

Court File No. CV-11-9208-00CL

**True Blend Tobacco Company Inc., Brian Kevin Poreba and Victor
Osztrovics**

INTERIM RECEIVER'S SECOND REPORT TO COURT

July 29, 2011

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

BETWEEN:

**1787811 ONTARIO INC. C/O PETER WATTS, 1815612 ONTARIO INC.,
2134265 ONTARIO LTD., 2204293 ONTARIO INC., 2204051 ONTARIO LTD.
C/O ELIZABETH HUYGE, 2226700 ONTARIO INC., 2229987 ONTARIO
INC., 2230916 ONTARIO LTD., 2231288 ONTARIO INC., 2232139 ONTARIO
LTD. C/O PETER VILACA, 2232466 ONTARIO INC., 2232471 ONTARIO
INC., AARON PHILLIPS, ALLAN MUDGE, AUTUMN CREEK FIELD INC.,
BIRDIEBUFF HOLDINGS LTD., BMW FARMS INC., BRANDON
VANHAECKE, BRIAN SIOEN, BRIAN VANDERHAEGHE, C & B
VANKERREBROECK FARMS INC., COLLIN YARMIE, D & M CSERCSICS
FARMS INC., DAVID TOTH, DIERICK FARMS LTD., D K SIOEN FARMS
INC., EDWARD POLJANOWSKI, G.D. BYERS FARMS, GARY DEMEYERE,
GARY ISENER, JACOB D & ELISABETH KNELSEN, MENDONCA
HOLDINGS INC., JEFF NEVILLE, JORDAN JAMES FARMS, KEITH BOKLA,
KYLIE DEMEULENAERE FARMS LTD., MATTHEW SOBCZYK, MICHAEL
DEW, MYTY FARM, PETER WALL, R & R FARMING LIMITED, RHINELAND
FARMS LTD., RICHARD & BARBARA DEMAREST, RYAN DEMEULENAERE
FARM LTD., SCOTT BRINKER, TRUDY REDEKOPP, STEVEN
KNILL AND SPRIET VENTURES LTD.**

Applicants

-and-

**BRIAN KEVIN POREBA, VICTOR OSZTROVICS AND
TRUE BLEND TOBACCO COMPANY INC.**

Respondents

**SECOND REPORT TO THE COURT SUBMITTED BY
PRICEWATERHOUSECOOPERS INC. IN ITS CAPACITY AS
INTERIM RECEIVER**

INTRODUCTION

1. By order (the “**Appointment Order**”) of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the “**Court**”) dated May 10, 2011 (the “**Date of Appointment**”), PricewaterhouseCoopers Inc. (“**PwC**”) was appointed interim receiver (the “**Interim Receiver**”) pursuant to section 47.1 (1)(b) of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3 (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43. , without security, of all the assets, undertakings and properties of True Blend Tobacco Company Inc. (“**True Blend**”), Brian Kevin Poreba and Victor Osztrovics (the “**Principals**” and collectively with True Blend, the “**Debtors**”) acquired for, or used in relation to the business carried on by the Debtors (the “**Property**”). A copy of the Appointment Order is attached as **Appendix “A”** to this report.
2. As set out in the endorsement of the Honourable Mr. Justice Morawetz, a copy of which is attached as **Appendix “B”**, the Appointment Order was made effective only until such time that the matter could be fully considered by the Court in London, Ontario on Thursday, May 12, 2011.
3. On May 12, 2011, the motion for the extension of the Appointment Order was adjourned until May 27, 2011, with PwC remaining as Interim Receiver, pending further order of the Court. At the same time, at the request of the Applicants, the Honourable Justice McGarry issued an endorsement (the “**May 12 Endorsement**”), a copy of which is attached as **Appendix “C”** to this, the Interim Receiver’s second report (the “**Second Report**”), which provided additional clarity on the Appointment Order, by ordering that the Principals were required to, *inter alia*, grant the Interim Receiver immediate and unfettered access to:
 - a) the outside of their personal residences, including but not limited to any sheds, barns, kilns or any other structure located on such property; and

- b) their personal residences for the limited purpose of making a copy of any computers contained therein. The Principals were also to provide the Interim Receiver with any user names and passwords required to log on to said computers.
4. On May 27, 2011, the Court, *inter alia*, on consent, extended the Appointment Order until further order of the Court (the “**May 27th Order**”). A copy of the May 27th Order is attached hereto as **Appendix “D”**.
5. The purpose of this, the Second Report is to:
- a) inform the Court of the activities of the Interim Receiver since the Interim Receiver’s first report dated May 11, 2011 (the “**First Report**”, attached hereto as **Appendix “E”**);
 - b) advise the Court of the sale of certain of True Blend’s Property (the “**Purchased Assets**”) by PwC, in its capacity as receiver of True Blend (the “**Receiver**”), as more fully described in the first report of the Receiver dated July 27, 2011, a copy of which is attached as **Appendix “F”** to this report;

And to seek an order of this Honourable Court:

- a) approving the Interim Receiver’s First Report and the Second Report (collectively the “**Interim Receiver’s Reports**”) and the activities of the Interim Receiver set out therein;
- b) approving the Interim Receiver’s Statement of Receipts and Disbursements for the period May 10, 2011 to July 29, 2011, which includes both actual and forecast disbursements, and to seek the Court’s approval thereof;
- c) approving the fees and disbursements of the Interim Receiver and its legal counsel, Cassels Brock & Blackwell LLP (“**Cassels**”), inclusive of an

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accrual for the fees and disbursements of the Interim Receiver and Cassels in connection with the completion of the interim receivership proceedings up to the date of the Interim Receiver's discharge, pursuant to the terms of the Appointment Order, and subject to the approval of this Honourable Court;

- d) terminating the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge, as provided for in the Appointment Order, upon the Interim Receiver filing a discharge certificate (the "**Discharge Certificate**"); and
 - e) declaring that PwC has duly and properly discharged its duties, responsibilities and obligations as the Interim Receiver of the Debtors and discharging and releasing the Interim Receiver from any and all further obligations as Interim Receiver of the Debtors and 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 as Interim Receiver, save and except for the Interim Receiver's gross negligence or wilful misconduct.
6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Appointment Order.
7. The information contained in this report has been obtained from the books and records and other information of the Company and the Debtors. The accuracy or completeness of the financial information contained herein has not been audited or otherwise verified by the Interim Receiver, and the Interim Receiver does not express an opinion or provide any other form of assurance with respect to the information presented herein or relied upon by the Interim Receiver in preparing this report.

ACTIVITIES OF THE INTERIM RECEIVER

8. The First Report described various activities undertaken by the Interim Receiver immediately following its appointment, in order to preserve and protect the Property.
9. In addition to the activities described in this Second Report, the Interim Receiver has established a website at www.pwc.com/car-trueblendtobacco, where all materials filed with the Court and all orders granted by the Court in connection with the interim receivership, will be made available in electronic form.

PRESERVATION AND PROTECTION MEASURES

10. As noted in the First Report, in an effort to carry out the terms of the Appointment Order, on May 11, 2011, representatives of the Interim Receiver attended at the Principals' residences to determine if any Property "... acquired for, or used in relation to the business carried on by the Debtors...", as set out in the Appointment Order, was located at the Principals' residences. The Principals advised the Interim Receiver that no such Property was located at their personal residences. The Interim Receiver was refused access to the Principals' personal residences at that time.
11. Following the granting of the May 12 Endorsement, representatives of the Interim Receiver re-attended at the Principals' residences, on May 12, 2011, (along with the Principals' legal counsel) to:
 - a) review, inspect and photograph the external areas of their personal residences, including any sheds, barns, kilns or other structure located on their respective property; and
 - b) access their personal residences to make copies of any computers contained therein.
12. The Principals cooperated with the Interim Receiver during its attendance at their respective residences on May 12, 2011, and, as the copying of the computers

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- located at their personal residences would have taken considerable time, the Principals each consented to the Interim Receiver taking possession of their respective personal computers for the limited purpose of making copies of same, including the imaging of all software and data stored therein. Once the imaging was complete, the Interim Receiver returned the Principals' personal computers on May 13, 2011.
13. The Interim Receiver also made an inventory of, and took possession and control of, certain of the physical books and records located at the Company's head office located at 500 Highway 3, Tillsonburg, Ontario (the "**Premises**"). The Interim Receiver also made copies of True Blend's electronic books and records, including obtaining images of the software and data (the "**Data Images**") contained on a number of desktop and laptop computers located at the Premises.
 14. As set out in the First Report, True Blend did not have insurance coverage for the Property located at the Premises. Accordingly, the Interim Receiver contacted Firstbrook, Cassie & Anderson Ltd. ("**FCA**"), an insurance broker specializing in providing insurance coverage for insolvency professionals, to arrange for insurance coverage for True Blend's Property located at the Premises. As a result, the Interim Receiver bound insurance coverage for the Property located at the Premises, effective as at the Date of Appointment.
 15. On May 12, 2011, the Interim Receiver attended the Premises with ISW Systems ("**ISW**"), True Blend's alarm service provider and cancelled all alarm codes and set up a new alarm codes.
 16. During ISW's site visit, it was discovered that an area of the Premises where tobacco inventory was stored, was not covered by the current alarm system (the "**Unarmed Storage Area**"). Upon discovering the Unarmed Storage Area, and after assessing the costs to extend the alarm coverage, the Interim Receiver engaged ISW to complete the necessary work to extend the alarm system to secure the Unarmed Storage Area.

17. When testing the monitoring capabilities of the Company's alarm system, ISW detected that the telephone line required to connect the alarm system to the monitoring station (the "**Alarm Telephone Line**") was not in service. After contacting Bell Canada ("**Bell**"), True Blend's telephone service provider, the Interim Receiver determined that the Alarm Telephone Line, along with all other Company telephone lines, was disconnected for non-payment of outstanding invoices.
18. The Interim Receiver informed Bell of its appointment, advised Bell of the provisions in the Appointment Order requiring service providers to continue to provide services and requested that Bell reinstate the Alarm Telephone Line. On May 20, 2011, following the reinstatement of the Alarm Telephone Line by Bell, ISW confirmed that the monitoring component of the alarm system was operating properly.
19. On May 25, 2011, the Interim Receiver met with representatives of the Enforcement Departments (as hereinafter defined) and Mr. D. Demeester, a former True Blend employee, who was responsible for grading and managing the Company's tobacco inventory ("**Demeester**"), to review, inspect and count the tobacco inventory located at the Premises. A summary of the tobacco inventory, as at May 25, 2011, is attached as **Appendix "G"** to this report.
20. During Demeester's site visit, the representatives of the Enforcement Departments and Demeester tested various tobacco bales through manual inspection techniques, including the retrieval of a sample taken from the middle of a limited number of tobacco bales. Each of the parties in attendance for the inventory count and inspection separately advised the Interim Receiver that the Company's raw, unprocessed tobacco showed evidence of some deterioration since the last inspection conducted by the Enforcement Departments on March 29, 2011. The deterioration was apparently caused by a number of factors, including:

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- a) The manner in which the tobacco inventory was stored at the Premises, including the tobacco bales being placed directly on the concrete floor and stacked directly on top of each other or too closely together; and
 - b) The presence of moths within the Premises.
21. The Interim Receiver was advised by Demeester, representatives of the Enforcement Departments as well as tobacco producers, that in order to properly store the tobacco inventory, the Interim Receiver would be required to raise the tobacco off the concrete floor, stack the tobacco bales individually with several feet of space between rows of tobacco, fumigate the tobacco, and modify the climate of the Premises through improved ventilation and air conditioning systems. The Interim Receiver did not have sufficient funding to incur the costs associated with making the recommended changes to the storage of the Company's tobacco inventory.
22. In an effort to preserve the value of the True Blend tobacco inventory for the benefit of both the Company and its creditors, the Interim Receiver made arrangements for a pest control company to attend at the Premises on a weekly basis to monitor and control the presence of moths at the Premises. In addition, the Interim Receiver initiated an expedited sales process for the True Blend tobacco inventory (as discussed in further detail below).

