

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43 and SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

**MOTION RECORD OF
PRICEWATERHOUSECOOPERS INC.
(Returnable June 26, 2013)**

June 19, 2013

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43 and SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

BETWEEN:

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TAB 1

Court File No. CV-13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 and SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

**NOTICE OF MOTION
(Returnable June 26, 2013)**

PRICEWATERHOUSECOOPERS INC. (“**PwC**”), the Court-appointed receiver (the “**Receiver**”), without security, over all of the assets, undertakings and property of PRACS Institute Canada B.C. LTD. (“**PRACS Canada**” or the “**Debtor**”) will make a motion to the Court on Wednesday, June 26, 2013, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR ORDERS:

- a) abridging the time for service and validating the service of this Notice of Motion, the Motion Record and the Third Report of the Receiver dated June 19, 2013 (the “**Third Report**”) so that this Motion is properly returnable June 26, 2013 and dispensing with further service thereof;

- b) approving the Second Report of the Receiver, dated June 6, 2013 (the “**Second Report**”), the Third Report and the activities of the Receiver as described therein;
- c) approving the fees and disbursements of the Receiver for services rendered for the period ending May 31, 2013 in the aggregate amount of \$506,300.49 plus Harmonized Sales Tax (“**HST**”), as detailed in the Affidavit of Tracey Weaver sworn June 18, 2013 (the “**Weaver Affidavit**”);
- d) approving the fees and disbursements of the Receiver’s legal counsel, Blake, Cassels & Graydon LLP (“**Blakes**”), for the period ending June 14, 2013 in the aggregate amount of \$260,442.65 plus HST, as detailed in the Affidavit of Matthew Kanter sworn June 18, 2013 (the “**Kanter Affidavit**”);
- e) authorizing and directing the Receiver to distribute \$2,735,089.79 to Freeport Financial LLC (“**Freeport**”), the Debtor’s sole secured creditor, from the Receiver’s available cash on hand (the “**Interim Distribution**”);
- f) authorizing and directing the Receiver to satisfy the Reserve Obligations (as defined below) from the cash on hand after payment of the Interim Distribution and any cash receipts received from and after the date of the Interim Distribution (the “**Reserve**”), without further Order of this Court;
- g) upon the payment of the Reserve Obligations in full as determined by the Receiver in its reasonable discretion, authorizing and directing the Receiver to pay any residual amounts in the Reserve to Freeport, up to the amount of the Total Indebtedness (as defined below), without further Order of this Court;
- h) authorizing and directing the Receiver to pay amounts remaining in the receivership estate after payment of the Total Indebtedness, if any, to the trustee in bankruptcy (“**Trustee**”) of PRACS Canada, for distribution in accordance with the priority scheme of the BIA, without further Order of this Court;

- i) discharging the Receiver, subject to the Receiver completing its administration of the receivership proceedings and filing a certificate with the Court confirming that the Receiver has completed all of the steps necessary to conclude the receivership proceedings (the “**Discharge Certificate**”); and
- j) upon the filing by the Receiver of the Discharge Certificate, releasing and discharging PwC from any and all liability PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of PwC.

THE GROUNDS FOR THE MOTION ARE:

- a) Pursuant to an application by Freeport, Mr. Justice Wilton-Siegel issued an Order dated March 22, 2013 (the “**Receivership Order**”), appointing PwC as Receiver, without security, over all of the assets, undertakings and property of the Debtor acquired for, or used in relation to a business carried on by the Debtor (the “**Property**”);
- b) On April 19, 2013, the Receiver entered into an asset purchase agreement (the “**APA**”) with CML HealthCare Bioanalytics Inc. f/k/a 1893929 Ontario Inc. (“**CML**”) and 2368350 Ontario Inc. (“**Inflamax**” and, together with CML, the “**Purchasers**”) for the purchase of substantially all of the Debtor’s right, title and interest in and to the Property for approximately \$3.575 million (the “**Sale Transaction**”);
- c) The APA was approved by this Court on May 1, 2013 (the “**Approval and Vesting Order**”) and the Sale Transaction closed on May 3, 2013;
- d) Following a bankruptcy application by Freeport, Mr. Justice Morawetz issued an Order dated June 10, 2013 (the “**Bankruptcy Order**”), pursuant to which PRACS Canada was adjudged bankrupt;
- e) Pursuant to the Bankruptcy Order, PwC was appointed as Trustee;

- f) As a result of the Bankruptcy Order, certain deemed trust claims – including the deemed trust for HST in the amount of approximately \$70,300 and the deemed trust for vacation pay under the *Employment Standards Act* (Ontario), 2000 S.O. 2000, c. 41 in the amount of approximately \$27,300 – are subject to the distribution scheme set out in the BIA and constitute unsecured claims in a bankruptcy, ranking behind Freeport's secured claim;
- g) Other priority claims – including the Receiver's Charge (as defined in the Receivership Order), the deemed trust claim of Canada Revenue Agency ("CRA") for withheld but unremitted source deductions (the "**Deemed Trust Claim**"), and the first priority security for claims under section 81.4 of the BIA (the "**s. 81.4 Claims**") in respect of outstanding wages and vacation pay for former PRACS Canada employees – continue to have priority over Freeport's secured claim;

APPROVAL OF RECEIVER'S ACTIVITIES

- h) The Receiver's activities up to April 25, 2013 were approved in the Approval and Vesting Order;
- i) The Receiver's activities after that date, as set out in detail in the Second Report and the Third Report, were necessary and prudent steps taken in furtherance of the realization of the Debtor's assets;
- j) As described more fully in paragraphs 17-18 of the Third Report, the Receiver's activities have included, *inter alia*, communicating with the Purchasers, Freeport and other interested stakeholders; closing the Sale Transaction pursuant to the APA; completing and filing a Receiver's Certificate; performing all necessary post-closing activities, including monitoring the Purchasers' compliance with the Third-Party Property Protocol (as defined in the APA); notifying certain employees whose provincial deemed trust claims for outstanding vacation pay would be affected by the Bankruptcy Order; arranging for the completion and mailing of T4s for 2013 to PRACS

Canada's 216 former employees; and seeking to collect all accounts receivable owing to the Debtor, all of which is consistent with the Receiver's powers and obligations under the Receivership Order;

- k) The Receiver therefore seeks an order of this Court approving its activities, as set out in the Second Report and the Third Report;

APPROVAL OF FEES AND DISBURSEMENTS

- l) The Receiver and Blakes have incurred fees and expenses in their capacity as either Receiver or counsel, as outlined in the Weaver Affidavit and the Kanter Affidavit, respectively;
- m) Such fees and expenses were incurred at the Receiver's and Blakes' standard rates and charges and are fair and reasonable in the circumstances;

DISTRIBUTION TO FREEPORT

- n) The Receiver received a legal opinion from Blakes confirming that, pursuant to the Security Agreement, dated as of June 20, 2012, between PRACS Canada, as grantor and Freeport, Freeport, as agent, holds a perfected security interest over the Debtor's personal property;
- o) Freeport, as agent, is the Debtor's sole secured creditor, and, as of May 22, 2013, is owed a total amount of \$4,272,186 in principal and accrued interest, plus professional fees and expenses, which amounts continue to accrue (the "**Total Indebtedness**");
- p) As described more fully in the Third Report, certain claims and obligations take priority over Freeport's secured claim, including (i) the Receiver's accrued and unpaid obligations (the "**Accrued Obligations**"); (ii) the Receiver's fees and disbursements (including the fees and disbursements of its legal counsel) required to complete the administration of the receivership proceedings (the "**Remaining Fees and Disbursements**"); (iii) the Deemed Trust Claim; (iv) the s. 81.4 Claims; and (v) funding the fees and

disbursements of the Trustee (the “**Trustee Fees**”) up to the amount of Freeport’s agreed funding;

(collectively, the Accrued Obligations, Remaining Fees and Disbursements, Deemed Trust Claim, s. 81.4 Claims and the Trustee Fees are the “**Reserve Obligations**”);

- q) Accordingly, the Receiver seeks authority to make the Interim Distribution of \$2,735,089.79 to Freeport from the Receiver’s available cash on hand;
- r) The Receiver also seeks authority to pay the Reserve Obligations from the Reserve, without further Order of this Court;
- s) Upon payment of the Reserve Obligations as determined by the Receiver in its reasonable discretion, the Receiver seeks authority to pay any residual amounts in the Reserve to Freeport, up to the amount of the Total Indebtedness, without further Order of this Court;
- t) After collecting all outstanding accounts receivable and paying the Reserve Obligations, the Receiver does not anticipate that there will be sufficient funds in the receivership estate to pay the Total Indebtedness in full or to pay any of the Debtor’s unsecured creditors, without further Order of this Court;
- u) However, to the extent that any amounts remain in the receivership estate after payment, in full, of the Total Indebtedness, the Receiver seeks authority to pay over any remaining amounts to the Trustee for distribution in the bankruptcy proceeding pursuant to the priority scheme of the BIA, without further Order of this Court;

DISCHARGE OF RECEIVER

- v) Much of the Debtor’s Property and assets have been sold and the primary objective of the receivership proceedings has been fulfilled;

- w) Other than the collection of certain accounts receivable, the completion of sundry post-closing matters and the final distribution of proceeds, the receivership proceedings are substantially complete;
- x) The Receiver will complete its remaining duties, including the filing of a final report pursuant to subsection 246(3) of the BIA, prior to filing the Discharge Certificate;
- y) The Receiver therefore seeks an Order of this Court discharging it as Receiver, upon the filing of the Discharge Certificate;
- z) The Receiver also seeks to be released and discharged from any and all liability that the Receiver currently may have or may hereinafter have, by reason of, or arising out of, its acts or omissions while acting in its capacity as Receiver;
- aa) Freeport, the sole secured creditor of the Debtor and the only party with a realizable economic interest in these proceedings, consents to the discharge and release of the Receiver on the terms sought herein;

OTHER GROUNDS

- a) The Receiver also relies on:
 - i. such other grounds as are set out in the Third Report;
 - ii. the Receivership Order;
 - iii. the Bankruptcy Order;
 - iv. the provisions of the *Bankruptcy and Insolvency Act* R.S.C. 1985 c. B-3;
 - v. the provisions of the *Courts of Justice Act* R.S.O. 1990 c. C.43;
 - vi. the provisions of the *Rules of Civil Procedure* R.R.O. 1990, Reg. 194; and
 - vii. such other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- a) The Motion Record of the Receiver, dated June 19, 2013, including the Third Report;
- b) Such further and other materials as counsel may advise and this Court may permit.

June 19, 2013

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Lawyers for the Court-appointed Receiver of
PRACS Institute Canada B.C. LTD.

**TO: THE SERVICE LIST AS
ATTACHED TO THE MOTION RECORD**

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

Proceeding commenced at Toronto

**NOTICE OF MOTION
(RETURNABLE JUNE 26, 2013)**

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Lawyers for the Court-appointed Receiver of
PRACS Institute Canada B.C. LTD.

TAB 2

PRACS Institute Canada B.C. LTD.

THIRD REPORT OF THE RECEIVER

June 19, 2013

Court File No. CV 13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990,
c. C.43, AS AMENDED and SECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

**THIRD REPORT OF PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
PRACS INSTITUTE CANADA B.C. LTD.**

June 19, 2013

A. INTRODUCTION

1. On March 22, 2013, (the “**Date of Appointment**”), pursuant to an application by Freeport Financial LLC (“**Freeport**”) and an order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Receiver**”), without security, over all of the assets, undertakings and property (the “**Property**”) of PRACS Institute Canada B.C. LTD. (“**PRACS Canada**” or the “**Company**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the “**BIA**”) and section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C.43, as amended. A copy of the Receivership Order is attached hereto as Appendix “A”.
2. PRACS Canada is a wholly owned subsidiary of PRACS Institute Holdings, LLC, a Delaware limited liability company (the “**Holding Company**”), which is the holding company for the PRACS Institute group of companies (collectively, the “**PRACS Group**”). The PRACS Group provided early phase clinical research services for the development of drugs and medical services and operated its business through entities controlled, directly or indirectly, by the Holding Company.
3. On April 25, 2013 the Receiver filed its first report to the Court (“**First Report**”) in respect of its motion seeking, among other things:
 - a) approval of the sale of substantially all the Property of PRACS Canada (“**Sale Transaction**”), including a certain protocol (“**Third-Party Property Protocol**”) (as set out in the Schedule “D” to the asset purchase agreement (the “**APA**”)) in respect to the treatment of certain documents and/or samples (“**Third-Party Property**”) belonging to former customers of PRACS Canada (“**Sponsors**”) that may have been held or stored by PRACS Canada at the Date of Appointment;
 - b) vesting of the Company’s right, title and interest, if any, in and to the Clinic Assets (as defined in the APA) in 2368350 Ontario Inc. (“**Inflamax**”) free and

- clear of all encumbrances;
- c) vesting of the Company's right, title and interest, if any, in and to the Laboratory Assets (as defined in the APA) in CML HealthCare Bioanalytics Inc. formerly known as 1893929 Ontario Inc. ("**CML**" and, together with Inflammix, the "**Purchasers**") free and clear of all encumbrances;
 - d) sealing of the Bid Summary (as defined in the First Report);
 - e) sealing of the unredacted APA containing commercially sensitive terms; and
 - f) approval of the activities of the Receiver as described in the First Report.
4. A copy of the First Report, without appendices, is attached as Appendix "**B**".
 5. On May 3, 2013, the Receiver completed the Sale Transaction as authorized and approved by an Order of this Court on May 1, 2013.
 6. On June 6, 2013 the Receiver filed its second report to the Court ("**Second Report**") the purpose of which was to provide the Court with information with respect to the Receiver's notice to former PRACS Canada employees who would be affected by Freeport's motion (the "**Freeport Motion**") to lift the stay in the receivership proceedings for the purpose of making an application ("**Bankruptcy Application**") for a bankruptcy order ("**Bankruptcy Order**") against PRACS Canada. A copy of the Second Report is attached as Appendix "**C**".
 7. This is the third report of the Receiver (the "**Third Report**"), the purpose of which is to:
 - a) provide the Court with information with respect to the following:
 - i) closing of the Sale Transaction;
 - ii) the Receiver's activities since the date of the First Report to the date of this Third Report;
 - iii) the Receiver's statement of cash receipts and disbursements for the period

March 22, 2013 to June 18, 2013 (the “**Receiver’s Final R&D**”), including the Receiver’s estimate of the accrued and unpaid obligations as of the date of this Third Report (the “**Accrued Obligations**”) and the Receiver’s estimate of the its fees and disbursements (including the fees and disbursements of its legal counsel (“**Legal Fees**”)) required to complete the administration of the receivership proceedings (collectively the “**Remaining Fees and Disbursements**”); and

iv) the review by the Receiver’s independent legal counsel, Blake Cassels & Graydon LLP (“**Blakes**”) with respect to the validity and enforceability of the security held by Freeport in respect of the Property; and

b) seek an order of this Court:

- i) approving the Second Report and the activities of the Receiver described therein;
- ii) approving this Third Report and the activities of the Receiver described herein;
- iii) approving the accounts of PwC as set forth in the Weaver Affidavit (as defined herein) for the period up to and including May 31, 2013;
- iv) approving the accounts of Blakes as set forth in the Kanter Affidavit (as defined herein) for the period up to and including June 14, 2013;
- v) authorizing and directing the Receiver to pay all such unpaid fees and disbursements of the Receiver and its legal counsel;
- vi) authorizing and directing the Receiver to:
 - a. distribute \$2,735,089.79 to Freeport from the Receiver’s available cash on hand (the “**Interim Distribution**”);

- b. pay the following obligations from the available cash on hand remaining with the Receiver following the Interim Distribution and any cash receipts collected from and after the date of the Interim Distribution (the “**Reserve**”):
- i. the Accrued Obligations;
 - ii. the Remaining Fees and Disbursements;
 - iii. the claim of Canada Revenue Agency (“**CRA**”) for withheld but unremitted source deductions owing by PRACS Canada (the “**Deemed Trust Claim**”);
 - iv. priority claims under section 81.4 of the BIA (the “**s. 81.4 Claims**”) in respect of outstanding wages and vacation pay for former PRACS Canada employees; and
 - v. the fees and disbursements (the “**Trustee Fees**”) of the trustee in bankruptcy (“**Trustee**”) of PRACS Canada relating to the discharge of its statutory duties, up to the amount of Freeport’s agreed funding (the “**Trustee Funding**”) in respect of the Trustee Fees
- (collectively, the Accrued Obligations, the Remaining Fees and Disbursements, the Deemed Trust Claim, the s. 81.4 Claims and the Trustee Fees are the “**Reserve Obligations**”);
- c. upon satisfaction of the Reserve Obligations in full, pay any remaining amounts in the Reserve to Freeport, up to the amount of the Total Indebtedness (as defined below) without further Order of this Court; and

- d. pay amounts remaining in the receivership estate after payment of the Total Indebtedness, if any, to the Trustee, for distribution in accordance with the distribution scheme in the BIA;
- vii) discharging the Receiver, subject to the Receiver completing its administration of the receivership proceedings and filing a certificate with the Court confirming that the Receiver has completed all of the steps necessary to conclude the receivership proceedings (the **"Discharge Certificate"**); and
- viii) upon the filing by the Receiver of the Discharge Certificate, releasing and discharging PwC from any and all liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of PwC.

B. DISCLAIMER

8. In preparing this Third Report, the Receiver has relied upon certain unaudited financial information of the Company, the Company's books and records, information obtained from former personnel of the Company and other sources (collectively, the **"Information"**).

Except as described in this Third Report:

- a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
- b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this Third Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.

9. Unless otherwise noted, all currency amounts contained in this Third Report are expressed in Canadian dollars. Capitalized terms not defined herein are defined in the Receivership Order, the First Report, the Sale Approval and Vesting Order (defined below) or the Second Report, as applicable.

C. CLOSING OF THE SALE TRANSACTION

10. On May 1, 2013, the Court issued a sale approval and vesting order (the “**Sale Approval and Vesting Order**”) in the receivership approving the Sale Transaction. The Sale Transaction closed on May 3, 2013 and the Receiver realized gross proceeds from the Sale Transaction of approximately \$3,575,000, plus applicable harmonized sales tax (“**HST**”).
11. As the Sale Transaction has closed, the receivership proceedings are substantially complete. Only miscellaneous matters remain, including: the collection of certain accounts receivable (which were not part of the assets purchased by the Purchasers), the sale of the Company’s interest in certain miscellaneous assets, the completion of certain deemed trust examinations (the “**Trust Exam(s)**”) by CRA in respect of the Deemed Trust Claim and HST, the completion of sundry post-closing matters and the distribution of proceeds.
12. Accordingly, the Receiver seeks to be discharged and released upon the filing of a Discharge Certificate indicating that it has completed these activities.

THIRD-PARTY PROPERTY PROTOCOL

13. Pursuant to the terms of the APA approved by the Court on May 1, 2013, the Purchasers were required to comply with the Third-Party Property Protocol in respect of the treatment (including storage, return or disposal) of Third-Party Property belonging to Sponsors that may have been held or stored by PRACS Canada at the Date of Appointment.
14. On May 23 and 25, 2013, pursuant to the terms of the Third-Party Property Protocol, CML mailed a notice (“**CML Notice**”) to a total of 72 Sponsors whose Third-Party Property may have been held or stored by PRACS Canada on the Date of Appointment.

A copy of the CML Notice is attached as Appendix “D”.

15. The Receiver was advised by CML that, as of June 15, 2013, 20 Sponsors had contacted CML in respect to the return of or to arrange storage of their Third-Party Property.
16. Inflamax has advised the Receiver that, on May 23, 2013, pursuant to the terms of the Third-Party Property Protocol, it mailed a notice (the “**Inflamax Notice**”) to 134 Sponsors, whose Third-Party Property may have been held or stored by PRACS Canada on the Date of Appointment. In addition, Inflamax has advised that three Sponsors that were not mailed a copy of the Inflamax Notice subsequently contacted Inflamax and were provided a copy of the Inflamax Notice by email. A copy of the Inflamax Notice is attached as Appendix “E”.
17. The Receiver was advised by Inflamax that, as of June 15, 2013, 12 Sponsors had contacted Inflamax to arrange the return or storage of their Third-Party Property.
18. The Receiver has made inquiries with the Purchasers with respect to the Purchasers’ compliance with their storage obligations under the Third-Party Property Protocol. The Receiver has received written confirmation from the Purchasers that they are following the Third-Party Property Protocol as required. Further, no Sponsors have contacted the Receiver to indicate that either Purchaser is not adhering to the Third-Party Property Protocol.

D. RECEIVER’S ACTIVITIES

19. In addition to working with the Purchasers and their counsel to effect the closing of the Sale Transaction, since its First Report, the Receiver has engaged in the following activities:
 - a) provided the Purchasers with post-closing support with respect to, accessing computers systems, servers and software, and addressing various employee-related inquiries from the Purchasers;
 - b) monitored the Purchasers’ compliance with the terms of the Third-Party Property Protocol, including responding to various inquiries from the Purchasers

to clarify the terms of the Third-Party Property Protocol as well as various requests from CML in respect of the Receiver's consent to the release, transfer and/or storage of Third-Party Property pursuant to the terms of the Third-Party Property Protocol;

- c) engaged in collection activities in respect of outstanding accounts receivables;
- d) arranged for the completion and mailing of T4s for 2013 to 216 former employees of PRACS Canada;
- e) responded to a request from Health Canada in respect of Third-Party Property held by the Purchasers as of the closing of the Sale Transaction;
- f) complied with its obligations under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 ("WEPPA"), as required, including providing information to Service Canada and the Company's former employees for the purpose of filing claims under WEPPA;
- g) mailed a notice to all employees whose provincial deemed trust claim for outstanding vacation pay as of the Date of Appointment would be affected or reversed by the Bankruptcy Order;
- h) reported to the Court on the Freeport Motion;
- i) solicited offers for the Company's interest in certain miscellaneous equipment (not subject to the Sale Transaction) located on PRACS Canada's premises that were leased to the Company pursuant to an unregistered lease. Offers were solicited after Blakes determined that the "lessors" had unperfected security interests in such equipment. The "lessors" were advised of the Receiver's position and given an opportunity to respond prior to the solicitation of offers;
- j) tracked and responded to numerous hotline and email inquiries from stakeholders including calls and emails from the Company's former employees in respect of their WEPPA claims; and
- k) prepared and posted all status updates, motion materials and the Receiver's

Second Report to the Receiver's website pursuant to the Receivership Order.

20. If the requested relief is granted by this Court, the Receiver will complete its statutory duties, including preparing and filing its final report pursuant to section 246(3) of the BIA, prior to filing its Discharge Certificate.

E. BANKRUPTCY

21. On June 10, 2013, pursuant to the Freeport Motion, the Court issued an order (the "**Lift-Stay Order**") lifting the stay in the receivership proceedings for the purpose of allowing Freeport to file the Bankruptcy Application in respect of PRACS Canada and seek to waive the notice period provided for in Rule 70(1) of the General Rules of the BIA. A copy of the Lift Stay Order is attached as Appendix "**F**".
22. The requested relief was granted and, on the same day, the Court issued the Bankruptcy Order pursuant to the BIA adjudging PRACS Canada bankrupt. PwC was appointed as the Trustee of PRACS Canada. A copy of the Bankruptcy Order is attached as Appendix "**G**".

F. RECEIVER'S STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

23. The Receiver's Final R&D is summarized as follows:

PricewaterhouseCoopers Inc. Court Appointed Receiver of PRACS Institute Canada B.C. Ltd. STATEMENT OF RECEIPTS AND DISBURSEMENTS For the Period from March 22, 2013 to June 18, 2013		
RECEIPTS		\$
Sale of Clinical & Laboratory Assets		3,575,000.00
Pre-appointment Accounts Receivable Collections		297,260.40
Cash on Hand		153,574.92
GST/HST Collected on Receipts		139,527.21
Retainer		75,263.19
Interest Income		3,952.13
Cost reimbursement re: Return of Drugs		886.56
Courier Refund		672.14
TOTAL RECEIPTS		4,246,136.55
DISBURSEMENTS		
Receiver's Fees and Disbursements (including legal fees)		703,195.60
GST & HST (I.T.C.)		106,128.07
Rent Expense		78,461.80
Receiver General re: HST Liability		54,831.41
Post Appointment Contractor Fees		32,917.08
Utilities, telephone, etc.		31,069.50
Security and Lock		2,219.90
IT Service Fees		1,092.50
Repairs & Maintenance		720.90
Postage/Mail Redirection		280.00
Registration Fees		70.00
Bank Charges		60.00
TOTAL DISBURSEMENTS		1,011,046.76
EXCESS OF RECEIPTS OVER DISBURSEMENTS		3,235,089.79
RESERVE		
Priority Claims		
Unpaid wages and expense (s 81 of BIA)		29,741.00
Unremitted source deductions ²		18,879.00
Accrued Obligations		
Accrued Receiver fees and disbursements and occupation related expenses		41,121.00
Remaining Fees & Disbursements		
Estimated Receiver fees and disbursements (including legal fees)		50,000.00
Trustee Funding		
Contingency Fund		40,000.00
TOTAL RESERVE FOR RESERVE OBLIGATIONS AND CONTINGENCY FUND		350,000.00

24. The cash on hand is subject to certain claims ranking in priority to Freeport's secured claim as described in greater detail below:

- i) the Deemed Trust Claim for outstanding source deductions for the period prior to the commencement of the receivership proceedings. Based on its review of the Company's books and records, the Receiver has estimated CRA's Deemed Trust Claim in the amount of approximately \$18,879; and

- ii) the s. 81.4 Claims in respect of applicable amounts owing to employees of the Company for outstanding wages and vacation pay. Based on its review of the Company's books and records, the Receiver has determined the s. 81.4 Claims to be in the amount of approximately \$29,741 in respect of 63 former PRACS Canada employees;
- 25. CRA has advised the Receiver that it intends to conduct Trust Exams with respect to PRACS Canada's liability for unremitted source deductions and HST. Despite the Receiver's requests, CRA has not yet scheduled a date to conduct the Trust Exams and accordingly, the timing of the distribution to CRA in respect to the Deemed Trust Claim is unknown as of the date of this Third Report.
- 26. The recent bankruptcy of PRACS Canada has rendered CRA's claim in respect of outstanding HST as unsecured, hence any liability in respect of HST as determined by a Trust Exam will not affect any distribution to Freeport as estimated in the Receiver's Final R&D.
- 27. With respect to the payment of the s. 81.4 Claims, certain administrative steps have to be completed, in coordination with Service Canada, before such amounts can be paid to PRACS Canada's former employees or to Service Canada, pursuant to any subrogated claim it may have.
- 28. As of June 17, 2013, the Receiver estimates that there are approximately \$37,122 in Accrued Obligations related to unpaid Receiver fees and disbursements (including Legal Fees) and outstanding or unpaid expenses related to the Receiver's occupation of PRACS Canada's former leased premises prior to the closing of the Sale Transaction. The Receiver has also estimated Remaining Fees and Disbursements, in the amount of \$50,000, exclusive of HST.
- 29. The Receiver has included in the Final R&D a Reserve in the amount of \$500,000 to fund the Reserve Obligations described above as well as a contingency fund to satisfy any unexpected claims or expenses that are unknown as of the date of this Third Report.

