



June 10, 2011

**To the Creditors/Debenture Holders of  
Area Finance Inc. and 439288 B.C. Ltd.**

Dear Sirs/Mesdames:

**Area Finance Inc. (“AFI”) and 439288 B.C. Ltd. (“439”) (collectively the “Estates”)  
Report to Creditors**

The Estates made an assignment into bankruptcy on November 2, 2009, appointing PricewaterhouseCoopers Inc. (“PwC”) as Trustee in Bankruptcy (the “Trustee”). This report is to provide creditors with an update on the status of the Estates.

Since its appointment, the Trustee has worked toward winding up the affairs of the Estates with the assistance of the Inspectors who were appointed at the first meeting of creditors to oversee the Trustee’s administration of the Estates. The Trustee would like to acknowledge the work of all Inspectors during their tenures: Mr. Alistair Schroff, Mr. Mel Martin, Ms. Gai Klassen, Ms. Wendy Benyk, Ms. Louise Fisher and the late Ms. Marlene McPhail. Currently, Mr. Martin, Ms. Klassen and Ms. Benyk continue to act as Inspectors. The Inspectors have assisted with numerous on the ground roles including asset realisation, reviewing books and records and attending Inspector meetings.

This report is provided to update creditors on the progress of the administration of the Estates to date and addresses the following:

1. Loan Portfolio
2. Real Property
3. Other Assets
4. Related Parties
5. Statement of Receipts and Disbursements
6. Next Steps



**1. Loan Portfolio**

The most significant asset of the Estates were the loan portfolios. The records of the Estates indicated that 649 loans existed at the date of bankruptcy (November 2, 2009) with a recorded value of \$15,145,264 (excluding related party loans). A review of the loan database of the Estates indicated that 59% of AFI loans and 77% of the 439 loans had not received any payment within the year preceding bankruptcy.

The loan portfolios have proved difficult to collect with similar collection trends occurring:

- 107 of the 455 (24%) non related party AFI loans have received payments since November 2009.
- 26 of the 194 (13%) non related party 439 loans have received payments since November 2009.

To date, a total of \$771,549 has been collected by the Estates in relation to loan account receivables. The below table summarises the loan portfolio for non related party loans at the date of appointment and amounts realised to date. Related Party loans (Mr. Anderson, Mr. Montaldi and their related interests) are discussed in section 4.

Loan Balances & Collections	AFI		439		Total	
	Amount (\$)	Number of Borrowers	Amount (\$)	Number of Borrowers	Amount (\$)	Number of Borrowers
Non Related Party Loans at Nov. 2009	8,886,427	455	6,258,837	194	15,145,264	649
Loan Collections since Nov. 2009	(633,254)	107	(138,295)	26	(771,549)	133
<b>Balance Outstanding</b>	<b>8,253,174</b>		<b>6,120,541</b>		<b>14,373,715</b>	

The Trustee undertook the following actions under the guidance of the Inspectors in respect of the loan portfolio:

- Shortly after the Trustee’s appointment, the Trustee wrote to borrowers to advise them of their balances due and where to direct future payments;
- Engaged in numerous telephone calls with borrowers regarding payment of loans and proposed settlements;
- Entered into an agreement with accounting firm, M. McPhail & Associates Inc. to receive payments from borrowers until the appointment of collection agent was finalised;
- Undertook a selection process involving several collection agencies; and



- Negotiated with and engaged a collection agent, Credit Recovery Centre (“CRC”), based in Prince George, BC.

A number of factors have inhibited the amount collected to date. These include:

- Inadequate records;
- The majority of loans are unsecured, reducing remedies available to collect amounts due;
- 439’s loans were written prior to the 2002 proposal, resulting in just under 20% of the loans being statute barred where there have been no payments, acknowledgement of the debt for a period of six years or a judgement has not been obtained.
- Costs of litigation, even for Small Claims Court can outweigh the potential proceeds on low dollar value loans, limiting available collection remedies.
- Poor economic conditions in the Burns Lake, BC area, limiting the ability of borrowers to repay their loans.

CRC continues to work on collection of the outstanding loans.

## **2. Real Property**

The Estates held an interest in 29 properties as at November 2, 2009. These properties consisted of residential, commercial and vacant land located from Prince George to Hazelton, BC. A number of properties were held in trust by Mr. Montaldi and Mr. Anderson for AFI. These properties were transferred into the name of AFI by the Trustee and have subsequently been sold/listed for sale.