NOTICE TO CREDITORS

23. Following its appointment, PwC advised the Office of the Superintendent of Bankruptcy ("OSB") of its appointment as Interim Receiver of the Debtors. As the Interim Receiver's appointment was over all of the Debtors property acquired for or used in relation to the business carried on by the Debtors, the OSB recommended that the Interim Receiver comply with the reporting requirements of sections 245(1) and 246(1) of the BIA.



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24. On May 19, 2011, the Interim Receiver sent notice of its appointment, in the prescribed form to all known creditors of the Debtors, the OSB and to the Debtors.

MEETINGS / COMMUNICATIONS WITH CREDITORS AND OTHER INTERESTED PARTIES

25. Subsequent to the filing of the First Report, the Interim Receiver has had communications with various creditors and other parties.
26. On May 12, 2011, the Interim Receiver and its counsel met with certain of the Applicants, who are tobacco farmers and suppliers to True Blend, and their counsel, Brauti Thorning Zibarras LLP ("**Brauti**"), in an effort to gain a better understanding of the Applicants' contracts for the sale of tobacco to the Debtors, the Applicants' business dealings with the Debtors, the current market for Ontario grown tobacco and other matters the Interim Receiver considered relevant to discharging its duties pursuant to the Appointment Order. At this meeting, several of the tobacco farmers in attendance informed the Interim Receiver that True Blend's raw, unprocessed tobacco inventory should be sold promptly, as raw, unprocessed tobacco is perishable and an expeditious sale would protect against deterioration and / or spoilage and would maximize the value of such inventory, in the circumstances.
27. The Interim Receiver has also liaised with representatives of the Ontario Flue-Cured Tobacco Grower's Marketing Board (the "**Tobacco Board**"), which has a mandate to control and regulate the production and marketing of all Ontario grown, flue-cured tobacco. The Interim Receiver understands that the Tobacco Board is responsible for, *inter alia*, issuing licences for the production of tobacco as well as ensuring that any party interested in buying Ontario-grown tobacco from a tobacco producer is both licenced and registered with the Tobacco Board. At the Interim Receiver's request, the Tobacco Board has provided the Interim Receiver with a list of licenced purchasers, who are registered with the Tobacco Board.

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28. Based on the Interim Receiver's discussions with representatives of the Tobacco Board, the Interim Receiver has been informed of the following:
- a) True Blend's application to register as a licenced buyer for the 2011 production year has been denied; and
 - b) Applications to grow tobacco for the 2011 production year, submitted by the both of the Principals and Mrs. E. Osztrovics (who the Interim Receiver has been informed by a representative of the Tobacco Board is Mr. Osztrovics wife), have been denied.
29. In addition to the Tobacco Board, the Interim Receiver has also been in communication with representatives of Canada Revenue Agency (London Tax Services Office) and the Ministry of Revenue, Compliance Programs Division (collectively, the "**Enforcement Departments**") both of which help enforce the regulations of the Tobacco Board regarding the production, buying and selling of Ontario-grown tobacco. At the request of the Enforcement Departments and, as noted above, the Interim Receiver met with representatives of the Enforcement Departments (along with Demeester) at the Premises on May 25, 2011 to review, inspect and count the Company's tobacco inventory.

COMMUNICATIONS WITH THE COMPANY, TRUE BLEND EMPLOYEES AND OTHERS

30. In an effort to gain a better understanding of both the Company and its financial position, the Interim Receiver has attempted on many occasions to contact both the Principals and certain former True Blend employees (the "**Employees**"). Unfortunately, the Interim Receiver has received limited cooperation from the Principals as well as certain of those Employees that the Interim Receiver has been able to contact. The Interim Receiver was able to successfully identify and contact one former employee of True Blend that was willing to cooperate with the Interim Receiver. However, that individual had limited knowledge of True Blend's finances and business dealings.

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31. Despite the May 12 Endorsement, numerous requests made of the Principals to provide the Interim Receiver with usernames and passwords to permit access to True Blend's computers were disregarded. As a result, the Interim Receiver gathered limited information from the Principals and / or the Employees.
 32. On May 19, 2011, the Company filed a proposal pursuant to subsection 50(1)(a) of the BIA (discussed further below) and Schwartz Levitsky Feldman Inc. ("**SLF**") agreed to act as trustee in re: the Proposal of True Blend. On several occasions, the Interim Receiver and Cassels, contacted SLF and its legal counsel, Page Martin LLP, to discuss the terms of True Blend's proposal and other matters in connection with the interim receivership including, the Interim Receiver's efforts to market certain of True Blend's Property and the potential impact on the proposal proceedings.
 33. On May 26, 2011, the Interim Receiver and Cassels met with the Principals and their legal counsel, at that time, Lenczner Slaght Royce Smith Griffin LLP, as well as with Brauti and certain creditors of True Blend (who attended via teleconference) to discuss various matters in connection with True Blend's proposal and the interim receivership, including the Interim Receiver's actions to solicit offers for True Blend's tobacco inventory (discussed further below).

INTERIM RECEIVER BORROWINGS

34. In order to fund the Interim Receiver's actions / activities, and as provided for by the Appointment Order, the Interim Receiver borrowed \$60,000.00 from the Applicants (the "**Interim Receiver's Borrowings**"), which borrowings are secured by the Interim Receiver's Borrowings Charge, as provided for in the Appointment Order.

CONDUCT OF THE PRINCIPALS

35. Late in the evening on May 16, 2011, the Interim Receiver was informed by one of the Applicants that Mr. Osztrovics was cutting tobacco at his mother's barn and



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shipping it out despite the prohibitions imposed on him under the *Mareva* Injunction. On May 17, 2011, the Interim Receiver passed this information along to Ms. M. Cowan, an Enforcement Officer at the Ministry of Revenue, Compliance Programs Division.

36. The Interim Receiver has been advised by the Enforcement Officer who attended at the farm in question on May 18, 2011 that, when questioned, Mr. Osztrovics denied the cutting of any tobacco. However, upon further investigation, the Enforcement Officers in attendance not only located a tobacco cutting machine and several pounds of fresh, uncut tobacco, but also a large pile of stems, which appeared to be the leftovers of tobacco which had been put through the cutting machine. A copy of the Enforcement Officers report on the incident is attached as **Appendix "H"** to this report.

PRELIMINARY REVIEW OF TRUE BLEND'S BOOKS AND RECORDS

37. The Interim Receiver obtained limited information from its review of the physical books and records located at the Premises. Accordingly, the Interim Receiver focused its efforts on reviewing True Blend's electronic books and records.
38. The Interim Receiver, with the assistance of PwC's Forensic Technology Services Group ("**PwC FTS**"), extracted certain limited financial information from the Data Images based on "keyword searches" and undertook a preliminary review of the financial information obtained through this process.
39. Based on its preliminary review of the Data Images, the Interim Receiver reports the following with respect to the Company's accounts receivable ("**AR**"):
- a) an AR listing (the "**Computer AR Listing**") indicates that the Company had accounts receivable ("**AR**") totalling approximately \$10.5 million as at March 31, 2011. A copy of the Computer AR Listing is attached as **Appendix "I"** hereto. The Interim Receiver was not able to verify the

Computer AR Listing, as it was not able to locate back-up documentation, including invoices, packing slips and proofs of delivery; and

- b) the total AR of approximately \$10.5 million, pursuant to the Computer AR Listing, compares with an AR balance included in True Blend's Condensed Statement of Affairs dated May 19, 2011 (the "**Condensed Statement**") appended to True Blend's Proposal, which indicates True Blend's AR totalled \$500,000.00. A copy of the Condensed Statement is attached as **Appendix "J"** to this report.

Due to the limited financial information available to it, the Interim Receiver is not in a position to report on the variance between the AR balance according to the Computer AR Listing as compared to the AR balance included in the Condensed Statement, as the Principals, when questioned, were not cooperative in providing information about same.

SALE OF TOBACCO INVENTORY

- 40. As previously noted in this Second Report, raw, unprocessed tobacco is a perishable commodity. Based on the Interim Receiver's discussions with representatives of the Tobacco Board, the Enforcement Departments as well as various tobacco producers, the Interim Receiver was of the view that in order to avoid deterioration and / or erosion of value for the benefit of both True Blend and its creditors, the Company's tobacco inventory, which largely consists of raw, unprocessed tobacco, should be offered for sale.
- 41. Paragraph 4(f) of the Appointment Order authorizes the Interim Receiver to "summarily dispose of Property that is perishable or likely to depreciate rapidly in value".
- 42. Accordingly, on May 25, 2011, the Interim Receiver emailed all of the parties registered with the Tobacco Board as licensed purchasers of tobacco as well as other extra-provincial tobacco purchasers / processors, whose names and contact

information were provided to the Interim Receiver by the Principals (collectively the "**Prospective Purchasers**"), to advise Prospective Purchasers that the Interim Receiver would be in attendance at the Premises on May 30, 2011 to allow Prospective Purchasers an opportunity to review and inspect True Blend's raw, unprocessed tobacco inventory with a view towards soliciting offers for same.

43. Prospective Purchasers were asked to submit offers for the raw, unprocessed tobacco inventory to the Interim Receiver on or before 12:00 p.m. (Eastern Standard Time) on June 3, 2011 (the "**Interim Receiver Offer Deadline**").
44. The Interim Receiver informed Prospective Purchasers that it reserved the right to amend the sales process, including any time limits set out therein and that the Interim Receiver would not necessarily accept any offer for the Company's raw, unprocessed tobacco inventory. Six (6) offers to purchase the tobacco inventory were submitted to the Interim Receiver prior to the Interim Receiver Offer Deadline.
45. As a result of the filing of True Blend's proposal (discussed further below) and, as a result of the Interim Receiver's:
 - a) Discussions with the principals of True Blend, SLF and their respective legal counsel;
 - b) Assessment, based on further inspections to determine the moisture content of the tobacco inventory by third party tobacco producers under the instruction of the Interim Receiver, that a brief delay in completing a sale of the tobacco inventory would not result in a material decline in its value; and
 - c) Desire to not unduly interfere with True Blend's ability to continue operations;

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in the event the Company's Proposal were to be accepted by its creditors, the Interim Receiver elected not to advance the sale of the tobacco inventory in order to allow time for the Company's creditors to consider and vote on the Proposal.

