

Court No. 11 – 220857 / VA - 01
Court No. 11 – 220861 / VA - 01

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
C3 AVENTURE LIMITEE / C3 LEISURE LIMITED
doing business as CANADA 3000 HOLIDAYS**

&

**IN THE MATTER OF THE BANKRUPTCY OF
HOLIDAY TRAVEL CONSULTANTS LIMITED
doing business as CANADA 3000 TICKETS**

**LEISURE'S JUDICIAL TRUSTEE'S SEVENTH REPORT
TO THE COURT
&
TICKETS' JUDICIAL TRUSTEE'S FIFTH REPORT
TO THE COURT**

MARCH 1, 2004

**C3 AVENTURE LIMITEE / C3 LEISURE LIMITED
DBA CANADA 3000 HOLIDAYS
&
HOLIDAY TRAVEL CONSULTANTS LIMITED
DBA CANADA 3000 TICKETS**

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**C3 AVENTURE LIMITEE / C3 LEISURE LIMITED
 DBA CANADA 3000 HOLIDAYS
 &
 HOLIDAY TRAVEL CONSULTANTS LIMITED
 DBA CANADA 3000 TICKETS**

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1. Purpose of Report

This is the seventh report of PricewaterhouseCoopers Inc. ("PwC") as Judicial Trustee of the Trust Accounts of C3 Aventure Limitee / C3 Leisure Limited doing business as Canada 3000 Holidays ("Leisure") and is the fifth report of PwC as Judicial Trustee of the Trust Accounts of Holiday Travel Consultants Limited doing business as Canada 3000 Tickets ("Tickets")

All terms referenced in this Report are as defined in the Trust Administration Plan (the "Plan"), previously filed by Leisure's Judicial Trustee and approved by the Supreme Court of British Columbia ("BC Court") and the Superior Court of Ontario ("Ontario Court").

The purpose of this report is to provide the Court with sufficient information to enable it to address the directions sought by Leisure's Judicial Trustee and Tickets' Judicial Trustee.

a. With respect to Leisure, its Judicial Trustee seeks the Court's confirmation of:

- numerous recommended adjustments to the various claims categories within the Master Beneficiaries Listing;
- recommendations regarding unclaimed funds (uncashed and returned cheques) previously distributed to, but not cashed by beneficiaries;
- recommendations regarding the Final Master Beneficiaries Listing;
- recommendations regarding the payment of a "catch-up" interim distribution of \$0.50 on the dollar to the subrogated beneficiaries for claims previously listed in *Direct Claims By Cardholders - List A* and *Direct Claims by Cardholders - List B* claims categories;
- the recommended delay in payment of a 3rd interim distribution of unclaimed funds.

b. With respect to Tickets, its Judicial Trustee seeks the Court's confirmation of recommendations regarding unclaimed distributions by beneficiaries.

c. With respect to Leisure and Tickets, the Judicial Trustees seek the Court's confirmation of:

- a request for a \$300,000 increase in the previously approved authorized spending limit, from \$3.8 million to \$4.1 million;
- such other directions as the Court deems appropriate.

2. Background

The following is a brief chronology of events:

- November 8, 2001 Canada 3000 Airlines Ltd. ("Airlines") grounds its planes.
- November 9, 2001 Leisure discontinues operations. Quebec regulator seizes Trust accounts of Vacances Air Pax Limitee ("Air Pax").
- November 16, 2001 Leisure files an assignment in bankruptcy and PwC is appointed Trustee.
- November 22, 2001 BC Court appoints PwC as Judicial Trustee in respect of Leisure's Trust Accounts and Tickets' Trust Accounts.
- December 5, 2001 Ontario Court appoints PwC as Judicial Trustee of Leisure's and Tickets' Ontario Trust Accounts.
- December 18, 2001 Within Leisure's Judicial Trustee proceedings, B.C. Court and Ontario Court Orders allow subrogation rights in favour of VISA and MasterCard credit card companies and American Express ("AMEX") and Diners' Club Citicorp ("Diners' Club") charge card companies (collectively referred to as the "Card Companies") upon payment of claims of Ticket Holders. Further, B.C. Court and Ontario Court grant Orders approving and authorizing an amendment to paragraph 12 of their initial Orders dated November 22, 2001, increasing Leisure's and Tickets' Judicial Trustees' spending limit for fees, costs, expenses and disbursements, from an upper limit of \$1.5 million to \$2.2 million.
- January 30, 2002 Within Leisure's Judicial Trustee proceedings, B.C. Court and Ontario Court Orders direct that PwC take no action with respect to Quebec trust account and that Quebec claimants be excluded from Ticket Holder Claims Process.
- May 10, 2002 Within Tickets' Judicial Trustee proceedings, B.C. Court and Ontario Court Orders direct that funds deposited to the Tickets' Ontario bank account designated as a Trust Account be affirmed as a trust, but that the funds deposited to Tickets' BC bank account were not affirmed as a trust. Within Leisure's Judicial Trustee proceedings, B.C. Court and Ontario Court Orders direct that subject to clarification of the claim by the Quebec Claimants and the Quebec Regulator, to \$2.85 million of funds in Leisure's Judicial Trustee's possession, the Plan developed by Leisure's