The Trustee released 4 properties to prior ranking secured creditors as the estimated value of the real estate was less than the debt. As a result, no proceeds were received from these properties.

AFI continues to hold an interest in 4 properties. Details on the available properties can be obtained by contacting Mr. Brad Ristivojevic of the Trustee’s office and are available to any party wishing to purchase including creditors.



Net proceeds of \$290,871 have been received from the sale of real property after the deduction of prior ranking secured charges and related selling expenses. The table below details these proceeds and expenditures.

<b>Proceeds &amp; Disbursements from Real Property Sales</b>			
<b>Receipts</b>	<b>AFI (\$)</b>	<b>439 (\$)</b>	<b>Total (\$)</b>
Real property sales	540,731	563,000	1,103,731
<b>Disbursements</b>			
Advertising	1,477		1,477
Appraisal fees	1,110		1,110
Realtor Commission	26,294	15,400	41,694
Insurance	26,950	2,250	29,200
Distribution to Secured Creditors	137,098	522,656	659,754
Municipal Taxes	60,180	495	60,675
Title Transfer Fees	2,361		2,361
Repairs & Maintenance	8,592		8,592
Search Fees	30		30
Utilities	7,967		7,967
<b>Total Disbursements</b>	<b>272,059</b>	<b>540,801</b>	<b>812,860</b>
<b>Net Proceeds Received</b>	<b>268,672</b>	<b>22,199</b>	<b>290,871</b>

The 439 property sale was the sale of the ranch lands located on Colleymount Drive where Mr. Montaldi formerly resided.

Factors that have negatively impacted the level of realisations from real property include:

- Depressed real property prices in Northern BC;
- The properties comprising the real estate portfolio are not situated in high demand locations which would typically attract premium prices;
- There were a number of properties which had agreements to purchase registered on title, complicating the realisation process;
- Many properties had prior secured charges on title which were required to be repaid from the sale proceeds; and
- Municipal property taxes had not been paid on some properties for multiple years. There were significant arrears and delinquent property taxes.



In addition to real property sales, a number of properties were rented to various parties until the properties were sold or foreclosed upon by prior ranking secured creditors. Rental income of \$26,734 was collected during the administration. No further rental collections are expected.

### **3. Other assets**

The Estates possessed a collection of art work and sports memorabilia at the date of the Trustee's appointment. These items were realised along with other office equipment and furniture by public auction held in April 2010 in Burns Lake. Gross proceeds of \$8,825 were realised.

### **4. Related Parties**

Mr. Montaldi and Mr. Anderson personally guaranteed the debentures of the AFI and 439. The assignment of AFI & 439 into Bankruptcy on November 2, 2009 resulted in these guarantees becoming due and payable, causing unsecured claims against Mr. Anderson and Mr. Montaldi of approximately \$38 million.

In addition to the claims from the personal guarantees, both Mr. Montaldi and Mr. Anderson had loans with 439 which were secured by General Security Agreements. These loans totalled \$5.4 million for Mr. Anderson and \$11.8 million for Mr. Montaldi at the time of their respective Bankruptcies. A large proportion of the balance of these loans is comprised of compounded interest with the loans having balances in 2002 of \$1.7 million for Mr. Anderson and \$3.5 million for Mr. Montaldi.

Mr. Anderson made a voluntary assignment into bankruptcy in January 2010, appointing John S. Beverley & Associates Inc. as his Trustee in Bankruptcy. Mr. Montaldi was petitioned into Bankruptcy by PwC in its capacity as Trustee in the Bankruptcy of 439 in May 2010 with Boale Wood and Company Ltd. appointed as Trustee. PwC has submitted claims in Mr. Anderson and Mr. Montaldi's estates for the outstanding loan balances.

Both Mr. Montaldi and Mr. Anderson have had their hearings for discharge from their respective Bankruptcies adjourned generally following objections filed by PwC in its capacity as Trustee in Bankruptcy of 439. The adjournments will allow additional time for reviewing the affairs of Mr. Anderson and Mr. Montaldi to be conducted by their respective Trustees.

439 also held a security interest over Omineca Lama Ranch Inc. ("OLR"), the operating company of the ranch located on Colleymount Drive. Boale Wood and Company Ltd. was appointed Receiver of OLR. The role of the Receiver has been to realise the various assets of OLR which included plant, equipment and livestock.