G. REQUEST FOR FEE APPROVAL

30. The Receiver and its counsel, Blakes, have maintained detailed records of their professional time and costs since the Date of Appointment.
31. Pursuant to paragraphs 18, 19 and 20 of the Receivership Order, any expenditure or liability properly made or incurred by the Receiver, including the fees of the Receiver and Legal Fees, are authorized to be paid on a periodic basis subject to the approval of the Court.
32. The total fees of the Receiver during the period from March 22 to May 31, 2013 (the **"Receiver's Fee Period"**) amount to \$420,197.50, together with expenses and disbursements in the amount of \$86,102.99 (including Legal Fees already paid to Blakes in the amount of \$63,547.54), both excluding HST (collectively, the **"Receiver's Fees and Disbursements"**). The time spent by the Receiver's personnel during the Receiver's Fee Period is more particularly described in the Affidavit of Tracey Weaver of the Receiver (the **"Weaver Affidavit"**), sworn in support hereof and attached hereto as Appendix **"H"**. Exhibit **"C"** to the Weaver Affidavit is a summary of the personnel, hours, and hourly rates charged by the Receiver in respect of the receivership proceedings for the Receiver's Fee Period.
33. The total fees for services provided by Blakes during the period March 22 to June 14, 2013 (the **"Blakes Fee Period"**), amount to \$258,129.00, together with expenses and disbursements in the amount of \$2,313.65 (both excluding HST) (collectively, the **"Blakes Fees and Disbursements"**). As described in the Weaver Affidavit, Legal Fees in the amount of \$63,547.54 were paid by the Receiver and thus included in the Receiver's Fees and Disbursements.
34. The time spent by Blakes personnel during the Blakes Fee Period is more particularly described in the Affidavit of Matthew Kanter, a Blakes associate (the **"Kanter Affidavit"**), sworn in support hereof and attached hereto as Appendix **"I"**. Exhibit **"B"** to the Kanter Affidavit provides a summary of the personnel, hours, and hourly rates charged by Blakes respectively in respect of the receivership proceedings for the Blakes Fee Period.

35. The Receiver respectfully submits that the Receiver's Fees and Disbursements and the Blakes Fees and Disbursements are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order. Accordingly, the Receiver seeks the approval of the Receiver's Fees and Disbursements and of the Blakes Fees and Disbursements. Finally, the Receiver has estimated Remaining Fees and Disbursements in the amount of \$50,000, excluding HST will be required to complete the administration of the receivership proceeding.

H. REVIEW OF FREEPORT'S SECURITY

36. PRACS Canada and its direct and indirect subsidiaries entered into a credit agreement, dated June 20, 2012, as amended from time to time (the "**Credit Agreement**"), with various financial institutions including Freeport as agent and lead arranger.
37. PRACS Canada's obligations under the Credit Agreement are secured by first registered liens and security interests (the "**Freeport Security**") granted pursuant to a general security agreement ("**GSA**") between Freeport and PRACS Canada. PRACS Canada's obligations under this Credit Agreement were approximately \$4,219,662 at the Date of Appointment.
38. The Receiver has obtained an independent legal opinion ("**Opinion**") from Blakes in respect of the validity, enforceability and perfection of the Freeport Security as against PRACS Canada in Ontario and British Columbia (the jurisdiction of PRACS Canada's incorporation).
39. Blakes has opined that subject to the standard assumptions, customary qualifications and limitations contained in the Opinion:
- a) the GSA constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms; and
 - b) the Freeport Security has been property registered under the *Personal Property Security Act* (Ontario) and the *Personal Property Security Act* (British Columbia) against the applicable personal property of the Company, and Freeport holds a

valid and enforceable security interest in the Company's assets, undertakings and property situated in the Province of Ontario.

I. REQUEST FOR APPROVAL OF DISTRIBUTION TO FREEPORT

OBLIGATIONS OWING TO FREEPORT

40. Details of the Company's obligations to Freeport are set out in the Affidavit of Donald T. Bobbs sworn May 28, 2013 ("**Bobbs Affidavit**") and filed in support of the Bankruptcy Application.
41. Pursuant to the Bobbs Affidavit, as of May 22, 2013 the amount of the principal and accrued interest owing by the Company to Freeport was approximately \$4,272,186, plus professional fees and expenses, which will continue to accrue (the "**Total Indebtedness**").

CLAIMS IN PRIORITY TO FREEPORT

42. As discussed earlier in this Third Report, the Freeport Security is subject to certain Reserve Obligations, which include:
 - a) the Deemed Trust Claim;
 - b) the s.81.4 Claims;
 - c) the Receiver's Charge (as defined in the Receivership Order), which secures the Accrued Obligations and the Remaining Fees and Disbursements;
 - d) the Receiver's Borrowing Charge (as defined in the Receivership Order), although there are no Receiver's borrowings; and
 - e) the Trustee Fees.

DISTRIBUTION TO FREEPORT

43. The Receiver seeks authority to distribute the Interim Distribution to Freeport in the amount of \$2,735,089.79.
44. Following the payment of the Interim Distribution, the Receiver will still have in its possession a Reserve in the amount of approximately \$500,000. In the Receiver's view, such amount will be sufficient to satisfy the Reserve Obligations as well as provide a contingency fund to satisfy any unexpected or unknown claims or expenses as of the date of this Third Report.
45. The Receiver also seeks authority to pay the Reserve Obligations from the Reserve without further Order of this Court.
46. Accordingly, when, all Reserve Obligations are paid from the Reserve, the Receiver seeks authority to pay residual amounts, if any, remaining in the Reserve to Freeport, up to the amount of the Total Indebtedness, without further Order of this Court.
47. After collecting all potential outstanding accounts receivable and paying the Reserve Obligations, the Receiver does not anticipate that there will be sufficient funds in the receivership estate to pay the Total Indebtedness in full or to pay any of the Company's unsecured creditors.
48. However, to the extent that any amounts remain in the receivership estate after payment, in full, of the Total Indebtedness, the Receiver seeks authority to pay over any remaining amounts to the Trustee for distribution in the bankruptcy proceeding pursuant to the priority scheme of the BIA.

J. CONCLUSION AND RECOMMENDATION

49. To the best of the Receiver's knowledge and belief, as at the date of this Third Report, all duties of the Receiver, as set out in the Receivership Order, will be completed upon payment of the Accrued Obligations, the Remaining Fees and Disbursements, s. 81.4 Claim, Deemed Trust Claim and the completion of its required statutory duties pursuant to the BIA. Accordingly, the Receiver

respectfully requests that this Court grant an Order:

- f) approving the Second Report and the activities of the Receiver described therein;
- g) approving this Third Report and the activities of the Receiver described herein;
- h) approving the accounts of PwC as set forth in the Weaver Affidavit for the period up to and including May 31, 2013;
- i) approving the accounts of Blakes as set forth in the Kanter Affidavit for the period up to and including June 14, 2013;
- j) authorizing and directing the Receiver to pay all such unpaid fees and disbursements of the Receiver and its legal counsel;
- k) authorizing and directing the Receiver to, subject to the Receiver maintaining a Reserve sufficient to satisfy the Reserve Obligations Accrued Obligations and the contingency fund, distribute the Interim Distribution to Freeport in the amount of \$2,735,089.79;
- l) authorizing and directing the Receiver, upon satisfaction of the Reserve Obligations in full, to pay any remaining amounts in the Reserve to Freeport, up to the amount of the Total Indebtedness, without further order of this Court;
- m) authorizing and directing the Receiver to pay amounts remaining in the receivership estate after payment of the Total Indebtedness, if any, to the Trustee, for distribution in accordance with the distribution scheme in the BIA;
- n) discharging the Receiver, subject to the Receiver completing its administration of the receivership proceedings and filing a Discharge Certificate with the Court confirming that the Receiver has completed all of the steps necessary to conclude the receivership proceedings; and
- o) upon the filing by the Receiver of the Discharge Certificate, releasing and discharging PwC from any and all liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting

in its capacity as Receiver, save and except for any gross negligence or willful misconduct on the part of PwC.

All of which is respectfully submitted on this 19th day of June, 2013.

PricewaterhouseCoopers Inc.

In its capacity as Court appointed Receiver of
PRACS Institute Canada B.C. Ltd.



Michelle Pickett
Senior Vice President

TAB A

Court File No. **CV-13-10046-0002**
HJL/s

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST**

THE HONOURABLE MR.) FRIDAY, THE 22nd DAY
)
 JUSTICE WILTON-SIEGEL) OF MARCH, 2013

BETWEEN:



FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondents

APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, RSO 1990, c C43, AS AMENDED and SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

ORDER

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing PricewaterhouseCoopers Inc. ("**PwC**") as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and property of PRACS Institute Canada B.C. LTD. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Anthony Marino sworn March 22, 2013 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and Respondent, and on reading the consent of PwC to act as the Receiver,

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SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and Application Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, PwC is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) 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 Receiver's powers and duties, including without limitation those conferred by this Order;

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- (d) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (f) to settle, extend or compromise any indebtedness owing to the Debtor;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (h) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

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- (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on 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;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

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- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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.

4. THIS COURT ORDERS that the Receiver shall not manage, operate, or carry on the business of the Debtor.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, 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, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that 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

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to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver 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

8. THIS COURT ORDERS that 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.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in

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respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that 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 sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

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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, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that ^{the employment of all persons who are currently} ~~all~~ ^{effective} employees of the Debtor shall be ~~deemed to be~~ terminated immediately upon the appointment of the Receiver. The Receiver shall not be liable for any employee-related liabilities, including 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 in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Hans

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or

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collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including 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.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

27. 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.

28. THIS COURT ORDERS that 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

30. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) 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.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



MAR 22 2013



SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

FREEPORT FINANCIAL LLC
Applicant

PRCS INSTITUTE CANADA B.C. LTD.
and Respondent

Court File No: CV 13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

ORDER

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

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Tel: 416-865-7932
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Lawyers for the Applicant

TAB B

PRACS Institute Canada B.C. LTD.

FIRST REPORT OF THE RECEIVER

April 25, 2013

Court File No. CV 13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990,
c. C.43, AS AMENDED and SECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

**FIRST REPORT OF PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
PRACS INSTITUTE CANADA B.C. LTD.**

April 25, 2013

A. INTRODUCTION

1. On March 22, 2013, (the "**Date of Appointment**"), pursuant to an application (the "**Application**") by Freeport Financial LLC ("**Freeport**") and an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed as receiver (the "**Receiver**"), without security, over all of the assets, undertakings and property (the "**Property**") of PRACS Institute Canada B.C. LTD. ("**PRACS Canada**" or the "**Company**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*,

R.S.C. 1985, c. B-3, as amended, (the “**BIA**”) and section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C.43, as amended. A copy of the Receivership Order is attached hereto as **Appendix “A”**.

2. This is the first report of the Receiver (the “**First Report**”), the purpose of which is to provide the Court with information with respect to:
 - a) the Receiver’s activities since the Date of Appointment to the date of this First Report;
 - b) notices (the “**Notice to Sponsors**”) provided to pharmaceutical and biotechnology companies (“**Sponsors**”) that have engaged PRACS Canada or its predecessor entities (either directly or through its affiliates) to conduct Clinical Trials (as defined herein) or Analyses (as defined herein),
 - c) the status of ongoing Clinical Trials being undertaken by PRACS Canada on behalf of Sponsors at the Date of Appointment;
 - d) the Receiver’s receipts and disbursements from the Date of Appointment to April 21, 2013;
 - e) the marketing and sale process (“**Sales Process**”) undertaken by the Receiver, to effect a sale of the Company’s right, title and interest in and to the Property;
 - f) the asset purchase agreement dated April 19, 2013 (the “**APA**”) entered into jointly by 2368350 Ontario Inc. (“**Inflamax**”), 1893929 Ontario Inc. (“**CML**”) and the Receiver with respect to the sale of the Clinic Assets (as defined herein) and the Laboratory Assets (as defined herein) and the proposed sale (“**Sale Transaction**”) of the Clinic Assets and the Laboratory Assets to Inflamax and CML, respectively; and
 - g) the protocol (“**Third-Party Property Protocol**”) regarding certain property in PRACS Canada’s possession or control (“**Third-Party Property**”) that is owned by or otherwise belongs to Sponsors or Clinical Trial subjects (“**Subjects**”) set out in Schedule “D” to the APA, which addresses the treatment,

storage, and/or return of the Third-Party Property;

and to seek an order (the “**Approval and Vesting Order**”) of this Court:

- a) approving the Sale Transaction, including the Third-Party Property Protocol set out in the Schedule “D” to the APA;
 - b) vesting the Company’s right, title and interest, if any, in and to the Clinic Assets in Inflamax free and clear of all encumbrances;
 - c) vesting the Company’s right, title and interest, if any, in and to the Laboratory Assets in CML free and clear of all encumbrances;
 - d) sealing the Bid Summary (as defined herein) as attached hereto as **Confidential Appendix “A”**;
 - e) sealing the unredacted APA containing the commercially sensitive terms of the APA, attached hereto as **Confidential Appendix “B”**; and
 - f) approving the activities of the Receiver as described in this First Report.
3. In preparing this First Report, the Receiver has relied upon certain unaudited financial information of the Company, the Company’s books and records, information obtained from former personnel of the Company and other sources (collectively, the “**Information**”).

In accordance with industry practice, except as described in this Report:

- a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
- b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook;

4. Unless otherwise noted, all currency amounts contained in this report are expressed in Canadian dollars. Capitalized terms not defined herein are defined in the Receivership Order or the APA, as applicable.

B. BACKGROUND

5. PRACS Canada is a wholly owned subsidiary of PRACS Institute Holdings, LLC, a Delaware limited liability company (the "**Holding Company**"), which is the holding company for the PRACS Institute group of companies (collectively, the "**PRACS Group**"). The PRACS Group provided early phase clinical research services for the development of drugs and medical services and operated its business through entities controlled, directly or indirectly, by the Holding Company.
6. The PRACS Group formerly operated as the Cetero Group of companies ("**Cetero Group**"). The Cetero Group included Canadian entities Allied Research International Inc. ("**Allied**") and BA Research Co. ("**BA Research**"), which conducted early phase clinical drug trials ("**Clinical Trials**") and provided bioanalytical testing services ("**Analyses**") for pharmaceutical and biotechnology companies in the Greater Toronto Area.
7. On March 26, 2012, the Cetero Group including Allied and BA Research filed voluntary petitions under Chapter 11 (the "**Chapter 11 Proceedings**") of Title 11 of the United States Code 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware. Recognition proceedings under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 were initiated in the Court in March 2012.
8. The PRACS Group purchased substantially all of the assets of the Cetero Group pursuant to the Chapter 11 Proceedings in June 2012, with a predecessor of PRACS Canada purchasing the assets of Allied and BA Research.
9. In connection with the purchase of substantially all assets of the Cetero Group, the Holding Company, PRACS Canada and its direct and indirect subsidiaries entered into a credit agreement, dated June 20, 2012, as amended from time to time (the "**Credit Agreement**"), with various financial institutions (the "**Lenders**") including Freeport

as agent and lead arranger.

10. PRACS Canada's obligations under the Credit Agreement are defined in the Credit Agreement as Canadian Term Loan C (the "**PRACS Canada Obligations**") and are secured by first registered liens and security interests granted pursuant to a general security agreement (the "**Security Agreement**") between Freeport and PRACS Canada. The PRACS Canada Obligations were approximately \$4.2 million in aggregate at the Date of Appointment.
11. A detailed description of the Company's business and operations is set out in the Affidavit of Anthony Marino, sworn March 22, 2013 (the "**Marino Affidavit**") in support of the Application. A copy of the Marino Affidavit can be found in the Application Record posted on the Receiver's website at www.pwc.com/car-pracs (the "**Website**").
12. The Marino Affidavit indicated that PRACS Canada had no funds with which to fund operations and the Lenders were not prepared to provide additional funding. Accordingly, on March 20, 2013, prior to the appointment of the Receiver, the Company terminated all 216 of its active full time and part-time employees (the "**Former Employees**"). In addition, the Receivership Order provided that to the extent any employees remained employees of PRACS Canada, their employment was terminated by the Receivership Order.
13. On March 22, 2013, the directors of PRACS Canada resigned and the Holding Company and its United States subsidiaries each filed voluntary petitions under Chapter 7 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Texas (the "**Bankruptcy**"). Jose Rodrigues (the "**Chapter 7 Trustee**") was appointed as trustee in bankruptcy.
14. The resignation of PRACS Canada's directors and the Bankruptcy constituted events of default under the Credit Agreement.

C. RECEIVER'S ACTIVITIES SINCE THE DATE OF APPOINTMENT

POSSESSION AND CONTROL

15. On the Date of Appointment, pursuant to the Receivership Order, the Receiver took steps to take possession and control of the Property situated at the Company's five leased locations including:
- a) the clinic located at 4520 Dixie Road, Mississauga Ontario;
 - b) the clinic located at 4500 Dixie Road, Mississauga Ontario;
 - c) an administrative office located at 4540 Dixie Road, Mississauga Ontario;
 - d) a recruiting center located at 1310 Fewster Drive, Mississauga Ontario (together with the three locations above, collectively, the "**Clinic Facilities**"); and
 - e) a bioanalytical laboratory located at 1290 Ellesmere Road, Toronto, Ontario (the "**Laboratory Facilities**")

collectively (the "**Leased Premises**").

CONTAINMENT AND STORAGE OF DRUGS

16. Pursuant to a license issued to BA Research (the "**Laboratory License**") and a license issued to PRACS Canada (the "**Clinic License**" and, together with the Laboratory License, the "**Controlled Substances Licenses**") by Health Canada, Office of Controlled Substances (the "**OCS**"), under the *Controlled Drugs and Substances Act* (S.C. 1996, c. 19), the Company was authorized to possess certain controlled drugs and substances ("**Controlled Substances**") at the Laboratory Facilities and the Clinic Facilities respectively. In addition, PRACS Canada held certain investigational medicinal products ("**IMPs**"), and other rescue drugs including both over-the-counter approved drugs and prescription drugs ("**Rescue Drugs**") at the Clinic Facilities. Collectively, the Controlled Substances, IMPs and Rescue Drugs are referred to herein as the "**Drugs**".
17. IMPs were used by the Company in carrying out clinical studies for Sponsors. The IMPs are stored in locked freezers and cabinets in the pharmacies at the Clinic Facilities, which utilize an alarm monitoring system for security purposes and to

monitor freezer temperatures. The pharmacies and freezer rooms at the Clinic Facilities are also monitored to ensure a controlled environment with respect to temperature and humidity.

18. PRACS Canada performed Analyses on certain laboratory samples ("**Samples**") from Clinical Trials or drug studies undertaken by Sponsors. These Samples were stored in locked freezers in a locked freezer room at the Laboratory Facilities. Freezer temperatures are monitored using an alarm system and an alarm monitoring company.
19. On the Date of Appointment, the Receiver took possession of the Property and changed all external locks and controlled access to the Leased Premises.
20. The Receiver notified the security and alarm monitoring companies monitoring the Laboratory Facilities and Clinic Facilities of its appointment and continued the monitoring activities with respect to the security alarms and freezer temperatures previously undertaken by PRACS Canada. The Receiver was added to the contact list to be notified by the alarm monitoring companies in the event of an alarm.
21. A representative of Health Canada attended at the Clinic Facilities concurrently with the Receiver taking possession of the Leased Premises and Property on March 22, 2013. At that time, the Receiver reviewed with Health Canada the safeguards and protocols that PRACS Canada had in place in respect of the possession and storage of the Drugs at both the Clinic Facilities and Laboratory Facilities. Based on its discussions with Health Canada, the Receiver understands that the Company's protocols were in compliance with the Controlled Substance Licenses and other regulatory requirements in respect of the storage and possession of Drugs. Where applicable, the Receiver has maintained the protocols established by the Company in respect of the storage of Drugs.

INSURANCE

22. The Receiver has reviewed the Company's general liability and property and casualty insurance coverage with Marsh Canada Limited, the Company's insurance broker, which policies are in force until June 19, 2013. The Receiver has been added as a loss

payee and named insured in respect of the Company's insurance policies, including all property and casualty insurance policies. The Receiver is not aware of any claims against the insurance policies at this time.

BANK ACCOUNTS

23. On March 25, 2013, the Receiver took steps to freeze the Company's bank accounts and requested remittance of the funds therein to the Receiver. As detailed in paragraph 86 of this First Report, as at April 21, 2013, the Receiver had recovered approximately \$154,000 from the Company's bank accounts.

INVENTORY COUNT

24. On March 25 and 26, 2013, the Receiver supervised certain Former Employees with whom it contracted to undertake a physical inventory count of the Company's principal assets located at the Leased Premises. The inventory count included laboratory and clinical equipment, furniture and technology related assets.
25. In order to preserve certain protocols used by the Company in the storage of the Drugs, the Receiver did not undertake an inventory count of Third-Party Property owned by or otherwise belonging to the Sponsors.

PROPERTY LEASES

26. The Receiver has provided Colliers International Inc. ("Colliers") and Reiter-Nemetz LLP ("Reiter"), agents to the landlord for the Clinic Facilities and the Laboratory Facilities (together the "Agents"), respectively, with a copy of the Receivership Order. The Receiver has also undertaken to pay occupation rent to the Agents, on behalf of the respective landlords, from the Date of Appointment until it no longer requires the Leased Premises, to the extent rent has not been prepaid by PRACS Canada.

BOOKS AND RECORDS

27. Since PRACS Canada commenced operations in June 2012 following the purchase of the assets of Allied and BA Research, the Receiver understands that audited financial statements have not been prepared.
28. The Receiver understands that certain financial and payroll functions were managed within the PRACS Group in the United States and the majority of the Company's books and records are kept and maintained there. The PRACS Group's employees in the

United States were terminated prior to the Bankruptcy. Accordingly, there is limited access to certain of the Company's books and records. The Receiver is working with the Chapter 7 Trustee and his advisors to obtain certain financial information as and when required.

EMPLOYEES

29. As discussed earlier in this First Report, the Lenders advised the Receiver that the Company had terminated all employees on March 20, 2013, prior to the Receiver's appointment. The Receivership Order does not authorize the Receiver to operate the Company's business.
30. The Receiver was advised that the Company did not provide Former Employees with Records of Employment ("ROE") upon their termination. Accordingly, subsequent to the Date of Appointment, the Receiver made arrangements for the preparation of ROEs for Former Employees. The ROEs were filed with Service Canada on behalf of the Former Employees.
31. As discussed earlier in this First Report, certain financial and administrative functions of PRACS Canada, including certain payroll functions, were centralized in the United States. The Receiver has contracted the former United States-based employee responsible for PRACS Canada's payroll to prepare T4s for the Former Employees of the Company in respect of wages received from PRACS Canada during the period January 1 to March 20, 2013.
32. According to PRACS Canada's books and records and discussions with former United States based employees (retained by the Chapter 7 Trustee) with access to the payroll records of Former Employees that are located at PRACS Canada's U.S affiliates, as of the Date of the Appointment, PRACS Canada owed outstanding salaries and hourly wages ("Wages") to Former Employees in the amount of approximately \$11,724 and owed outstanding vacation pay in the amount of approximately \$44,296. The outstanding Wages are the result of some of the Company's Former Employees not entering their time into the Company's time reporting system prior to the Company's final payroll for the week ended March 22, 2013.

33. The Receiver estimates the potential priority claim under section 81.4 of the BIA in respect of unpaid wages to be approximately \$28,741.
34. In addition to claims for unpaid wages, the Receiver estimates claims from Former Employees in respect of expenses incurred on behalf of the Company which have not been reimbursed to be approximately \$4,000. The majority of this amount is unsecured.

PENSION PLAN

35. PRACS Canada is the sponsor and administrator of a defined contribution pension plan - The Pension Plan for Employees of PRACS Institute Canada (the "**Plan**"), registered under the Financial Services Commission of Ontario ("**FSCO**") as registration number 1151976. Manulife Financial ("**Manulife**") is the third-party administrator of the Plan. Certain of PRACS Canada's Former Employees contributed to the Plan. The Plan provided for the Company to match contributions of employees at varying rates. On March 28, 2013, the Receiver provided notice of the receivership and a copy of the Receivership Order to Manulife.
36. The Receiver has been advised by a Former Employee responsible for Plan contributions that at the Date of Appointment there were no unpaid employer pension contributions under the Plan and all amounts withheld from employees' pay have also been remitted to the Plan. The Receiver will review the Company's available books and records to assess the information provided to it by the Former Employee.
37. Manulife has advised the Receiver that as a result of the receivership and PRACS Canada's inability to make monthly contributions as required under the Plan, it has taken steps to seek approval from FSCO to wind up the Plan.

HST

38. The Company has not yet filed its first HST return. Based on the Company's books and records for the period June 21, 2012 to March 22, 2013, the Receiver has determined that PRACS Canada has an outstanding liability in respect of HST in the amount of approximately \$70,000. This HST liability is subject to review and reassessment by the Canada Revenue Agency.

POTENTIAL BANKRUPTCY

39. In its Application and the draft Order filed with the Court in respect of same, Freeport requested that the Court issue a receivership order which granted the Receiver the authority to assign PRACS Canada into bankruptcy.
40. The Application for the receivership was brought on notice only to the Company and the Receivership Order did not ultimately include this provision. However, Freeport has advised the Receiver that it intends to revisit the bankruptcy issue prior to the distribution of any proceeds of sale, on proper notice. Freeport has advised the Receiver that it reserves all rights and remedies available to it in this regard.