PROCEEDINGS LEADING UP TO THE APPOINTMENT OF THE INTERIM RECEIVER

MAREVA INJUNCTION

46. On April 1, 2011, as a result of an application brought by certain of the Debtors' creditors, an order for a *Mareva* injunction was issued against the Debtors, which prohibited each of True Blend and the Principals from dealing with or disposing of any of their respective Property.

TRUE BLEND'S PROPOSAL PROCEEDINGS

47. On April 20, 2011, True Blend filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the BIA ("**NOI**") and SLF agreed to act as Trustee in True Blend's proposal proceedings.
48. On May 19, 2011, True Blend filed a proposal (the "**Proposal**") with SLF, pursuant to the provisions of the BIA and a meeting of True Blend's creditors was held on June 9, 2011 to consider and vote on the Proposal (the "**Meeting of Creditors in True Blend's Proposal**").
49. On June 9, 2011, at the Meeting of Creditors in True Blend's Proposal, the Company's creditors rejected the Proposal, whereupon True Blend was deemed to have made an assignment in bankruptcy, pursuant to sub-section 57(a) of the BIA.
50. As a result of a motion put forward by certain of True Blend's creditors at the first meeting of creditors in True Blend's bankruptcy, which immediately followed the Meeting of Creditors in True Blend's Proposal, PwC substituted SLF as trustee in bankruptcy of the Company. A copy of the minutes of both the Meeting of

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Creditors in True Blend's Proposal and the first meeting of creditors in True Blend's bankruptcy are attached as **Appendix "K"** to this report.

51. Due to True Blend's bankruptcy and, in accordance with section 47.1 (1.1) of the BIA, the Interim Receiver's duties and obligations in connection with the True Blend assets expired on June 9, 2011. The Interim Receiver's mandate did, however, continue with respect to the Principals.

THE PRINCIPALS' PROPOSAL PROCEEDINGS

52. On May 2, 2011, each of B. Poreba and V. Osztrovics filed a NOI and SLF agreed to act as Trustee in the Principals' respective proposal proceedings.
53. On May 30, 2011, each of B. Poreba and V. Osztrovics filed a proposal (collectively the **"Principals' Proposals"**) with SLF, pursuant to the provisions of the BIA and meetings of creditors were held on June 21, 2011 to consider and vote on the Principals Proposals (the **"Meetings of Creditors in the Principals' Proposals"**).
54. On June 21, 2011, at the Meetings of Creditors in the Principals' Proposals, the respective creditors of each B. Poreba and V. Osztrovics rejected the Principals' Proposals, respectively, whereupon B. Poreba and V. Osztrovics were each deemed to have made an assignment in bankruptcy, pursuant to sub-section 57(a) of the BIA.
55. As a result of motions put forward by certain creditors in attendance at each of the first meetings of creditors in the Principals' respective bankruptcy proceedings, which immediately followed the Meeting of Creditors in the Principals' Proposals, PwC substituted SLF as trustee in bankruptcy of each of B. Poreba and V. Osztrovics. Copies of the minutes of the first meeting of creditors in the bankruptcy of each of B. Poreba and V. Osztrovics are attached as **Appendix "L"** and **Appendix "M"**, respectively to this report.

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56. As a result of the bankruptcies of both B. Poreba and V. Ostrovics and, in accordance with section 47.1 (1.1) of the BIA, the Interim Receiver's duties and obligations in connection with the Principals' assets expired on June 21, 2011.

RECEIVERSHIP APPOINTMENT

57. On July 4, 2011, PwC was appointed Receiver over the Property of True Blend by Trisura Guarantee Insurance Company ("**Trisura**"), pursuant to section 243(1) of the BIA, pursuant to the terms of a general security agreement dated August 25, 2010 granted by True Blend in favour of Trisura. As at the date of this report, the Receiver's activities have largely been limited to continuing and completing the sales process for the True Blend Property.
58. On July 28, 2011, the Receiver obtained an Order, *inter alia*, approving the sale of the Purchased Assets.
59. The proceeds from the sale of the Purchased Assets are sufficient to extinguish the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge, which is needed to discharge the Interim Receiver.

INTERIM RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

60. As a result of the *Mareva* injunction, which froze the Debtors' assets, including any funds on deposit with financial institutions, and in an effort to minimize the cost of the receivership proceedings, the Interim Receiver did not consider it necessary for the protection and preservation of the estate to take possession of the funds on deposit, if any, in the Debtors' bank accounts.
61. In addition, as the Interim Receiver did not complete a sale of any of the Property, the only monies received by the Interim Receiver during the receivership proceedings was the Interim Receiver's borrowings (see paragraph 34), which monies were required to fund certain of the receivership administration costs and expenses.
62. As at July 29, 2011 and as noted in the Interim Receiver's Statement of Receipts and Disbursements, a copy of which is attached as **Appendix "N"** to this report,



the Interim Receiver's disbursements, including any outstanding disbursements, exceeded the Interim Receiver's receipts by \$200,831.52 (the "**Interim Receiver Shortfall**")

63. As of the date of this Second Report, and included in the attached Statement of Receipts and Disbursements, are approximately \$13,000.00 (excluding any applicable taxes) in incremental disbursements, consisting of fees and disbursements of the Interim Receiver and its legal counsel, that are estimated to be required to complete the receivership proceedings.
64. Pursuant to paragraph 17 of the Appointment Order, the Interim Receiver and Cassels enjoy the benefit of a charge secured by all of the Debtors' Property, (the Interim Receiver's Charge), which ranks in priority to all other charges over the Debtors' Property. In addition, all borrowings made by the Interim Receiver pursuant to paragraph 20 of the Appointment Order, are secured by a charge over all of the Debtors' Property (the Interim Receiver's Borrowing Charge), which ranks in priority to all other charges over the Debtors' Property other than the Interim Receiver's Charge. Accordingly, it is the Interim Receiver's intention to repay the Interim Receiver Shortfall and the Interim Receiver's Borrowings upon receipt, by the Interim Receiver, of amounts sufficient to satisfy same from the sale of the Purchased Assets. Upon the repayment of same, the Interim Receiver's Charge and the Interim Receiver's Borrowing Charge will be extinguished.

APPROVAL OF THE INTERIM RECEIVER'S ACTIVITIES AND FEES

65. As detailed in the Interim Receiver's Reports, to the best of the Interim Receiver's knowledge, the Interim Receiver has completed its duties, as set out in the Appointment Order and in subsequent Orders.
66. The Interim Receiver and Cassels have maintained detailed records of their professional time and costs. The Interim Receiver is seeking the approval of its fees and disbursements from the period May 10, 2011 to June 28, 2011 and those



of Cassels for the period from May 4, 2011 to July 23, 2011 (the “**Periods**”) in connection with the performance of their duties in these receivership proceedings.

67. The total fees of the Interim Receiver during the Periods amount to \$94,836.00 (inclusive of a courtesy discount totaling \$25,000.00), together with expenses and disbursements in the amount of \$6,373.32 (both excluding GST / HST) (collectively, the **Interim Receiver’s Fees and Disbursements**). The time spent by the Interim Receiver’s personnel during the Periods is more particularly described in the Affidavit of Tracey Weaver (the “**Weaver Affidavit**”), sworn July 28, 2011 in support hereof and attached as **Appendix “O”** to this report. The Weaver Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Interim Receiver in respect of the within proceedings for the Periods.
68. The total fees for services provided by Cassels during the Periods amount to \$54,848.50, together with expenses and disbursements in the amount of \$663.04 (both excluding GST / HST) (collectively, the “**Cassels Fees and Disbursements**”). The time spent by Cassels’ personnel during the Periods is more particularly described in the Affidavit of David Ward (the “**Ward Affidavit**”) sworn July 29, 2011 in support hereof and attached as **Appendix “P”** to this report. Included in the Ward Affidavit is a summary of the personnel, hours, and hourly rates charged by Cassels in respect of the within proceedings for the Periods.
69. The Interim Receiver’s fees and disbursements for the period from June 28, 2011 to completion of all work relating to the receivership proceedings will be calculated and billed at the standard hourly rates currently in effect. Barring unforeseen circumstances, the fees and disbursements of the Interim Receiver for the period from June 28, 2011 up to the effective date of the Interim Receiver’s discharge are estimated not to exceed \$5,000.00, as indicated in the Weaver

Affidavit, which amount has been included in the provision for outstanding disbursements in the Statement of Receipts and Disbursements.

70. Similarly, Cassels' fees and disbursements for the period from July 23, 2011 up to the effective date of the Interim Receiver's discharge are estimated not to exceed \$8,000.00, as indicated in the Ward Affidavit (together with the Interim Receiver's estimate of costs to complete noted in paragraph 69 above, the "**Completion Fee Estimate**").
71. The Interim Receiver respectfully submits that the Interim Receiver's Fees and Disbursements and the Cassels Fees and Disbursements are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Appointment Order. Accordingly, the Interim Receiver now seeks the approval of this Honourable Court of the Interim Receiver's Fees and Disbursements, the Cassels Fees and Disbursements as well as the Completion Fee Estimate.

REMAINING DUTIES AND INTERIM RECEIVER'S DISCHARGE

72. As summarized in this Second Report, the Interim Receiver has completed its obligations and duties, as set out in the Appointment Order and subsequent Orders, with respect to the Debtors except for the repayment of the Interim Receiver's Borrowings and the satisfaction of the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge. Accordingly, after repayment of the Interim Receiver's Borrowings and the Interim Receiver Shortfall, it would be appropriate to discharge the Interim Receiver.
73. As noted in the Interim Receiver's Statement of Receipts and Disbursements, the Interim Receiver has suffered a shortfall in carrying out its obligations and duties as Interim Receiver in the amount of \$200,831.52.
74. Shortly after receipt by the Interim Receiver of amounts sufficient to repay the Interim Receiver Shortfall and the Interim Receiver's Borrowings from amounts realized from the sale of the Purchased Assets, the Interim Receiver intends to

file the Interim Receiver's Discharge Certificate with the Court, a copy of which is attached as Schedule "A" to the Proposed Discharge Order, which will trigger the Interim Receiver's discharge.