Reports by Mr. Anderson and Mr. Montaldi's Trustee's pursuant to section 170 of the *Bankruptcy and Insolvency Act* (the "Act") are enclosed as Appendix A. These reports provide a summary of the realisations made by Mr. Anderson and Mr. Montaldi's Trustees and particulars regarding their compliance with the Act during their bankruptcy.

Due to the complexity of their affairs, difficulties in obtaining books and records and the limited value of assets realised, it is unlikely that any proceeds will be recovered from Mr. Anderson, Mr. Montaldi and OLR's respective administrations by the bankruptcy Estates.

## 5. Statement of Receipts and Disbursements

A Statement of Receipts and Disbursements for the Estates for the period November 2, 2009 to June 9, 2011 is enclosed with this report as Appendix B. As set out in Appendix B, cash on hand totals \$266,200. Certain invoices have yet to be paid totalling \$82,536, leaving available cash of in the amount of \$183,664. The table below summarises the cash position.

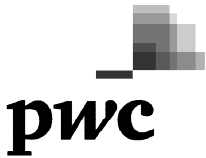
<u>Estate</u>	<u>AFI</u>	<u>439</u>	<u>Total</u>
Cash on hand (see Appendix B)	263,072	3,128	266,200
Unpaid Invoices	(45,022)	(37,514)	(82,536)
<b>Available Cash</b>	<b>218,050</b>	<b>(34,387)</b>	<b>183,664</b>

## 6. Next Steps

The Trustee and Inspectors are striving to complete the administrations of AFI & 439 by the end of 2011. Key tasks remaining to be accomplished in the administration of the Estates include:

- Realization of the loan portfolio;
- Sale of the 4 remaining real property interests;
- Finalization of the bankruptcy estates of Mr. Montaldi and Mr. Anderson and the receivership of OLR; and
- Payment of a dividend to creditors.

At this time, it is estimated that the dividend to creditors will only approximate one cent per dollar of claim.



Periodic updates regarding the file and the payment of a dividend will be communicated on the Trustee's website:

[www.pwc.com/car-burnslake](http://www.pwc.com/car-burnslake)

Should creditors require further information or have any questions, please contact Mr. Brad Ristivojevic at 604 806 7057.

Yours very truly,

**PricewaterhouseCoopers Inc.**  
**in its capacity as Trustee of the Estates of**  
**Area Finance Inc. and 439288 B.C. Ltd**  
**and not in its personal capacity**

A handwritten signature in blue ink, appearing to read "Chris Stocco".

**Christopher A M Stocco**  
**Vice President**

## **APPENDIX A**

District of: British Columbia  
 Division No: 3  
 Court No: B101847  
 Estate No: 11-253022

FORM 82

**Report of Trustee on Bankrupt's Application for Discharge**  
 (Subsection 170(1) of the Act)

In the Matter of the bankruptcy of Douglas Victor MONTALDI

<b>Date of Bankruptcy</b>	<b>Date of initial bankruptcy event</b>	<b>Marital Status</b>
31st day of May, 2010	31st day of May, 2010	Separated
<b>Type of Employment</b>	<b>Number of persons in household family unit, including bankrupt</b>	
Accountant	1	

<b>AMOUNT OF LIABILITIES</b>			
	<b>Secured</b>	<b>Preferred</b>	<b>Unsecured</b>
<b>Declared</b>	\$11,272.77	\$0.00	\$44,431,713.28
<b>Proven</b>	\$0.00	\$0.00	\$17,505,906.73