Judicial Trustee was approved by the B.C. Court and the Ontario Court.

August 21, 2002

Within Leisure's Judicial Trustee proceedings, B.C. Court and Ontario Court grant Orders approving and authorizing interim distribution of \$0.40 on the dollar to proven *Cash Paying* beneficiaries. Within Tickets' Judicial Trustee proceedings, B.C. Court and Ontario Court grant Orders approving and authorizing distribution of funds to Ontario beneficiaries. As well, B.C. Court and Ontario Court grant Orders approving and authorizing as an amendment to paragraph 12 of their initial and subsequent Orders (dated November 22, 2001 and December 18, 2001 respectfully) increasing the Leisure's and Tickets' Judicial Trustees' spending limit for fees, costs, expenses and disbursements by \$1.2 million, from \$2.2 million to \$3.4 million.

November 25, 2002

B.C. Court and Ontario Court grant Orders directing that PwC surrender Quebec trust account to the Quebec Travel Regulator and that Quebec claimants be excluded from Ticket Holder Claims Process. Further, B.C. Court and Ontario Court grant Orders approving and authorizing interim distribution of \$0.40 on the dollar to proven claims by Card Company beneficiaries;

June 25, 2003

B.C. Court and Ontario Court grant Orders approving and authorizing a 2nd interim distribution of \$0.10 on the dollar to all proven beneficiaries and an amendment to paragraph 12 of their initial and subsequent Orders (dated November 22, 2001, December 18, 2001 and August 21, 2002 respectfully) increasing the Leisure's and Tickets' Judicial Trustees' spending limit for fees, costs, expenses and disbursements by \$400,000, from \$3.4 million to \$3.8 million.

3. Proven Claim Amounts & Beneficiaries for Leisure as at March 1, 2004

a. Post-June 25, 2003 Revisions and Adjustments

With respect to Leisure's Judicial Trustee proceedings, the following table summarizes all post-June 25, 2003 recommended revisions and adjustments, to claims categories and beneficiaries:

Category	Claim Amounts & Beneficiaries as at June 25, 2003 \$	Post-June 25, 2003 Recommended Revisions & Adjustments \$	Proven Claim Amounts & Beneficiaries as at March 1, 2004 \$	% of Total	Reference
<i>VISA</i>	20,837,062	478,107	21,315,169	49.63%	Appendix A
<i>MasterCard</i>	7,959,679	242,409	8,202,088	19.10%	Appendix B
<i>AMEX</i>	1,996,736	412,453	2,409,189	5.61%	Appendix C
<i>Diners' Club</i>	350,344	7,693	358,037	0.83%	Appendix D
<i>Cash Amount – LMG Airmiles</i>	98,644	Nil	98,644	0.23%	N/A
<i>Cash Paying</i> Less Claimants/Beneficiaries that cannot be located or traced <i>Net Cash Paying</i>	6,266,154	(4,553) (50,041)	6,211,560	14.46%	Appendix E
<i>Cash – Memberworks</i>	303,769	Nil	303,769	0.71%	N/A
<i>Credit Card Amount – LMG Airmiles</i>	47,269	Nil	47,269	0.11%	N/A
<i>Direct Claims by Cardholders – No Credit Issued</i> Less Claimants/Beneficiaries that cannot be located or traced <i>Net Direct Claims by Cardholders- No Credit Issued</i>	4,308,417	(240,293) (69,795)	3,998,329	9.31%	Appendix F
<i>Direct Claims by Cardholders – List A</i> Less Claimants/Beneficiaries that cannot be located or traced <i>Net Direct Claims by Cardholders - List A</i>	392,829	(211,578) (181,251)	Nil	0.00%	Appendix G
<i>Direct Claims by Cardholders – List B</i> Less Claimants/Beneficiaries that cannot be located or traced <i>Net Direct Claims by Cardholders - List A</i>	271,632	(154,054) (117,578)	Nil	0.00%	Appendix G
Total	<u>42,832,535</u>	<u>111,519</u>	<u>42,944,054</u>	<u>100.00%</u>	