STATUTORY DUTIES

41. On April 2, 2013, in accordance with subsection 245(1) of the BIA, the Receiver sent a notice of its appointment, in the prescribed form, and its first report pursuant to subsection 246(1) of the BIA, to known creditors as set out in the Company's books and records, and to the Superintendent of Bankruptcy.
42. The Receiver has completed its statutory obligations with respect to the Former Employees pursuant to, and as required by, the *Wage Earner Protection Program Act* (S.C. 2005, C. 47, s.1) according to information available to the Receiver from the Company's books and records. Former Employees have been mailed a copy of the materials filed with Service Canada and the appropriate form to complete their proof of claim.

COMMUNICATIONS RELATED TO ONGOING CLINICAL TRIALS

43. As a provider of Clinical Trials and Analyses for Sponsors, PRACS Canada's involvement in Clinical Trials included testing IMPs on Subjects. Subjects were required to sign a patient Information and Consent Form ("ICF") prior to commencing any Clinical Trial, which ICF provides information regarding the purpose of the study, details of the study, side effects or other risks, possible benefits of the study, compensation for participation ("Stipends"), release of medical records and privacy issues, contact information for Sponsors and medical professionals, and how to withdraw from the study. The Clinical Trials are overseen by an ethics board and, where the Sponsor is not based in Canada, Health Canada requires the Sponsor to have

a Canadian representative. The studies are also overseen by a qualified investigator or study doctor (the "**Investigator**").

44. The Clinical Trials conducted by PRACS Canada at the Clinic Facilities and the treatment, storage and/or return of certain Clinical Trial and Analyses documentation and records, IMPs, Samples, patient records and personal information and other Clinical Trial related materials are subject to certain regulatory requirements as set out by Health Canada, the United States Food and Drug Administration ("**FDA**") and IRB Services ("**IRB**"), an independent company that reviews research involving humans and provides ethical oversight of the research or clinical studies under its purview.
45. On the Date of Appointment, a representative of Health Canada attended at the Clinic Facilities to assess the impact of the receivership on Clinical Trials being conducted by PRACS Canada and the impact, if any, on the Subjects that were participating in Clinical Trials.
46. The representative of Health Canada was provided with a copy of the Receivership Order and advised that pursuant thereto, the Receiver was not authorized to operate the Company, including the continuation of the Clinical Trials.
47. On the Date of Appointment, the Receiver was advised by PRACS Canada's former clinical director, Alex Quitazol ("**Quitazol**"), of two Clinical Trials that remained ongoing:
 - a) a Clinical Trial ("**Ongoing Trial #1**") undertaken on behalf of a Sponsor headquartered in the United Kingdom ("**Sponsor #1**"); and
 - b) a Clinical Trial ("**Ongoing Trial #2**") undertaken on behalf of a Sponsor headquartered in the United States ("**Sponsor #2**").
48. On March 23, 2013, the Receiver was made aware of a third ongoing Clinical Trial ("**Ongoing Trial #3**"), which PRACS Canada was contracted to undertake for a third Sponsor ("**Sponsor #3**") in the United States. The Receiver was advised by Quitazol that Ongoing Trial #3 was a multi-center study with Subjects residing throughout the United States. The Receiver understands that none of the Subjects taking part in

Ongoing Trial #3 are located in Canada.

49. The Receiver was advised by both Quitazol and Sponsor #1 that Ongoing Trial #1 was in its final stages as Subjects had only one remaining clinical visit (their end of study safety visit).
50. Ongoing Trial #2 consisted of 60 Subjects (the "Trial #2 Subjects") who, as of the Date of Appointment, had completed two of the three dosing periods; the third dosing period was scheduled to commence on March 24, 2013.
51. Quitazol advised the Receiver that on March 21 and March 22, 2013, some of the Former Employees attempted to contact all of the Trial #2 Subjects to notify them of the receivership and that PRACS Canada had terminated operations, and to advise them not to commence the third dosing period. Quitazol could not confirm that all of the Trial #2 Subjects had in fact been reached.
52. The Receiver held discussions with Health Canada and its legal counsel in respect of its concerns for the safety of the Trial #2 Subjects who may not have been contacted by the Former Employees or notified of the receivership.
53. Accordingly, on March 26, 2013, the Receiver provided the following notices to parties with an interest in the status of the ongoing Clinical Trials:
 - a) the Receiver sent (by email and/or registered mail) a letter to the 131 Subjects participating in Ongoing Trial #1 and Ongoing Trial #2, notifying them of the appointment of the Receiver, providing them with a copy of the Receivership Order and advising them that PRACS Canada had terminated operations and was not continuing its role in any Clinical Trials. Subjects were instructed to contact IRB or the applicable Sponsor of their Clinical Trial in respect of any questions they may have. The Subjects were also advised to call 911 in case of a medical emergency or their regular medical provider in respect of other medical questions;
 - b) the Receiver sent (by email) to IRB, the relevant ethics board for Ongoing Trial #1 and Ongoing Trial #2, notice of the receivership (including a copy of the

Receivership Order) and informed IRB that PRACS Canada had terminated operations and was not continuing its role in any Clinical Trials. The Receiver also advised IRB that it would be notifying the Sponsors, Subjects and Health Canada of the receivership and the immediate consequences thereof;

- c) the Receiver sent (by email) to Sponsor #1, Sponsor #2 and Sponsor #3, notice of the receivership (including a copy of the Receivership Order) and notified them that PRACS Canada had terminated operations and was not continuing its role in any Clinical Trials;
 - d) the Receiver sent (by email) to Health Canada, notice of the receivership (including a copy of the Receivership Order) and informed them that PRACS Canada had terminated operations and was not continuing its role in any Clinical Trials. The Receiver also advised Health Canada that it has taken measures to safeguard the Drugs, Samples, and Clinical Trial and Laboratory records held on the Leased Premises;
 - e) the Receiver sent (by email) to the FDA, notice of the receivership (including a copy of the Receivership Order) and informed the FDA that PRACS Canada had terminated operations and was not continuing its role in any Clinical Trials. The Receiver also advised the FDA that it has taken measures to safeguard the Drugs, Samples and Clinical Trial and Laboratory records held on the Leases Premises; and
 - f) the Receiver sent (by email) to Dr. Khattak, the Investigator identified for Ongoing Trial #1 and Ongoing Trial #2, notice of the receivership (including a copy of the Receivership Order) and informed him that PRACS Canada had terminated operations and was not continuing its role in any Clinical Trials. The Receiver informed Dr. Khattak that it was notifying the Subjects that the Receiver was not continuing the Clinical Trials and would not be providing any medical advice to Subjects.
54. In addition to the ongoing Clinical Trials, the Receiver determined that PRACS Canada had partially completed Analyses on behalf of two additional Sponsors at the Date of

Appointment. On March 26, 2013, the Receiver emailed two Sponsors notice of the receivership (including a copy of the Receivership Order) and informed them that PRACS Canada had terminated operations and would not be completing or reporting on any Analyses.

COMMUNICATIONS IN RESPECT OF CONTROLLED SUBSTANCES

55. As discussed earlier in this First Report, all employees were terminated on March 20, 2013. The Receiver understands that pursuant to requirements under the Controlled Substance Licenses, on March 21, 2013, the qualified person in charge appointed under the Laboratory License ("**Laboratory QPIC**") provided notice to the OCS that he was no longer employed by the Company. On March 26, 2013, the Individual in-Charge Person ("**ICP**") appointed under the Laboratory License ("**Laboratory ICP**") also notified the OCS of the termination of PRACS Canada's employees and the receivership.
56. On March 23, 2013, the ICP for the Clinic Facilities notified the OCS that he was no longer employed by PRACS Canada.
57. On March 25, 2013, the Receiver advised the OCS of its appointment as Receiver over the Property of PRACS Canada and provided the OCS with a copy of the Receivership Order. The Receiver also advised the OCS that it had been advised by Former Employees that no Controlled Substances were being held at the Clinic Facilities. The Receiver understands that the OCS has taken steps to close the Clinic License.
58. Pursuant to a request from OCS, on April 2, 2013, the Receiver engaged the Laboratory ICP to provide an inventory list of the Controlled Substances held at the Laboratory Facilities. The OCS was advised that the inventory list provided was based on the Controlled Substances inventory records maintained by the Laboratory ICP. The Receiver did not have access to the Controlled Substances held at the Laboratory Facilities as pursuant to storage requirements under the *Controlled Drugs and Substances Act*, the Controlled Substances were stored in a safe, to which only the Laboratory QPIC (who had been terminated on March 20, 2013) had been provided with the combination to the lock.

59. On April 8, 2013, a representative of OCS ("OCS Representative") attended at the Laboratory Facilities in respect of the voluntary forfeiture of the Controlled Substances held there.
60. The Laboratory QPIC also attended at the Laboratory Facilities in order to provide the OCS Representative with access to the safe and the Controlled Substances. The Laboratory QPIC and the OCS Representative conducted an inventory count of the Controlled Substances on hand and the OCS Representative took possession of and removed the Controlled Substances from the Laboratory Facilities. The Receiver understands that the OCS has taken steps to close the Laboratory License.

RETURN OF SPONSOR PROPERTY

61. As discussed earlier in this First Report, at the Date of Appointment, there were two ongoing Clinical Trials at the Clinic Facilities. In addition, a third Clinical Trial was being conducted at various testing sites outside of Canada.
62. Ongoing work in respect of these Clinical Trials was halted on March 20, 2013 following the termination of the Former Employees.

TRANSFER OF IMPs AND RETURN OF ELECTRONIC RECORDS OF SPONSOR

#1

63. Ongoing Trial #1 is a "double-blind" study, meaning that neither the Subjects nor the persons administering the experiment know the clinical aspects of the experiment. This is done in order to guard against both experimenter bias and placebo effects. Pursuant to Ongoing Trial #1, Sponsor #1 was not provided with the names and contact information of the Subjects during the period of the study.
64. On March 25, 2013, the Receiver was contacted by the Deputy Chairman of Sponsor #1 who requested that the Receiver assist Sponsor #1 in: (a) transferring certain IMPs owned by Sponsor #1 (the "Sponsor #1 IMPs") located at the Clinic Facilities to Sponsor #1; and (b) obtaining certain electronic data related to Ongoing Trial #1 that was stored by OmniComm Systems, Inc. ("OmniComm"), an electronic database provider in the United States. Sponsor #1 also advised the Receiver that, in order to

maintain the double-blind aspect of its study, Sponsor #1 engaged a third party (the "Sponsor #1 Designee") to retrieve and store these documents and IMPs.

65. The Receiver's legal counsel, Blake, Cassels & Graydon LLP ("Blakes") reviewed the contract between PRACS Canada and Sponsor #1 in respect of Ongoing Trial #1 and determined that the contract provided that ownership of the Sponsor #1 IMPs remained with Sponsor #1. In addition, the Receiver verified with Health Canada that Sponsor #1 had obtained Health Canada's approval for transferring the Sponsor #1 IMPs to the Sponsor #1 Designee.
66. The Receiver was advised by Sponsor #1 that it would be responsible for transferring the IMPs to the Sponsor #1 Designee in accordance with all applicable laws and regulatory guidelines.
67. On March 28, 2013, the Receiver met with the Sponsor #1 Designee and Quitazol to inventory the Sponsor #1 IMPs being removed from the Clinic Facilities. The Receiver obtained identification from the Sponsor #1 Designee and followed PRACS Canada's protocol for taking an inventory and transferring the Sponsor #1 IMPs to the Sponsor #1 Designee.
68. With respect to Sponsor #1's request to access the electronic documents related to Ongoing Trial #1 held at OmniComm, the Receiver identified a number of issues to be addressed prior to deciding whether it could consent to such transfer. The issues considered and the Receiver's current understanding of these issues are as follows:
 - a) Informed Consent Forms. Blakes reviewed the contract between PRACS Canada and Sponsor #1 in respect of Ongoing Trial #1 as well as the ICF in respect of Ongoing Trial #1. Based on discussions with the Quitazol and Sponsor #1, the Receiver understands that the electronic data stored at OmniComm does not contain personal identifying information. The Receiver understands that names of the Subjects in Ongoing Trial #1 are excluded from the electronic data stored at OmniComm and only the Subject's initials and random ID study numbers are included. The Receiver and Blakes are of the view that the data does not include personal information and, accordingly, it may be transferred to Sponsor #1

without violating the ICF signed by the Subjects.

- b) Ownership of the Data. In reviewing the contract with Sponsor #1, Blakes determined that the contract provided that the data and records from Ongoing Trial #1 are the property of Sponsor #1. In addition, the Receiver understands that Health Canada regulations require Sponsors to maintain study records for a period of 25 years.
- c) The OmniComm contract. The electronic data in relation to Ongoing Trial #1 is stored at OmniComm pursuant to a contract with OmniComm and PRACS Institute, LLC, a related US-based entity that is in Bankruptcy. As such, the Receiver did not have the necessary authority to authorize and direct OmniComm to release the data to Sponsor #1. Accordingly, the Receiver requested the assistance of the Chapter 7 Trustee and its legal counsel to develop a protocol in order to deal with the consent requested by Sponsor #1, as well as other Sponsors who own such data that is in the possession of PRACS Canada or its affiliated entities in the United States.
- d) Outstanding Accounts Receivable. At the Date of Appointment, the Receiver asserted that certain amounts were owed by Sponsor #1 to PRACS Canada in respect of work completed under Ongoing Trial #1, even though the study had not been completed. The Receiver was able to reach an agreement ("**Settlement Agreement**") with Sponsor #1 for the settlement of obligations between PRACS Canada and Sponsor #1 and the release of its electronic data by OmniComm. The Settlement Agreement has been executed, the Receiver has been paid in respect of its amounts owing to PRACS Canada and Sponsor #1 has been provided access to its electronic data.

TRANSFER OF ONGOING TRIAL #2 SUBJECT DATA AND RETRIEVAL OF SPONSOR #2 IMPS

- 69. Ongoing Trial #2 is also a "double-blind" study and, as such, Sponsor #2 is not permitted to know the names and contact information of the study participants during

the period of the study.

70. As discussed earlier in this First Report, on March 26, 2013, the Receiver provided a notice of the receivership to Sponsor #2 and informed Sponsor #2 that PRACS Canada would not be continuing its role in any Clinical Trials, including Ongoing Trial #2.
71. On April 2, 2013 (the "**Termination Date**"), the Receiver was advised by Sponsor #2 that Sponsor #2 had formally terminated Ongoing Trial #2 and had provided notice to Health Canada of this decision.
72. Pursuant to applicable Health Canada regulations, in order to terminate its Clinical Trial, Sponsor #2 was required to provide Health Canada with a plan, within 15 days of the Termination Date, as to how it intended to inform the Trial #2 Subjects of such termination, provide for end of study safety medical visits, deal with outstanding Stipends and notify the relevant ethics board.
73. On April 10, 2013, Sponsor #2 received approval from IRB to transfer Ongoing Trial #2 to a different contract research organization ("**CRO**"). Sponsor #2 has advised the Receiver that this other CRO ("**CRO #1**") will complete the end of study safety visits for the Trial #2 Subjects and act as Sponsor #2's agent in paying amounts owing to the Trial #2 Subjects in respect of their Stipends.
74. As a result of the "double-blind" nature of Ongoing Trial #2, neither Sponsor #2 nor IRB is in possession of contact information for the Trial #2 Subjects. Accordingly, Sponsor #2 requested the Receiver's assistance in obtaining this information so that Trial #2 Subjects could be contacted to arrange end of study safety visits and the payments of Stipends.
75. The Receiver developed a communication plan to obtain consent from the Trial #2 Subjects to provide their contact information to the IRB, who would arrange to provide their contact information to CRO #1. The Receiver's communication plan was approved by the IRB.
76. As at the date of this First Report, all Trial #2 Subjects had been contacted by the Receiver and have consented to the Receiver providing their contact information to

IRB. The Receiver confirms that it has provided the IRB with the contact information of the Trial #2 Subjects.

77. The Receiver has received a request from Sponsor #2 to remove the IMPs related to Ongoing Trial #2 ("**Sponsor #2 IMPs**") being held at the Clinic Facilities.
78. The Receiver verified with Health Canada that Sponsor #2 had obtained Health Canada's approval to remove the IMPs from the Clinic Facilities.
79. On April 24, 2013, the Receiver met with a representative from Sponsor #2, and the pharmacist formerly employed by PRACS Canada to take an inventory of and remove the Sponsor #2 IMPs from the Clinic Facilities.

RETURN OF SPONSOR #3 FILES

80. On March 25, 2013, the Receiver was contacted by the Associate General Counsel to Sponsor #3, who requested direction as to how Sponsor #3 could gain access to certain data ("**Trial Master Files**") related to Ongoing Trial #3 currently held at the Clinic Facilities.
81. The Receiver has determined that certain amounts are owed by Sponsor #3 to PRACS Canada in respect of work completed under Ongoing Trial #3. The Receiver and Sponsor #3 are engaged in discussions in respect of the payment of the outstanding accounts receivable and the retrieval of the Trial Master Files from the Clinic Facilities. Sponsor #3's Third-Party Property is expected to be removed from the Clinic Facilities prior to the closing of the Sale Transaction.

REQUESTS FROM OTHER SPONSORS

- 82.
83. The Receiver has been contacted by Lachlan Consultant Services, Inc. ("**Lachlan**"). Lachlan advised that it has been retained by a consortium ("**Consortium**") of Sponsors to assist in the identification and removal of Third-Party Property in PRACS Group locations in the US and Canada. The Receiver understands that a form of protocol is being discussed between the Consortium and the Chapter 7 Trustee. The Receiver intends to work cooperatively with the

Chapter 7 Trustee and the Consortium.

84. The Receiver has received numerous additional requests from other Sponsors in respect to the return of Third-Party Property owned by such Sponsors and is addressing these requests on an individual basis.
85. As discussed in greater detail later in this report, the APA and draft court order have provided a protocol for the treatment and/or return of Third-Party Property in the Purchasers' possession following the closing of the Sale Transaction.

WEBSITE AND HOTLINE

86. The Receiver established the Website to provide stakeholders with periodic updates and materials with respect to the receivership proceedings. All materials filed with the Court, including all orders granted by the Court, will be made available in electronic form. The Receiver has also established an information hotline for creditors at 416-815-5200.
87. Since the Date of Appointment, the Receiver has received and responded to enquiries received from Subjects, Former Employees, Health Canada, IRB, Sponsors, the Lenders and other creditors on a regular basis.

D. RECEIVER'S RECEIPTS AND DISBURSEMENTS

88. The Receiver's statement of receipts and disbursements for the period March 22, 2013 to April 21, 2013 is summarized as follows:

Receiver's Statement of Receipts and Disbursements	
For the Period March 22, 2013 to April 21, 2013	
RECEIPTS	\$
Collections of Accounts Receivable	250,000
Cash on Hand	153,575
Other	693
TOTAL RECEIPTS	404,268
DISBURSEMENTS	
Rent	43,070
Post Appointment Contractor Fees	15,780
GST & HST (I.T.C.)	6,065
Security and Changing Locks	2,220
Other	365
TOTAL DISBURSEMENTS	67,500
EXCESS OF RECEIPTS OVER DISBURSEMENTS	336,768

89. Pursuant to paragraph 21 of the Receivership Order, the Receiver was authorized to borrow up to \$100,000, if required, of additional funding (the "**Receiver's Borrowings**") for the purpose of funding the exercise of its powers and duties conferred upon it under the terms of the Receivership Order. To date, the Receiver's Borrowings have totaled nil.

E. SALES PROCESS

SUMMARY OF MARKETING EFFORTS

90. Paragraphs 3(j) and 3(k) of the Receivership Order provide that the Receiver is expressly empowered and authorized to market and sell PRACS Canada's right, title and interest in and to the Property, subject to the limitations set forth therein.
91. As discussed earlier in this First Report, the Company and its U.S. affiliates ceased all operations and terminated the Former Employees on March 20, 2013. At the time, there was speculation that the U.S. affiliates would file voluntary bankruptcy petitions. Accordingly, immediately upon its appointment, the Receiver received calls from third parties interested in making an offer to purchase the Clinic Assets.
92. Due to (i) the nature of the Company's business and assets; (ii) the limited financial resources available to the Receiver; and (iii) the need for potential purchasers to maintain Sponsor relations and potentially continue or complete ongoing Clinical Trials and Analyses quickly, the Receiver determined that, in order to maximize value and potentially preserve these ongoing Clinical Trials, a compressed and focused sales process would be the most beneficial way to proceed. Freeport supported this approach.
93. Accordingly, the Receiver prepared a notice of sale ("**Notice of Sale**") to be distributed to parties identified by the Receiver and PricewaterhouseCoopers Corporate Finance Inc. ("**PwCCF**") as potentially having an interest in the Property ("**Prospective Purchasers**"). A copy of the Notice of Sale is attached hereto as Appendix "B".

94. On March 28, 2013, the Receiver distributed the Notice of Sale to 31 Prospective Purchasers for the Property. Prospective Purchasers contacted by the Receiver included, among others, CROs in Canada, the United States and Europe, in particular CROs performing allergy and asthma Clinical Trials and CROs that operated environmental exposure chambers, bioanalytical laboratories, private equity firms with investments in biotechnology and the pharmaceutical industry, and liquidators.
95. The Receiver was contacted directly by 17 additional Prospective Purchasers including a number of liquidators.
96. As of the date of this First Report, the Receiver has:
 - a) prepared and distributed (upon request) a confidentiality agreement ("**Confidentiality Agreement**") to 23 interested parties;
 - b) provided separate asset listings in respect of the assets owned by PRACS Canada and used in the operations of the Clinic Facilities ("**Clinic Assets**") and the assets owned by PRACS Canada and used in the operations of the Laboratory Facilities ("**Laboratory Assets**") to 19 Prospective Purchasers that had executed Confidentiality Agreements;
 - c) conducted 21 site tours with Prospective Purchasers, including 11 site tours of the Clinic Facilities and 10 site tours of the Laboratory Facilities;
 - d) responded to various requests for additional information in respect of the Clinic Assets and Laboratory Assets;
 - e) contracted with various Former Employees to assist in the site visits and other aspects of the Sales Process; and
 - f) provided a template asset purchase agreement and instructions ("**Bid Instructions**") setting out the terms and conditions for making an offer to purchase the Company's right, title and interest in and to the Property, to all parties expressing an interest therein (the "**Bidders**").
97. The Notice of Sale provided that interested parties would offer to purchase the

Company's right, title and interest in the Clinic Assets and/or the Company's right, title and interest in the Laboratory Assets.

98. The Notice of Sale provided that Bidders would use the template asset purchase agreement (which was provided by the Receiver) to make an offer to purchase the Clinic Assets and/or Laboratory Assets.
99. The deadline to submit offers in respect of the Clinic Assets and/or Laboratory Assets ("**Bids**") was initially established as April 8, 2013 at 10:00 a.m. Toronto time (the "**Initial Bid Deadline**").
100. The Bid Instructions also included the following terms and conditions:
 - a) Bidders were to provide a brief summary of the business conducted by the Bidder or its equity holders (if any acquisition vehicle was to be incorporated) or other relevant parties;
 - b) Bidders were to provide written confirmation that the Bids were not subject to a financing condition and that the Bidders had access to sufficient financial resources to consummate the transaction contemplated by the Bid;
 - c) Bids were to remain open and irrevocable by the Bidder, and capable of acceptance by the Receiver, until the earlier of: (i) April 19, 2013; (ii) the date on which the Receiver notified the applicable Bidder that its Bid is not accepted; or (iii) such later date as agreed to in writing by the Bidder;
 - d) Bids had to be accompanied by a cash deposit ("**Deposit**") equal to 15% of the total cash purchase price contemplated by such Bid;
 - e) the closing of the transaction contemplated by an APA accepted by the Receiver would be conditional upon the issuance of the Approval and Vesting Order; and
 - f) the Receiver reserved the right to have discussions and negotiations with Bidders, to clarify or revise certain terms of the Bids, which could lead to a further revised Bid.

101. On April 3, 2013, the Receiver sent a notice to all strategic purchasers and liquidators previously contacted by the Receiver pursuant to the Sales Process as well as other parties that had expressed an interest in the Property, extending the Initial Bid Deadline to April 10, 2013 at 12:00 p.m. Toronto ("**Extended Bid Deadline**"). The Initial Bid Deadline was extended in order to accommodate site tours and due diligence requests made by certain of the Prospective Purchasers.
102. The Receiver developed the Sales Process and Bid Instructions in consultation with Blakes and PwCCF. The Sales Process and Bid Instructions are broadly consistent with Bid Instructions that have been used in other insolvency proceedings.

THE BIDS

103. On or prior to the Extended Bid Deadline, a total of eight Bidders submitted Bids to purchase the Clinic Assets and/or Laboratory Assets. A ninth Bid was received after the Extended Bid Deadline and was rejected.
104. The Receiver prepared a summary of the key terms and conditions of each of the Bids (the "**Bid Summary**"). A copy of the Bid Summary accompanies the filing of this First Report as **Confidential Appendix "A"**.
105. On April 10, 2013, the Receiver and Blakes reviewed the Bids and determined that further clarification in respect of the treatment of Third-Party Property was required for certain Bids. On April 11, 2013, the Receiver held discussions with certain Bidders in this respect.
106. On April 12, 2013, the Receiver and Blakes reviewed the Bids with McMillan LLP, counsel to Freeport. The Receiver determined that the joint-bid from CML and Inflamax ("**Joint-Bid**") represented the highest and best offer for the Property, subject to certain modifications, primarily to clarify the treatment of Third-Party Property.
107. Following various discussions between the Receiver, CML, Inflamax and their respective legal counsel, on April 19, 2013, CML and Inflamax submitted a revised Joint-Bid in the form of the APA.

108. The Receiver accepted the APA on April 19, 2013, subject to, among other things, this Court's approval. A copy of the redacted APA, redacting the Purchase Price (as defined in the APA) and the amount of the Deposit, is attached hereto as **Appendix "C"**. A copy of the unredacted APA accompanies the filing of this First Report as **Confidential Appendix "B"**.

109. Pursuant to the Bid Instructions, Deposits received from unsuccessful Bidders were returned.

110. The Receiver respectfully submits that it has conducted the Sale Process in accordance with paragraph 3 (j) of the Receivership Order, that the Purchased Assets (as defined herein) were marketed and the Sales Process administered in a fair, transparent, necessarily expedient and commercially reasonable manner, consistent with the Receivership Order and the Notice of Sale.