CHARGES

75. The Proposed Discharge Order seeks to, *inter alia*, terminate, discharge and release the existing Charges provided for in the Appointment Order, in accordance with the terms of the Discharge Order.
76. As the Interim Receiver's Charge is for the benefit of the Interim Receiver and its counsel in completing their duties in these receivership proceedings, the Discharge Order provides that the Interim Receiver's Charge is to be terminated upon the filing of the Discharge Certificate by the Interim Receiver.
77. As the Interim Receiver is of the view that there will be no need for the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge after the Interim Receiver's Shortfall and the Interim Receiver's Borrowings are repaid, these charges are to be terminated upon the filing of the Discharge Certificate by the Interim Receiver.

CONCLUSION

78. To the best of the Interim Receiver's knowledge and belief, all duties of the Interim Receiver as set out in the Appointment Order and subsequent Orders have been properly carried out and completed. Accordingly, the Interim Receiver brings this motion and respectfully requests that this Honourable Court make an Order:
 - a) Approving the Interim Receiver's activities since the Date of Appointment;
 - b) Approving the Interim Receiver's Statement of Receipts and Disbursements for the receivership proceedings;

- c) Approving the Interim Receiver's Fees and Disbursements and the Cassels Fees and Disbursements, including the Completion Fee Estimate, as detailed in this Second Report, the Weaver Affidavit and the Ward Affidavit;
- d) Approving the Interim Receiver's Reports and the activities of the Interim Receiver set out therein;
- e) Terminating the Interim Receiver's Charge and the Interim Receiver's Borrowings Charge, as provided for in the Appointment Order, upon the Interim Receiver filing the Discharge Certificate; and
- f) Discharging the Interim Receiver, upon the filing of the Discharge Certificate and declaring that the Interim Receiver has duly and properly discharged its duties, responsibilities and obligations and is released from any further obligations as Interim Receiver and any and all liability relating to these receivership proceedings, save and except for the Receiver's gross negligence or wilful misconduct.

All of which is respectfully submitted this 29th day of July, 2011.

PricewaterhouseCoopers Inc.
In its capacity as Interim Receiver of
True Blend Tobacco Company Inc., Brian Kevin Poreba and Victor Osztrovics



Greg Prince
Senior Vice President



Adam Sherman
Vice President



Appendix A

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Court File No. 35-1489580

CV-11-9208 -

00CL.

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE)
MR. JUSTICE MORAWETZ.)

TUESDAY, THE 10th
DAY OF MAY, 2011

IN THE MATTER OF AN APPLICATION UNDER SECTION 47
OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3

AND IN THE MATTER OF SECTION 101 OF
THE COURTS OF JUSTICE ACT, R.S.O. 1990, C.C-43

BETWEEN:

1787811 ONTARIO INC. C/O PETER WATTS, 1815612 ONTARIO INC., 2134265
ONTARIO LTD., 2204293 ONTARIO INC., 2204051 ONTARIO LTD. C/O ELIZABETH
HUYGE, 2226700 ONTARIO INC., 2229987 ONTARIO INC., 2230916 ONTARIO LTD.,
2231288 ONTARIO INC., 2232139 ONTARIO LTD. C/O PETER VILACA, 2232466
ONTARIO INC., 2232471 ONTARIO INC., AARON PHILLIPS, ALLAN MUDGE,
AUTUMN CREEK FIELD INC., BIRDIEBUFF HOLDINGS LTD., BMW FARMS INC.,
BRANDON VANHAECHE, BRIAN SIOEN, BRIAN VANDERHAEGHE, C & B
VANKERREBROECK FARMS INC., COLLIN YARMIE, D & M CSERCSICS FARMS
INC., DAVID TOTH, DIERICK FARMS LTD., D K SIOEN FARMS INC., EDWARD
POLJANOWSKI, G.D. BYERS FARMS, GARY DEMEYERE, GARY ISENER, JACOB
D & ELISABETH KNELSEN, MENDONCA HOLDINGS INC., JEFF NEVILLE,
JORDAN JAMES FARMS, KEITH BOKLA, KYLIE DEMEULENAERE FARMS LTD.,
MATTHEW SOBCZYK, MICHAEL DEW, MYTY FARM, PETER WALL, R & R
FARMING LIMITED, RHINELAND FARMS LTD., RICHARD & BARBARA
DEMAREST, RYAN DEMEULENAERE FARM LTD., SCOTT BRINKER, TRUDY
REDEKOPP, STEVEN KNILL AND SPRIET VENTURES LTD.

Applicant

- and -

BRIAN KEVIN POREBA, VICTOR OSZTROVICS AND
TRUE BLEND TOBACCO COMPANY INC.

Respondents

ORDER APPOINTING INTERIM RECEIVER

THIS APPLICATION made by certain of the creditors as listed in Schedule "A" (the "**Creditors**") for an Order pursuant to section 47.1(1)(b) 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. as interim Receiver (in such capacities, the "**Interim Receiver**") without security, of all of the assets, undertakings and properties of True Blend Tobacco Company Inc., Brian Kevin Poreba, Victor Osztrovics (collectively the "**Debtors**") acquired for, or used in relation to the business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Michael Sioen sworn May 8, 2011 and the Exhibits thereto and on hearing the submissions of counsel for the Creditors, no one else appearing and on reading the consent of PricewaterhouseCoopers Inc. to act as the Interim Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 47.1 of the BIA and section 101 of the CJA, PricewaterhouseCoopers Inc. is hereby appointed Interim Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to the business carried on by the Debtors, including all proceeds thereof (the "**Property**").

3. THIS COURT ORDERS that, absent further Order of this Court, the Interim Receiver shall not operate, manage or carry on the business of the Debtors, or employ any employees of the Debtors.

INTERIM RECEIVER'S POWERS

4. THIS COURT ORDERS that the Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim 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 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;
- (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 Interim Receiver's powers and duties, including without limitation those conferred by this Order;
- (d) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (e) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Interim Receiver's name or

in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (f) to summarily dispose of Property that is perishable or likely to depreciate rapidly in value, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall apply;
- (g) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the Interim Receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;
- (h) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (i) 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 Interim Receiver, in the name of the Debtors;
- (j) 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 Interim 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

5. THIS COURT ORDERS that (i) the Debtors, (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 Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Interim 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 Debtors, 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 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 Interim Receiver due 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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the

purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim 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 INTERIM 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 Interim Receiver except with the written consent of the Interim Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Interim Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 Debtors, the Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Interim Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Interim Receiver or the Debtors 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 INTERIM 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 Debtors, without written consent of the Interim Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, trade names, merchant accounts, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors 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 Interim Receiver, and that the Interim Receiver shall be entitled to the continued use of the Debtors' 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 Interim Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Interim Receiver, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim 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 Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Interim Receiver (the "Post Interim Receivership Accounts") and the monies standing to the credit of

such Post Interim Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim 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 all employees of the Debtors shall remain the employees of the Debtors. The Interim 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 Interim 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*.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Interim Receiver to occupy or to take control, care, charge, possession or management (separately and/or 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Interim 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

INTERIM RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, unless otherwise ordered by the Court on the passing of accounts, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim 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.

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

19. THIS COURT ORDERS that prior to the passing of its accounts, the Interim 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 standard rates and charges of the Interim 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 INTERIM RECEIVERSHIP

20. THIS COURT ORDERS that the Interim 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 \$2 million (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 Interim 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 "**Interim 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 Interim Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

23. THIS COURT ORDERS that the monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim 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 Interim Receiver's Certificates.

SERVICE AND NOTICE

24. THIS COURT ORDERS that the Interim Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

25. THIS COURT ORDERS that the Applicant, the Interim Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as such appear on the service list herein or in the materials filed in these proceedings, and the Interim Receiver may post a copy of any or all such materials on its website.

GENERAL

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

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

28. THIS COURT ORDERS that the Interim Receiver is hereby authorized and empowered to file an assignment in bankruptcy for and on behalf of the Debtors and name PricewaterhouseCoopers Inc. as the Debtors' trustee in bankruptcy.

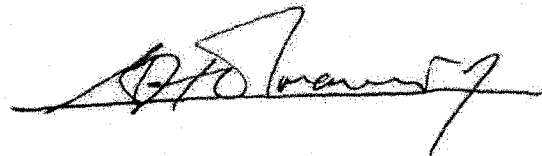
29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative

bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

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

31. 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 Interim 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.

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32. THIS COURT ORDERS that this order shall remain in effect until May 12, 2011 at 11:59 pm, or until such time as a motion for an extension of this Order can be heard by the appropriate Court. *AR*



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

MAY 10 2011

PER/PAR:



SCHEDULE "A"

INTERIM RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that PricewaterhouseCoopers Inc., the Interim Receiver (the "**Interim Receiver**") of the assets, undertakings and properties of True Blend Tobacco Company Inc. acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (the "**Court**") dated the 10th of May, 2011 (the "**Order**") made in an action having Court file number 35-1489580, has received as such Interim Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Interim 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 Interim 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 Interim 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.

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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 Interim Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Interim 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 Interim 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__.

PricewaterhouseCoopers Inc. solely
in its capacity as Interim Receiver of
the Property, and not in its personal
capacity

Name:

Title:

J
J

IN THE MATTER OF AN APPLICATION UNDER SECTION 47
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3
AND IN THE MATTER OF SECTION 101 OF
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C.C-43

Court File No: 35-1489580

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

COMMERCIAL LIST

Proceeding commenced at **Toronto**

ORDER

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LSUC No. 48856F

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Lawyers for the Applicant

Appendix B

1787811 ONTARIO INC. C/O PETER WATTS, et al.
Applicants

and

BRIAN KEVIN POREBA
Respondents

T. Nguyen for Applicants

May 10, 2011

L. Ellis for PwC, Interim

The Applicants move for the appointment of PwC as Interim Receiver of TrueBled Tobacco, Mr. Poreba and Mr. Ostrowski. TrueBled filed a NOI under the BIA on April 20, 2011 and the two individuals filed NOIs on May 2, 2011.

A Mareva Injunction against all three parties was granted by Mr. Denham J on April 1, 2011. On

April 8, 2011 - ON CONSENT this order was

extended. The April 8, 2011 edocent reads:

"On consent 12³⁰ p.m. Existing order to remain in place until further order"

On April 14, 2011, a motion to vary the order was adjourned.

Clearly, as of today the order remains in effect.

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

IN THE MATTER OF AN APPLICATION UNDER
SECTION 47 OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, C. B-3
AND IN THE MATTER OF SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C.C-43

Proceeding commenced at Toronto

APPLICATION RECORD
(Application for the Appointment of an Interim Receiver,
returnable May 10, 2011)

BRAUTI THORNING ZIBARRAS LLP
151 Yonge Street, Suite 1800
Toronto, ON M5C 2W7

P. James Zibarras
LSUC No. 48856F

Trung S. Nguyen
LSUC No. 49386C

Tel.: 416.362.4567
Fax: 416.362.8410

Lawyers for the Applicants

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The filing of the Notice of Intents, absent
further order of the court, does not, in
my view, have the effect of vacating
or staying the effect of the order of
April 1, 2011 as extended on April 4, 2011.