As shown in the preceding table, there have not been any changes to the claims and beneficiaries previously approved by the B.C. Court and Ontario Court, for the *Cash Amount – LMG Airmiles*, *Cash – Memberworks* and *Credit Card Amount – Memberworks* categories.

All changes to the remaining categories are discussed in Appendices A to G. As well, **Appendix H** to this report contains (in one document) Leisure's Judicial Trustee's recommended Final Master Beneficiaries Listing for *Cash Paying* and *Direct Claims by Cardholders – No Credit Issued* claims categories. These listings have incorporated all of the post-June 25, 2003 recommended revisions and adjustments.

b. Summary of Recommendations #'s 1 to 10

Within Appendices A to G of this report, Leisure's Judicial Trustee makes specific recommendations to the Court about the post-June 25, 2003 revisions and adjustments to the claims categories and the Master Beneficiaries Listing. The following is a summary of these recommendations:

- Recommendation #1 in **Appendix A (page 3)**, an increase of \$478,107 to the previously Court approved *VISA* claims category and, where appropriate, payment of a catch-up interim distribution of \$0.50 on the dollar in favour of Moneris Solutions Corporation ("Moneris");
- Recommendation #2 in **Appendix B (page 3)**, an increase of \$242,409 to the previously Court approved *MasterCard* claims category and, where appropriate, payment of a catch-up interim distribution of \$0.50 on the dollar in favour of Moneris;
- Recommendation #3 in **Appendix C (page 2)**, an increase of \$412,453 to the previously Court approved *AMEX* claims category and, where appropriate, payment of a catch-up interim distribution of \$0.50 on the dollar in favour of AMEX;
- Recommendation #4 in **Appendix D (page 2)**, an increase of \$7,693 to the previously Court approved *Diners' Club* claims category and, where appropriate, payment of a catch-up interim distribution of \$0.50 on the dollar in favour of Diners' Club;
- Recommendation #5 in **Appendix E (page 1)**, a decrease of \$4,553 to the previously Court approved *Cash Paying* claims category;
- Recommendation #6 in **Appendix E (page 2)**, a disallowance / expunging of \$50,041 in claims and related beneficiaries in the *Cash Paying* claims category;

- Recommendation #7 in **Appendix F (page 4)**, an overall decrease of \$240,293 to the previously Court approved *Direct Claims by Cardholders – No Credit Issued* claims category;
- Recommendation #8 in **Appendix F (page 6)**, a disallowance / expunging of \$69,795 in claims and related beneficiaries in the *Direct Claims by Cardholders – No Credit Issued* claims category;
- Recommendation #9 in **Appendix G (page 8)**, a disallowance / expunging of \$181,251 in claims and related beneficiaries in the *Direct Claims by Cardholders – List A* claims category;
- Recommendation #10 in **Appendix G (page 15)**, a disallowance / expunging of \$117,578 in claims and related beneficiaries in the *Direct Claims by Cardholders – List B* claims category.

4. Leisure's Funds Available for Distribution

a. Current Situation

Assuming the Court approves and authorizes the recommendations made by Leisure's Judicial Trustee, in respect of the Final Master Beneficiaries Listing, Exhibit 1 opposite calculates the funds estimated to be available for distribution.

As shown in Exhibit 1, Ontario has 30.49% of the proven claims / beneficiaries (but started with 36% of the cash) and BC & Other has the remaining 69.51% of proven claims / beneficiaries (but only started with 64% of the cash). However, as approved in the Plan, the funds to be distributed to Ontario's and BC & Other's beneficiaries are to be adjusted by the Mid-Point Calculation.