THE APA

111. The key elements of the APA are as follows:

- a) the Purchased Assets consist of the Clinical Purchased Assets and the Laboratory Purchased Assets as defined in the APA;
- b) on closing, the Receiver shall sell, assign and transfer the Clinical Purchased Assets to Inflamax;
- c) on closing, the Receiver shall sell, assign and transfer the Laboratory Purchased Assets to CML;
- d) the Receiver will assign to Inflamax or CML as applicable, the Company's rights, benefits and interests in, to and under the applicable Assigned Contracts (as defined in the APA);
- e) each Purchaser acknowledges that it is purchasing the Purchased Assets, as defined in the APA, on an "as-is, where is" basis;
- f) the APA provides for closing as soon as practicable following the issuance of the Approval and Vesting Order;

- g) the rights and obligations of Inflamax and CML are separate and not joint and several;
- h) the closing of the sale of the Clinical Purchased Assets to Inflamax is conditional on the closing of the sale of the Laboratory Purchased Assets to CML and *vice versa*. Any failure of Inflamax, CML or the Receiver to complete the respective closing of the sale of the Clinical Purchased Assets or Laboratory Purchased Assets will result in the termination of the APA;
- i) a Deposit was provided to the Receiver, to be held in trust and applied against the Purchase Price, as defined in the APA. The Deposit is forfeited by the Purchasers if the Sale Transaction does not close by the May 3, 2013 Termination Date solely as a result of a material breach by the Purchasers;
- j) the Purchase Price for the Property shall be allocated among the Clinical Purchased Assets and the Laboratory Purchased Assets by the Purchasers prior to the closing of the Sale Transaction;
- k) the Assumed Liabilities included obligations in respect to the Purchased Assets arising after the Closing Date (including in respect of any Assigned Contracts), Transfer Taxes and Cure Costs. All other liabilities are excluded including any liabilities related to the Plan;
- l) all Transfer Taxes (as defined in the APA) are payable on closing. Each applicable Purchaser may elect jointly with the Receiver under s. 167 of the *Excise Tax Act* to have the sale take place on a tax free basis. Notwithstanding this election, the applicable Purchaser will indemnify the Receiver in respect of any Transfer Taxes, penalties and interest which may be assessed against the Receiver in the event such election is challenged by the relevant tax authority;
- m) Excluded Assets under the APA include the following:
 - i) cash, accounts receivable, deposits, prepaids, book debts, refunds and other debts due or accruing due to the Company as at closing that

remain uncollected as of the closing, including any receivables, credits, surpluses, refunds related to taxes (including, without limitation, payroll taxes, HST, retail sales tax, corporate tax, and any other taxes), and employee plans and benefits; and

- ii) Third-Party Property in the Company's possession or control, except to the extent that the applicable Sponsor consents to the transfer of possession and control of such Third-Party Property to the Purchasers;
- n) Certain schedules detailing Assigned Contracts and Excluded Assets may be updated prior to closing; and
- o) The Purchasers confirm their intention to extend offers of employment to certain Former Employees.

112. The APA also includes the Third-Party Property Protocol in respect of the treatment of Third-Party Property in the Purchasers' possession or control from and after the closing of the Sale Transaction. Details of the Protocol, which are set out in Schedule "D" to the APA are summarized as follows:

- a) Third-Party Property owned by or otherwise belonging to a Sponsor shall remain property of such Sponsor and shall not constitute part of the Purchased Assets;
- b) Inflamax shall store, maintain, protect, preserve and keep strictly confidential Third-Party Property located at the Clinic Facilities or otherwise in its possession or control and shall keep such property in its current state and condition;
- c) CML shall store, maintain, protect, preserve and keep strictly confidential Third-Party Property located at the Laboratory Facilities or Third-Party Property otherwise in CML's possession or control and shall keep such property in its current state and condition;
- d) CML or Inflamax, where applicable, shall contact each Sponsor within fifteen

(15) Business Days of the Closing Date to inform such Sponsor of any Third-Party Property in such Purchaser's possession or control that is owned by or otherwise belongs to the Sponsor; and

- e) upon (i) agreement between the applicable Purchaser and the applicable Sponsor with respect to the options set out below; (ii) the applicable Purchaser's verification that the Third-Party Property at issue belongs to the applicable Sponsor; and (iii) the written consent of the Receiver, the Purchaser shall:
 - i) store, maintain, protect and preserve such Third-Party Property in accordance with a new storage agreement between the Purchaser and the Sponsor;
 - ii) allow the Sponsor reasonable access to the Clinic Facilities, the Laboratory Facilities or a third-party storage provider's facilities, as necessary, to remove the Sponsor's Third-Party Property;
 - iii) package and ship such Third-Party Property in accordance with all applicable laws to the Sponsor at the Sponsor's sole cost and expense; or
 - iv) dispose of any Third-Party Property belonging to a Sponsor that is capable of disposal in accordance with all applicable laws, at the applicable Purchaser's sole cost and expense,

provided, however, that if the Purchaser and Sponsor agree to options (ii) or (iii) above, prior to the transfer of any Third-Party Property, the Sponsor must provide written confirmation that the Sponsor has obtained all required regulatory approvals, if applicable, to transfer the Third-Party Property to the Sponsor or its designee (including from the applicable research ethics board and Health Canada) and represent and warrant that the Sponsor or its designee, as applicable, will collect, use, store, process and maintain all

Information (as defined in the APA) in compliance with all applicable privacy laws.

113. The Third-Party Property Protocol also provides for a release of the Receiver for any liability relating to the storage of the Third-Party Property from and after the Closing Date. It also provides that any party may seek advice and direction from the Court, including in respect of situations where agreement with respect to the release of Third-Party Property cannot be reached on a consensual basis.
114. A copy of the Third-Party Property Protocol was sent to all known Sponsors, which also provided them with the Receiver's contact information and notified them of the contemplated Sale Transaction and the return date of the notice of motion ("**Sale Approval Motion**") with respect to the Approval and Vesting Order. Sponsors were also notified that copies of the motion materials and First Report in respect of the Sale Approval Motion would be made available on the Receiver's Website. The form of notice sent to the Sponsors with respect to the Third-Party Property Protocol is attached hereto as **Appendix "D"**.

SUPPORT OF SALE

115. The Receiver is of the view that the Sale Transaction represents the highest and best realization available in respect of the Purchased Assets in the circumstances. The Lenders also support the Sale Transaction.
116. The Receiver is seeking the approval of the Sale Transaction and the APA. In the event the Court does not grant the Approval and Vesting Order or the Sale Transaction does not close, the Receiver is of the view that efforts to re-market the Property would be impaired if the Bid Summary or the commercially sensitive terms of the APA are made public at this time. Accordingly, the Receiver believes that it is appropriate for the Bid Summary and the unredacted APA to remain confidential until such time as the Sale Transaction closes. Accordingly, the Receiver requests an order sealing the unredacted APA and the Bid Summary.
117. In the Receiver's view, it is not feasible to identify and remove all Third-Party Property and resolve any and all issues related thereto between the Consortium,

other Sponsors, the Receiver and/or the Chapter 7 Trustee prior to the Closing Date. Accordingly, having an infrastructure in place to deal with the Third-Party Property from and after the Closing Date is critical. The Receiver believes that the Third-Party Property Protocol provides a structured and managed approach to the continued storage and treatment of the Third-Party Property, pending a consensual agreement between the applicable Purchaser and the applicable Sponsor (consented to by the Receiver) or further order of the Court. The Third-Party Protocol also establishes clear rules and procedures, which recognize the importance of confidentiality and the need to comply with regulatory standards that can be easily understood and followed by all relevant parties.

F. CONCLUSION AND RECOMMENDATION

118. The Receiver is of the view that the Sales Process was fair and transparent. Significant interest was expressed in the Property as evident from the number of Prospective Purchasers that investigated the opportunity to purchase the Property and the number of Bids received. To the best of its knowledge, all reasonable requests for information made to the Receiver by Prospective Purchasers were satisfied.
119. Despite the expedited time frame for the Sales Process, in the Receiver's view, the market for the Purchased Assets was sufficiently canvassed and parties who may have an interest were given a reasonable opportunity to review the Company's right, title and interest in and to the Property and make an offer. Further marketing efforts are unlikely to result in the identification of a superior transaction and any delay to attempt to do so would jeopardize the Sale Transaction. The Receiver does not believe that the outcome of the Sales Process would realistically be any different if an extended sales process were followed.
120. The Receiver respectfully submits to the Court that its activities in respect of the Sales Process were conducted in accordance with paragraph 3(j) of the Receivership Order.
121. It is the Receiver's view that the Sale Transaction provides an opportunity for the

Clinic Facilities and the Laboratory Facilities to resume and continue operations and maintains the prospect of future employment for certain of the Former Employees. As such, the Receiver recommends that the Court approve the Sale Transaction, as described herein.

122. The Receiver respectfully requests that the Court grant the Approval and Vesting Order:
- a) approving the Sale Transaction and the Third-Party Property Protocol;
 - b) vesting the Company's right, title and interest, if any, in and to the Purchased Clinical Assets in Inflammix, free and clear of all encumbrances;
 - c) vesting the Company's right, title and interest, if any, in and to the Purchased Laboratory Assets in CML, free and clear of all encumbrances;
 - d) sealing the Bid Summary filed as **Confidential Appendix "A"** to the this First Report;
 - e) sealing the unredacted APA filed as **Confidential Appendix "B"** to this First Report; and
 - f) approving this First Report and activities of the Receiver as described in herein.

All of which is respectfully submitted on this 25th day of April, 2013.

PricewaterhouseCoopers Inc.

In its capacity as Court appointed Receiver of
PRACS Institute Canada B.C. Ltd.

Michelle M. Pickett
Michelle Pickett
Senior Vice President

TAB C

PRACS Institute Canada B.C. LTD.

SECOND REPORT OF THE RECEIVER

June 6, 2013

Court File No. CV 13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990,
c. C.43, AS AMENDED and SECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

**SECOND REPORT OF PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
PRACS INSTITUTE CANADA B.C. LTD.**

June 6, 2013

A. INTRODUCTION

1. On March 22, 2013, (the "**Date of Appointment**"), pursuant to an application (the "**Application**") by Freeport Financial LLC ("**Freeport**") and an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed as receiver (the "**Receiver**"), without security, over all of the assets, undertakings and property (the "**Property**") of PRACS Institute Canada B.C. LTD. ("**PRACS Canada**" or the "**Company**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*,


pwc

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R.S.C. 1985, c. B-3, as amended, (the "BIA") and section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C.43, as amended. A copy of the Receivership Order is attached hereto as Appendix "A".

2. This is the second report of the Receiver (the "**Second Report**"), the purpose of which is to provide the Court with information with respect to the Receiver's notice to employees who would be adversely affected by the Freeport Motion (as defined herein) to lift the stay in the receivership proceedings for the purpose of making an application for a bankruptcy order ("**Bankruptcy Application**").
3. In preparing this Second Report, the Receiver has relied upon certain unaudited financial information of the Company, the Company's books and records, information obtained from former personnel of the Company and other sources (collectively, the "**Information**").

In accordance with industry practice, except as described in this Report:

- a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
4. Unless otherwise noted, all currency amounts contained in this report are expressed in Canadian dollars. Capitalized terms not defined herein are defined in the Receivership Order.

B. BANKRUPTCY APPLICATION

5. Freeport is the agent to certain lenders that provided funding ("**PRACS Canada Obligations**") to PRACS Canada, which was secured by first registered liens and security interests ("**Security**") granted pursuant to a general security agreement between Freeport and PRACS Canada. As set out in the Bankruptcy Application, the

PRACS Canada Obligations subject to Freeport's Security were approximately \$4.2 million in aggregate at the Date of Appointment.

6. On May 1, 2013, the Court issued a sale approval and vesting order in the receivership approving the sale of substantially all the Property of PRACS Canada ("**Sale Transaction**"). The Sale Transaction closed on May 3, 2013 and the Receiver realized gross proceeds from the Sale Transaction of approximately \$3.6 million. Other than the collection of certain accounts receivable, the completion of sundry post-closing matters and the distribution of proceeds, the receivership proceedings are substantially complete.
7. Pursuant to the affidavit of Donald T. Bobbs sworn May 28, 2013, which is included in Freeport's motion materials, Freeport expects to sustain a deficiency in its Security in the amount of at least \$680,000.
8. On May 28, 2013, Freeport made a motion ("**Freeport Motion**") to the Court to lift the stay in the receivership proceedings for the sole purposes of filing the Bankruptcy Application in respect of PRACS Canada and waiving the notice period provided for in Rule 70(1) of the General Rules of the BIA.

PRIORITY CLAIMS

9. There are certain deemed trust claims (the "**Priority Claims**") which, according to the Company's books and records, total approximately \$146,000 and which would rank in priority to PRACS Canada's Security in the receivership proceedings. These Priority Claims include the following:
 - a) the deemed trust for harmonized sales tax in the amount of approximately \$70,300; and
 - b) the deemed trust for vacation pay under *Employment Standards Act of Ontario, 2000* in the amount of approximately \$27,300.¹

¹ Approximately \$29,741 of accrued but unpaid vacation pay owing to former PRACS Canada employees is secured by the super-priority Employee Remuneration Charge provided for in section 81.4 of the BIA.

10. In a bankruptcy, the Priority Claims would be subject to the distribution scheme set out in the BIA and would be unsecured claims ranking behind Freeport's Security. Accordingly, a bankruptcy would reverse the priority of these claims and increase recoveries for Freeport as PRACS Canada's senior secured creditor.

NOTICE TO AFFECTED EMPLOYEES

11. On May 24, 2013, at a scheduling hearing in respect of the Freeport Motion and Bankruptcy Application, Madam Justice Mesbur was advised that the Receiver intended to provide notice via letter of the Freeport Motion and Bankruptcy Application to all employees whose priority claim for vacation pay would be adversely impacted or reversed by the bankruptcy of PRACS Canada (the "**Affected Employees**").
12. On May 28, 2013 the Receiver sent a notice ("**Notice**") by regular mail to 28 Affected Employees. A copy of the Notice is attached as Appendix "**B**".
13. Pursuant to the Notice, Affected Employees were advised that their rights may be affected, and were provided with a link to a PwC website where the motion materials in respect to the Freeport Motion and Bankruptcy Application are posted. Affected Employees were also provided with contact information for the Receiver in order to address any questions or concerns they may have in respect of the Freeport Motion or Bankruptcy Application.
14. As of the date of this Second Report, the Receiver has not received any calls or emails from Affected Employees in respect of the Notice.
15. One of the letters to the Affected Employees was returned as the employee was no longer at the address provided by the Company.

The \$27,300 referenced above represents the amounts in excess of the \$2,000 per employee cap provided for in the BIA and is thus only secured by the provincial deemed trust.

C. CONCLUSION AND RECOMMENDATION

16. As of the date of this report none of the Affected Employees have contacted the Receiver with questions on the Freeport Motion and/or Bankruptcy Application.
17. The Receiver does not oppose the relief sought in the Freeport Motion and has consented to act as trustee if the Bankruptcy Application is granted.

All of which is respectfully submitted on this 6th day of June, 2013.

PricewaterhouseCoopers Inc.

In its capacity as Court appointed Receiver of
PRACS Institute Canada B.C. Ltd.



Michelle Pickett
Senior Vice President

APPENDIX "A"

Court File No. *CV-13-10046-0002*
NJH

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST**

THE HONOURABLE MR.) FRIDAY, THE 22nd DAY
)
 JUSTICE WILTON-SIEGEL) OF MARCH, 2013

BETWEEN:



FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondents

APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, RSO 1990, c C43, AS AMENDED and SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

ORDER

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C43, as amended (the "CJA") appointing PricewaterhouseCoopers Inc. ("PwC") as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and property of PRACS Institute Canada B.C. LTD. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Anthony Marino sworn March 22, 2013 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and Respondent, and on reading the consent of PwC to act as the Receiver,

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SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and Application Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, PwC is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) 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 Receiver's powers and duties, including without limitation those conferred by this Order;

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- (d) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (f) to settle, extend or compromise any indebtedness owing to the Debtor;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (h) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

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- (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on 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;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

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- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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.

4. THIS COURT ORDERS that the Receiver shall not manage, operate, or carry on the business of the Debtor.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, 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, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that 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

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to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver 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

8. THIS COURT ORDERS that 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.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in

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respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that 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 sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

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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, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

the employment of all persons who are currently

14. *effective* THIS COURT ORDERS that ~~all~~ employees of the Debtor shall be ~~deemed to be~~ terminated immediately upon the appointment of the Receiver. The Receiver shall not be liable for any employee-related liabilities, including 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 in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. *Hand*

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or

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collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including 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.

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FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

27. 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.

28. THIS COURT ORDERS that 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

30. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) 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.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



MAR 22 2013

W. Han-M.T.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

- 2 -

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

FREEPORT FINANCIAL LLC PRCS INSTITUTE CANADA B.C. LTD.
Applicant and Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

ORDER

MCMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Brett Harrison LS#: 44336A
Tel: 416-865-7932
Fax: 416-865-7048
email: Brett.Harrison@McMillan.ca

Lawyers for the Applicant

APPENDIX “B”



May 28, 2013

VIA MAIL

Affected Employee
Address

Re: Bankruptcy of PRACS Institute Canada B.C. LTD.

Dear XXXX:

On March 22, 2013, the Ontario Superior Court of Justice (Commercial List) appointed PricewaterhouseCoopers Inc. ("PwC") as receiver, without security, over all of the assets, undertakings and property (the "**Property**") of PRACS Institute Canada B.C. LTD. ("**PRACS Canada**"). The Receiver took possession and control of PRACS' Property and subsequently sold it with the intention of applying the net proceeds towards satisfying the claims of PRACS' creditors.

This purpose of this letter is to advise you that Freeport Financial LLC ("**Freeport**"), the agent of PRACS Canada's senior secured creditors, has brought a motion to lift the stay of proceedings in the receivership and seek a bankruptcy order against PRACS Canada. This motion may affect your legal rights and, accordingly, you may wish to consult legal counsel. Neither Freeport nor PwC can provide advice to you with respect to your rights. A complete copy of the motion materials is available online at www.pwc.com/car-pracsbankruptcy. If you wish to file any materials in response to the motion, you must do so by June 3, 2013 at 4:00 p.m. The motion is to be heard at the Ontario Superior Court of Justice on June 10, 2013 at 10:00 a.m. on the 8th floor of the court house at 330 University Avenue, Toronto, Ontario.

PricewaterhouseCoopers Inc.
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 815 5002, F: +1 416 814 32105, www.pwc.com/ca



Please contact Michelle Pickett of PwC at (416) 815-5200 if you have any questions with respect to the foregoing.

Sincerely,

PricewaterhouseCoopers Inc., in its
capacity as Court-appointed Receiver of
PRACS Institute Canada B.C. LTD., and not
in its personal capacity

A handwritten signature in cursive script that reads "Michelle M. Pickett".

Michelle Pickett
Senior Vice President

FREEPORT FINANCIAL LLC, and PRACS INSTITUTE CANADA B.C. LTD.

Court File No: CV-13-10046-0001

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

SECOND REPORT OF THE RECEIVER
Dated June 6, 2013
(Motion returnable June 10, 2013)

BLAKE, CASSELS & GRAYDON LLP
Commerce Court West
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

Linc A. Rogers – LSUC No. 43562N
Tel: 416-863-4168
Fax: 416-863-2653
Email: linc.rogers@blakes.com

Matthew Kanter – LSUC No. 61250D
Tel: 416-863-5825
Email: matthew.kanter@blakes.com

Lawyers for the Court-appointed Receiver of
PRACS Institute Canada B.C. LTD.

TAB D



Bioanalytics Inc.

May 24, 2013

XXX

Dear XXX:

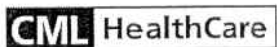
Please be advised that CML HealthCare Bioanalytics Inc., which is a wholly owned subsidiary of CML HealthCare Inc. (TSX: CLC), purchased the Laboratory assets of PRACS Institute Canada B.C. Ltd. As part of the terms of the sale, CML HealthCare Bioanalytics Inc. agreed to inform Sponsors, who have Third-Party Property (clinical trial records, investigational products, and/or biological samples) within the former PRACS-Scarborough laboratory facility premise, regarding the storage, disposal or return of their property. CML HealthCare Bioanalytics acknowledges that the aforementioned Third-Party Properties are owned or otherwise belong to the Sponsor and shall remain their property.

We are hereby informing you that you have the following options on the said Third-Party Property in our possession:

1. CML HealthCare Bioanalytics Inc. to store, maintain, protect and preserve such Third-Party Property (clinical trial records) at a cost of \$2.50/box per month, invoiced annually.
2. CML HealthCare Bioanalytics Inc. to store, maintain, protect and preserve such Third-Party property (biological samples) at a cost of \$0.25/sample per month, invoiced monthly.
3. CML HealthCare Bioanalytics Inc. to package and ship such Third-Party Property (Clinical Trial records and/or biological samples) to a specified location of your choice and CML HealthCare Bioanalytics Inc. will invoice you accordingly for the cost of collating, packaging and shipment.
4. CML HealthCare Bioanalytics Inc. to coordinate with you to pick up such Third-Party Property (Clinical Trial records and/or biological samples) from our facility at no additional cost.

Please contact us at your earliest convenience as to which of the above options you wish to proceed with so we may arrange the proper disposition of your property as soon as possible. If you have any questions, please contact me by email at hughesn@cml.ca

Please also note that in accordance with our acquisition of the PRACS Institute Canada BC laboratory assets, we are required to obtain the consent of the Receiver, PricewaterhouseCoopers



Bioanalytics Inc.

May 24, 2013

Inc. to any option you make with respect to your Third Party Property. Based on correspondence with the Receiver, we would expect to receive consent within 48 hours of delivery to the Receiver of written confirmation from you of the option(s) you have chosen.

Kind regards,

Nicola C. Hughes, Ph.D.
Director, Clinical Operations Integration
& Bioanalytical Operations

TAB E

May 23, 2013

«AddressBlock»

Dear Clinical Trial Sponsor:

Please be advised that Inflamax Research Inc. purchased the clinical assets of PRACS Institute Canada B.C. Ltd. As part of the terms of the sale, Inflamax agreed to inform Sponsors, who have Third-Party Property (clinical trial records, investigational products, and/or biological samples) within the former PRACS-Mississauga clinical facility premise, regarding the storage, disposal or return of their property. Inflamax acknowledges that the aforementioned Third-Party Properties are owned or otherwise belong to the Sponsor and shall remain their property.

We are hereby informing you that you have the following options on the said Third-Party Property in our possession:

1. Inflamax Research to store, maintain, protect and preserve such Third-Party Property at a cost of \$ 2.50/box per month, billed annually;
2. Inflamax Research to package and ship such Third-Party Property to a specified location of your choice. Inflamax will invoice you accordingly for the cost of collating, packaging and shipment;
3. Inflamax Research to coordinate with you to pick up such Third-Party Property from our facility, the cost of staff time for collating and packaging will be charged as incurred.

Please note that in accordance with our acquisition of the PRACS Institute Canada BC Ltd. clinical assets we are required to obtain the consent of the Receiver, PricewaterhouseCoopers Inc., to any option you make with respect to your Third Party Property. Based on correspondence with the Receiver we would expect to receive consent within 48 hours of delivery to the Receiver of written confirmation from you of the option you have chosen.

Please contact us at your earliest convenience so we may arrange the proper disposition of your property as soon as possible. If you have any questions or would like to discuss further, please contact me by email at asalapatek@inflamaxresearch.com.

Kind regards,

Dr. Anne Marie Salapatek, MSc, PhD
President & Chief Scientific Officer
Inflamax Research Inc.
3121 Universal Dr.
Mississauga, ON
L4X 2E2 Canada

TAB F

Court File No. CV-13-10046-00CL



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 101 OF THE *COURTS OF JUSTICE ACT*, RSO 1990, c C43 and SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

THE HONOURABLE
JUSTICE MORAWETZ

) MONDAY, THE 10th
)
) DAY OF JUNE, 2013

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

**ORDER
(Lift Stay)**

THIS MOTION, made by the Applicant for an order:

- a) lifting the stay of proceedings against the Respondent granted by order of this Court dated March 22, 2013 (the "**Receivership Order**") for the sole purpose of filing and serving an application for a bankruptcy order and dispensing with further notice of same; and
- b) abridging the time for service and validating the service of the Notice of Motion and the Motion Record so that this Motion is properly returnable June 10, 2013 and dispensing with further service thereof;

- 2 -

was heard this day, at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Donald T. Bobbs sworn May 28, 2013, and on hearing submissions of counsel for the Applicant and counsel for PricewaterhouseCoopers Inc. in its capacity as receiver, without security, over all of the assets, undertakings and property of the Respondent;

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and the manner of thereof validated so that this Motion is properly returnable today and hereby dispenses with any further or other service thereof.
2. **THIS COURT ORDERS** that the stay of proceedings granted in the Receivership Order is hereby lifted for the sole purpose of and to the extent necessary for the Applicant to make an application for a bankruptcy order (the "**Application**") against the Respondent.

~~3. **THIS COURT ORDERS** that if the bankruptcy order is issued pursuant to the Application, the Receivership Order shall remain in full force and effect and such bankruptcy order shall be subject to the provisions of the Receivership Order.~~

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 10 2013

MB

Court File No: CV-13-10046-00CL

FREEPORT FINANCIAL LLC PRACS Institute Canada B.C. Ltd.
Applicant and Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER
(Lift Stay)

MCMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Brett Harrison LS#: 44336A
Tel: (416) 865-7932
Fax: (416) 865-7048
Email: brett.harrison@mcmillan.ca

Lawyers for the Applicant

TAB G

Court File No. 31-OR-207969-T



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE

JUSTICE MORAWETZ

) MONDAY, THE 10th
)
) DAY OF JUNE, 2013

**IN THE MATTER OF THE BANKRUPTCY OF PRACS
INSTITUTE CANADA B.C. LTD. of the City of Toronto, in
the Province of Ontario**

BANKRUPTCY ORDER

UPON the bankruptcy application of Freeport Financial LLC ("**Freeport**"), Agent for certain financial institutions (the "**Lenders**") that have provided financing to PRACS Institute Canada B.C. LTD. ("**PRACS Canada**"), filed this day;

AND UPON reading the bankruptcy application and the Affidavit of Verification of Donald T. Bobbs attached thereto and the Consent of PricewaterhouseCoopers Inc. ("**PwC**") to act as trustee in bankruptcy, filed;

AND UPON hearing submissions of counsel for Freeport and counsel for PwC in its capacity as court-appointed receiver, without security, over all of the assets, undertakings and property of PRACS Canada;

AND UPON it appearing to the Court that during the six month period immediately prior to the date of this bankruptcy application, PRACS Canada ceased to meet its liabilities generally as they become due, an act of bankruptcy,

- 2 -

1. **THIS COURT ORDERS** that any requirement for notice of this bankruptcy application is hereby dispensed with so that this bankruptcy application is properly returnable today and hereby dispenses with any or other service thereof.
2. **THIS COURT ORDERS** that PRACS Canada is hereby adjudged bankrupt and a bankruptcy order is hereby made against PRACS Canada.
3. **THIS COURT ORDERS** that PwC, of the City of Toronto, in the Province of Ontario, be and is hereby appointed Trustee of the estate of the said bankrupt.
4. **THIS COURT ORDERS** that the said Trustee give security in the amount to be fixed by the Official Receiver pursuant to subsection 16(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.
5. **THIS COURT ORDERS** that the costs of and incidental to this application and order be paid to the Applicant out of the assets of the estate upon taxation thereof or upon further order of the Court.