<b>AMOUNT OF ASSETS</b>			
<b>Description</b>	<b>Value as per Statement of Affairs</b>	<b>Amount realized</b>	<b>Estimate of assets to be realized</b>
Clothing etc. - Exempt	\$500.00	\$0.00	\$0.00
Furniture etc. - Exempt	\$1,750.00	\$0.00	\$0.00
CIBC Wood Gundy RRSP Contract #5500202410 - Exempt	\$45,558.95	\$0.00	\$0.00
Manulife Financial Life Insurance Policy #3048103 - Exempt	\$6,741.45	\$0.00	\$0.00
2006 Volkswagen Jetta TDI - VIN # 3VWNT81K76M804536 - Encumbered And Exempt	\$13,824.00	\$0.00	\$0.00
RBC Life Insurance Policy # 09093268 - Exempt	\$1.00	\$0.00	\$0.00
RBC Life Insurance Policy # 09124705 - Exempt	\$1.00	\$0.00	\$0.00
Manulife Financial Policy # 8401130 - Exempt	\$1.00	\$0.00	\$0.00
CIBC Life Insurance Policy # 01121735 - Exempt	\$1.00	\$0.00	\$0.00
Oregon Lot - 1/2 Interest - Undetermined	\$12,000.00	\$0.00	\$12,000.00
Ski Doo - Fully Realized	\$500.00	\$1,750.00	\$0.00
Estimated Tax Refund - Undetermined	\$500.00	\$0.00	\$500.00
Collectibles - Unrealized	\$1,500.00	\$0.00	\$1,500.00
Rifles, Boats, etc. - Unrealized	\$4,210.00	\$0.00	\$4,210.00
2009 Jayco Jay Flight (motorhome) - Released to Secured Creditor	\$1.00	\$0.00	\$1.00
Shares of Marmon Financial - Fully Realized	\$1.00	\$36,000.00	\$0.00
HST Credits - Personal - Partially Realized	\$1.00	\$115.00	\$0.00

AMOUNT OF ASSETS			
Description	Value as per Statement of Affairs	Amount realized	Estimate of assets to be realized
BC Climate Action Tax - Partially Realized	\$1.00	\$58.49	\$0.00
Shareholder Loan - Marmon - Undetermined	\$1.00	\$0.00	\$0.00
A/R from Mike's Auction - Fully Realized	\$0.00	\$90.62	\$0.00
Payments by debtor	\$0.00	\$1,620.00	\$0.00
GST Credits -Personal		\$178.86	
Interest		\$137.80	
<b>TOTAL:</b>	<b>\$87,093.40</b>	<b>\$39,950.77</b>	<b>\$18,211.00</b>

ANTICIPATED NET RATE OF DIVIDENDS			
Preferred Creditors:	0.00%	Unsecured Creditors:	0.10%

**A: CAUSES OF BANKRUPTCY**

- Provide details of the causes of bankruptcy:  
The debtor borrowed money personally for business investment but was unable to provide sufficient funds to repay loan principal and interest. The debtor provided personal guarantees on 439288 BC LTD. and Area Financial Debentures which the companies defaulted on.

**B: INFORMATION CONCERNING THE FINANCIAL SITUATION**

- |    |   |            |
|----|---|------------|
| 2. | (a) Available monthly income of the bankrupt at date of bankruptcy (Same amount as line (7) on Form 65):    | \$1,617.00 |
|    | (b) Available monthly income of the bankrupt at date of this report:  | \$1,550.83 |
| 3. | (a) Available monthly income of the family unit at date of bankruptcy (Same amount as line (8) on Form 65): | \$1,617.00 |
|    | (b) Available monthly income of the family unit at date of this report:                                     | \$1,550.83 |

**C: CONDUCT OF THE BANKRUPT**

- |    |   |     |
|----|---|-----|
| 4. | (a) Was the bankrupt required to pay to the estate an amount established by the Directive on Surplus Income? (If yes, attach Appendix A)  | No  |
|    | (b) Could the bankrupt have made a viable proposal rather than proceeding with bankruptcy? (If yes, attach Appendix A)  | No  |
| 5. | Did the bankrupt have high income tax debts pursuant to section 172.1 of the Act?   | No  |
| 6. | (a) Did the bankrupt fail to perform any of the duties imposed on the bankrupt under the Act?<br>Pursuant to Sec 173 (1) (o) the bankrupt has failed to perform the duties imposed on the bankrupt under the Act namely to attend his first and second BIA counselling session. | Yes |
|    | (b) Can the bankrupt be justly held responsible for any of the facts referred pursuant to section 173 of the Act?   | No  |
|    | (c) Did the bankrupt commit any offence in connection with the bankruptcy?  | No  |
| 7. | (a) Did the bankrupt ever make a proposal under the Bankruptcy and Insolvency Act?  | No  |

(b) Has the bankrupt been bankrupt before either in Canada or elsewhere? No

8. Were inspectors appointed in this estate? Yes  
*Louise Fisher, Gai Klassen, and Marlene McPhail are the appointed inspectors in this estate.*

**D: DISCHARGE OF THE BANKRUPT**

9. (a) Is it the intention of the trustee to oppose the bankrupt's discharge? Yes

Pursuant to Sec 173 (1)

(a) the assets of the bankrupt are not of a value equal to fifty cents on the dollar on the amount of the bankrupt's unsecured liabilities, unless the bankrupt satisfies the court that the fact that the assets are not of a value equal to fifty cents on the dollar on the amount of the bankrupt's unsecured liabilities has arisen from circumstances for which the bankrupt cannot justly be held responsible;

(o) the bankrupt has failed to perform the duties imposed on the bankrupt under the Act namely to attend his first and second BIA counselling session; and, that the Trustee has not completed his investigation of the bankrupt transfer of assets prior to his bankruptcy.