Given that interim distributions of \$0.50 on the dollar have previously been made, there remains to be distributed an estimated \$0.102 on the dollar for Ontario beneficiaries and an estimated \$0.036 on the dollar for BC & Others beneficiaries.

b. Potential Re-Distribution of Funds Reserved for VISA

All of the funds reserved for *VISA* claims category may not be required by Royal Bank of Canada ("Royal Bank") and Moneris, in order to fully recover Royal Bank's secured loans (including *VISA* indebtedness) to Leisure, as well as other member companies in the Canada 3000 Group of Companies ("the Group").

Until the Royal Bank's Receiver has completed realization activities on the Group's assets, the Royal Bank is not able to confirm how much of the funds reserved for *VISA* will be required. To the extent that Royal Bank does not require a portion of the funds reserved for *VISA*, to repay its secured loans, the Judicial Trustee anticipates recovering and re-distributing these funds to the remaining, non-*VISA* beneficiaries.

At this time, it is the Judicial Trustee's understanding that realization activities by the Receiver, appointed by the Royal Bank, and the resolution of potential litigation against Airlines' Bankruptcy Trustee (whose costs are being funded by Royal Bank from proceeds of asset realizations), may not be concluded until sometime in 2005 or beyond.

Presently, the total estimated funds available to the *VISA* claims category (funds reserved for *VISA*) are in the \$11.8 million range. However, Leisure's Judicial Trustee understands that a significant portion of these funds (possibly 40% to 50%) may become available for re-distribution.

Assuming a future re-distribution of funds presently reserved for *VISA* is likely to occur, Leisure's Judicial Trustee's administration will necessarily have to be

extended to accommodate this event. However, ongoing administration costs are expected to be nominal.

c. Recommendation #11

Leisure's Judicial Trustees recommends to the Court that it consider authorizing and approving a delay in the payment of a 3rd interim distribution, until the Royal Bank and Moneris confirm to the Judicial Trustee the portion of the funds reserved for *VISA* that will become available for re-distribution to non-*VISA* beneficiaries.

5. **Completion of Tickets' Judicial Trustee Proceedings**

In September 2002, Tickets' Judicial Trustee issued cheques to the Ontario trust beneficiaries. All of the funds available for distribution (\$0.70 on the dollar) were sent to the beneficiaries. Several of these cheques were returned as being "undeliverable" / "no forwarding address" / "address unknown".

Tickets' Judicial Trustee has attempted to contact / locate these beneficiaries by:

- placing the beneficiaries names on the PwC website for Tickets;
- where available, following-up on contact telephone numbers in the customers file;
- researching the internet 411 telephone directory for the beneficiaries' telephone number;
- cross referencing the beneficiaries names to Leisure's Judicial Trustee's data base for potential contact information;
- responding to telephone and written enquiries by beneficiaries who did not receive their distribution.

The foregoing activities resulted in a reduction of the initial list of beneficiaries not claiming their funds to 19 beneficiaries with \$5,436.34 of total funds outstanding. Attached as **Appendix I** is the listing of those beneficiaries that Tickets' Judicial Trustee has not been able to locate / contact in the more than 18 months that have elapsed since this distribution was made.

a. **Unclaimed Funds**

In order to bring closure to the administration of Tickets' Judicial Trustee proceedings, these unclaimed funds must be dealt with. In this regard, there are several practicable alternatives available to Tickets' Judicial Trustee:

- i. Pay the unclaimed amount of \$5,436.34 into Court, where the beneficiaries may or may not ever make application to recover them.

Given the time that has already elapsed since the payment of the distribution and the efforts made by Tickets' Judicial Trustee, it is unlikely that any of these beneficiaries will surface to recover these funds. Further, the cost to a beneficiary of making such an application to the Court would be prohibitive in any event.

Under this alternative, complete closure on this file (from the Court's perspective) is not likely to occur.