"Morawetz J."

<p>SUPERIOR COURT OF JUSTICE IN BANKRUPTCY REGISTRAR, HEREBY CERTIFY THAT ABOVE AND ATTACHED HERETO IS CONTAINED A TRUE COPY OF THE BANKRUPTCY ORDER MADE BY THIS COURT</p>	<p>COUR SUPERIEURE DE JUSTICE EN MATIERE DE FAILLITE GREFFIER, ATTESTE PAR LA PRESENTE QUE LE TEXTE CI-DESSUS ET CI-JOINT CONSTITUE UNE COPIE CONFORME A L'ORDONNANCE DE SEQUESTRE RENDUE PAR CETTE COUR</p>
<p>ON THE <u>10th</u> DAY OF <u>JUNE</u> 20 <u>13</u> LE _____ JOUR DE _____</p>	<p>_____</p>
<p>LOCAL REGISTRAR SUPERIOR COURT OF JUSTICE</p>	<p>GREFFIER LOCAL COUR SUPERIEURE DE JUSTICE</p>
<p>Master M. Jean</p>	
<p>Date: _____</p>	

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
IN BANKRUPTCY AND INSOLVENCY**

Proceeding commenced at Toronto

BANKRUPTCY ORDER

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Brett Harrison LS#: 44336A
Tel: (416) 865-7932
Fax: (416) 865-7048
Email: brett.harrison@mcmillan.ca

Lawyers for the Applicant

TAB H

Court File No. CV 13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS
AMENDED and SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3,
AS AMENDED

AFFIDAVIT OF TRACEY WEAVER

I, **TRACEY WEAVER**, of the town of Whitby, in the Province of Ontario, **MAKE OATH AND SAY**
that:

1. I am a Vice President of PricewaterhouseCoopers Inc. ("**PwC**") and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. On March 22, 2013, pursuant to an application by Freeport Financial LLC and an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), PwC was appointed as receiver (the "**Receiver**"), without security, over all of the assets, undertakings and property of PRACS Institute Canada B.C. Ltd. ("**PRACS Canada**" or the "**Company**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C.43, as amended.
3. Pursuant to the Receivership Order, the Receiver has provided services and incurred disbursements, in the amount of \$420,197.50 and \$86,102.99 respectively (excluding harmonized sales tax ("**HST**")) in the period from March 22, 2013 to May 31, 2013 (the "**Period**") with respect to services provided. The Receiver's disbursements include \$63,547.54 paid to Blake, Cassels & Graydon LLP ("**Blakes**"), as independent legal counsel to the Receiver. Attached hereto

and marked as Exhibit "A" to this my Affidavit is a summary of all invoices rendered by the Receiver on a periodic basis during the Period (the "**Accounts**").

4. True copies of the Accounts, which include a fair and accurate description of the services provided along with the hours and applicable rates claimed by the Receiver, are attached as Exhibit "B" to this my Affidavit.
5. The Receiver has previously filed two reports with the Court with respect to the receivership proceedings (the "**Previous Reports**"). In addition, and contemporaneously with the filing of this Affidavit the Receiver is filing its third report to the Court (the "**Third Report**"). Details of the activities undertaken and services provided by the Receiver in connection with the administration of the receivership proceedings are described in the Previous Reports and the Third Report.
6. In the course of performing its duties pursuant to the Receivership Order, the Receiver's staff has expended a total of 1,027.4 hours during the Period. Attached as Exhibit "C" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the receivership and the hours and applicable rates claimed by the Receiver for the Period. The average hourly rate billed by the Receiver during the Period is \$408.99.
7. The total amount of professional fees and disbursements being claimed for work performed by the Receiver during the Period is \$442,752.95, excluding the legal fees paid to Blakes (excluding HST).
8. The Receiver requests that this Honourable Court approve its Accounts for the Period, in the total amount of \$442,752.95 (excluding HST) for services rendered and recorded during the Period.
9. Blake have provided legal services to the Receiver, rendered services throughout these proceedings in a manner consistent with the instructions of the Receiver and have prepared an affidavit with respect to the services rendered during the Period. The Receiver has reviewed the invoices rendered by Blakes during the Period.
10. To the best of my knowledge, the rates charged by the Receiver and Blakes are comparable to the rates charged for the provision of similar services by other accounting and law firms.
11. I verily believe that the fees and disbursements incurred by the Receiver and Blakes are fair and reasonable in the circumstances.

12. This Affidavit is sworn in connection with a motion for an Order of this Honourable Court to, among other things, approve the fees and disbursements of the Receiver and those of its legal counsel and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 19th day of June, 2013.

Donald P. Smith

Commissioner for Taking Affidavits,
etc.

Donalda Pauline Smith, a
Commissioner, etc., Province of Ontario,
for PricewaterhouseCoopers Inc.,
Expires April 28, 2014.

T. Leaver

Tracey Weaver

Exhibit "A"

PRICEWATERHOUSECOOPERS INC.
RECEIVER OF

PRACS Institute Canada B.C. Ltd.
Statement of Fees Summary
For the Period from March 22, 2013 to May 31, 2013

Invoice	Period	Fees	Disbursements	Sub-Total	Legal Fees	HST	Total
TR133700659	From March 22, 2013 to April 15, 2013	267,872.50	13,417.49	281,289.99	63,547.54	44,828.88	389,666.41
TR133700776	From April 16, 2013 to May 3, 2013	128,920.00	7,933.65	136,853.65	-	17,790.97	154,644.62
TR133700864	From May 4, 2013 to May 31, 2013	23,405.00	1,204.31	24,609.31	-	3,199.21	27,808.52
Total		420,197.50	22,555.45	442,752.95	63,547.54	65,819.06	572,119.55
					PwC Disbursements	22,555.45	
					Legal Fees	63,547.54	
						86,102.99	

This is Exhibit "A" referred to in the Affidavit of
Tracey Weaver, sworn before me this
19th day of June, 2013.

Donalda P. Smith
A commissioner, etc.

Donalda Pauline Smith, a
Commissioner, etc., Province of Ontario,
for PricewaterhouseCoopers Inc.,
Expires April 28, 2014.

Exhibit "B"

Court File No. CV 13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS
AMENDED and SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-
3, AS AMENDED

Copies of Invoices of the Receiver

This is Exhibit "B" referred to in the Affidavit of
Tracey Weaver, sworn before me this
19th day of June, 2013.

Donalds Pauline Smith

A commissioner, etc.

Donalds Pauline Smith, a
Commissioner, etc., Province of Ontario,
for PricewaterhouseCoopers Inc.,
Expires April 28, 2014.



Invoice

PricewaterhouseCoopers Inc.
Court Appointed Receiver of
PRACS Institute Canada B.C. Ltd.
18 York Street
PwC Tower, Suite 2600
Toronto Ontario Canada M5J 0B2

PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, ON, Canada M5J 0B2
Telephone: +1 416 863 1133
Facsimile: +1 416 365 8215
Contact: Michelle Pickett
Telephone: +1 416 815 5002
Email: michelle.pickett@ca.pwc.com

Invoice number:	TR133700659	Account number:	60134323
Invoice date:	April 30, 2013	Payment requested by:	May 1, 2013

FOR PROFESSIONAL SERVICES RENDERED by
PricewaterhouseCoopers Inc., as Court Appointed Receiver of PRACS
Institute Canada B.C. Ltd., for the period up to April 15, 2013.

	CAD
Fees	267,872.50
Disbursements	76,965.03
Total fees and disbursements	<u>344,837.53</u>
HST	<u>44,828.88</u>
Total due	<u>389,666.41</u>

Remittance information

Electronic: HSBC, 70 York Street, Toronto, Ontario, Canada M5J 1S9
Account name: PricewaterhouseCoopers LLP
Transit no.: 10002:016 Swift code: HKBCCATT CAD account: 064871-001 USD account: 064871-070
Email payment details, including invoice number and amount paid, to: accounts.receivable@ca.pwc.com.
Cheques payable to: PricewaterhouseCoopers LLP *Enclose remittance copy of invoice with payment.*
Send to: PwC CAC, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2

HST registration # 86747 0486 RT0001

**PRICEWATERHOUSECOOPERS INC.
AS COURT APPOINTED RECEIVER
IN RESPECT OF
PRACS INSTITUTE CANADA B.C. LTD.
OVERVIEW OF WORK PERFORMED
MARCH 22 TO APRIL 15, 2013**

Services provided include:

- To various background discussions with W. Rostom and G. Martel, counsel to the secured creditors and debtor respectively re background information available on PRACS Institute Canada B.C. LTD ("PRACS Canada" or the "Debtor");
- To review of background materials (from Chapter 11 proceedings of Allied Research and BA Research) and lease memo prepared by McMillan LLP on PRACS Canada leases.
- To follow up with M. Gries of CDG Group (Chief Restructuring Officer to PRACS Institute, LLC) to request background and financial information on PRACS Canada;
- To reviewing, commenting on and discussing multiple versions of various court materials (including the affidavit of Marino, draft motion and draft receivership order) and discussions with legal counsel re same;
- To discussing terms of engagement with counsel to secured creditor;
- To attending at the PRACS Canada premises (Mississauga clinic ("Clinic") and Scarborough laboratory ("Laboratory")) to conduct a review of the assets and operations, understand some of the potential regulatory issues and risks associated with a receivership.
- Meeting with certain of PRACS Canada staff to prepare to take possession of the facilities if appointed receiver by the court, arranging for equipment appraisers to attend on site to conduct an appraisal of the assets, to late night discussion with W. Rostom to report on findings from site visit/business review;
- To various discussions and correspondence with W. Rostom and P. Knight re; site visit/business review, location of access to books of records of PRACS Canada, following up with M. Gries to determine status of outstanding wages to employees and amount owing to Canada Revenue Agency ("CRA") in respect of payroll and source deductions;
- To attending court hearing with legal counsel re appointment as Receiver;
- To internal discussions and planning sessions re statutory requirements and administrative duties in receivership;
- To preparing for and taking possession and control of the Clinic including changing the locks, alarm codes, notifying security monitoring company, photographing premises, preparing notices, rehire letters for employees, etc.;

- To working with former employees to organize and document samples, drugs and records of sponsors held at the Clinic and Laboratory;
- To engaging former employees to assist in conducting a detailed inventory of all assets at the Clinic and Laboratory, including preparing detailed inventory listings;
- To organizing and preparing separate detailed asset listings for the Clinic and Laboratory in respect of equipment, computers, furniture and intangibles, etc. to be used in the sale process;
- To working with former employees to prepare detailed accounts receivable listing (third party and intercompany) including unbilled or deferred accounts receivable, etc.;
- To various discussions and correspondence with the Chapter 7 trustee and its consultant CDG Group (M. Gries, M. Healy, M. Meenan) in respect of co-coordinating collection activities and property claims in Canada and the US, to sharing accounts receivable listings and contact information for sponsors to coordinate the efficient collection of accounts receivable and return of sponsor property;
- To various discussions with third party in respect of interest in purchasing the Clinic. To review and comment on initial offer (asset purchase agreement) presented by interested party;
- To planning and executing a sales process for the sale of the assets of the Clinic and Laboratory:
 - to working with PwC Corporate Finance to draft, edit and finalize a Notice of Sale to be distributed to prospective purchasers;
 - to working with PwC Corporate Finance to develop a list of potential purchasers, including strategic buyers, private equity firms, liquidators, etc;
 - to working with legal counsel and PwC Corporate Finance to plan and develop a condensed sales process, including establishing the terms of sale, bid deadlines, site visits, due diligence, etc. ;
 - to reviewing and commenting on draft confidentiality agreement to be executed by potential purchasers interested in purchasing Clinic or Laboratory assets;
 - to reformatting the inventory listing into detailed asset listings to be distributed to interested parties in conjunction with the sale;
 - to distributing the Notice of Sale to prospective purchasers including strategic purchasers and liquidators;
 - to reviewing, commenting on discussing with legal counsel various versions of the template asset purchase agreement ("APA");
 - to reviewing, commenting on and discussion with legal counsel various versions of the bid instructions;
 - to responding to numerous inquiries from prospective purchasers;

- to reviewing, discussing (with legal counsel), finalizing draft notice and distributing by email to successful bidders and their legal counsel;
 - to reviewing, discussing (with legal counsel) finalizing draft notice and distributing by email to unsuccessful bidders;
 - to various follow up discussions, correspondence and calls with successful bidders and their legal counsel re amendments to APA;
 - to reviewing, commenting on and discussing proposed language to be included in APA re Purchasers' treatment of Third-Party Property post closing;
- To regular update calls and discussions with counsel to the secured creditors in respect of the status of the marketing activities, bids and sale activities, proposed settlements in respect of accounts receivable balances, risk related issues, timing of court hearing requesting approval of the sale;
- To addressing Receiver's and Health Canada's concerns re health and safety of subjects enrolled in ongoing clinical studies;
 - to due diligence to understand the status of the ongoing clinical trials including review of relevant contracts, subject informed consent forms, oversight of study, regulatory requirements and notice provisions, discussions with sponsors, etc.;
 - to understanding the specific inventory procedures required re taking inventory and retrieval/transferring drugs, narcotics, investigational medical products ("IMP"), etc.;
 - various discussions with Health Canada and IRB (relevant ethics board) to assess and understand the impact of the termination of operations and subsequent receivership on ongoing clinical trials and subjects;
 - various discussions with Health Canada to understand the potential risks to subjects, the responsibility of the various parties (Sponsor, PRACS, Receiver, etc.) and notice requirements with respect to the ongoing clinical studies given the termination of operations and all employees;
 - various discussions and consideration of privacy related issues re personal data of subject stored at the Clinic;
 - various calls, discussions with Blakes' insolvency, privacy and health related specialists to develop a strategy to minimize the Receiver's (and secured creditor's) exposure/risk in respect to the health and safety of the subjects participating in ongoing studies;
 - review, comment on and discuss multiple versions of letters to each of the following groups: (1) subjects included in the ongoing clinical studies, (2) the three sponsors with ongoing studies at the Clinic, (3) Health Canada, (4) the United States Food and Drug Administration, (5) the principal investigator under

- determining claims of approximately 216 employees under the *Wage Earner Protection Plan Act* ("WEPPA"), filing appropriate documents with Services Canada, notifying employees (216) of the quantum of their claim and providing employees with the appropriate claim forms;
- To preparing notice of receivership to creditors;
- To working with former employee to determine the prereceivership liability for HST and prepare draft HST returns for the period June 21 to December 21, 2012 and January 1 to March 22, 2013;
- To responding to inquiry from third party requesting access to data held at PRACS Canada on behalf of foreign based sponsors;
- To responding to inquiry from sponsor and its legal counsel as to Receiver's ability to assist in obtaining signatures on final reports in respect of completed studies including:
 - various discussions with M. Gries and A. Copa (former employee) to understand sponsor's request and consider solutions;
 - various discussions with sponsor counsel to understand outstanding items under the contracts and logistics of assigning contracts to purchasers;
 - follow up with former laboratory staff to understand the details of any outstanding work under the relevant contracts,
 - to review of sponsor contracts and outstanding accounts receivable to assess collectability of same;
 - to various discussions with sponsor counsel to discuss and confirm the amounts owing from sponsor;
- To addressing sponsor request for the release of electronic data held at a third party provider in the USA including the following:
 - detailed review of the sponsor contract, work performed by PRACS Canada in respect of the contract and milestone payments pursuant to the contract;
 - numerous discussions and correspondence with sponsor to negotiate a settlement in respect of work performed by PRACS Canada;
 - various discussions with counsel to the secured lenders re proposed settlement with sponsor, basis, support and terms of same;
 - conference call with secured creditors responding to questions on the proposed settlement agreement with sponsor;
 - pursuant to a request from the secured creditors, follow up discussions with sponsor in respect of increasing the amount of the settlement;
 - to working with Chapter 7 trustee, its legal counsel, consultant CDG Group and third party provider to give sponsor authorization and access to data held by third party provider and to affect a settlement with sponsor; and

- To drafting, reviewing, editing, finalizing and filing s. 245 and s. 246 reports and statement of Receiver as required under the BIA;
- To meeting with former IT staff from the laboratory to arrange for termination of external access to servers and webmail;
- To setting up new bank account for the Receivership including preparing letter of direction, securing signatures, scanning and forward to bank for processing;
- To setting up post-receivership HST account with Canada Revenue Agency ("CRA"). Draft letter to CRA with documentation of Receiver's appointment, sign and forward to CRA;
- To reviewing, approving and processing all disbursements in respect of operating expenses, contractor invoices, receivership registration fees per Office of the Superintendent of Bankruptcy;
- To dealing with redirected and incoming mail. Update creditors list accordingly;
- Filing and document management; and
- All other matters not referred to above.

Detailed time dockets are available on request



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

INVOICE

Please write invoice
number(s) on cheque

April 24, 2013

PricewaterhouseCoopers Inc.
PWC Tower
18 York Street
Suite 2600
Toronto, ON M5J 0B2
Canada

Invoice: 1694925
Billing Lawyer: Rogers, Linc
HST/GST No.: R119396778
Client: 00028438
Matter: 000126

Attention: Michelle Pickett
Partner

Re: PRACS Institute Canada B.C. Ltd.

FOR PROFESSIONAL SERVICES RENDERED
as set out in the attached printout

BALANCE DUE IN CANADIAN CURRENCY

\$ 71,804.18 CAD

REMITTANCE PAGE

Remittance Instructions

*** Terms: Due and Payable Upon Receipt ***

If paying by cheque, please make cheque payable to Blake, Cassels & Graydon LLP. Please remit this page with payment.
If wiring funds, please refer to the appropriate section below for instructions:

Canadian Funds Wiring Instructions:

Canadian Imperial Bank of Commerce
Main Branch, Commerce Court West
Toronto, Ontario M5L 1A2
Transit No.: 00002

Swiftcode: CIBCCATT
Beneficiary: Blake Cassels & Graydon LLP
Account No.: 000021602012
Reference: Invoice No. 1694925

If you wish further instructions please contact Janet Randail at 416-863-3272.

Interest at the rate of 4.5% per annum will be charged on all amounts not paid within one month of delivery of this invoice.



Invoice: 1694925
Date: April 24, 2013
Page: 2

Re: PRACS Institute Canada B.C. Ltd. (000126)

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
03/21/13	Kanter, Matthew	Corresponding with L. Rogers regarding PRACS potential receivership issues.	0.2	445.00	\$ 89.00
03/21/13	Rogers, Linc	Reviewing draft materials and various prepatory matters in connection with proposed receivership filing; correspondence with M. Kanter regarding same.	2.0	700.00	1,400.00
03/22/13	Kanter, Matthew	Reviewing receivership application including notice, draft order and Marino affidavit; preparing for and attending court hearing; reviewing receivership issues and consents; corresponding with L. Rogers regarding same; reviewing application record; reviewing credit agreement regarding events of default; reviewing documents from lenders; corresponding with L. Rogers regarding next steps and checklist; drafting initial service list; running corporate searches against debtor in receivership; begin reviewing security agreement.	6.1	445.00	2,714.50
03/22/13	Rogers, Linc	Reviewing and commenting on draft receivership materials; various discussions throughout the day regarding same; attending court regarding receivership appointment.	6.0	700.00	4,200.00
03/22/13	Weinrib, Laura	Reviewing proposed affidavit for receivership and advising L. Rogers regarding regulatory considerations.	1.2	595.00	714.00
03/23/13	Kanter, Matthew	Conference call with L. Rogers, M. Pickett, K. Kimel and L. Weinrib; follow-up with L. Rogers regarding next steps; begin drafting letters to interested parties.	2.5	445.00	1,112.50
03/23/13	Rogers, Linc	Conference call with working group regarding identifying stakeholders in receivership process and communication strategy; reviewing and considering various strategic matters.	2.5	700.00	1,750.00
03/23/13	Weinrib, Laura	Reviewing various documents and correspondence regarding the PRACS receivership and clinical trial issues regarding same; conference call with K. Kimel, M. Pickett, L. Rogers and M. Kanter regarding same.	3.4	595.00	2,023.00
03/24/13	Kanter, Matthew	Drafting letters regarding receivership and	7.3	445.00	3,248.50



Invoice: 1694925
 Date: April 24, 2013
 Page: 4

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
03/25/13	Thompson, Nancy	Receiving instructions from M. Kanter; arranging for corporate, PPSA and execution searches in B.C. against PRACS Institute; reviewing search results; conducting PPSA search in Ontario; arranging for execution search in Ontario; arranging for BC PPSA and execution searches against previous name; arranging for Ontario execution search against previous name; conducting PPSA search against previous name; reviewing search results; e-mail message to M. Kanter forwarding search results.	0.7	310.00	217.00
03/25/13	Weinrib, Laura	Reviewing further proposed revisions to letters to FDA, subjects, sponsors, Health Canada, the ethics board and qualified investigator regarding receivership and ongoing studies; drafting further comments to each of same; discussion with K. Kimel regarding narcotics dealer licenses and Health Canada steps regarding same; considering further requirements regarding same; considering issue regarding the release of sponsor study information and health regulatory issues.	3.4	595.00	2,023.00
03/25/13	Willis, Jenna	Receiving instructions from L. Rogers regarding template APA's; reviewing application record and PwC's precedent terms of sale.	0.7	445.00	311.50
03/26/13	Kanter, Matthew	Drafting 4 letters regarding impact of receivership on labs; reviewing issues regarding the transfer of electronic clinical trial records; calls with L. Rogers, M. Pickett and K. Kimel regarding same; reviewing consent form signed by clinical trial subjects; meeting with A. York regarding receivership employment agreements and provisions; call with W. Mee and K. Kimel regarding sponsor electronic records issues; call with representative of sponsor regarding same; drafting internal memo regarding sponsor call; revising employment agreement regarding A. York comments.	6.7	445.00	2,981.50
03/26/13	Mee, Wendy	Corresponding with K. Kimel and others regarding privacy aspects of PRACS receivership.	2.2	570.00	1,254.00
03/26/13	Rogers, Linc	Various conference calls, e-mail exchanges and review of documentation in connection	3.0	700.00	2,100.00



Invoice: 1694925
Date: April 24, 2013
Page: 6

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		A/R settlement offer; drafting/revising settlement agreement regarding sponsor offer; further revising settlement agreement per L. Rogers comments and escrow issues; reviewing precedent regarding escrow issues; reviewing Scarborough and Mississauga equipment listings; call with M. Pickett and L. Rogers regarding equipment listings.			
03/28/13	Rogers, Linc	Reviewing and revising draft APA prepared by J. Willis; extensive discussions throughout the day with client regarding sale process, regulatory matters and various ancillary issues and matters; extensive e-mail correspondence in connection with same with working group.	6.9	700.00	4,830.00
03/28/13	Weinrib, Laura	Considering release of study data to sponsor from a health regulatory perspective.	0.4	595.00	238.00
03/28/13	Willis, Jenna	Continuing to draft asset purchase agreement.	2.1	445.00	934.50
03/29/13	Rogers, Linc	Reviewing and commenting on revised APA; reviewing and commenting on draft settlement agreement with sponsors; e-mail exchanges with working group throughout the day.	3.0	700.00	2,100.00
03/29/13	Willis, Jenna	Revising asset purchase agreement.	1.3	445.00	578.50
03/30/13	Willis, Jenna	Reviewing internal correspondence regarding draft template asset purchase agreement.	0.2	445.00	89.00
03/31/13	Rogers, Linc	E-mail correspondence regarding APA and responses to notices of sale.	0.3	700.00	210.00
Total Fees for this Matter					\$ 63,248.50

Matter Timekeeper Summary	ID	Hours	Rate	Amount
Chan, Catherine M.	CNC	0.4	\$ 110.00	\$ 44.00
Kanter, Matthew	MTE	45.3	445.00	20,158.50
Mee, Wendy	WEN	4.5	570.00	2,565.00
Rogers, Linc	LCR	34.7	700.00	24,290.00
Thompson, Nancy	NAB	0.7	310.00	217.00
Weinrib, Laura	LMW	15.3	595.00	9,103.50
Willis, Jenna	WLS	12.1	445.00	5,384.50



Invoice

PricewaterhouseCoopers Inc.
Court Appointed Receiver of
PRACS Institute Canada B.C. Ltd.
18 York Street
PwC Tower, Suite 2600
Toronto Ontario Canada M5J 0B2

PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, ON, Canada M5J 0B2
Telephone: +1 416 863 1133
Facsimile: +1 416 365 8215
Contact: Michelle Pickett
Telephone: +1 416 815 5002
Email: michelle.pickett@ca.pwc.com

Invoice number:	TR133700776	Account number:	60134323
Invoice date:	May 27, 2013	Payment requested by:	June 11, 2013

FOR PROFESSIONAL SERVICES RENDERED by
PricewaterhouseCoopers Inc., as Court Appointed Receiver of PRACS
Institute Canada B.C. Ltd., for the period April 16 to May 3, 2013.

	CAD
Fees	128,920.00
Disbursements	7,933.65
Total fees and disbursements	136,853.65
HST	17,790.97
Total due	154,644.62

Remittance information

Electronic: HSBC, 70 York Street, Toronto, Ontario, Canada M5J 1S9
Account name: PricewaterhouseCoopers LLP
Transit no.: 10002:016 Swift code: HKBCCATT CAD account: 064871-001 USD account: 064871-070
Email payment details, including invoice number and amount paid, to: accounts.receivable@ca.pwc.com.