(b) Does the trustee have reasonable grounds to believe that a creditor or the Superintendent will oppose the bankrupt's discharge for a reason other than those set out in section 173(1)(m) or (n) of the Act? No

10. Did the bankrupt refuse or neglect to receive counselling pursuant to the Directive on Counselling in insolvency matters? Yes

The bankrupt has failed to attend the mandatory first and second BIA counselling session as prescribed.

11. Are there other facts, matters or circumstances that would justify the Court in refusing an absolute order of discharge? Yes  
Pursuant to Sec 173 (1) (o) the bankrupt has failed to perform the duties imposed on the bankrupt under the Act namely to attend his first and second BIA counselling session;
12. Other pertinent information? Yes  
The bankrupt is 56 years old, separated with no dependents. He is currently employed as an accountant by Marmon Financial Co. Ltd. ("Marmon").

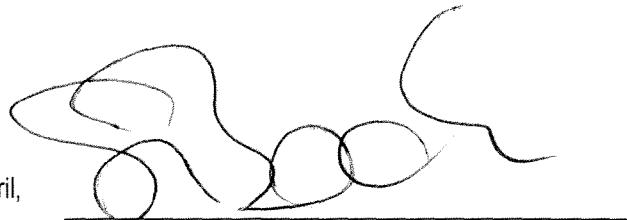
Within 3 months of Mr. Montaldi's bankruptcy, he transferred, sold or otherwise divested his interest in several significant assets to his former spouse and others. These assets include but are not limited to the Bankrupt's interest in a travel agency, an accounting practice (Marmon) that he continues to manage, a real estate holding company, and several personal assets. The Trustee is still investigating these transactions to determine if they are Preferences or Transfers Undervalue. The Trustee has not been provided with a written separation agreement. The Trustee intends to have the Bankrupt examined under oath to obtain further details of these transactions as well as other transactions that may impact on his discharge.

During the bankruptcy administration, the bankrupt's reported net earnings after expenses have ranged from a high of \$1,878 in July to a low of \$1,550 in January, 2011. Prior to bankruptcy the bankrupt was earning several hundred thousand dollars per year from Marmon. The Trustee believes that Marmon should be paying the Bankrupt a reasonable salary comparable to his salary from Marmon prior to bankruptcy. This matter is currently before the Courts. Should the bankrupt's income be determined to an amount different than as reported the bankrupt will have substantial surplus income due to the estate

The Bankrupt failed to complete his duties under the Bankruptcy & Insolvency Act, namely to attend the two mandatory counselling sessions as prescribed in the Bankruptcy & insolvency Act and provide the Trustee with a copy of his separation agreement, and details with respect to the sale of assets prior to bankruptcy.

Accordingly, based on the foregoing, the Trustee recommends the bankrupt's discharge be Adjourned Generally until such time as the Trustee's investigation is complete and realization of all surplus income and all estate assets have been realized.

Dated at Vancouver, British Columbia, this 5th day of April, 2011.



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Boale, Wood & Company Ltd.  
Trustee

District of: British Columbia  
 Division No. 01 - Prince Rupert  
 Court No. OR 8024  
 Estate No. 11-1312354

Original

FORM B2  
 Report of Trustee on Bankrupt's  
 Application for Discharge  
 (Subsection 170(1) of the Act)