- ii. Seek the Court's approval to disallow the claims and to expunge the beneficiaries from the Master Beneficiaries Listing, enabling the Judicial Trustee to do one of the following:

re-distribute the \$5,436.34 to the remaining beneficiaries in a Supplemental Distribution, at an estimated administrative cost of \$3,000 to \$4,000;

OR

forward the \$5,436.34 to the Travel Industry Counsel of Ontario ("TICO");

OR

utilize the \$5,436.34 to recoup a portion of Tickets' Judicial Trustee's otherwise unrecoverable administrative costs.

These latter three alternatives provide for closure on this file.

In the first situation, at best, the potential for a Supplemental Distribution would provide for less than \$0.03 on the dollar. However, there are unrecoverable administrative costs associated with calculating, preparing and mailing a Supplemental Distribution to the remaining beneficiaries.

In addition, TICO has already proceeded with its mandate to make compensation payments to those beneficiaries who filed claims with TICO, for the shortfall suffered on their deposits to Tickets. On a pro-rata basis, TICO would be entitled to be subrogated as a beneficiary for all those parties to whom it has made compensation payments, but there would be unrecoverable administrative costs incurred by Tickets' Judicial Trustee reconciling and confirming TICO's pro-rata entitlement of funds.

In the second situation, the payment of all funds to TICO would bring immediate closure of Tickets' Judicial Trustee process, with no ongoing administration costs. However, Tickets' Judicial Trustee would not be able to recoup any portion of otherwise unrecoverable administrative costs.

The third, and final alternative, of making these funds available to Tickets' Judicial Trustee to recoup a portion of otherwise unrecoverable administrative costs (in excess of \$12,000) is practicable.

At the time Ticket's Judicial Trustee made an interim distribution of \$0.70 on the dollar to beneficiaries, the Judicial Trustee estimated its administrative costs to close the proceedings and protected an appropriate amount of funds. Unfortunately, the administrative costs associated with unclaimed distributions to beneficiaries, as well as

costs arising from the rectification of errors in recorded claims (resulting in the Judicial Trustee funding approximately \$5,000 of unpaid claims) have exceeded funds remaining in the Judicial Trustee's possession.

This third alternative not only partially compensates the Judicial Trustee, for otherwise unrecoverable administrative costs, but it also provides a means for the immediate closure of Tickets' Judicial Trustee process, with no ongoing administration costs.

b. Recommendation #12

Tickets' Judicial Trustee recommends to the Court that it consider authorizing and approving:

- the disallowance of the 19 claims with a value of \$5,436.34 as listed in **Appendix I** from the Master Claimants Listing;
- the expunging of the 19 beneficiaries listed in **Appendix I** from the Master Beneficiaries Listing;
- Tickets' Judicial Trustee's use of the undistributed \$5,436.34 to recoup a portion of its otherwise unrecoverable administrative costs.

c. Taxation of Accounts & Judicial Trustee Discharge

Provided the Court approves the foregoing Recommendation #12, as presented by Tickets' Judicial Trustee, Tickets' Judicial Trustee should immediately proceed with taxation of its accounts and those of its legal counsel, as well as seek a Discharge Order.

In this regard, attached as **Appendix L** to this Report (and discussed in detail in Section 6(c) of this Report) is Tickets' Judicial Trustee's Actual and Budgeted Cash Flow as at January 31, 2004. This statement assumes Recommendation #12 is approved by the Court.

d. Recommendation #13

Tickets' Judicial Trustee recommends to the Court that it consider authorizing and approving:

- Ticket's Judicial Trustee's budgeted Final Statement of Receipts & Disbursements as at April 6, 2004 (as shown in **Appendix L**), which includes the Judicial Trustee's accounts of \$71,903 and its solicitor's fees of \$26,412;
- An Order discharging PwC as Tickets' Judicial Trustee.

6. Combined Judicial Trustees' Budgets

Attached as **Appendix J** is Leisure's and Tickets' Judicial Trustees' Combined Actual and Budgeted Cash Flow to December 31, 2005. It consists of the actual cash receipts and disbursements incurred by both Judicial Trustees to January 31, 2004, together with the estimated receipts and disbursements to be incurred to December 31, 2005.