Cheques payable to: PricewaterhouseCoopers LLP *Enclose remittance copy of invoice with payment.*
Send to: PwC CAC, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2

**PRICEWATERHOUSECOOPERS INC.
AS COURT APPOINTED RECEIVER
IN RESPECT OF
PRACS INSTITUTE CANADA B.C. LTD.
OVERVIEW OF WORK PERFORMED
APRIL 16 to MAY 3, 2013**

Services provided include:

- To addressing landlord issues in respect of occupation rent including the following:
 - calculation and payment of occupation rent for the period April 1-17, 2013 and various correspondence with agent and counsel to Standard Life Assurance Company ("SLAC") (Clinic landlord) re: same;
 - various discussions and correspondence with agent and legal counsel to SLAC to address concerns that certain assets considered fixtures by the landlord were being sold by the Receiver and would be removed from the Clinic premises; and
 - attending to request for landlords to provide an accounting of security deposits provided to the landlords by PRACS;
- To responding to inquiry from certain sponsor ("Sponsor") and its legal counsel for Receiver's assistance in finalizing various outstanding studies and final reports including:
 - various discussions with M. Gries, M. Healy and Dr. A. Copa (consultants to Chapter 7 Trustee) to discuss and accommodate Sponsor's request and to consider potential solutions;
 - review of Sponsor contracts under consideration and various discussions with legal counsel to considering whether PRACS Canada can assign contracts to purchasers;
 - various discussions with Sponsor's counsel to clarify outstanding items under the studies and the logistics of assigning contracts to purchasers;
 - various discussions with Dr. Copa, M. Healey and M. Gries, consultants to the Chapter 7 Trustee, and following up with former laboratory staff to confirm outstanding items required to complete the reports, requesting copies of the draft reports, required signatories, the logistics and steps required to complete a report, responsibilities of signatories, releases, etc.;
 - review of Sponsor contracts, status of milestone payments, any unbilled amounts and corresponding accounts receivable to assess amounts owing from Sponsor to PRACS and collectability of same;
 - preparing a schedule of outstanding invoices and various discussions with Sponsor's counsel to discuss and confirm the amounts owing from Sponsor;

- To attending to the inventory, pickup and transfer of Merck's IMPS to designate, including researching and obtaining the necessary Health Canada and other regulatory agency approvals;
- To attending to numerous claims from non-sponsor third parties for the return of their property, including review and assessment of property claims and supporting documentation and attending at Clinic to facilitate the return of third party property;
- To numerous discussions and correspondence with Perrigo's legal counsel with respect to questions on the Third Party Property Protocol included in the Asset Purchase Agreement, requests for information on the sale and details on the purchasers, opposition to the certain aspects of the Third Party Property Protocol, potential opposition to the Sale Motion, etc.;
- To follow up with former employee on the status of outstanding Perrigo contacts;
- To addressing notice from Merck that it was terminating its study and request to assist in transferring subject contact information to alternate company to complete the end of the study safety visits:
 - various discussions with legal counsel of Blake Cassels & Graydon LLP to assess the risks and concerns associated with transferring the subject data; and
 - various discussions and correspondence with Health Canada, IRB and Merck re: same to confirm Health Canada's and IRB's approval with the release of the data;
- To finalizing settlement agreement with Circassia - receipt of wired funds and arranging authorization of Chapter 7 Trustee for Omnicom to release data to Circassia;
- To reviewing and commenting on draft motion materials in respect of the Receiver's Motion to approve the sale of the assets and grant a vesting order ("Sale Motion"), including draft factum and draft sale and vesting order;
- To drafting, reviewing, editing, finalizing and serving draft first report of the Receiver ("First Report") including:
 - revisions to various versions of the draft First Report, including updating draft First Report to address potential opposition from certain sponsors;
 - forwarding draft First Report to Blakes for review and comment and various discussions with Blakes re same and editing draft First Report;
 - forwarding draft First Report to McMillan LLP for review and comment, discussions re same and editing First Report accordingly;
 - forwarding draft First Report to the purchaser's counsel for review;
 - preparing, reviewing, editing and finalizing Receiver's statement of receipts and disbursements for the period March 22 to April 21, 2013; and

- addressing various queries from CML and Inflammix on the assignment of the Sponsor contracts;
 - addressing various queries from CML on the potential assignment of various other sponsor contracts. To follow up discussion with former employees as to the status of the certain Osmotica laboratory analysis at the date of the Receivership and the extent of any incomplete work and/or unbilled amounts;
 - following up on the status of the assignment of the Laboratory lease and Clinic leases and various discussions and correspondence with Blakes, the purchasers, their legal counsel, the agent's to the landlords and their legal counsel;
 - arranging final reading for all utilities services, security, monitoring and insurance provided in respect of the Clinic and Laboratory – phone calls and follow up letters and emails to confirm;
 - drafting letters to agents of the landlords notifying of the termination of Receiver's occupation effective May 2, 2013, concurrent with the closing of the sale;
 - drafting follow up letters to landlords extending occupation period to May 3, 2013 as sale of assets was delayed;
 - addressing various emails and phone calls from CML re: closing due diligence and status of closing of sale; and
 - addressing whether HTS election is available to Inflammix given that Clinic lease is not being assigned;
- To following up with M. Healy of CDG to advise of timing of sale of PRACS Canada assets and terminating PRACS's access to US Servers post closing;
- Attending to closing of the sale:
 - various back and forth calls and emails between the receiver, its legal counsel, the agent to the landlord, the purchasers and their counsel over a two-day period in an effort to close the sales and to transfer keys and security codes necessary to gain access to the premises; and
 - review and execution of all closing documents in duplicate for both sales, verify amounts and receipt of wires, execute and file Receiver's certificate;
- To regular update calls and discussions with counsel to the secured lenders in respect of collections, priority claims, discussions with Sponsor in respect of payment of outstanding accounts receivable balance and the completion and /or assignment of outstanding contracts, the status of the court hearing in respect of the approval of the sale, status of closing of the sale, etc.;
- To reviewing and commenting on draft security opinion from Blakes and discussions re same;

following up with BMO re nature of additional deposits to the PRACS bank account, sweep and close prereceivership bank accounts;

- Filing and document management; and
- All other matters not referred to above.

Detailed time dockets are available on request



Invoice

PricewaterhouseCoopers Inc.
Court Appointed Receiver of
PRACS Institute Canada B.C. Ltd.
18 York Street
PwC Tower, Suite 2600
Toronto Ontario Canada M5J 0B2

PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, ON, Canada M5J 0B2
Telephone: +1 416 863 1133
Facsimile: +1 416 365 8215
Contact: Michelle Pickett
Telephone: +1 416 815 5002
Email: michelle.pickett@ca.pwc.com

Invoice number:	TR133700864	Account number:	60134323
Invoice date:	June 11, 2013	Payment requested by:	June 26, 2013

FOR PROFESSIONAL SERVICES RENDERED by
PricewaterhouseCoopers Inc., as Court Appointed Receiver of PRACS
Institute Canada B.C. Ltd., for the period May 4 to May 31, 2013.

	CAD
Fees	23,405.00
Disbursements	1,204.31
Total fees and disbursements	24,609.31
HST	3,199.21
Total due	27,808.52

Remittance information

Electronic: HSBC, 70 York Street, Toronto, Ontario, Canada M5J 1S9
Account name: PricewaterhouseCoopers LLP
Transit no.: 10002016 Swift code: HKBCCATT CAD account: 064871-001 USD account: 064871-070
Email payment details, including invoice number and amount paid, to: accounts.receivable@ca.pwc.com.
Cheques payable to: PricewaterhouseCoopers LLP *Enclose remittance copy of invoice with payment.*
Send to: PwC CAC, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2

HST registration # 86747 0486 RT0001

**PRICEWATERHOUSECOOPERS INC.
AS COURT APPOINTED RECEIVER
IN RESPECT OF
PRACS INSTITUTE CANADA B.C. LTD.
OVERVIEW OF WORK PERFORMED
May 4 to 31, 2013**

Services provided include:

- To addressing various post closing issues with the Purchasers including the following:
 - assisting Inflamax in gaining access to computers, servers and IT systems including engaging Chapter 7 trustee and former PRACS US IT staff for assistance;
 - assisting CML in gaining access to computers, servers and IT systems including engaging Chapter 7 trustee and former PRACS US IT staff for assistance;
 - following up with Purchaser's counsel to remedy slight shortage of funds on closing;
 - addressing various employee related questions and inquiries from CML;
 - following up with Chapter 7 trustee and former employee Dr. Copa re access to an electronic copy of the Standard Operating Procedures in respect of the Clinic, which were stored on PRACS USA servers;
 - addressing inquiries from CML to clarify Third Party Property Protocol ("Protocol");
 - addressing inquiries from CML re status of certain computer related service contracts;
 - addressing inquiry from CML re status of third party storage agreements, access and responsibility for pre-closing liabilities;
 - finalizing and forwarding sponsor contact list to CML and Inflamax to assist in compliance with Third Party Property Protocol;
 - responding to numerous requests from CML requesting Receiver's authorization to either release Third Party property to the Debtor or for CML to store Property on behalf of sponsors; and
 - following up with CML and Inflamax re compliance with notice requirement to sponsors pursuant to Protocol;
- To responding to various requests from sponsors and/or Lachman Consulting in respect of the retrieval of third party property and or contact information for the Purchaser including:
 - discussions and email correspondence with sponsors re same;
 - assessing and confirming the amount of any accounts receivable owing to PRACS or a related entity;

- follow up discussion with Dr. Copa and M. Healy re challenges in finalizing outstanding studies and reports;
 - facilitating and attending lengthy conference call with representatives from Sponsor, its legal counsel and Dr. A. Copa to discuss and determine the incomplete and or missing data and information from the draft reports;
 - drafting a summary of the conference call to confirm deliverables required to complete studies and/or finalize the draft reports;
 - numerous discussions with counsel to Sponsor to determine next steps, status of requests for information, availability of data, status of discussions and agreement with Purchaser re terms of assignment of the contracts;
 - following up with Dr. Copa to discuss and confirm access to and availability of certain raw data and reports; and
 - conference call with Purchaser re assignment of certain sponsor contracts to Purchaser and outstanding analyses and data requirements under the contracts;
- To responding to inquiry and request from Chapter 7 trustee for data to complete PRACS Canada income tax returns for fiscal 2012 and fiscal 2013;
- To addressing various employee issues including the following:
 - reviewing company's electronic and hardcopy books and records (held by the Receiver) for certain payroll information;
 - review of T4s for 2013 as prepared by former PRACS USA employee;
 - scanning and copying T4s for all 216 employees for Receiver records;
 - drafting cover letter to employees to accompany 2013 T4s;
 - mailing T4s for 2013 to 216 former employees;
 - following up with Sunlife Financial to understand status of PRACS pre-receivership employee benefit plan and why Sunlife is rejecting pre-receivership claims and referring employees to the receiver for payment of benefit claims;
 - responding to various payroll related enquiries from former employees;
 - responding to various enquiries from former employees re records of employment; and
 - responding to various enquiries from employees re proof of claim forms and applying for compensation under the *Wage Earner Protection Plan Act* ("WEPPA"), online WEPPA submissions, etc.;
- To attending to the Receiver's responsibilities under WEPPA. Update claims register to document employee claims and subrogation letters as received from Service Canada. Distribute copies of confirmations of WEPPA claims from Service Canada to employees via regular mail;
- To reviewing and commenting on draft s.246 interim report;

- To updating communications log to record for all inquiries received on the hotline and via email;
- To addressing incoming and redirected mail;
- To preparing and posting all status updates to the website pursuant to the Receivership order, including Freeport's court materials in respect of motion to lift stay and seek bankruptcy order;
- To setting up a pre-bankruptcy website to post motion materials in respect of motion to lift stay and seek bankruptcy order;
- To posting receipts and reviewing, approving and processing all disbursements in respect of operating expenses, contractor invoices, occupation rent, etc.;
- To bank reconciliation for March 2013;
- To beginning to draft affidavit of fees and accompanying schedules;
- Filing and document management; and
- All other matters not referred to above.

Detailed time dockets are available on request

Exhibit "C"

ONTARIO SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE RECEIVERSHIP OF
PRACS Institute Canada B.C. Ltd.

TIME SUMMARY

Time summary and applicable standard rates

<u>Staff Member</u>	<u>Number of Hours</u>	<u>Blended Hourly Rate</u>	<u>Amount \$</u>
SENIOR VICE PRESIDENT			
G. PRINCE	12.2	600	7,320.00
M PICKETT	363.2	600	217,920.00
J MOSKOFF	2.0	600	1,200.00
VICE PRESIDENT			
K KIMEL	101.5	500	50,750.00
T WEAVER	58.5	500	29,250.00
A HERNANDEZ IBANEZ	3.0	500	1,500.00
MANAGER			
C SHIU	7.5	350	2,625.00
SENIOR ASSOCIATE			
C WILSON	0.6	275	165.00
B. DEN OUDSTEN	261.3	275	71,857.50
D SMITH	8.8	275	2,420.00
ASSOCIATE			
S DE VERNEUIL	65.2	175	11,410.00
N CHTCHERBAKOVA	50.2	175	8,785.00
W PITTMAN	66.4	175	11,620.00
ADMINISTRATOR			
S MOORE	6.0	125	750.00
R BARKER	1.0	125	125.00
M KARUNARATNE	20.0	125	2,500.00
TOTAL	1,027.4		420,197.50

Average Hourly Amount

\$ 408.99

This is Exhibit "C" referred to in the
Affidavit of Tracey Weaver sworn before
me this 19th day of June, 2013.



A commissioner, etc.

Donald Pauline Smith, a
Commissioner, etc., Province of Ontario,
for PricewaterhouseCoopers Inc.,
Expires April 28, 2014.

TAB I

Court File No: CV-13-10046-00CL

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

B E T W E E N:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondent

APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
RSO 1990, c C43 and SECTION 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AFFIDAVIT OF MATTHEW KANTER

I, MATTHEW KANTER, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am an Associate at the law firm of Blake, Cassels & Graydon LLP ("**Blakes**"),
and as such have knowledge of the matters to which I hereinafter depose.
2. By Order of the Honourable Mr. Justice Wilton-Siegel dated March 22, 2013 (the
"**Appointment Order**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed receiver (the
"**Receiver**") of all of the assets, undertakings and properties of PRACS Institute Canada
B.C. LTD.

3. Pursuant to the Appointment Order, the Receiver retained Blakes to advise it with regards to the matters related to its appointment and the performance of its duties and powers.


4. Blakes' fees and disbursements for the period to June 14, 2013 are summarized in the invoices rendered to the Receiver (the "**Invoices**"). The Invoices are a fair and accurate description of the services provided, the disbursements incurred and the amounts charged by Blakes. The Invoices contain information and advice over which lawyer and client privilege is asserted. As a result, redacted copies of the Invoices are attached hereto and marked as **Exhibit "A"**. Copies of the complete Invoices have been provided to the Receiver and I am advised by the Receiver that the Receiver has reviewed the Invoices and that it considers the fees and disbursements fair and reasonable.

5. Attached hereto and marked as **Exhibit "B"** is a summary of the lawyers whose services are reflected on the Invoices, including year of call, hourly rate and the total fees and hours billed. This summary indicates an average hourly rate of \$529.17.

6. The total amount being claimed for the work performed by Blakes for the period to June 14, 2013 is \$294,255.76, including \$258,129.00 for fees, \$2,313.65 for disbursements and \$33,813.11 for HST.

7. This affidavit is sworn in support of the Receiver's motion for, among other things, approval of its fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN BEFORE ME at the
City of Toronto, this
day of June, 2013



A Commissioner for Taking Affidavits, etc.
Linc Rogers

)
)
)
)
)



MATTHEW KANTER

This is **Exhibit "A"** referred to in the Affidavit of
Matthew Kanter sworn the 18th day of June, 2013

A handwritten signature in cursive script, appearing to read "Linc Rogers", written over a horizontal line.

A Commissioner, etc.

Linc Rogers

PERIOD TO JUNE 14, 2013

Period Ending	Fees	Disb. Subject to HST	Disb. Not Subject to HST	Subtotal	HST	Total	Hours
March 31, 2013	\$63,248.50	\$264.04	\$35.00	\$63,547.54	\$8,256.64	\$71,804.18	115.8
April 30, 2013	\$132,908.00	\$909.74	\$143.00	\$133,960.74	\$17,396.30	\$151,357.04	246.5
June 14, 2013	\$61,972.50	\$797.97	\$163.90	\$62,934.37	\$8,160.17	\$71,094.54	125.5
Totals:	\$258,129.00	\$1,971.75	\$341.90	\$260,442.65	\$33,813.11	\$294,255.76	487.8

Average Hourly Rate:

\$529.17



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

INVOICE

Please write invoice
number(s) on cheque

April 24, 2013

PricewaterhouseCoopers Inc.
PWC Tower
18 York Street
Suite 2600
Toronto, ON M5J 0B2
Canada

Invoice: 1694925
Billing Lawyer: Rogers, Linc
HST/GST No.: R119396778
Client: 00028438
Matter: 000126

Attention: Michelle Pickett
Partner

Re: PRACS Institute Canada B.C. Ltd.

FOR PROFESSIONAL SERVICES RENDERED
as set out in the attached printout:

BALANCE DUE IN CANADIAN CURRENCY

\$ 71,804.18 CAD

Remittance Instructions

*** Terms: Due and Payable Upon Receipt ***

If paying by cheque, please make cheque payable to **Blake, Cassels & Graydon LLP**. Please remit this page with payment.
If wiring funds, please refer to the appropriate section below for instructions:

Canadian Funds Wiring Instructions:

Canadian Imperial Bank of Commerce
Main Branch, Commerce Court West
Toronto, Ontario M5L 1A2
Transit No.: 00002

Swiftcode: CIBCCATT
Beneficiary: Blake Cassels & Graydon LLP
Account No.: 000021602012
Reference: Invoice No. 1694925

If you wish further instructions please contact Janet Randall at 416-863-3272.

Interest at the rate of 4.6% per annum will be charged on all amounts not paid within one month of delivery of this invoice.

REMITTANCE PAGE



Blake, Cassels & Graydon LLP
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April 24, 2013

PricewaterhouseCoopers Inc.
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Invoice: 1694925
Billing Lawyer: Rogers, Linc
HST/GST No.: R119396778
Client: 00028438
Matter: 000126

Attention: Michelle Pickett
Partner

Re: PRACS Institute Canada B.C. Ltd.

FOR PROFESSIONAL SERVICES RENDERED
during the period ended March 31, 2013, as follows:

Total Fees \$ 63,248.50

Taxable Disbursement(s)

On-Line Service Fee	\$ 4.50
PPSA - Online (Cert. & Uncert.)	18.00
Profile Report - Online	12.00
Search Fees	76.00
Transportation	153.54

\$ 264.04

Non-taxable Disbursement(s)

Government Fees	\$ 24.00
Third Party Fee - Non Taxable	11.00

\$ 35.00

Harmonized Sales Tax (13%)

8,256.64

TOTAL DUE IN CANADIAN CURRENCY

\$ 71,804.18 CAD



Invoice: 1694925
Date: April 24, 2013
Page: 2

Re: PRACS Institute Canada B.C. Ltd. (000126)

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
03/21/13	Kanter, Matthew	Corresponding with L. Rogers regarding	0.2	445.00	\$ 89.00
03/21/13	Rogers, Linc	Reviewing draft materials and various preparatory matters in connection with proposed receivership filing; correspondence with M. Kanter regarding same.	2.0	700.00	1,400.00
03/22/13	Kanter, Matthew	Reviewing receivership application including notice, draft order and Marino affidavit; preparing for and attending court hearing; reviewing receivership issues and consents; corresponding with L. Rogers regarding reviewing application record; reviewing credit agreement reviewing documents from lenders; corresponding with L. Rogers regarding ; drafting initial service list; running corporate searches against debtor in receivership; begin reviewing security agreement.	6.1	445.00	2,714.50
03/22/13	Rogers, Linc	Reviewing and commenting on draft receivership materials; various discussions throughout the day regarding same; attending court regarding receivership appointment.	6.0	700.00	4,200.00
03/22/13	Weinrib, Laura	Reviewing proposed affidavit for receivership and advising L. Rogers regarding	1.2	595.00	714.00
03/23/13	Kanter, Matthew	Conference call with L. Rogers, M. Pickett, K. Kimel and L. Weinrib; follow-up with L. Rogers regarding ; begin drafting letters to interested parties.	2.5	445.00	1,112.50
03/23/13	Rogers, Linc	Conference call with working group regarding identifying reviewing and considering various strategic matters.	2.5	700.00	1,750.00
03/23/13	Weinrib, Laura	Reviewing various documents and correspondence regarding the PRACS receivership and regarding same; conference call with K. Kimel, M. Pickett, L. Rogers and M. Kanter	3.4	595.00	2,023.00
03/24/13	Kanter, Matthew	Drafting letters regarding receivership and	7.3	445.00	3,248.50



Invoice: 1694925
 Date: April 24, 2013
 Page: 3

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		consequences to:			
		revising same; corresponding with L. Weinrib regarding			
		e-mail to PwC regarding			
		reviewing all real property leases; drafting e-mail memo to L. Rogers regarding			
03/24/13	Rogers, Linc	Reviewing and commenting on draft notice letters e-mail correspondence regarding same.	1.5	700.00	1,050.00
03/24/13	Weinrib, Laura	Reviewing further documents and correspondence regarding the PRACS receivership and clinical trial issues and narcotics dealer licence issues regarding same; correspondence to L. Rogers and K. Kimel reviewing proposed letters	4.3	595.00	2,558.50
		regarding same and providing comments to M. Kanter regarding			
03/25/13	Chan, Catherine M.	Conducted BC corp and BC PPSA searches against Pracs Institute Canada B.C. Ltd. and 0935867 B.C. Ltd.; drafting and faxing BC execution search requests to agents as per F. Gogarty.	0.4	110.00	44.00
03/25/13	Kanter, Matthew	Revising letters to interested parties regarding receivership reviewing lease; meeting with L. Rogers and J. Grignano regarding calls with M. Pickett and K. Kimel regarding reviewing	6.5	445.00	2,892.50
		reviewing correspondence with W. Mee regarding			
03/25/13	Mee, Wendy	Considering question from M. Kanter regarding and review of informed consent form.	1.8	570.00	1,026.00
03/25/13	Rogers, Linc	Reviewing and commenting on draft correspondence; various e-mail correspondence with working group; conference call with various members of the working group; discussion with J. Willis regarding	4.5	700.00	3,150.00



Invoice: 1694925
 Date: April 24, 2013
 Page: 4

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
03/25/13	Thompson, Nancy	Receiving instructions from M. Kanter; arranging for corporate, PPSA and execution searches in B.C. against PRACS Institute; reviewing search results; conducting PPSA search in Ontario; arranging for execution search in Ontario; arranging for BC PPSA and execution searches against previous name; arranging for Ontario execution search against previous name; conducting PPSA search against previous name; reviewing search results; e-mail message to M. Kanter forwarding search results.	0.7	310.00	217.00
03/25/13	Weinrib, Laura	Reviewing further proposed revisions to letters regarding receivership and ; drafting further comments to each of same; discussion with K. Kimel regarding considering further requirements regarding same; considering issue regarding	3.4	595.00	2,023.00
03/25/13	Willis, Jenna	Receiving instructions from L. Rogers regarding template APA's; reviewing application record and PwC's precedent terms of sale.	0.7	445.00	311.50
03/26/13	Kanter, Matthew	Drafting 4 letters regarding -reviewing issues regarding the transfer of electronic clinical trial records; calls with L. Rogers, M. Pickett and K. Kimel regarding ; meeting with A. York regarding ; call with W. Mee and K. Kimel regarding ; call with representative of sponsor drafting internal memo regarding revising employment agreement regarding A. York comments.	6.7	445.00	2,981.50
03/26/13	Mee, Wendy	Corresponding with K. Kimel and others regarding	2.2	570.00	1,254.00
03/26/13	Rogers, Linc	Various conference calls, e-mail exchanges and review of documentation in connection	3.0	700.00	2,100.00



Invoice: 1694925
Date: April 24, 2013
Page: 5

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		with receivership sale process, confidentiality issues and regulatory matters.			
03/26/13	Weinrib, Laura	Reviewing proposed letters regarding and considering regulatory issues regarding same; reviewing ongoing clinical study contracts reviewing various correspondence regarding	1.7	595.00	1,011.50
03/26/13	Willis, Jenna	Drafting asset purchase agreement.	5.7	445.00	2,536.50
03/26/13	York, Andrea J.	Discussing with M. Kanter; reviewing and revising ; e-mailing M. Kanter regarding	1.6	595.00	952.00
03/27/13	Kanter, Matthew	PRACS site visit in Mississauga; reviewing previous Asset Purchase Agreement and Schedules regarding property of the debtor; reviewing Study Agreement regarding ; reviewing Seller Disclosure Schedules regarding drafting/revising memo regarding same revising draft confidentiality agreement.	7.1	445.00	3,159.50
03/27/13	Mee, Wendy	Reviewing e-mail exchanges relating to PRACS receivership; e-mail to K. Kimel regarding	0.5	570.00	285.00
03/27/13	Rogers, Linc	Site visit to Mississauga clinic; extensive e-mail correspondence regarding various issues including ; various telephone discussions regarding same.	5.0	700.00	3,500.00
03/27/13	Weinrib, Laura	Considering investigational medicinal products and regulatory issues regarding same; drafting appropriate representation regarding same; instructions to T. Wong regarding intellectual property searches.	0.9	595.00	535.50
03/27/13	Willis, Jenna	Drafting asset purchase agreement.	2.1	445.00	934.50
03/27/13	Wong, Thomas	Performing intellectual property searches.	1.2	445.00	534.00
03/28/13	Kanter, Matthew	Reviewing/revising notice of sale; reviewing settlement offer and related issues; meeting with L. Rogers regarding same; call with M. Pickett, K. Kimel and L. Rogers regarding	8.9	445.00	3,960.50



Invoice: 1694925
Date: April 24, 2013
Page: 6

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		; drafting/revising settlement agreement regarding further revising settlement agreement			
		reviewing precedent regarding reviewing Scarborough and Mississauga equipment listings; call with M. Pickett and L. Rogers regarding			
03/28/13	Rogers, Linc	Reviewing and revising draft APA ; extensive discussions throughout the day with client regarding	6.9	700.00	4,830.00
		; extensive e-mail correspondence in connection with same with working group.			
03/28/13	Weinrib, Laura	Considering	0.4	595.00	238.00
03/28/13	Willis, Jenna	Continuing to draft asset purchase agreement.	2.1	445.00	934.50
03/29/13	Rogers, Linc	Reviewing and commenting on revised APA; reviewing and commenting on draft settlement agreement ; e-mail exchanges with working group throughout the day.	3.0	700.00	2,100.00
03/29/13	Willis, Jenna	Revising asset purchase agreement.	1.3	445.00	578.50
03/30/13	Willis, Jenna	Reviewing internal correspondence regarding draft template asset purchase agreement.	0.2	445.00	89.00
03/31/13	Rogers, Linc	E-mail correspondence regarding APA and responses to notices of sale.	0.3	700.00	210.00
Total Fees for this Matter					\$ 63,248.50

Matter Timekeeper Summary

	ID	Hours	Rate	Amount
Chan, Catherine M.	CNC	0.4	\$ 110.00	\$ 44.00
Kanter, Matthew	MTE	45.3	445.00	20,158.50
Mee, Wendy	WEN	4.5	570.00	2,565.00
Rogers, Linc	LCR	34.7	700.00	24,290.00
Thompson, Nancy	NAB	0.7	310.00	217.00
Weinrib, Laura	LMW	15.3	595.00	9,103.50
Willis, Jenna	WLS	12.1	445.00	5,384.50



Invoice: 1694925
 Date: April 24, 2013
 Page: 7

Matter Timekeeper Summary

	ID	Hours	Rate	Amount
Wong, Thomas	TW	1.2	445.00	534.00
York, Andrea J.	AJY	1.6	595.00	952.00
	Total	115.8		\$ 63,248.50

Taxable Disbursement(s)

On-Line Service Fee	\$ 4.50	
PPSA - Online (Cert. & Uncert.)	18.00	
Profile Report - Online	12.00	
Search Fees	76.00	
Transportation	153.54	
		\$ 264.04

Non-taxable Disbursement(s)

Government Fees	\$ 24.00	
Third Party Fee - Non Taxable	11.00	
		\$ 35.00

Harmonized Sales Tax (13%)
8,256.64
Total Due for this Matter in Canadian Currency
\$ 71,804.18 CAD



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Toronto ON M5L 1A9 Canada
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INVOICE

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number(s) on cheque

May 10, 2013

PricewaterhouseCoopers Inc.
PWC Tower
18 York Street
Suite 2600
Toronto, ON M5J 0B2
Canada

Invoice: 1698447
Billing Lawyer: Rogers, Linc
HST/GST No.: R119396778
Client: 00028438
Matter: 000126

Attention: Michelle Pickett
Partner

Re: PRACS Institute Canada B.C. Ltd.