To hold otherwise would potentially harm
the interests of creditors which would
result in a ~~result~~ ^{extreme} that runs counter
to the relief granted on April 1, 2011.
However, in the event that I am

in error, I am satisfied that
the Record supports the requested
relief ~~to~~ in the form of an
Interim Receivership Order under

§ 47.1 of the B.A. Such an
order is necessary for (a) protection
of the debtor's estate; as well as other
interests of the Applicant.

An order shall issue in the form
presented. However, this matter
should have been brought before
the Court in London

In the circumstances, the Order is
to be served immediately

6.
on all started + necessary persons
ad shall be continued until the
matter can be fully considered
- Inds at the matter cost in

Thursdy Th 12, 2011.
1 hour - 2:00 PM

ATC/Baron

Appendix C

PAUL-ERIK VEEL for the Respondents.

TRINH NGUYEN for the Applicants.

LARRY ELLIS for the Interim Receiver, Pricewaterhouse Coopers ~~(the "Interim Receiver")~~
(the "Interim Receiver")

- Counsel for the Applicants has requested clarification
- ① regarding the scope of particular provisions of the Interim Receivership Order granted by Justice Morawetz on May 10, 2011 (the "Order").

- I confirm that, pursuant to section five of the Order, Brian Kevin Poreba and Victor Osztrovics shall grant the Interim Receiver immediate and unfettered access to any
- ② and all external portions of the real property where Mr. Poreba and Mr. Osztrovics reside, including but not limited to any sheds, barns, kilns or any other structure located on such property.

- Additionally, I confirm that Mr. Poreba and Mr. Osztrovics shall grant the Interim Receiver access to their personal residences, only for the limited purpose of making a copy of ~~that~~ any computers contained therein. This is
- ④ without prejudice to the Applicant's position that the existing Order allows for full, unfettered access to the personal residence. For further clarity, Mr. Osztrovics and Mr. Poreba shall provide full and unfettered access to the computers, including providing any usernames and passwords necessary to access them. The Interim Receiver acknowledges that the information on the computers may contain

- Mr. Poreba and Mr. Ostrovics shall also disclose to the Interim Receiver any and all locations where their Property (as defined in the Order) ~~is~~ is located. Mr. Poreba and Mr. Ostrovics shall assist the Interim Receiver in its efforts to gain access to these assets.
- (5) Mr. Poreba and Mr. Ostrovics shall provide ^{such} access to their personal residences to the Interim Receiver by no later than 12 pm, May 13, 2011, and until such time as the Interim Receiver has completed their copying of the computers.
- (5a) (6) ~~The~~ The Order continues to apply until further ~~order~~ of the Court.
- (7) The balance of the Application is adjourned to May 27, 2011 for a full day hearing.

Court File No.:

1787811 ONTARIO INC. C/O PETER WATTS, et al.
Applicants

and

BRIAN KEVIN POREBA
Respondents

12/64/11.

Order to go in lens 1 draft
Endorsement attached.

- Adj. to May 27/11.

May 27/11 ^{mcg} ^{yang}

Order signed on
consent.

[Signature]

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

IN THE MATTER OF AN APPLICATION UNDER
SECTION 47 OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, C. B-3
AND IN THE MATTER OF SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C.C-43

Proceeding commenced at Toronto

APPLICATION RECORD

(Application for the Appointment of an Interim Receiver,
returnable May 10, 2011)

BRAUTI THORNING ZIBARRAS LLP

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Toronto, ON M5C 2W7

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LSUC No. 48856F

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Lawyers for the Applicants

Appendix D



ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE MADAME
JUSTICE RADY)

FRIDAY, THE 27th
DAY OF MAY, 2011

IN THE MATTER OF AN APPLICATION UNDER SECTION 47
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3

AND IN THE MATTER OF SECTION 101 OF
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C.C-43

BETWEEN:

1787811 ONTARIO INC. C/O PETER WATTS, 1815612 ONTARIO INC., 2134265
ONTARIO LTD., 2204293 ONTARIO INC., 2204051 ONTARIO LTD. C/O ELIZABETH
HUYGE, 2226700 ONTARIO INC., 2229987 ONTARIO INC., 2230916 ONTARIO LTD.,
2231288 ONTARIO INC., 2232139 ONTARIO LTD. C/O PETER VILACA, 2232466
ONTARIO INC., 2232471 ONTARIO INC., AARON PHILLIPS, ALLAN MUDGE,
AUTUMN CREEK FIELD INC., BIRDIEBUFF HOLDINGS LTD., BMW FARMS INC.,
BRANDON VANHAECKE, BRIAN SIOEN, BRIAN VANDERHAEGHE, C & B
VANKERREBROECK FARMS INC., COLLIN YARMIE, D & M CSERCSICS FARMS
INC., DAVID TOTH, DIERICK FARMS LTD., D K SIOEN FARMS INC., EDWARD
POLJANOWSKI, G.D. BYERS FARMS, GARY DEMEYERE, GARY ISENER, JACOB
D & ELISABETH KNELSEN, MENDONCA HOLDINGS INC., JEFF NEVILLE,
JORDAN JAMES FARMS, KEITH BOKLA, KYLIE DEMEULENAERE FARMS LTD.,
MATTHEW SOBCZYK, MICHAEL DEW, MYTY FARM, PETER WALL, R & R
FARMING LIMITED, RHINELAND FARMS LTD., RICHARD & BARBARA
DEMAREST, RYAN DEMEULENAERE FARM LTD., SCOTT BRINKER, TRUDY
REDEKOPP, STEVEN KNILL AND SPRIET VENTURES LTD.

Applicant

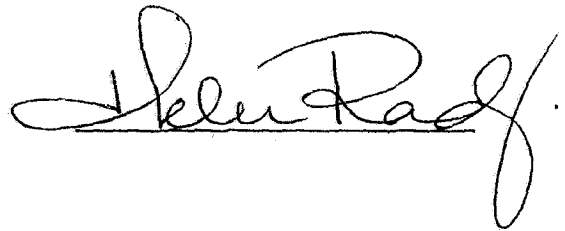
- and -

BRIAN KEVIN POREBA, VICTOR OSZTROVICS AND
TRUE BLEND TOBACCO COMPANY INC.

Respondents

ORDER

1. **THIS COURT ORDERS** that Order of Justice Morawetz dated May 10, 2011 (the "Interim Receivership Order") appointing PricewaterhouseCoopers Inc. (the "Interim Receiver") as interim receiver over all of the assets, undertakings and properties of True Blend Tobacco Company Inc. ("True Blend"), Brian Poreba and Victor Osztrovics (collectively, the "Debtors") and extended by Order of Justice McGarry dated May 12, 2011, is hereby extended until further order of this Court.
2. **THIS COURT DECLARES** that to the extent there is a conflict between the Interim Receivership Order and the Order of Justice McDermid dated April 1, 2011 (the "Mareva Injunction") the Interim Receivership Order shall prevail.
3. **THIS COURT DECLARES** that, subject to paragraphs 1 and 2 of this Order, both the Mareva Injunction and the Interim Receivership Order shall remain in full force and effect until further order of this Court.



ORDER ENTERED 77-72 MAY 27 2011
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Appendix E

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Court File No. CV-11-9208-00CL

**True Blend Tobacco Company Inc., Brian Kevin Poreba and Victor
Osztrovics**

INTERIM RECEIVER'S FIRST REPORT TO COURT

May 11, 2011

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

BETWEEN:

**1787811 ONTARIO INC. C/O PETER WATTS, 1815612 ONTARIO INC.,
2134265 ONTARIO LTD., 2204293 ONTARIO INC., 2204051 ONTARIO LTD.
C/O ELIZABETH HUYGE, 2226700 ONTARIO INC., 2229987 ONTARIO
INC., 2230916 ONTARIO LTD., 2231288 ONTARIO INC., 2232139 ONTARIO
LTD. C/O PETER VILACA, 2232466 ONTARIO INC., 2232471 ONTARIO
INC., AARON PHILLIPS, ALLAN MUDGE, AUTUMN CREEK FIELD INC.,
BIRDIEBUFF HOLDINGS LTD., BMW FARMS INC., BRANDON
VANHAECKE, BRIAN SIOEN, BRIAN VANDERHAEGHE, C & B
VANKERREBROECK FARMS INC., COLLIN YARMIE, D & M CSERCSICS
FARMS INC., DAVID TOTH, DIERICK FARMS LTD., D K SIOEN FARMS
INC., EDWARD POLJANOWSKI, G.D. BYERS FARMS, GARY DEMEYERE,
GARY ISENROR, JACOB D & ELISABETH KNELSEN, MENDONCA
HOLDINGS INC., JEFF NEVILLE, JORDAN JAMES FARMS, KEITH BOKLA,
KYLIE DEMEULENAERE FARMS LTD., MATTHEW SOBCZYK, MICHAEL
DEW, MYTY FARM, PETER WALL, R & R FARMING LIMITED, RHINELAND
FARMS LTD., RICHARD & BARBARA DEMAREST, RYAN DEMEULENAERE
FARM LTD., SCOTT BRINKER, TRUDY REDEKOPP, STEVEN
KNILL AND SPRIET VENTURES LTD.**

Applicants

-and-

**BRIAN KEVIN POREBA, VICTOR OSZTROVICS AND
TRUE BLEND TOBACCO COMPANY INC.**

Respondents

**FIRST REPORT TO THE COURT SUBMITTED BY
PRICEWATERHOUSECOOPERS INC. IN ITS CAPACITY AS
INTERIM RECEIVER**

INTRODUCTION

1. By Order of the Honourable Mr. Justice Morawetz dated May 10, 2011 (the "**Appointment Order**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed interim receiver (the "**Interim Receiver**") pursuant to section 47.1 (1)(b) of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3 and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43. , without security, of all the assets, undertakings and properties of True Blend Tobacco Company Inc. ("**True Blend**"), Brian Kevin Poreba and Victor Osztrovics (collectively the "**Debtors**") acquired for, or used in relation to the business carried on by the Debtors. A copy of the Appointment Order is attached as **Appendix "A"** to this report.
2. As noted in his endorsement, a copy of which is attached as **Appendix "B"** to this report, the Honourable Mr. Justice Morawetz noted that that the application for the Appointment Order should properly have been brought before the Court in London, Ontario and, as such, the Appointment Order was to be effective only until such time that the matter could be fully considered by the Court in London, Ontario on Thursday, May 12, 2011.
3. The purpose of this, the Interim Receiver's First Report (the "**First Report**"), is to inform the Court of the activities of the Interim Receiver since the granting of the Appointment Order.