Because the Judicial Trustees are operating under a Court approved spending limit, the following is a summary of the disbursement section of the budgeted cash flow:

	Actual Costs Incurred to January 31, 2004 and Paid (\$'000)	Actual Costs Incurred to January 31, 2004 but not Paid (\$'000)	Estimated Costs February 1 to December 31, 2005 (Leisure Only) (\$'000)	Combined Actual & Estimated Costs to December 31, 2005 (\$'000)
Operational & Administrative Costs	1,972.0	0.0	99.6	2,071.6
Professional Fees	<u>1,770.5</u>	<u>78.8</u>	<u>179.1</u>	<u>1,228.4</u>
Total	3,742.5	78.8	278.7	4,100.0

The B.C. Court and Ontario Courts have authorized a \$3.8 million spending limit for the Judicial Trustees' operational & administrative costs and professional fees. This was confirmed during the June 25, 2003 application to Court by the Judicial Trustees.

The material filed in support of the June 25, 2003 application was an estimate, by the Judicial Trustees, of the costs and time needed to resolve numerous complex matters to the point of a distribution to the creditors. The budgeted costs were estimates for the period ending December 31, 2003. As shown in the foregoing table, as of the date of this report, the Judicial Trustees have operated within the approved \$3.8 million spending limit beyond December 31, 2003.

As shown in the preceding table, the Judicial Trustees' **disbursements paid** to January 31, 2004 are \$3.743 million and a further \$78,800 of professional fees have been **incurred, but not paid**, as at January 31, 2004. To stay within the \$3.8 million expenditure cap and continue to fund essential payroll and office expenses, until the expenditure cap has been revised by the Court, no further disbursements are being made to the Judicial Trustees or legal counsel in respect of professional fees.

The Judicial Trustees' are seeking a revision to the Court Order, increasing the expenditure cap by \$300,000 (all attributable to Leisure's Judicial Trustee) from \$3.8 million to \$4.1 million, based upon current estimates for the budgeted costs to December 31, 2005. If the administration of the estate extends beyond December 2005, the Judicial Trustees will have to make further application to deal with fees and disbursements for that period.

a. Leisure's Judicial Trustee's Budget

Attached as **Appendix K** is Leisure's Judicial Trustee's Actual & Budgeted Cash Flow as at January 31, 2004. It includes actual receipts and disbursements to January 31, 2004, together with the estimated receipts and disbursements to be incurred to December 31, 2005.

This budget is summarized below:

	Actual Costs Incurred to January 31, 2004 and Paid (\$'000)	Actual Costs Incurred To January 31, 2004 but not Paid (\$'000)	Estimated Costs February 1 to December 31, 2005 (\$'000)	Combined Actual & Estimated Costs to December 31, 2005 (\$'000)
Operational & Administrative Costs	1,937.3	0.0	99.6	2,036.9
Professional Fees	<u>1,685.1</u>	<u>58.8</u>	<u>186.2</u>	<u>1,930.1</u>
Total	<u>3,622.4</u>	<u>58.8</u>	<u>285.8</u>	<u>3,967.0</u>

As shown above, the Judicial Trustee's **disbursements paid** to January 31, 2004 are \$3.622 million and a further \$58,800 of professional fees have been **incurred, but not paid**, as at January 31, 2004.

To stay within the \$3.8 million expenditure cap and continue to fund essential payroll and office expenses, until the expenditure cap has been revised by the Court, no further disbursements are being made to the Judicial Trustee or legal counsel in respect of professional fees.

While subrogation claims by Diners' Club have been finalized for some time, subrogation claims by Moneris with respect to its extensive claims for VISA and MasterCard, and claims by AMEX have only been recently finalized.

The review and assessment of the extensive subrogation claims filed by the Card Companies, and reconciling / matching the Card Companies' claims, to claims filed by individual cardholders, has occupied a substantial amount of time up to

January 31, 2004. Leisure's Judicial Trustee's assessment of the Card Companies' subrogation claims, and those of other third parties, is now complete.

All of Leisure's Judicial Trustee's activities during January and February 2004, have been in large part with the objective of finalizing the Master Beneficiaries Listing and the preparation of materials for this report to the Court.

The requested \$300,000 revision in the Court's authorized expenditure cap is primarily required to fund Leisure's Judicial Trustee's estimated administrative costs to bring an application before the Court in April 2004, but also to fund nominal administrative costs to December 31, 2005. The increase is attributable to the extension of the time period covered by the updated budget, which is based on the authorized duties and activities of the Judicial Trustee.