FOR PROFESSIONAL SERVICES RENDERED
as set out in the attached printout:

BALANCE DUE IN CANADIAN CURRENCY

\$ 151,357.04 CAD

Remittance Instructions

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Toronto, Ontario M5L 1A2
Transit No.: 00002

Swiftcode: CIBCCATT
Beneficiary: Blake Cassels & Graydon LLP
Account No.: 000021602012
Reference: Invoice No. 1698447

If you wish further instructions please contact Janet Randall at 416-863-3272.

Interest at the rate of 4.5% per annum will be charged on all amounts not paid within one month of delivery of this invoice.

PAGE
REMITTANCE



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
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Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
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May 10, 2013

PricewaterhouseCoopers Inc.
PWC Tower
18 York Street
Suite 2600
Toronto, ON M5J 0B2
Canada

Invoice: 1698447
Billing Lawyer: Rogers, Linc
HST/GST No.: R119396778
Client: 00028438
Matter: 000126

Attention: Michelle Pickett
Partner

Re: PRACS Institute Canada B.C. Ltd.

FOR PROFESSIONAL SERVICES RENDERED
during the period ended April 30, 2013, as follows:

Total Fees \$ 132,908.00

Taxable Disbursement(s)

Computer Research	\$ 31.04
Courier	151.40
Duplicating	553.75
On-Line Service Fee	1.50
PPSA - Online (Cert. & Uncert.)	18.00
Search Fees	7.00
Sheriff's Certificate	136.90
Telephone/Facsimile	10.15

\$ 909.74

Non-taxable Disbursement(s)

Court Fees	\$ 127.00
Government Fees	16.00

\$ 143.00

Harmonized Sales Tax (13%)

17,396.30

TOTAL DUE IN CANADIAN CURRENCY

\$ 151,357.04 CAD



Invoice: 1698447
 Date: May 10, 2013
 Page: 2

Re: PRACS Institute Canada B.C. Ltd. (000126)

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
03/25/13	Gogarty, Fiona	Arranging for British Columbia Personal Property Security Act search and corporate search to be conducted against PRACS Institute of Canada B.C. Ltd.; ordering an Ontario execution search against same; receiving and reviewing results; forwarding all to N. Thompson.	0.3	130.00	\$ 39.00
03/26/13	Gogarty, Fiona	Conducting full Ontario provincial writ searches against PRACS Institute of Canada B.C. Ltd. and 0935867 B.C. Ltd.; requesting, receiving and reviewing requested search results from Blakes British Columbia office; forwarding all results to N. Thompson.	0.6	130.00	78.00
03/29/13	Kanter, Matthew	Reviewing/revising final confidentiality agreement regarding reviewing/revising the asset list; revising settlement agreement per reviewing/revising asset purchase agreement.	3.1	445.00	1,379.50
04/01/13	Kanter, Matthew	Reviewing revised APA and comments thereto; reviewing documents for security review; meeting with L. Rogers regarding revising settlement agreement drafting security opinion; call with K. Kimel regarding ; call with K. Kimel and L. Rogers regarding reviewing and e-mails to K. Kimel regarding same.	6.8	445.00	3,026.00
04/01/13	Rogers, Linc	Reviewing and commenting on revised template asset purchase agreement; reviewing and commenting on revised settlement agreement extensive e-mail correspondence throughout the day regarding extensive telephone discussions with client throughout the day regarding various inter-office meetings with M. Kanter and J. Willis regarding discussion with M. Kanter regarding	4.8	700.00	3,360.00
04/01/13	Weinrib, Laura	Considering sponsor study agreement and ownership of study information.	0.2	595.00	119.00



Invoice: 1698447
 Date: May 10, 2013
 Page: 3

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
04/01/13	Willis, Jenna	Reviewing comments on template asset purchase agreement received; correspondence regarding same; drafting cover letter for template asset purchase agreement.	2.0	445.00	890.00
04/02/13	Kanter, Matthew	Drafting security review; e-mail to B. Harrison regarding reviewing issue regarding sponsor clinical trial property; e-mail to PwC regarding reviewing lab contracts; e-mail to M. Pickett regarding; draft letter to regarding advising the Receiver of sponsor requests for data.	3.5	445.00	1,557.50
04/02/13	Rogers, Linc	Various e-mail exchanges with working group throughout the day regarding issues in connection with proposed sale process; various discussions throughout the day with working group regarding reviewing and commenting on revised template APA; reviewing and commenting on draft correspondence to stakeholders.	4.2	700.00	2,940.00
04/02/13	Weinrib, Laura	Considering Master Services CRO Agreement with sponsor; summary analysis of same; reviewing various Cetero (PRACS) research agreements; providing a summary analysis of each contract	2.7	595.00	1,606.50
04/03/13	Kanter, Matthew	Reviewing APA issue regarding; reviewing revisions to settlement agreement; call with J. Willis and M. Pickett regarding reviewing U.S. chapter 7 trustee motion to convert to chapter 11; reviewing Confidentiality agreement; call with M. Pickett and sponsor regarding e-mail B. Harrison regarding revising letter to OmniComm regarding reviewing/commenting on confidentiality agreement; call with M. Pickett	4.6	445.00	2,047.00



Invoice: 1698447
 Date: May 10, 2013
 Page: 4

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		regarding			
04/03/13	Rogers, Linc	Extensive e-mail correspondence, telephone discussions, inter-office meetings regarding throughout the day	4.0	700.00	2,800.00
04/03/13	Weinrib, Laura	Correspondence to M. Kanter regarding ; e-mail to K. Kimel regarding	0.3	595.00	178.50
04/04/13	Kanter, Matthew	Reviewing Soundair case and precedent regarding factors to approve receiver's sale of assets; call with L. Rogers, L. Weinrib, W. Mee, M. Pickett and K. Kimel regarding drafting letter to sponsor study subjects regarding drafting/revising letter to all sponsors regarding reviewing sponsor informed consent forms regarding patient data.	6.1	445.00	2,714.50
04/04/13	Mee, Wendy	Call with PwC and others regarding ; reviewing and providing comments on notice to sponsor study subjects regarding	3.0	570.00	1,710.00
04/04/13	Rogers, Linc	Various e-mail exchanges throughout the day with working group and various deal related matters; attending all hands conference call to deal with various inter-office meetings and one off telephone discussions with working group members.	4.0	700.00	2,800.00
04/04/13	Weinrib, Laura	Preparing for and participating in conference call with K. Kimel, M. Pickett, L. Rogers and M. Kanter regarding considering issue regarding	2.5	595.00	1,487.50
04/05/13	Kanter, Matthew	Revising letter to ; revising letter to call with U.S. Trustee of chapter 7 case and their counsel, L. Rogers, M. Pickett and K. Kimel regarding ; call with	2.3	445.00	1,023.50



Invoice: 1698447
 Date: May 10, 2013
 Page: 5

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		L. Rogers, M. Pickett, M. Gries and OmniComm regarding			
04/05/13	Mee, Wendy	E-mail from M. Kanter regarding	0.1	570.00	57.00
04/05/13	Rogers, Linc	Preparing for and attending various conference calls relating to various discussions with M. Pickett and K. Kimel relating to inter-office meetings with M. Kanter regarding-	3.0	700.00	2,100.00
04/06/13	Kanter, Matthew	Drafting Receiver consent (and release of liability)	0.5	445.00	222.50
04/08/13	Kanter, Matthew	Revising letter to ; revising consent regarding same; reviewing e-mails to ; reviewing security opinions from Owens Wright and Lawson Lundell; call with K. Kimel regarding ; e-mail to W. Mee and L. Weinrib regarding continue revising PRACS security opinion; reviewing PRACS annual report and related issues; responding to Torgs diligence request.	4.7	445.00	2,091.50
04/08/13	Mee, Wendy	E-mail to K. Kimel and M. Kanter regarding	0.5	570.00	285.00
04/08/13	Rogers, Linc	Various telephone calls with M. Pickett regarding inter-office meetings with M. Kanter and reviewing and commenting on draft correspondence; discussions with potential purchasers regarding various call with counsel to the secured lender.	3.9	700.00	2,730.00
04/09/13	Kanter, Matthew	Reviewing diligence requests and Receiver statement; further revising security review; review Cetero v. Patel and Cetero v. Salapatek litigation and related issues; circulating same to reviewing issues regarding	3.1	445.00	1,379.50
04/09/13	Mee, Wendy	E-mail to K. Kimel regarding	0.3	570.00	171.00



Invoice: 1698447
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Page: 6

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
04/09/13	Rogers, Linc	Various discussions with client regarding ; various e-mail correspondence regarding same.	2.2	700.00	1,540.00
04/10/13	Kanter, Matthew	Reviewing e-mail from B. Harrison ; e-mail to L. Rogers regarding finalizing sponsor letter and call with K. Kimel regarding ; reviewing all 8 offers to purchase PRACS' assets; drafting vesting order, discharge order, notice of motion and factum regarding approval of sale and granting of vesting order.	4.9	445.00	2,180.50
04/10/13	Mee, Wendy	Considering question from K. Kimel regarding	1.0	570.00	570.00
04/10/13	Rogers, Linc	Discussion with potential purchasers regarding ; preliminary review of bids for business; e-mail correspondence regarding outstanding matters; various discussions with M. Pickett regarding conference call with B. Harrison regarding	1.5	700.00	1,050.00
04/11/13	Kanter, Matthew	Revising notice of motion regarding sale approval and vesting order and discharge; revising sale approval and vesting order regarding winning purchaser offer; revising proposed discharge order; call with L. Rogers and M. Pickett (partial) regarding reviewing bid summaries ; conference call with L. Rogers and M. Pickett regarding	2.9	445.00	1,290.50
04/11/13	Rogers, Linc	E-mail correspondence regarding and related and ancillary issues; conference call regarding same; various follow up communications and discussions.	1.5	700.00	1,050.00
04/12/13	Kanter, Matthew	Reviewing additional bids and bid summary; e-mails to	1.2	445.00	534.00



Invoice: 1698447
 Date: May 10, 2013
 Page: 7

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
04/12/13	Rogers, Linc	Various discussions with M. Pickett regarding ; reviewing and revising draft e-mail to ; e-mail correspondence regarding	1.5	700.00	1,050.00
04/13/13	Rogers, Linc	E-mail correspondence regarding status conference call and related issues.	0.2	700.00	140.00
04/14/13	Rogers, Linc	Preparing for and attending conference call with M. Pickett and B. Harrison regarding	1.0	700.00	700.00
04/15/13	Kanter, Matthew	Drafting language regarding third-party property protocol; revising sale approval and vesting order regarding same; revising factum regarding revised APA; call with M. Pickett regarding ; reviewing and providing comments to same; reviewing letters from Landlord regarding occupation rent.	3.8	445.00	1,691.00
04/15/13	Rogers, Linc	Various discussions with M. Kanter regarding ; reviewing correspondence provided by counsel to landlord; discussion with M. Pickett regarding e-mail correspondence to counsel to landlord.	1.5	700.00	1,050.00
04/16/13	Kanargelidis, Greg	Receiving voicemail from L. Rogers raising goods and services tax issues ; engaged considering same.	0.2	725.00	145.00
04/16/13	Kanter, Matthew	Revising third-party property protocol; revising factum regarding sales process and asset purchase agreement; call with Standard Life (landlords) regarding occupation rent; further revising notice of motion, sale approval and vesting order and discharge order for May 1 hearing; revising asset purchase agreement and third-party property protocol	6.5	445.00	2,892.50
04/16/13	Rogers, Linc	Attending conference call with regarding lengthy discussions with M. Pickett regarding call with	5.1	700.00	3,570.00



Invoice: 1698447
Date: May 10, 2013
Page: 8

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		L. Cassey regarding reviewing and revising draft APA; discussion with M. Kanter regarding I.			
04/16/13	Weinrib, Laura	Considering proposed third-party protocol for dealing with sponsor's samples, data and patient personal information.	0.7	595.00	416.50
04/17/13	Kanargelidis, Greg	Engaged considering goods and services tax election issues.	0.6	725.00	435.00
04/17/13	Kanter, Matthew	Finalizing Blakes' comments to the asset purchase agreement; calls with L. Weinrib regarding continue revising asset purchase agreement regarding additional comments; revising service list for service of notice of motion; further revising (i) security opinion regarding Freeport security, (ii) notice of motion, (iii) sale approval and vesting order, (iv) discharge order for May 1 hearing; circulating revised asset purchase agreement to	7.3	445.00	3,248.50
04/17/13	Rogers, Linc	Reviewing and revising draft asset purchase agreement; various discussions with M. Pickett regarding various inter-office meetings with M. Kanter regarding extensive e-mail exchanges regarding same.	4.0	700.00	2,800.00
04/17/13	Weinrib, Laura	Considering asset purchase agreement and related proposed third-party protocol for dealing with sponsor's samples, data and patient personal information; discussion with M. Kanter regarding reviewing revised protocol and drafting revisions to same.	1.7	595.00	1,011.50
04/17/13	York, Andrea J.	Discussion with L. Rogers regarding	0.3	595.00	178.50
04/18/13	Kanargelidis, Greg	Considering goods and services tax section 167 election issues; composing e-mail to L. Rogers regarding	1.5	725.00	1,087.50
04/18/13	Kanter, Matthew	Revising APA reviewing revised APA from Torys; revising same; numerous calls with M. Pickett and L. Rogers regarding	6.1	445.00	2,714.50



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		e-mails to L. Cassey regarding same and responding to questions from finalizing APA; revising/finalizing asset lists and schedules.			
04/18/13	Rogers, Linc	Reviewing and revising draft asset purchase agreement; various lengthy discussions with M. Pickett and M. Kanter regarding e-mail correspondence with counsel for purchasers regarding discussions with K. Kimel regarding discussions with M. Pickett regarding	5.5	700.00	3,850.00
04/19/13	Kanter, Matthew	E-mails to L. Cassey regarding questions on revising/finalizing/executing APA; reviewing patient consents regarding patient ownership of information; calls with M. Pickett regarding drafting/revising letter to clinical trial sponsors regarding circulating same to for review; revising	3.7	445.00	1,646.50
04/19/13	Rogers, Linc	Finalizing comments on APA; commenting on e-mail correspondence with	1.5	700.00	1,050.00
04/19/13	Weinrib, Laura	Reviewing proposed letter to sponsors providing comments and suggested changes	0.5	595.00	297.50
04/19/13	Willis, Jenna	Receiving instructions from L. Rogers regarding	0.3	445.00	133.50
04/21/13	Kanter, Matthew	Revising letter to and circulating same for comments; revising vesting order, notice of motion and factum regarding finalized/executed asset purchase agreement.	2.4	445.00	1,068.00
04/21/13	Willis, Jenna	Reviewing executed asset purchase agreement; drafting closing agenda.	1.4	445.00	623.00
04/22/13	Kanargelidis, Greg	Receive e-mail from M. Kanter regarding engaged regarding same.	0.5	725.00	362.50



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
04/22/13	Kanter, Matthew	Call with M. Pickett regarding revising same; corresponding with Torys regarding same; researching issues regarding expedited sales processes e-mail with G. Kanargelidis regarding reviewing sponsor contracts regarding	5.6	445.00	2,492.00
04/22/13	Rogers, Linc	E-mail correspondence regarding discussion with M. Pickett regarding discussion with J. Willis regarding discussion with M. Kanter regarding discussion with counsel to secured lenders regarding	2.8	700.00	1,960.00
04/23/13	Adelson, Benjamin	Researching and considering expedited sale of a debtor's assets	1.7	235.00	399.50
04/23/13	Kanter, Matthew	Researching expedited sales process approval issues; reviewing secured creditor consent issues; revising letter to sponsors; continue reviewing sponsor contracts regarding call with L. Weinrib regarding same; call with M. Pickett and L. Rogers regarding reviewing Escrow Agreement regarding reviewing/revising Receiver's First Report to Court; reviewing/revising closing documents; revising notice of motion and approval and vesting order regarding Receiver's Report; e-mails to W. Mee and L. Weinrib regarding including regarding	10.9	445.00	4,850.50
04/23/13	Mee, Wendy	Call with M. Kanter relating to requests	0.2	570.00	114.00
04/23/13	Rogers, Linc	Various discussions with M. Pickett regarding discussions with M. Kanter regarding same; e-mail exchanges with working group regarding same.	3.5	700.00	2,450.00



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
04/23/13	Weinrib, Laura	Reviewing various sponsor study contracts with PRACS Canada and PRACS US considering issues and risks regarding same; discussion with M. Kanter regarding considering further issues regarding access to employee files for audit purposes.	2.4	595.00	1,428.00
04/23/13	Willis, Jenna	Drafting ancillary closing documents.	2.1	445.00	934.50
04/24/13	Helbronner, Caroline	Engaged regarding defined contribution pension plan commentary for draft report; discussions with M. Kanter and L. Rogers;	1.3	710.00	923.00
04/24/13	Kanter, Matthew	Revising multiple drafts of Receiver's Report; revising notice of motion, vesting order and factum regarding same; preparing motion record to file; reviewing pension documents regarding defined contribution pension plan with FSCO; calls and e-mails with C. Helbronner regarding call with M. Pickett regarding	10.8	445.00	4,806.00
04/24/13	Rogers, Linc	Extensive e-mail correspondence throughout the day in connection with outstanding issues on reviewing and revising receiver's report, notice of motion and draft order; various telephone conversations with M. Pickett regarding various inter-office meetings with M. Kanter regarding	7.7	700.00	5,390.00
04/24/13	Weinrib, Laura	Considering proposed receiver report	0.3	595.00	178.50
04/25/13	Kanter, Matthew	Finalizing motion materials; serving same; revising factum regarding finalized motion materials; call with M. Pickett, L. Rogers and M. Gries regarding research regarding sealing commercial terms of APAs and bid summaries; call with L. Cassey regarding additional research regarding confidentiality issues; expedited sales processes and secured creditor consent to expedited sales.	10.1	445.00	4,494.50
04/25/13	Rogers, Linc	Reviewing and revising draft report; reviewing and revising draft notice of motion for sale approval; various e-mails in connection with same; discussion with M. Pickett and M.	3.7	700.00	2,590.00



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		Kanter regarding discussion with L. Ellis, Pickett regarding discussion with M.			
04/26/13	Hafizi, Bahar	Reviewing and drafting correspondence regarding opinion matters.	0.2	475.00	95.00
04/26/13	Hennigar, A. Francesca	Reviewing security opinion and underlying searches.	0.9	400.00	360.00
04/26/13	Kanter, Matthew	Revising factum and researching issues regarding same; revising Bid Summary; preparing to file same; corresponding with L. Rogers regarding e-mails to B. Hafizi regarding	5.6	445.00	2,492.00
04/26/13	Rogers, Linc	Extensive e-mail correspondence throughout the day regarding various matters in connection with various discussions with M. Kanter throughout the day regarding various discussions with M. Pickett regarding discussion with counsel to sponsor regarding	2.5	700.00	1,750.00
04/28/13	Kanter, Matthew	Finalizing security opinion based on ; corresponding with N. Thompson regarding final Ontario company search; revising/finalizing factum ; making book of authorities for factum; compiling information for filing motion record and factum corresponding with L. Rogers reviewing Receiver's report regarding expedited sales process issues; reviewing precedent factum regarding Soundair issues; reviewing/revising closing agenda and closing documents; circulating closing documents to purchasers' counsel; e-mails to L. Rogers regarding	6.3	445.00	2,803.50
04/28/13	Rogers, Linc	Reviewing and commenting on draft factum, reviewing case law in connection with same, e-mail correspondence with various inter-office meetings with M. Kanter; reviewing and commenting on draft closing agenda and draft closing documents;	3.8	700.00	2,660.00



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		reviewing and commenting on draft security opinion.			
04/29/13	Chan, Catherine M.	Conducted historical BC corporate search against 0935870 B.C. Ltd. as per N. Thompson.	0.2	110.00	22.00
04/29/13	Kanargelidis, Greg	Engaged preparing section 167 GST elections.	1.0	725.00	725.00
04/29/13	Kanter, Matthew	Filing motion record; calls with M. Pickett regarding completing book of authorities; reviewing final changes to factum; revising, finalizing, serving and filing factum and book of authorities; preparing closing documents and materials; responding to questions from purchasers; corresponding with G. Kanargelidis and purchasers' counsel regarding ; calls and e-mails with L. Cassey and G. Crossman regarding ; various discussions with L. Rogers.	5.7	445.00	2,536.50
04/29/13	Litigation Services	Filed Motion material.			25.00
04/29/13	Rogers, Linc	Discussion with M. Pickett regarding reviewing comments by M. Pickett on various discussions with M. Kanter regarding same; e-mail correspondence with counsel to landlord.	1.6	700.00	1,120.00
04/29/13	Thompson, Nancy	Receiving instructions from M. Kanter; conducting corporate search in Ontario for PRACS Institute; e-mail message to M. Kanter forwarding Ontario corporation profile report; e-mail messages from and to M. Kanter regarding same; e-mail messages from and to M. Kanter regarding second numbered B.C. company; arranging for corporate search and forwarding corporation profile report to M. Kanter.	0.8	310.00	248.00
04/30/13	Kanter, Matthew	Reviewing case : reviewing/revising PwC letter to landlords; drafting/revising e-mail to regarding call with L. Rogers, M.	5.9	445.00	2,625.50



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		Pickett, L. Cassey, B. Tigchelaar and P. Brent regarding finalizing vesting order; reviewing/revising closing documents regarding Purchaser comments; preparing for sale approval hearing tomorrow; discussion with A. York regarding			
04/30/13	Rogers, Linc	Reviewing court materials in preparation for sale approval motion; various conversations with M. Pickett regarding conference call with purchaser's counsel regarding closing issues; e-mail correspondence regarding same.	3.9	700.00	2,730.00
04/30/13	York, Andrea J.	Discussion with M. Kanter; reviewing and revising draft of e-mail prepared by M. Kanter regarding	0.9	595.00	535.50
Total Fees for this Matter					\$ 132,908.00

Matter Timekeeper Summary

	ID	Hours	Rate	Amount
Adelson, Benjamin	BJL	1.7	\$ 235.00	\$ 399.50
Chan, Catherine M.	CNC	0.2	110.00	22.00
Gogarty, Fiona	FIG	0.9	130.00	117.00
Hafizi, Bahar	BBH	0.2	475.00	95.00
Helbronner, Caroline	CLH	1.3	710.00	923.00
Hennigar, A. Francesca	FXH	0.9	400.00	360.00
Kanargelidis, Greg	GK	3.8	725.00	2,755.00
Kanter, Matthew	MTE	134.4	445.00	59,808.00
Litigation Services	LITG	0.0	0.00	25.00
Mee, Wendy	WEN	5.1	570.00	2,907.00
Rogers, Linc	LCR	78.9	700.00	55,230.00
Thompson, Nancy	NAB	0.8	310.00	248.00
Weinrib, Laura	LMW	11.3	595.00	6,723.50
Willis, Jenna	WLS	5.8	445.00	2,581.00
York, Andrea J.	AJY	1.2	595.00	714.00
Total		246.5		\$ 132,908.00



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Taxable Disbursement(s)

Computer Research	\$ 31.04
Courier	151.40
Duplicating	553.75
On-Line Service Fee	1.50
PPSA - Online (Cert. & Uncert.)	18.00
Search Fees	7.00
Sheriff's Certificate	136.90
Telephone/Facsimile	10.15

\$ 909.74

Non-taxable Disbursement(s)

Court Fees	\$ 127.00
Government Fees	16.00

\$ 143.00

Harmonized Sales Tax (13%)

17,396.30

Total Due for this Matter in Canadian Currency

\$ 151,357.04 CAD



Blake, Cassels & Graydon LLP
 Barristers & Solicitors
 Patent & Trade-mark Agents
 199 Bay Street
 Suite 4000, Commerce Court West
 Toronto ON M5L 1A9 Canada
 Tel: 416-863-2400 Fax: 416-863-2653

INVOICE

Please write invoice
 number(s) on cheque

June 17, 2013

PricewaterhouseCoopers Inc.
 PWC Tower
 18 York Street
 Suite 2600
 Toronto, ON M5J 0B2
 Canada

Invoice: 1704874
 Billing Lawyer: Rogers, Linc
 HST/GST No.: R119396778
 Client: 00028438
 Matter: 000126

Attention: Michelle Pickett
 Partner

Re: PRACS Institute Canada B.C. Ltd.