ACTIVITIES OF THE INTERIM RECEIVER

4. Late in the afternoon on May 10, 2011, following the granting of the Appointment Order, the Interim Receiver contacted counsel for the True Blend's landlord, E&E McLaughlin Ltd. (the "**Landlord**"), to advise of its appointment and request access to True Blend's office / processing facility located at 500 Highway 3, Tillsonburg, Ontario (the "**Former Leased Premises**"). Unfortunately, due to the late hour, the Interim Receiver was not able to gain access to True Blend's office / processing facility on May 10, 2011.



5. On May 11, 2011, the Interim Receiver attended at True Blend's office / processing facility and met with representatives of the Landlord who advised that it had terminated the lease with True Blend in April 2011 due to non-payment of rent.
6. After being granted access to True Blend's office / processing facility, the Interim Receiver completed the following activities:
 - a) changed the locks to True Blend's office / processing facility;
 - b) contacted True Blend's alarm service provider to both delete the existing alarm codes and set up new alarm codes for the Interim Receiver;
 - c) photographed and started taking a physical inventory of True Blend's equipment and inventory;
 - d) contacted Firstbrook, Cassie & Anderson Ltd. ("FCA"), an insurance broker specializing in providing insurance coverage for insolvency professionals, to advise of PwC's appointment as Interim Receiver and put FCA on notice that, should the Interim Receiver determine True Blend's existing insurance coverage to be inadequate, additional coverage will be required (discussed further below);
 - e) met with a representative of the Ministry of Revenue, Compliance Programs Division, regarding PwC's appointment as Interim Receiver and the steps it had taken to both preserve and protect True Blend's assets, including its inventory of raw/unprocessed tobacco;
 - f) contacted several appraisers / auctioneers to schedule a site visit to assess True Blend's fixed assets / machinery; and
 - g) started reviewing True Blend's on-site books and records (hardcopy only), as we did not have access to True Blend's computer system, in an effort to gain a better understanding of True Blend's financial position.

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7. In addition to the above and in an effort to carry out the terms of the Appointment Order, representatives of the Interim Receiver also attended on May 11, 2011, with the assistance of two officers from the Ontario Provincial Police (“OPP”), at the personal residences of both Mr. Poreba and Mr. Osztrovics (collectively the “**Principals**”).
 8. The Principals initially refused service of the Appointment Order, but they eventually relented and the Interim Receiver was able to explain the terms of the Appointment Order and request the Principals’ cooperation in providing information on True Blend’s business activities, assets and books and records. The Interim Receiver also requested access to the Principals’ residences to confirm that no property, including books and records, of True Blend were located at the Principals’ residences. The Principals advised the Interim Receiver that no business assets and /or books and records were located at their personal residences and refused the Interim Receiver’s request for access to confirm same.
 9. The Principals also initially refused to answer many of the Interim Receiver’s questions in connection with the business activities, assets or books and records of True Blend. As such, the Interim Receiver’s initial meetings with the Principals were not productive in providing the Interim Receiver the necessary information to carry out the terms of the Appointment Order.
 10. However, after apparently consulting with their legal counsel, the Principals agreed to meet with the Interim Receiver later in the day on May 11, 2011. Accordingly, at approximately 5:00 p.m. (Eastern Standard Time), the Interim Receiver, again in the presence of OPP officers, attended at the personal residence of Mr. Osztrovics. Due to a scheduling conflict, the Interim Receiver was not able to reattend at the personal residence of Mr. Poreba on May 11, 2011.

11. During the Interim Receiver's second attendance at the Osztrovics' residence, although the Interim Receiver was still refused entry to the home, Mr. Osztrovics did provide the Interim Receiver with the following information regarding True Blend:
- a) all of True Blend's assets and books and records are located at its Former Leased Premises. No assets and / or books and records are located at either of the Principals' residences or at any other third party location. As noted above, the Interim Receiver was denied access the Principals' residences and, consequently, the Interim Receiver is not in a position to confirm Mr. Osztrovics statement;
 - b) True Blend's Canadian / US Dollar bank accounts and the Principals' personal bank accounts held at TD Bank in Burford, Ontario as well as the personal credit cards of the Principals have been frozen, as per the terms of a *Mareva* Injunction, which was granted against the Debtors prohibiting them from dealing with or disposing of their assets. The Interim Receiver is in the process of determining the bank account details provided by Mr. Osztrovics to ensure the preservation and protection of any True Blend monies on deposit in financial institutions;
 - c) True Blend's operations have been shut down since April 1, 2011, although formal termination letters have not been issued to the Company's 10 to 12 employees. Furthermore, Mr. Osztrovics advised that the employees are currently owed wages and vacation pay for a period of approximately 2 to 3 weeks. The Interim Receiver will be reviewing True Blend's books and records to determine the existence, status and quantum of any employee claims pursuant to section 81.4 of the BIA and the *Wage Earner Protection Program Act* in due course; and

- d) True Blend currently does not have insurance coverage for its fixed assets and inventory. The Interim Receiver will be contacting FCA on May 12, 2011 to ensure that appropriate insurance coverage is in place for True Blend's equipment and inventory.
12. In addition to the above, Mr. Osztrovics was also not able to provide the Interim Receiver with the username and passwords to permit access True Blend's computers located at the Former Leased Premises. Similarly, Mr. Osztrovics was also unable to provide the Interim Receiver with any current financial information, including accounts receivable sub-ledgers and accounts payable sub-ledgers. Although Mr. Osztrovics did advise the Interim Receiver that it should contact certain of True Blend's former employees to obtain this information, he was not able to provide contact information for the employees in question. The Interim Receiver is currently trying to obtain contact details for the relevant employees.

All of which is respectfully submitted this 11th day of May, 2011.

PricewaterhouseCoopers Inc.
In its capacity as Interim Receiver of
True Blend Tobacco Company Inc., Brian Kevin Poreba and Victor Osztrovics



Adam Sherman
Vice President



Appendix A

(previously included in this
Motion Record)

Appendix F

True Blend Tobacco Company Inc.

FIRST REPORT OF THE RECEIVER

July 27, 2011

Court File No: _____

**ONTARIO
SUPERIOR COURT OF JUSTICE**

IN THE MATTER OF SECTION 67 OF THE *PERSONAL PROPERTY SECURITY ACT*,
R.S.O. 1990, c. P. 10

AND IN THE MATTER OF SECTION 100 OF THE COURTS OF JUSTICE ACT, R.S.O.
1990, C.43

AND IN THE MATTER OF THE RECEIVERSHIP OF TRUE BLEND TOBACCO
COMPANY INC.

**FIRST REPORT OF PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
TRUE BLEND TOBACCO COMPANY INC.**

July 27, 2011

INTRODUCTION

1. This report is filed by PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as receiver (the "**Receiver**") of all the property, assets and undertakings (the "**Property**") of True Blend Tobacco Company Inc. ("**True Blend**" or the "**Company**").
2. On July 4, 2011, PwC was appointed Receiver over the Property of True Blend by Trisura Guarantee Insurance Company ("**Trisura**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), pursuant to the terms of a general security agreement dated August 25, 2010 granted by True Blend in favour of Trisura. A copy of the appointment letter is attached as **Appendix "A"** to this report.

BACKGROUND AND EVENTS LEADING TO THE APPOINTMENT OF THE RECEIVER

3. On April 1, 2011, as a result of an application brought by certain of the Company's creditors, an order for a *Mareva* injunction was issued against True Blend, which prohibited the Company from dealing with or disposing of any of the Property.

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4. On April 20, 2011, True Blend filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the BIA ("**NOI**") and Schwartz Levitsky Feldman Inc. ("**SLF**") agreed to act as Trustee in True Blend's Proposal proceedings.
 5. On May 10, 2011, by order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice, PwC was appointed interim receiver (the "**Interim Receiver**") pursuant to section 47.1 (1)(b) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43., without security, of all the Property of True Blend (the "**Interim Receivership Order**"), upon an application brought by several of True Blend's creditors. A copy of the Interim Receivership Order is attached hereto as **Appendix "B"**.
 6. As set out in the endorsement of the Honourable Justice Morawetz, a copy of which is attached hereto as **Appendix "C"**, the Interim Receivership Order was made effective only until the matter could be fully considered by the Court in London, Ontario on May 12, 2011, being the "locality of the debtor" in respect of True Blend.
 7. On May 12, 2011, the motion for the extension of the Interim Receivership Order was adjourned until May 27, 2011, with PwC remaining as Interim Receiver, pending further order of the Court.
 8. On May 19, 2011, True Blend filed a proposal (the "**Proposal**") with SLF, pursuant to the provisions of the BIA and a meeting of True Blend's creditors was held on June 9, 2011 to consider and vote on the Proposal (the "**Meeting of Creditors in True Blend's Proposal**").
 9. On May 27, 2011, on the consent of all parties, the Interim Receivership Order was extended until further order of the Court (the "**May 27th Order**"). A copy of the May 27th Order is attached hereto as **Appendix "D"**.
 10. On June 9, 2011, at the Meeting of Creditors in True Blend's Proposal, the Company's creditors rejected the Proposal, whereupon True Blend was deemed to have made an assignment in bankruptcy, pursuant to subsection 57(a) of the BIA. As a result of a motion put forward by certain of True Blend's creditors at the first meeting of creditors in True Blend's bankruptcy, which immediately followed the Meeting of Creditors in True Blend's Proposal, PwC substituted SLF as trustee in bankruptcy of the Company (the "**Trustee**").

PURPOSE OF REPORT

11. This is the first report of the Receiver (the "**First Report**"), the purpose of which is to advise and update this Honourable Court with respect to:

- i) The results of the sales process undertaken by the Interim Receiver and the Trustee and, ultimately, the sale by the Receiver of certain of the Property (the "**Purchased Assets**") to Grand River Enterprises Six Nations Ltd. ("**Grand River**"), subject to this Honourable Court's approval;
- ii) The terms of a Purchase and Sale Agreement ("**PSA**") dated July 27, 2011 between the Receiver and Grand River for the sale the Purchased Assets (the "**Transaction**");
- iii) The reasons why the Receiver believes that the Transaction should be completed on an expedited basis;

And to seek an order of this Honourable Court:

- i) Abridging the time for the service of the Notice of Disposition of Collateral, pursuant to Part V of the *Personal Property Security Act* (Ontario) (the "**Notice**"), in connection with the sale of the Purchased Assets to Grand River or such further and other sales the Receiver may complete from time to time, without waiting for the Notice to expire;
 - ii) Approving the Transaction and vesting the Company's right, title and interest in and to the Purchased Assets in Grand River, free and clear of all liens and encumbrances (the "**Approval and Vesting Order**"); and
 - iii) Sealing the Offer Summary (as hereinafter defined) and the unredacted version of the PSA until further order of the Court on notice to the Receiver.
12. The information contained in this report has been obtained from the books and records and other information provided to it by the Company. The accuracy or completeness of the financial information contained herein have not been audited or otherwise verified by the Receiver, and the Receiver does not express an opinion or provide any other form of

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assurance on the information presented herein or relied upon by the Receiver in preparing this report.