In the matter of the bankruptcy of  
 Carl Glenn Anderson

Date of bankruptcy: 21-Jan-2010		Date of initial bankruptcy event: 21-Jan-2010	
Marital status: Married		Number of persons in household family unit, including bankrupt: 2	
Type of employment: Reited Manager			
LIABILITIES			
Type	Secured	Preferred	Unsecured
Declared	0.00	0.00	38,147,526.55
Proven	1,439,513.00	0.00	26,487,842.25
ASSETS			
Description	Value as per Statement of Affairs	Amount Realized	Estimate of Assets to be realized
Furniture - Household Goods (1/2 Int.) (Exempt)	2,500.00	0.00	0.00
Motor Vehicles - Automobile - 1989 - GMC - Truck - 1GTDK14K0KZ547510 (Exempt)	2,000.00	0.00	0.00
Motor Vehicles - Other - 14' Aluminum Boat, 25 HP Motor, Trailer (1/2 Int.) - MR32143A191	1,500.00	1,150.00	0.00
Other - Tools	200.00	200.00	0.00
Personal Effects - Clothing (Exempt)	1,000.00	0.00	0.00
Personal Effects - Computer	200.00	200.00	0.00
Personal Effects - Jewellery	200.00	200.00	0.00
Policies & RRSPs - Dundee Securities - 4T0F7YSN (Exempt)	3,889.00	0.00	0.00
Policies & RRSPs - Shares in Ltd Companies	1.00	4,000.00	0.00
Recreational Equipment - Golf Clubs	100.00	100.00	0.00
Voluntary payments	0.00	5,098.76	0.00
BC Climate Action Tax Credit	0.00	52.50	0.00
Interest allocation	0.00	24.02	0.00
Transfer title fee	0.00	1,817.90	0.00
<b>Total:</b>	<b>11,590.00</b>	<b>12,843.18</b>	<b>0.00</b>
ANTICIPATED RATE OF DIVIDENDS			
Preferred Creditors:	0.00%	Unsecured Creditors:	0.00%

## A. CAUSES OF BANKRUPTCY

## FORM 82 -- Concluded

Carl Glenn Anderson

1. The debtor personally guaranteed debentures for two limited companies, of which he was a director. The limited companies filed a Proposal to creditors and subsequently filed for Bankruptcy. As a result, the debtor became subject to the personal guarantees, which are beyond the debtor's ability to repay.

**B. INFORMATION CONCERNING THE FINANCIAL SITUATION**

- |    |   |            |
|----|---|------------|
| 2. | (a) Available monthly income of the bankrupt at date of bankruptcy (Same amount as line (7) on Form 55):    | \$1,057.00 |
|    | (b) Available monthly income of the bankrupt at date of this report:  | \$1,161.02 |
| 3. | (a) Available monthly income of the family unit at date of bankruptcy (Same amount as line (8) on Form 65): | \$2,255.00 |
|    | (b) Available monthly income of the family unit at date of this report:                                     | \$2,258.71 |

**C. CONDUCT OF THE BANKRUPT**

4. (a) Was the bankrupt required to pay to the estate an amount established by Directive No. 11R2 (Surplus Income)? No  
 (b) Could the bankrupt have made a viable proposal rather than proceeding with bankruptcy? No
5. Did the bankrupt have high income tax debts pursuant to section 172.1 of the Act? No
6. (a) Did the bankrupt fail to perform any of the duties imposed on the him/her under the Act? No  
 (b) Can the bankrupt be justly held responsible for any of the facts referred pursuant to section 173 of the Act? Yes  
 The assets of the bankrupt are not of a value equal to fifty cents on the dollar on the amount of the bankrupt's unsecured liabilities.  
 - The dollar value of the bankrupt's assets at the date of this report is \$12,838.32 and the proven unsecured liabilities are \$26,487,842.25.
- The bankrupt continued to trade after becoming aware of being insolvent.  
 - Under examination, the bankrupt admitted to continuing to use his credit cards after he became aware that he was insolvent, although he also stated that no new debts were accumulated.
- (c) Did the bankrupt commit any offence in connection with the bankruptcy? No
7. (a) Did the bankrupt ever make a proposal under the Bankruptcy and Insolvency Act? No  
 (b) Has the bankrupt been bankrupt before either in Canada or elsewhere? No
8. Were inspectors appointed in this estate? No

**D. DISCHARGE OF THE BANKRUPT**

9. (a) Is it the intention of the trustee to oppose the bankrupt's discharge? Yes  
 (b) Does the trustee have reasonable grounds to believe that a creditor or the Superintendent will oppose the bankrupt's discharge for a reason other than those set out in section 173(1)(m) or (n) of the Act? Yes  
 The Trustee has received notice of opposition from Price Waterhouse Coopers - Trustee of the bankruptcy of 439288 BC Ltd., a copy of which is attached to this report.
10. Did the bankrupt refuse or neglect to receive counselling pursuant to the Directive No. 1R3 (Counselling on Insolvency Matters)? No
11. Are there other facts, matters or circumstances that would justify the Court in refusing an absolute order of discharge? No
12. Other pertinent information? No

Dated at the City of Prince George in the Province of British Columbia, this 2nd day of December 2010.