FOR PROFESSIONAL SERVICES RENDERED
 during the period ended June 14, 2013, as follows:

Total Fees \$ 61,972.50

Taxable Disbursement(s)

Computer Research	\$ 181.45
Courier	206.21
Duplicating	228.70
On-Line Service Fee	4.50
OnCorp PPSA (certified)	20.00
Profile Report - Online	36.00
Search Fees	84.00
Sheriff's Certificate	24.00
Telephone/Facsimile	13.11

\$ 797.97

Non-taxable Disbursement(s)

Government Fees	\$ 152.90
Third Party Fee - Non Taxable	11.00

\$ 163.90

Harmonized Sales Tax (13%)

8,160.17

TOTAL DUE IN CANADIAN CURRENCY

\$ 71,094.54 CAD



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Re: PRACS Institute Canada B.C. Ltd. (000126)

Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
04/02/13	Willis, Jenna	Revising and circulating template asset purchase agreement; drafting cover letter for circulation to interested parties.	1.9	445.00	\$ 845.50
04/03/13	Willis, Jenna	Reviewing M. Pickett's comments revising to reflect same; telephone call with M. Pickett regarding communications with L. Rogers regarding same.	1.7	445.00	756.50
04/04/13	Willis, Jenna	Correspondence with L. Rogers regarding bid deadline and submitted letter of intent.	0.2	445.00	89.00
04/09/13	Willis, Jenna	Reviewing and providing comment on M. Pickett's draft e-mail	0.3	445.00	133.50
04/10/13	Willis, Jenna	Receiving and very briefly reviewing the submitted bids.	0.4	445.00	178.00
04/12/13	Willis, Jenna	Reviewing correspondence of M. Kanter; obtaining copy of successful bid.	0.2	445.00	89.00
04/22/13	Willis, Jenna	Reviewing asset purchase agreement and drafting closing agenda based thereon; circulating same internally; drafting ancillary closing documents for L. Rogers.	1.8	445.00	801.00
05/01/13	Kanargelidis, Greg	Receive e-mail from M. Kanter and review additional information for goods and services tax election purposes.	0.3	725.00	217.50
05/01/13	Kanter, Matthew	Reviewing e-mail regarding preparing for and attending hearing regarding sale of assets; preparing for closing; calls with B. Tigchelaar regarding closing issues; reviewing/revising calls with M. Pickett regarding call with L. Cassey regarding closing issues; e-mail to G. Kanargelidis.	6.0	445.00	2,670.00
05/01/13	Rogers, Linc	Preparing for and attending court regarding sale approval motion; various e-mails in connection with sale; various discussions in connection with various discussions with M. Pickett regarding various inter-office meetings with M. Kanter regarding same.	4.0	700.00	2,800.00
05/01/13	Thompson, Nancy	Travelling to and from court office to deliver	0.8	310.00	248.00

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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		revised form of order.			
05/02/13	Kanargelidis, Greg	Engaged regarding preparation of goods and services tax elections; call from L. Rogers regarding engaged regarding same.	1.6	725.00	1,160.00
05/02/13	Kanter, Matthew	Preparing for closing; assembling and circulating signature packages; finalizing schedules to the APA and circulating same; calls with L. Cassey and G. Kanargelidis (regarding tax issues); reviewing joint tax election issues; e-mails to B. Tigchelaar and M. Pickett regarding ; multiple calls with M. Pickett regarding ; calls with M. Pickett, L. Cassey, B. Tigchelaar and L. Rogers regarding , calls with B. Tigchelaar and L. Rogers regarding ; continue preparing for closing and assembling closing documents.	7.3	445.00	3,248.50
05/02/13	Rogers, Linc	Attending to various matters in connection with pending PRACS sale closing including various e-mail correspondence and telephone discussions throughout the day regarding same.	2.5	700.00	1,750.00
05/02/13	Thompson, Nancy	Reviewing endorsement of Morawetz, J. from motion heard on May 1, 2013; preparing transcript; e-mail message to M. Kanter forwarding same.	0.7	310.00	217.00
05/03/13	Kanargelidis, Greg	Reviewing e-mail correspondence regarding	0.2	725.00	145.00
05/03/13	Kanter, Matthew	Preparing for closing of sale of PRACS' assets; multiple calls with M. Pickett, L. Cassey, L. Rogers and B. Tigchelaar regarding preparing/revising closing documents and receiver's certificate; meetings with L. Rogers to discuss ; closing transaction.	4.5	445.00	2,002.50
05/03/13	Rogers, Linc	Various e-mails, telephone calls, and inter-office discussions in connection with closing of PRACS sale; reviewing and finalizing documents in connection with closing.	2.0	700.00	1,400.00
05/06/13	Adelson, Benjamin	Retrieving original two copies of Receiver's Certificate from PwC.	0.5	235.00	117.50

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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
05/06/13	Kanter, Matthew	Finalizing and filing Receiver's Certificate; call with M. Pickett and L. Rogers regarding ; drafting/revising letters to Photocopy lessors regarding	2.8	445.00	1,246.00
05/06/13	Rogers, Linc	Discussion with M. Pickett regarding ; discussion with M. Kanter regarding same.	0.7	700.00	490.00
05/06/13	Willis, Jenna	Preparing documentation for record book.	0.2	445.00	89.00
05/07/13	Huff, Pamela L. J.	Discussion with L. Rogers regarding	0.2	800.00	160.00
05/07/13	Kanter, Matthew	Reviewing ; assembling closing documents and preparing closing book and index.	3.6	445.00	1,602.00
05/07/13	Rogers, Linc	Discussing priority issues ; with P. Huff; reviewing and commenting on draft letters prepared by M. Kanter; discussion with M. Pickett regarding	1.2	700.00	840.00
05/07/13	Willis, Jenna	Instructing M. Kanter regarding record books.	0.3	445.00	133.50
05/08/13	Kanter, Matthew	Call with M. Pickett regarding preparing/finalizing closing books; e-mails to L. Cassey regarding meeting with L. Rogers regarding closing; drafting/revising letters	3.7	445.00	1,646.50
05/08/13	Rogers, Linc	Discussion with M. Kanter regarding record books; reviewing draft correspondence prepared by M. Kanter to	0.3	700.00	210.00
05/09/13	Kanter, Matthew	Continue drafting/revising letters to purchasers regarding ; e-mails to B. Tigchelaar regarding	0.8	445.00	356.00
05/09/13	Rogers, Linc	Discussion with M. Kanter regarding follow up letter to purchasers; e-mail correspondence regarding post-closing matters.	0.5	700.00	350.00
05/10/13	Kanter, Matthew	E-mail to L. Cassey regarding closing documents, closing book and CD.	0.2	445.00	89.00
05/10/13	Rogers, Linc	Status update call with M. Pickett	0.2	700.00	140.00

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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
05/13/13	Kanter, Matthew	E-mails to L. Rogers regarding interim distribution motion and court date.	0.1	445.00	44.50
05/14/13	Kanter, Matthew	Meeting with L. Rogers regarding reviewing clinic leases regarding ; meeting with N. Thompson regarding fee affidavits; begin drafting notice of motion, draft order and factum regarding interim distribution motion, receiver's activities and fees.	6.4	445.00	2,848.00
05/14/13	Rogers, Linc	Discussion with M. Pickett regarding ; discussion regarding interim distribution and approval of fees; discussion with M. Pickett regarding	0.6	700.00	420.00
05/15/13	Kanter, Matthew	E-mail to M. Pickett regarding meeting with L. Rogers regarding same.	0.4	445.00	178.00
05/15/13	Rogers, Linc	E-mail exchanges regarding discussion with M. Pickett regarding discussion with M. Kanter regarding same and issues related to pending motion.	1.0	700.00	700.00
05/16/13	Rogers, Linc	E-mail exchange regarding request from A. Zimmerman (counsel to sponsor) for contact information with purchasers; e-mail exchange with B. Harrison regarding	0.3	700.00	210.00
05/16/13	Thompson, Nancy	Arranging for copies of invoices; preparing summary; drafting fee approval affidavit; reviewing invoices for privileged or sensitive information; e-mail message to M. Kanter forwarding summary and draft fee affidavit.	2.0	310.00	620.00
05/17/13	Kanter, Matthew	Revising fee affidavit; calling Commercial List regarding adjournment of interim distribution motion; drafting/revising letter to Commercial List regarding same.	2.5	445.00	1,112.50
05/17/13	Rogers, Linc	Discussion with B. Harrison regarding ; reporting to M. Pickett regarding finalizing letter to court regarding cancellation of court time.	0.8	700.00	560.00
05/21/13	Kanter, Matthew	Corresponding with N. Thompson regarding fee affidavits.	0.2	445.00	89.00
05/21/13	Thompson, Nancy	Reviewing draft fee affidavit and comments	0.7	310.00	217.00



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		from M. Kanter; reviewing and revising draft fee affidavit; redacting invoices to remove privileged or sensitive information.			
05/22/13	Kanter, Matthew	Reviewing/revising materials regarding lifting the stay and application for bankruptcy order.	0.9	445.00	400.50
05/22/13	Rogers, Linc	E-mail regarding materials in connection with lift stay motion and discussing same with M. Kanter.	0.5	700.00	350.00
05/23/13	Kanter, Matthew	Reviewing and calling E. Coatzee (counsel to lessor) regarding further reviewing/revising bankruptcy application motion materials; meetings with L. Rogers regarding same; calls with B. Harrison regarding	4.8	445.00	2,136.00
05/23/13	Rogers, Linc	corresponding with N. Thompson regarding fee affidavits. Reviewing and commenting on lift stay materials; discussion with B. Harrison regarding discussion with M. Pickett regarding ; instructions to M. Kanter regarding	1.3	700.00	910.00
05/24/13	Kanter, Matthew	Preparing for and attending 9:30 hearing regarding lifting of the stay and bankruptcy application; reviewing finalized materials regarding same; call with M. Pickett regarding corresponding with L. Rogers regarding ; circulating endorsement to service list; calls to E. Coatzee regarding	2.6	445.00	1,157.00
05/24/13	Rogers, Linc	E-mail correspondence with M. Kanter.	0.3	700.00	210.00
05/27/13	Kanter, Matthew	Reviewing/revising Bobbs affidavits; drafting letter to employees regarding ; call with M. Pickett regarding ; meetings with L. Rogers regarding same; reviewing precedent letter and analysis regarding same; call with E. Coatzee regarding	3.1	445.00	1,379.50
05/27/13	Rogers, Linc	Reviewing and commenting on reviewing and commenting on draft affidavit in support of lift stay; reviewing and commenting on draft affidavit in support of bankruptcy motion; discussing with M. Kanter and M. Pickett.	1.0	700.00	700.00

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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
05/28/13	Kanter, Matthew	Reviewing revised motion materials; e-mails to L. Rogers, B. Harrison, J. Levine and M. Pickett regarding ; reviewing revised receipts and disbursements; call with J. Levine regarding service list.	1.8	445.00	801.00
05/28/13	Rogers, Linc	Reviewing and commenting on draft materials in connection with motion to lift stay and seek a bankruptcy order; e-mail exchanges with working group regarding	1.0	700.00	700.00
05/29/13	Kanter, Matthew	Call to E. Coatzee regarding	0.1	445.00	44.50
05/30/13	Kanter, Matthew	Meeting with L. Rogers regarding ; e-mail to B. Harrison and J. Levine regarding , call with M. Pickett and L. Rogers regarding	0.6	445.00	267.00
05/30/13	Rogers, Linc	Voicemail from -discussing with M. Pickett; reply voice mail meeting with M. Kanter regarding	0.5	700.00	350.00
05/31/13	Chan, Catherine M.	Conducted BC corporate and BC PPSA searches against PRACS Institute Canada B.C. Ltd. and 0935867 B.C. Ltd.; ordering execution searches against the same as per F. Gogarty.	0.3	110.00	33.00
05/31/13	Gogarty, Fiona	Ordering a corporate profile report and Personal Property Security Act searches in Ontario against PRACS Institute Canada B.C. Ltd.; and 0935867 B. C. Ltd.; contacting Blakes Vancouver office and requesting corporate, execution and PPSA searches in British Columbia against same.	0.5	130.00	65.00
05/31/13	Kanter, Matthew	Updating security opinion; meeting with L. Rogers regarding same; reviewing precedent notices of motion and facta regarding	1.2	445.00	534.00
05/31/13	Morgan, Jennifer	Arranging for updated corporate and Personal Property Security Act searches.	0.2	335.00	67.00
05/31/13	Rogers, Linc	E-mail correspondence regarding meeting with M. Kanter regarding	0.2	700.00	140.00
06/02/13	Kanter, Matthew	Reviewing/providing comments to Applicant's	1.0	445.00	445.00

Blakes

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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		factum regarding lifting the stay and applying for a bankruptcy order; e-mail to L. Rogers regarding			
06/03/13	Gogarty, Fiona	Ordering corporate searches, Personal Property Security Act searches and execution searches in Ontario against PRACS Institute Canada B.C. Ltd and 0935867 B.C. Ltd; arranging with Blakes Vancouver office to order the same searches in British Columbia; receiving and reviewing results; forwarding same to J. Morgan.	0.8	130.00	104.00
06/03/13	Kanter, Matthew	E-mails to M. Pickett regarding distribution hearing date; e-mails to J. Morgan regarding updated PPSA and execution searches; e-mail to J. Levine regarding ; corresponding with L. Rogers regarding same.	0.6	445.00	267.00
06/03/13	Morgan, Jennifer	Reviewing search results.	0.3	335.00	100.50
06/03/13	Rogers, Linc	Reviewing draft factum in connection with lift stay motion and commenting on same; e-mail correspondence with M. Kanter regarding	1.0	700.00	700.00
06/04/13	Kanter, Matthew	Call with E. Coatzee and drafting e-mail to E. Coatzee regarding reviewing/revising ; reviewing revised PPSA and corporate searches regarding security opinion; revising/updating information in security opinion; e-mail to J. Levine and B. Harrison regarding -calls with L. Rogers regarding reviewing ; call with M. Pickett and L. Rogers regarding	5.6	445.00	2,492.00
06/04/13	Mee, Wendy	Reviewing and providing feedback to M. Kanter.	0.5	570.00	285.00
06/04/13	Rogers, Linc	Reviewing ; inter-office discussions with M. Kanter regarding same.	1.2	700.00	840.00
06/04/13	Weinrib, Laura	Considering	1.6	595.00	952.00



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		reviewing regarding same; providing advice to M. Kanter regarding same.			
06/05/13	Kanter, Matthew	Reviewing/revising Receiver's second report to court; further revising sponsor agreement.	1.0	445.00	445.00
06/05/13	Rogers, Linc	Reviewing and commenting on reviewing and commenting on draft receiver's report; e-mail exchange regarding same; various inter-office meetings with M. Kanter regarding same.	1.8	700.00	1,260.00
06/06/13	Kanter, Matthew	Reviewing, finalizing, serving and filing Receiver's second report to court.	1.1	445.00	489.50
06/06/13	Rogers, Linc	E-mail exchanges regarding Receiver's second report.	0.3	700.00	210.00
06/07/13	Kanter, Matthew	Discussion with L. Rogers and e-mails to M. Pickett regarding revising/sending e-mail to E. Coetzee regarding e-mail and call with K. Kimel regarding preparing for court hearing on Monday; corresponding with L. Rogers and M. Pickett regarding status of	1.4	445.00	623.00
06/07/13	Rogers, Linc	Status discussion with M. Kanter regarding court appearance on Monday and distribution issues.	0.4	700.00	280.00
06/08/13	Rogers, Linc	E-mail exchanges with M. Pickett regarding	0.3	700.00	210.00
06/10/13	Kanter, Matthew	Preparing for and attending hearing regarding lift stay motion and bankruptcy application; revising court time request regarding distribution motion; continue drafting/revising notice of motion regarding distribution and Receiver's discharge; responding to E. Coetzee	5.5	445.00	2,447.50
06/10/13	Rogers, Linc	E-mail exchanges with working group regarding e-mail correspondence in connection with.	0.5	700.00	350.00
06/11/13	Kanter, Matthew	Continue drafting/revising notice of motion and draft discharge order; e-mails to L.	3.7	445.00	1,646.50



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Date (m/d/y)	Timekeeper	Description	Hours	Rate	Amount
		Rogers and M. Pickett regarding further revising draft discharge order.			
06/12/13	Rogers, Linc	E-mail exchange with M. Pickett regarding	0.3	700.00	210.00
06/13/13	Kanter, Matthew	Continue drafting/revising notice of motion and discharge order; e-mails to L. Rogers and M. Pickett regarding drafting/revising factum regarding same; additional research regarding factum.	6.7	445.00	2,981.50
06/13/13	Rogers, Linc	E-mail correspondence from M. Kanter regarding draft motion materials.	0.2	700.00	140.00
06/14/13	Kanter, Matthew	Revising notice of motion/order call with M. Pickett regarding revising factum in support of distribution.	2.0	445.00	890.00
06/14/13	Rogers, Linc	E-mail correspondence from M. Kanter regarding distribution motion.	0.2	700.00	140.00
Total Fees for this Matter					\$ 61,972.50

Matter Timekeeper Summary	ID	Hours	Rate	Amount
Adelson, Benjamin	BJL	0.5	\$ 235.00	\$ 117.50
Chan, Catherine M.	CNC	0.3	110.00	33.00
Gogarty, Fiona	FIG	1.3	130.00	169.00
Huff, Pamela L. J.	PLJH	0.2	800.00	160.00
Kanargelidis, Greg	GK	2.1	725.00	1,522.50
Kanter, Matthew	MTE	82.2	445.00	36,579.00
Mee, Wendy	WEN	0.5	570.00	285.00
Morgan, Jennifer	JMX	0.5	335.00	167.50
Rogers, Linc	LCR	25.1	700.00	17,570.00
Thompson, Nancy	NAB	4.2	310.00	1,302.00
Weinrib, Laura	LMW	1.6	595.00	952.00
Willis, Jenna	WLS	7.0	445.00	3,115.00
Total		125.5		\$ 61,972.50

Taxable Disbursement(s)

Computer Research \$ 181.45
Courier 206.21



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Date:	June 17, 2013
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Duplicating	228.70
On-Line Service Fee	4.50
OnCorp PPSA (certified)	20.00
Profile Report - Online	36.00
Search Fees	84.00
Sheriff's Certificate	24.00
Telephone/Facsimile	13.11

\$ 797.97

Non-taxable Disbursement(s)

Government Fees	\$ 152.90
Third Party Fee - Non Taxable	11.00

\$ 163.90

Harmonized Sales Tax (13%)

8,160.17

Total Due for this Matter in Canadian Currency

\$ 71,094.54 CAD

This is **Exhibit "B"** referred to in the Affidavit of
Matthew Kanter sworn the 18th day of June, 2013

A handwritten signature in cursive script, appearing to read "Linc Rogers", written over a horizontal line.

A Commissioner, etc.

Linc Rogers

EXHIBIT "B"

Name of Lawyer	Year of Call	Hourly Rate
Adelson, Benjamin	<i>Student</i>	\$235.00
Chan, Catherine M.	<i>Search Clerk</i>	\$110.00
Gogarty, Fiona	<i>Search Clerk</i>	\$130.00
Hafizi, Bahar	2001	\$475.00
Helbrunner, Caroline	1987	\$710.00
Hennigar, A. Francesca	2008	\$400.00
Huff, Pamela L.J.	1987	\$800.00
Kanargelidis, Greg	1990	\$725.00
Kanter, Matthew	2010	\$445.00
Mee, Wendy	2005	\$570.00
Morgan, Jennifer	<i>Law Clerk</i>	\$335.00
Rogers, Linc	2000	\$700.00
Thompson, Nancy	<i>Law Clerk</i>	\$310.00
Weinrib, Laura	2004	\$595.00
Willis, Jenna	2010	\$445.00
Wong, Thomas	2010	\$445.00
York, Andrea J.	1998	\$595.00

Total Fees Billed:	\$258,129.00
Total Hours:	487.8
Average Hourly Rate:	\$529.17

FREEPORT FINANCIAL LLC.

- and -

PRACS INSTITUTE CANADA B.C. LTD.

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

Proceeding Commenced at Toronto

**AFFIDAVIT OF MATTHEW KANTER
Sworn June 18, 2013**

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

Matthew Kanter, LSUC #61250D
Tel: 416-863-5825
Fax: 416-863-2653
Email: matthew.kanter@blakes.com

Lawyers for the Receiver,
PricewaterhouseCoopers Inc.

TAB 3

Court File No. CV-13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

WEDNESDAY, THE 26TH

JUSTICE MORAWETZ

)

DAY OF JUNE, 2013

)

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondents

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF
JUSTICE ACT*, R.S.O. 1990, c. C.43 and SECTION 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

DISTRIBUTION ORDER

THIS MOTION, made by PricewaterhouseCoopers Inc. in its capacity as the Court-appointed receiver (the “**Receiver**”), without security, over all of the assets, undertakings and property of PRACS Institute Canada B.C. LTD., was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver, dated June 19, 2013 (the “**Third Report**”) and on hearing the submissions of counsel for the Receiver and Freeport, no one else appearing although served as evidenced by the Affidavit of [] sworn June [], 2013, filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Third Report.
 3. **THIS COURT ORDERS** that the activities of the Receiver, as set out in the Second Report and the Third Report, be and are hereby approved.
 4. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the Third Report and the Weaver Affidavit and Kanter Affidavit attached thereto, be and are hereby approved.
 5. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make the Interim Distribution in the amount of \$2,735,089.79 to Freeport, in its capacity as Agent on its own behalf and on behalf of the Lenders, from the Receiver's available cash on hand and the Interim Distribution (and any subsequent distributions pursuant to paragraph 7) shall be made free and clear of all claims, security interests and other encumbrances.
 6. **THIS COURT ORDERS** that the Receiver is authorized to satisfy and pay the Reserve Obligations from the Reserve without further Order of this Court.
 7. **THIS COURT ORDERS** that, upon payment of the Reserve Obligations as determined by the Receiver in its reasonable discretion, the Receiver be and is hereby authorized and directed to pay any residual amounts in the Reserve to Freeport, up to the amount of the Total Indebtedness without further Order of this Court.
 8. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to pay amounts remaining in the receivership estate after payment of the Total Indebtedness, if any, to the Trustee, for distribution in accordance with the priority scheme of the BIA without further Order of this Court.
-

Applicant
FREEPORT FINANCIAL LLC. and PRACS INSTITUTE CANADA B.C. LTD.
Respondents

Court File No: CV-13-10046-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

DISTRIBUTION ORDER

BLAKE, CASSELS & GRAYDON LLP
Commerce Court West
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

Linc A. Rogers LSUC No. #43562N
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linc.rogers@blakes.com

Matthew Kanter LSUC No. #61250D
Tel: (416) 863-5825
matthew.kanter@blakes.com

Lawyers for the Court-appointed Receiver of
PRACS Institute Canada B.C. LTD.

TAB 4

Court File No. CV-13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

WEDNESDAY, THE 26TH

JUSTICE MORAWETZ

)

DAY OF JUNE, 2013

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondents

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF
JUSTICE ACT*, R.S.O. 1990, c. C.43 and SECTION 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

DISCHARGE ORDER

THIS MOTION, made by PricewaterhouseCoopers Inc. (“**PwC**”) in its capacity as the Court-appointed receiver (the “**Receiver**”), without security, over all of the assets, undertakings and property of PRACS Institute Canada B.C. LTD., was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver, dated June 19, 2013 and on hearing the submissions of counsel for the Receiver and Freeport, no one else appearing although served as evidenced by the Affidavit of [] sworn June [], 2013, filed:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that effective as of the date that the Receiver files a certificate in the form attached as **Schedule "A"** hereto (the "**Discharge Certificate**") certifying that the payments and distributions set forth in the Third Report have been made, including the payment of the Reserve Obligations (as defined in the Third Report), and that the Receiver has completed all activities described in the Third Report, the Receiver shall be discharged as Receiver over all of the assets, undertakings and property of the Debtor, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of PwC in its capacity as Receiver.

 3. **THIS COURT ORDERS AND DECLARES** that effective as of the date that the Receiver files the Discharge Certificate, PwC shall be released and discharged from any and all liability that PwC then has or may thereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, PwC shall, upon filing the Discharge Certificate, be thereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.
-

Schedule A – Form of Receiver’s Discharge Certificate

Court File No. CV-13-10046-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FREEPORT FINANCIAL LLC

Applicant

- and -

PRACS INSTITUTE CANADA B.C. LTD.

Respondents

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 and SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

DISCHARGE CERTIFICATE

WHEREAS pursuant to an Order of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) made June [], 2013 (the “**Discharge Order**”), PricewaterhouseCoopers Inc. (“**PwC**”) was discharged as receiver (the “**Receiver**”), without security, over all of the assets, undertakings and property of PRACS Institute Canada B.C. LTD. (the “**Debtor**”) acquired for, or used in relation to the Debtor’s business, and not in its personal or corporate capacity, with such discharge to be effective upon the Receiver filing a certificate with this Court certifying that it has made all required payments and completed the activities outlined in the Third Report of the Receiver dated June 19, 2013 (the “**Third Report**”) and in connection with the receivership proceedings.

THE UNDERSIGNED HEREBY CERTIFIES as follows:

1. In accordance with Paragraph 2 of the Discharge Order, the payments contemplated by the Third Report, including the payment of the Reserve Obligations (as defined in the Third Report), have been made, and the activities described in the Third Report necessary to conclude the receivership proceedings have been completed.

DATED at Toronto, Ontario this ____ day of _____, 2013

**PRICEWATERHOUSECOOPERS INC., solely
in its capacity as receiver of PRACS Institute
Canada B.C. LTD., and not in its personal or
corporate capacity.**

Name: Michelle Pickett
Title: Senior Vice President

Applicant
FREEPORT FINANCIAL LLC. and PRACS INSTITUTE CANADA B.C. LTD.
Respondents

Court File No: CV-13-10046-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

DISCHARGE ORDER

BLAKE, CASSELS & GRAYDON LLP
Commerce Court West
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Lawyers for the Court-appointed Receiver of
PRACS Institute Canada B.C. LTD.

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

Proceeding commenced at Toronto

**MOTION RECORD OF
PRCEWATERHOUSECOOPERS INC.
(Returnable June 26, 2013)**

BLAKE, CASSELS & GRAYDON LLP
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Toronto, Ontario M5L 1A9

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Matthew Kanter
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Lawyers for the Court-appointed Receiver of
PRACS Institute Canada B.C. LTD.