165,375**.

- **Event # 6**

  During the foreclosures and other legal proceedings, 910234 Alberta Ltd. has incurred legal fees totaling **$220,000** to date which has not been passed along to investors.

- **Event # 7**

  Currently there is an 'active' mortgage which matures and should be paid out over the next few months.

- **Event # 8**

  Currently there is an 'active' mortgage for which 910234 Alberta Ltd. has advanced $634,400 against a $1,800,000 property presently under construction. 910234 Alberta Ltd. has advised the Borrower that we will not be advancing further dollars against the project and that the Borrower is to arrange for alternate financing immediately.

As a result of these events, a restructuring of the business of the company is necessary. This can be done in one of three ways:

1. By this letter, an informal proposal is being made to the investors, by which the business relationship between the company and the investors is modified, with the consent of the investors, such that the company can continue in operation so as to maximize the recovery of investment money for the investors. This will require the consent of substantially all of the investors.

2. If the consent of substantially all of the investors for an informal proposal is not obtainable, the company will be forced to make a formal proposal pursuant to the *Bankruptcy and Insolvency Act*, whereby the same proposal will be advanced under the provisions of that Act. A *Bankruptcy and Insolvency Act* proposal is different from an informal proposal in that the Act can compel all of the creditors to accept the proposal if it is accepted by 50% plus 1 in number and two thirds in value of the investing creditors. If that

threshold is reached, the Act can hold that the proposal is binding upon creditors even if they voted against it. The downside to a formal *Bankruptcy and Insolvency Act* proposal is that it requires significant payment to a Bankruptcy Trustee to act in advising upon and monitoring the performance of the proposal, including quite expensive accounting functions. This uses funds which would otherwise be available for the investing creditors.

3. Finally, if a proposal under the *Bankruptcy and Insolvency Act* as required, but it does not reach the threshold of 50% +1 in number and two thirds in value, then the company will automatically become bankrupt and the assets within the company will be collected and distributed by a Bankruptcy Trustee. The distribution of assets by a Bankruptcy Trustee is unlikely to maximize recovery for the investing creditors, and this alternative has the maximum cost of any of the three alternatives which would be expected to lead to least possible recovery for the investing creditors.

The company is of the view that an informal proposal without the expense of a bankruptcy will yield the best recovery for the investing creditors.

PROPOSAL TO THE INVESTORS

1. The proposal being made to investors, in short, is that an orderly liquidation of the portfolio will be undertaken and the proceeds will be distributed to the investors as described herein. Additionally, steps will be taken by Mr. Calmusky to maximize the recovery of non-performing loans to the extent reasonably possible.

2. Unfortunately, at this time 910234 Alberta Ltd. does not have, nor will it have in the foreseeable future, sufficient cash flow to pay the monthly interest to investors that it has historically paid.

3. Presently client investments total $8,071,500. Of this amount, $1,519,000 is connected with investments with UBG (Unity Building Group), which unfortunately is under creditor protection (pursuant to the *Companies' Creditors Arrangement Act*).

4. As the UBG invested dollars will be dealt with separately, that leaves $6,552,500 to be addressed. ($8,071,500 - $1,519,000 = $6,552,500)

5. All active mortgages will be paid out over the next few months which, when liquidated, will allow for these funds to be re-paid to investors. These are Events # 7 & 8 which total $1,550,000.

6. Once the completed house (Event # 3) is sold it should net $1,350,000 to investors.

7. Once the lawsuit is settled (Event # 2), the proceeds, expected to be approximately $750,000, will be available to be returned to investors.

8. The $240,000 identified in Event # 4 will be vigorously pursued, and the amount recovered will be then available to be returned to investors.

9. Unfortunately, these steps, even if successful, will not return 100 cents on the dollar to the creditors. The anticipated results are summarized as follows:

Dollars Invested by Investors:	$8,071,500	
Less: UBG Dollars Invested:	$1,519,000	$6,552,500
Less:		
Repayment of Active Mortgages (Event # 7 & # 8):	$1,534,400	
Sale of Finished House (Event # 3)	$1,350,000	
Settlement of Lawsuit (Event # 2)	$ 750,000	
Interest received (Event # 4)	$ 240,000	$3,874,400
Projected Shortfall		$2,678,100

10. The basis of the proposal is that the shortfall be split as a percentage of dollars invested (not including UBG investments).

11. To continue to spend dollars for accounting and unnecessary legal costs drastically erodes the dollars available for disbursement, and this informal proposal minimizes that.

12. The shortfall, excluding the UBG investments is $2,678,100. This loss will be shared pro-rata.

13. Upon examination of Events #1-6 inclusive, it is apparent that over the years, investors have been over-paid interest income. In this regard, the second point of the Proposal is that to the extent possible all interest paid to the investors year to date will be characterized as return of principle. In most cases this will also be more advantageous for investors from a tax stand-point.

Mr. Calmusky has invested a lot of time and dollars into the business in the hope that it could be turned around. Many of the investors were friends to begin with while the remainder became friends over time. While it is noted that the losses identified in Events # 1 – 6 inclusive total $3,253,785, the shortfall to investors is $2,678,100. The difference of $575,685 is the cost paid by Mr. Calmusky personally of keeping the business going (this includes legal costs which have been paid). Mr. Calmusky has poured all of his personal resources into the business, and at this point he has exhausted all remaining personal funds to help carry the business.

Based upon the acceptance of this proposal by all investors, it is believed that dollars returned to investors would be in the 60-65 cents on the dollar invested. Aside from the liquidation of 'active' mortgages, it should be noted that return of further dollars will not be immediate, but is dependent upon factors such as sale of property and settlement of lawsuits.

The above mentioned proposal is deemed to be in the best interests of all investors as a group. It is hoped that with everyone's co-operation and everyone pulling together, that the acceptance of this proposal will maximize the return of invested dollars in the most timely and cost effective manner.

We look forward to discussing these unfortunate circumstances with you, and in moving forward to maximize the recovery for the creditors.

910234 Alberta Ltd.
Per:

Randy Calmusky