To the extent that issues remain unresolved at December 31, 2005, Leisure's Judicial Trustee will provide a further update to the estimated administrative costs at that time.

b. Tickets' Judicial Trustee's Budget

Attached as **Appendix L** is a Tickets' Judicial Trustee's Actual and Budgeted Cash Flow as at January 31, 2004. It includes the actual cash receipts and disbursements incurred by Tickets' Judicial Trustee to January 31, 2004, together with the estimated receipts and disbursements to be incurred to December 31, 2005 (none shown beyond April 2004).

The Statement of Receipts & Disbursements to January 31, 2004 is unchanged from the Statement of Receipts & Disbursements to May 31, 2003 and the costs to January 31, 2004 are summarized in the following table.

	Actual Costs Incurred to January 31, 2004 and Paid (\$'000)	Actual Costs Incurred to January 31, 2004 but not Paid (\$'000)	Estimated Costs February 1 to December 31, 2005 (\$'000)	Combined Actual & Estimated Costs to December 31, 2005 (\$'000)
Operational & Administrative Costs	34.7	0.0	0.0	34.7
Professional Fees	<u>85.4</u>	<u>20.0</u>	<u>(7.1)</u>	<u>98.3</u>
Total	<u>120.1</u>	<u>20.0</u>	<u>(7.1)</u>	<u>133.0</u>

As shown in the foregoing table, the Judicial Trustee's disbursements paid to January 31, 2004 are \$120,100, and a further \$20,000 of professional fees have been incurred, but not paid, as at January 31, 2004.

Before dealing with the \$5,436.34 of unclaimed distributions to beneficiaries, there are not sufficient funds to pay more than \$7,500 of the outstanding professional fees, giving rise to an estimated \$12,500 shortfall. Assuming the \$5,436.34 of unclaimed distributions to beneficiaries is made available to the Judicial Trustee (see Recommendation #12) then the potential professional fee shortfall would be reduced to \$7,100.

The table shows \$7,100 of professional fees being written off. Hence the total estimated disbursements to be made are \$133,000. Further, this estimated \$133,000 would form part of the revised \$4.1 million Court authorized expenditure cap for both Tickets' and Leisure's Judicial Trustee proceedings.

Tickets' Judicial Trustee's activities have been directed at completion of its administration. As previously reported in July 2003, except for unclaimed distributions, all funds have been paid to beneficiaries and there are no funds remaining in the estate to be pay for administrative costs. Consequently Tickets' Judicial Trustee has made nominal charges to the estate for its administrative time.

At this time, Tickets' Judicial Trustee has completed its administrative activities and, as discussed in Section 5, Tickets' Judicial Trustee is seeking confirmation of its recommendation to the Court for closing of its administration of Tickets' trust funds.

The only potential additional disbursement to be incurred by the Judicial Trustee would be if a re-distribution of the \$5,436.34 to the remaining beneficiaries (as discussed in Section 5) were to be required.

c. Recommendation #14

Leisure's and Tickets' Judicial Trustees recommend to the Court that it consider authorizing and approving:

- an Order revising the authorized administrative expenditure cap, increasing it by \$300,000 from \$3.8 million to \$4.1 million;
- an Order severing Ticket's Judicial Trustee's expenditures of \$133,039 from the revised \$4.1 million expenditure cap, thereby establishing Leisure's expenditure cap at \$3,966,961.

7. Conclusion

With respect to Leisure's Judicial Trustee's administration, provided that the foregoing recommendations are implemented, then:

- the day-to-day claims review and administration process is complete;
- the claims categories and master beneficiaries listings are finalized;
- the completion of the Judicial Trustee's administrative activities will be delayed (probably for 12 months to 18 months), pending the recovery of that portion of the VISA reserve funds not claimed by Moneris / Royal Bank;
- Leisure's Judicial Trustee will have very few administrative activities to perform until recovery of VISA reserve funds.

With respect to Tickets' Judicial Trustee's administration, upon implementation of the foregoing recommendations, the Judicial Trustee administration is complete.

**PRICEWATERHOUSECOOPERS INC.
JUDICIAL TRUSTEE**



David P. Bowra, Senior Vice-President