John S. Beverley & Associates Inc. - Trustee

1240 - 5th Avenue  
 Prince George BC V2L 3L2  
 Phone: (250) 563-4300 Fax: (250) 563-8600

## **APPENDIX B**

**PRICEWATERHOUSECOOPERS INC.**  
**IN ITS CAPACITY AS TRUSTEE**  
**IN THE MATTER OF THE BANKRUPTCIES OF AREA FINANCE INC. AND 439288 B.C. LTD.**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE PERIOD NOVEMBER 2, 2009 TO JUNE 9, 2011**

<b>RECEIPTS</b>	<b>AFI (\$)</b>	<b>439 (\$)</b>	<b>Total (\$)</b>
Cash In Bank	23,529.85	798.81	24,328.66
GST Refund	99.46		99.46
GST/HST/PST Collected	5,409.17		5,409.17
Interest Income	558.02	89.52	647.54
Accounts Receivable - Loan payments	491,626.50	138,295.32	629,921.82
Loan Settlements	141,627.00		141,627.00
Real Property Sales	540,730.64	563,000.00	1,103,730.64
Rental Income	25,534.27	1,200.00	26,734.27
Sundry Income	9,884.64		9,884.64
Transfer Between Estates		145,000.00	145,000.00
<b>Total Receipts</b>	<b>1,238,999.55</b>	<b>848,383.65</b>	<b>2,087,383.20</b>
<b>DISBURSEMENTS</b>			
Advances Boale Wood & Company		32,500.00	32,500.00
Advertising	1,476.98		1,476.98
Appraisal Fees	1,110.00		1,110.00
Bank Charges	46.70		46.70
Burns Lake Office - Petty Cash Advance	500.00		500.00
Commission - CRC	145,898.18	39,198.36	185,096.54
Commission - Realtor	26,293.90	15,400.00	41,693.90
Contract labour - Ingo Overmann	2,240.00		2,240.00
Contract labour - M. McPhail & Associates	3,551.25	934.00	4,485.25
Contract labour - Other	361.70		361.70
Courier	259.14		259.14
Filing Fees Paid to Official Receiver	150.00		150.00
GST Paid - Operations	13,897.45	9,701.98	23,599.43
GST Remitted	4,808.60		4,808.60
Haley Nielson	16,290.98		16,290.98
HST Paid	19,598.67	7,857.69	27,456.36
Inspectors' expenses	6,751.76		6,751.76
Insurance	26,950.46	2,250.00	29,200.46
Legal Fees & Disbursements	60,998.23	50,512.86	111,511.09
Mail Redirection	250.00		250.00
Municipal Taxes	60,180.21	495.49	60,675.70
Payroll Deductions	5,999.12		5,999.12
Postage	83.52		83.52
PST remitted	588.55		588.55
Rent	5,700.00		5,700.00
Repairs & Maintenance	8,592.49		8,592.49
Return to Debtor	300.00		300.00
Salaries & Wages (net)	23,722.09		23,722.09
Search fees	30.00		30.00
Security	715.58		715.58
Stock Taking & Possession		2,622.50	2,622.50
Storage/Supplies	1,290.71		1,290.71
Telephone	2,899.41		2,899.41
Title Transfer Fees	2,360.50		2,360.50
Transfer Between Estates	145,000.00		145,000.00
Transportation	1,529.29		1,529.29
Travel	679.75	546.49	1,226.24
Trustee Expenses	7,769.63	7,435.58	15,205.21
Trustee Fees	231,447.50	153,144.57	384,592.07
Utilities	7,966.62		7,966.62
<b>Total Disbursements</b>	<b>838,288.97</b>	<b>322,599.52</b>	<b>1,160,888.49</b>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	<b>400,710.58</b>	<b>525,784.13</b>	<b>926,494.71</b>
Less: Distributions to Secured Creditors:	(137,638.43)	(522,656.39)	(660,294.82)
Cash on hand	<u>263,072.15</u>	<u>3,127.74</u>	<u>266,199.89</u>
Less: Unpaid Invoices	(45,021.94)	(37,514.29)	(82,536.23)
Available Cash	<u>218,050.21</u>	<u>(34,386.55)</u>	<u>183,663.66</u>