SALE PROCESS

INTERIM RECEIVER SALE PROCESS

13. Subsequent to its appointment as Interim Receiver, representatives of both the Interim Receiver and its counsel met with certain of the Company's creditors, including tobacco farmers and suppliers of raw, unprocessed tobacco to True Blend, in an effort to gain a better understanding of the contracts for the sale of tobacco to True Blend, the current market for Ontario grown, flue-cured tobacco and other matters the Interim Receiver considered relevant to discharging its duties pursuant to the Interim Receivership Order. At this meeting, several of the tobacco farmers in attendance informed the Interim Receiver that True Blend's tobacco inventory should promptly be sold, as raw, unprocessed tobacco is perishable and an expeditious sale would protect against deterioration and /or spoilage and would maximize the value of such inventory, in the circumstances.
14. The Interim Receiver also communicated with representatives of the Ontario Flue-Cured Tobacco Growers' Marketing Board (the "**Tobacco Board**"), which has a mandate to control and regulate the production and marketing of all Ontario grown flue-cured tobacco. The Interim Receiver understands that the Tobacco Board is responsible for, *inter alia*, issuing licences for the production of tobacco as well as ensuring that any party interested in buying Ontario grown flue-cured tobacco from a tobacco producer is both licensed and registered with the Tobacco Board. At the Interim Receiver's request, the Tobacco Board provided the Interim Receiver with a list of licensed purchasers that were registered with the Tobacco Board.
15. In addition to the Tobacco Board, the Interim Receiver communicated with representatives of the London Tax Services Office and the Ministry of Revenue, Compliance Programs Division (collectively, the "**Enforcement Departments**") both of which help enforce the regulations of the Tobacco Board regarding the production, buying and selling of Ontario grown, flue-cured tobacco.

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16. Based on the Interim Receiver's discussions with representatives of the Tobacco Board, the Enforcement Departments as well as various tobacco producers, the Interim Receiver was of the view that in order to avoid deterioration and / or erosion of value for the benefit of both True Blend and its creditors, the Company's tobacco inventory, which largely consists of raw, unprocessed tobacco, should be offered for sale.
 17. Paragraph 4(f) of the Interim Receivership Order authorized the Interim Receiver to "summarily dispose of Property that is perishable or likely to depreciate rapidly in value". Accordingly, on May 25, 2011, the Interim Receiver emailed each of the parties registered with the Tobacco Board as licensed purchasers of tobacco as well as other extra-provincial tobacco purchasers / processors, whose names and contact information were provided to the Interim Receiver by the principals of True Blend (collectively the "**Prospective Purchasers**"), to advise that the Interim Receiver would be in attendance at the Company's former premises (the "**Premises**") on May 30, 2011 to allow Prospective Purchasers an opportunity to review and inspect True Blend's raw, unprocessed tobacco inventory (the "**Inventory**") with a view towards soliciting offers for same.
 18. Prospective Purchasers were required to submit offers for the Inventory to the Interim Receiver on or before 12:00 p.m. (Eastern Standard Time) on June 3, 2011 (the "**Interim Receiver Offer Deadline**"). Six (6) offers to purchase the Inventory were submitted to the Interim Receiver prior to the Interim Receiver Offer Deadline.
 19. As a result of the Interim Receiver's:
 - i) Discussions with the principals of True Blend, SLF and their respective legal counsel;
 - ii) Assessment, based on further inspections of the Inventory, that a brief delay in completing a sale of the Inventory would not result in a material decline in its value; and
 - iii) Desire to not unduly interfere with True Blend's ability to continue operations;in the event the Company's Proposal were to be accepted by its creditors, the Interim Receiver elected not to advance the sale of the Inventory in order to allow time for the Company's creditors to consider and vote on the Proposal.

7.2

TRUSTEE SALE PROCESS

20. As previously described, on June 9, 2011, True Blend's creditors rejected the Company's Proposal, whereupon the Company was deemed to have made an assignment in bankruptcy.
21. At the first meeting of inspectors in True Blend's bankruptcy, which immediately followed the first meeting of creditors in the bankruptcy of True Blend, the inspectors, *inter alia*, authorized and instructed the Trustee to commence a short sales process (similar to that undertaken by the Interim Receiver) to solicit offers not just for the Inventory, but all of the assets of the Company.
22. Following several discussions with legal counsel for Trisura with respect to the sales process the Trustee had been both authorized and instructed to undertake, on June 20, 2011, the Trustee emailed the Prospective Purchasers to advise of True Blend's bankruptcy and the Trustee's attendance at the Premises on June 23, 2011 and June 27, 2011 to allow Prospective Purchasers an additional opportunity to review and inspect the True Blend assets, with a view towards soliciting "best and final" offers for same.
23. Prospective Purchasers were required to submit offers for any or all of the True Blend assets to the Trustee on or before 5:00 p.m. (Eastern Standard Time) on June 30, 2011 (the "**Trustee Bid Deadline**"). Prospective Purchasers that submitted offers to the Interim Receiver to purchase the Inventory, which they wished to be considered by the Trustee, were required to inform the Trustee, in writing, of same prior to the Trustee Bid Deadline. Ten (10) offers to purchase certain of the True Blend assets were submitted to the Trustee prior to the Trustee Bid Deadline.

RECEIVER SALE PROCESS

24. Following the Receiver's appointment on July 4, 2011 and taking into consideration that:
 - i) The Inventory is perishable; and
 - ii) There is a limited market for the Property;the Receiver considered it both prudent and cost effective to complete a sale of the True Blend assets, based on the sales process undertaken by the Interim Receiver and the Trustee.

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25. The Receiver reviewed the offers for the True Blend assets submitted prior the Trustee Bid Deadline and prepared a schedule summarizing same (the "**Offer Summary**"). In the event that this Honourable Court grants the Approval and Vesting Order, but the Transaction does not close, the Receiver is of the view that efforts to remarket the True Blend assets may be impaired if the Offer Summary or the PSA is made public at this time.
 26. The Receiver is of the view that it is preferable for the Offer Summary and the PSA to remain confidential until further order of the Court on notice to the Receiver. Accordingly, the Receiver proposes to provide the Offer Summary and unredacted copy of the PSA to this Honourable Court as **Confidential Appendix "A"** and **Confidential Appendix "B"** respectively, and requests a sealing order, on the terms noted above, in respect of the Offer Summary and PSA.

THE TRANSACTION

27. Following its review of the offers for the True Blend assets, on July 6, 2011, the Receiver contacted Grand River to advise it that the Receiver wished to proceed with its offer for the Property and commenced discussions with Grand River with respect to negotiating a definitive PSA. Since July 20, 2011, the Receiver and its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels**") have been working with Grand River and its legal counsel to finalize the PSA.
28. On July 27, 2011, the Receiver and Grand River executed a binding PSA in respect of the Purchased Assets. Key elements of the PSA include:
 - i) The Transaction will close in escrow with the purchase price, in full, being held in trust by Cassels pending only the approval of the Transaction by this Honourable Court;
 - ii) Prior to the closing of the Transaction, Grand River will provide the Receiver satisfactory evidence that Grand River holds all necessary licences, permits, registrations and consents, each of which is in full force and effect, to permit and authorize it to purchase the Purchased Assets from the Receiver;

- 74
- iii) Prior to the closing of the Transaction, the Vendor and Purchaser will cooperate and assist each other so as to obtain, in an appropriate form, "certificates of origin" evidencing and certifying that the Inventory originated in Canada;
 - iv) Grand River is purchasing the Purchased Assets on an "as is, where is" basis, and the Receiver is providing no representations or warranties in respect of the Purchased Assets;
 - v) Grand River has sole responsibility for removing and transporting the Purchased Assets from the Premises to their final destination, including compliance with any and all requirements of the Enforcement Departments or the Marketing Board;
 - vi) Following the closing of the Transaction, the Receiver will provide Grand River reasonable access to the Premises until September 8, 2011 for the purpose of removing the Purchased Assets therefrom. Should Grand River, for any reason, require use of the Premises subsequent to September 8, 2011, it will be responsible for negotiating its own lease and /or occupancy agreement with the landlord for the Premises;
 - vii) The Transaction is subject to the approval of this Honourable Court and the issuance of an order approving the PSA and the Transaction and, upon closing vesting free and clear title in and to the Purchased Assets to Grand River; and
 - viii) The Transaction is scheduled to close July 28, 2011 or such other date as the Vendor and Purchaser may agree to in writing.
29. Upon the waiver or satisfaction of the conditions precedent, the Receiver will file with the Court a certificate confirming the closing of the sale for the Purchased Assets.

URGENCY TO COMPLETE THE TRANSACTION

30. Given the nature of the Purchased Assets, the Receiver is of the view that the Transaction should be completed on an expedited basis.
31. The tobacco inventory is perishable and further passage of time, coupled with the extreme heat recently experienced in Ontario, could cause its value to decline. In this

regard, Grand River has expressed its desire to immediately begin moving the tobacco inventory to a humidity controlled environment in order to protect against further spoilage of the tobacco inventory due to the high temperatures currently being experienced.

32. As there is a limited market for the Purchased Assets, the Receiver is of the view that the PSA represents the best offer for the Purchased Assets, either individually or as a whole, primarily as a result of enhanced asset recoveries, the short time-frame to closing and the elimination of ongoing holding costs and professional fees.
33. The Notice was issued on July 21, 2011 and notice of the Receiver's application record seeking, *inter alia*, approval of the PSA and the Transaction was served on all parties with an interest in the sale of the True Blend assets.

TRISURA SECURITY

34. Trisura is the only party to register its interest in the Property under the Personal Property Security Act ("**PPSA**"). Attached as **Appendix "E"** to this report is a recent PPSA inquiry response certificate confirming the registrations as against True Blend.
35. Cassels has provided a written opinion confirming the validity and enforceability of the security granted in favour of Trisura.
36. The Receiver is not seeking an order of the Court approving a distribution to Trisura and it is the Receiver's intention to pay, in full, any amounts that rank in priority to Trisura's claims prior to making a distribution to Trisura, including:
 - i) Employee wage claims in accordance with section 81.4 of the BIA;
 - ii) A trust claim, if any, in respect of the employee portion of unremitted source deductions;
 - iii) The fees and disbursements of the Interim Receiver and its counsel, which are subject to the Interim Receiver's Charge, as provided for in the Interim Receivership Order, subject to Court approval; and
 - iv) The Interim Receiver's borrowings, which are subject to the Interim Receiver's Borrowings Charge, as provided for in the Interim Receivership Order.

CONCLUSION AND RECOMMENDATION

37. Based on the foregoing, the Receiver is of the opinion that the Transaction represents the best recovery for the Purchased Assets in the circumstances and recommends that this Honourable Court issue and order approving the Transaction for the following reasons:

- i) The sales process undertaken was reasonable in the circumstances;
- ii) The tobacco inventory is perishable and further passage of time, coupled with the extreme heat recently experienced in Ontario, could cause its value to decline;
- iii) There is a limited market for the Purchased Assets. This market has been fully canvassed and all likely bidders have already been provided with an opportunity to bid on the Company's assets; and
- iv) Trisura supports the Transaction.

38. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court issue an order:

- i) Abridging the time for the service of the Notice in connection with the sale of the Purchased Assets to Grand River or such further and other sales the Receiver may complete from time to time, without waiting for the Notice to expire;
- ii) Approving the Transaction and vesting the Company's right, title and interest in and to the Purchased Assets in Grand River, free and clear of all liens and encumbrances; and
- iii) Sealing the Offer Summary and the unredacted version of the PSA until further order of the Court on notice to the Receiver.

All of which is respectfully submitted on this 27th day of July, 2011.

PricewaterhouseCoopers Inc.
In its capacity as Receiver of
True Blend Tobacco Company Inc.



Greg Prince
Senior Vice President



Adam Sherman
Vice President

Appendix A



TRISURA
GUARANTEE INSURANCE COMPANY

Trisura Guarantee Insurance Company ("Trisura"), hereby appoints PricewaterhouseCoopers Inc. as Receiver of all the property, assets and undertaking of whatsoever nature and kind and wheresoever situate of True Blend Tobacco Company Inc. ("True Blend" or the "Company") pursuant to certain security issued by True Blend in favour of Trisura, the security being a General Security Agreement dated August 25, 2010 (the "Security Agreement"), which has become enforceable.

PricewaterhouseCoopers Inc. shall have all powers as set out in the Security Agreement, including the power to take possession of all the property and assets of the Company and to sell any such property and assets.

Dated at the City of Toronto, in the Province of Ontario, this 4th day of July, 2011.

Trisura Guarantee Insurance Company

Per: [Signature]

Per: [Signature]

PricewaterhouseCoopers Inc. hereby accepts the within appointment as Receiver of True Blend Tobacco Company Inc.

Dated at the City of Toronto, in the Province of Ontario, this 4th day of July, 2011.

PRICEWATERHOUSECOOPERS INC.

Per: [Signature]

TOR01: 4675730: v2

A member of the Brookfield group of companies

Vancouver Office
Park Place, 666 Burrard Street, Suite 1530
Vancouver, British Columbia V6C 2X8
Tel: 604.688.5641
Fax: 604.688.5826

Calgary Office
150 - 6 Avenue SW, Suite 1160
Calgary, Alberta T2P 3Y7
Tel: 403.663.3343
Fax: 403.663.3344

Toronto Office
Bay Adelaide Centre
333 Bay Street, Suite 1610, Box 22
Toronto, Ontario M5H 2R2
Tel: 416.214.2555
Fax: 416.214.9597

Montreal Office
1501 McGill College Ave., Suite 1620
Montreal, Quebec H3A 3M8
Tel: 514.843.4555
Fax: 514.843.6876

Appendix B

(Previously included in this Motion Record)

Appendix C

(Previously included in this Motion Record)

Appendix D

(Previously included in this Motion Record)

Appendix E

RUN NUMBER : 164
RUN DATE : 2011/06/13
ID : 20110613115141.57

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(8819)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : TRUE BLEND TOBACCO COMPANY INC.

FILE CURRENCY : 12JUN 2011

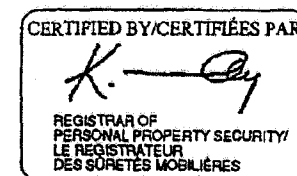
ENQUIRY NUMBER 20110613115141.57 CONTAINS 4 PAGE(S), 1 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

CASSELS BROCK - O. D'INNOCENZO
SUITE 2100, 40 KING STREET WEST
TORONTO ON M5H 3C2

CONTINUED...

2



(en)2 11/2008



RUN NUMBER : 164
RUN DATE : 2011/06/13
ID : 20110613115141.57

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSRC60
PAGE : 2
(8820)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TRUE BLEND TOBACCO COMPANY INC.
FILE REFERENCE : 12JUN 2011

FORM IC FINANCING STATEMENT / CLAIM FOR ALIEN

00 664051572

01 CREDIT PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILE NUMBER OF PAGE SCHEDULE NUMBER NUMBER PERIOD
01 001 20100830 1403 1462 2503 P PPSA 10

02 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 DEBTOR NAME BUSINESS NAME TRUE BLEND TOBACCO COMPANY INC.

04 ADDRESS PO BOX 32, 500 HWY #3 TILLSONBURG ON N4G4H4

05 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR NAME BUSINESS NAME

07 ADDRESS

08 SECURED PARTY TRISURA GUARANTEE INSURANCE COMPANY

09 ADDRESS 70 YORK STREET, SUITE 1100 TORONTO ON M5J1S9

COLLATERAL CLASSIFICATION

10 CONSUMER GOODS INVENTORY ACCOUNTS OTHER INCLUDED DATE OF MATURITY OF MATURITY DATE
X X X X X X

11 YEAR MAKE MODEL

12 MOTOR VEHICLE

13 GENERAL

14 COLLATERAL

15 DESCRIPTION

16 REGISTERING AGENCY TRISURA GUARANTEE INSURANCE COMPANY

17 ADDRESS 70 YORK STREET, SUITE 1100 TORONTO ON M5J1S9

FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY

CONTINUED... 3



20
1

RUN NUMBER : 164
RUN DATE : 2011/06/13
ID : 20110613115141.57

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(8821)

TYPE OF SEARCH : BUSINESS DESTOR
SEARCH CONDUCTED ON : TRUE BLEND TOBACCO COMPANY INC.
FILE CURRENCY : 12JUN 2011

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION: PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
BILLING: 01 001 20110223 1003 1462 2160

01 RECORD NUMBER 664051572

21 RECORD NUMBER 664051572

22 PAGE AMENDED: NO SPECIFIC PAGE AMENDED CHANGES REQUIRED A AMENDMENT

23 REFERENCE FIRST GIVEN NAME INITIAL SURNAME

24 DEBTOR BUSINESS NAME TRUE BLEND TOBACCO COMPANY INC.

25 OTHER CHANGE

26 REASON/ AMEND ADDRESS OF SECURED PARTY

27 DESCRIPTION

28

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR

03/ TRANSFEREE BUSINESS NAME

06

04/07 ADDRESS

CONTINUED TO CORPORATION NO.

29 ASSIGNOR

08 SECURED PARTY/DEBTOR/ASSIGNEE

09 ADDRESS TRISURA GUARANTEE INSURANCE COMPANY

333 BAY ST. SUITE 1610, BOX 22 TORONTO

ON M5H2R2

COLLATERAL CLASSIFICATION

CONSUMER MOTOR VEHICLE DATE OF NO FIXED

10

11 YEAR MAKE MODEL

12 MOTOR

13 VEHICLE

14 GENERAL

15 COLLATERAL

16 DESCRIPTION

17 REGISTERING AGENT OR TRISURA GUARANTEE INSURANCE COMPANY

333 BAY ST. SUITE 1610, BOX 22 TORONTO

ON M5H2R2

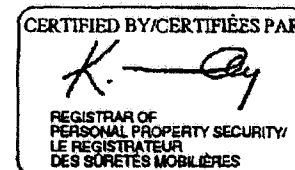
18 SECURED PARTY

19 LENO/ASSIGNEE

FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY

CONTINUED...

4



(c)21r 11/2008



RUN NUMBER : 164
RUN DATE : 2011/06/13
ID : 20110613115141.57

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

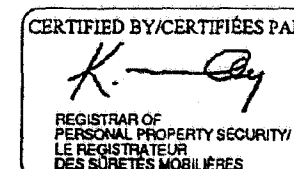
REPORT : PSSR060
PAGE : 4
(8822)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TRUE BLEND TOBACCO COMPANY INC.
FILE CURRENCY : 12JUN 2011

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
664051572	20100830 1403 1462 2503	20110223 1003 1462 2160		

2 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



27

Confidential
Appendix A

Confidential Appendix B

Appendix G

True Blend Tobacco Company Inc.

Tobacco Inventory

May 25, 2011

Taken by the Interim Receiver (with the presence of Excise Duty, Ministry of Revenue and Mr. D Demeester)

Location	Type	Grade	Count - units	Measure	Avg lbs/measure	Count - lbs	Notes
Main facility	Big Bales	B-1	38	Bale	725	27,550	
Main facility	Small Bales	B-1	4,044	Bale	43	173,892	
Main facility	Small Bales	C-1	480	Bale	43	20,640	
Main facility	Small Bales	H-1	440	Bale	43	18,920	
Main facility	Loose Bales	B-1	N/A	N/A	N/A	8,400	(1)
Main facility	Stem	Stem	187	Box	350	65,450	
Main facility	Thrashed	Thrashed	51	Box	425	21,675	
Main facility	Cut Rag	Cut Rag	879	Box	220	193,380	
Main facility	Fine Cut	Fine Cut	1	Box	220	220	
Main facility	Sweepings	Sweepings	17	Box	200	3,400	
North room	Big Bales	B-1	377	Bale	725	273,325	
North room	Small Bales	B-1	928	Bale	43	39,904	
North room	Small Bales	H-1	1,624	Bale	43	69,832	
North room	Stem	Stem	685	Box	350	239,750	
North room	Cut Rag	Cut Rag	4	Box	220	880	
North room	Dust	Dust	10	Box	260	2,600	
North room	Sweepings	Sweepings	31	Box	200	6,200	
North room	"Junk"	"Junk"	1	Box	220	220	(2)
South room	Big Bales	B-1	368	Bale	725	266,800	
South room	Dust	Dust	52	Box	260	13,520	
South room	Sweepings	Sweepings	108	Box	200	21,600	
Hall	Dust	Dust	30	Box	260	7,800	
Hall	Sweepings	Sweepings	137	Box	200	27,400	
TOTAL						1,503,358	

Note: The Receiver makes no representation or warranty as to the accuracy or completeness of the information contained in the above listing as it was prepared for informational purposes only. The above listing does not purport to contain all the information which a prospective party may require. In all cases, prospective parties should conduct their own investigation and analysis of the inventory and the information set forth in the above listing.

(1) This is an estimate of loose bales which were spread around the beginning of the threshing machine.

(2) This is extremely moist cut rag which was noted as "junk" by the Company.

Appendix H

May 18, 2011

Inspection of buildings at Mr. Osztrovics' mother's farm.

There were allegations of tobacco on the property and also leaving the property.

Two inspectors that visited the above farm on Concession 6 of Burford township were Moira Cowan from the Ministry of Revenue and myself, Steve Bohm, Field Inspector for the Tobacco Board.

On arriving at the location with Police present for our protection, Moira and I walked up to the house and were met by Mrs. Osztrovics (Victor's mother).

We told them that we were there to check all buildings for tobacco. She replied that there was no tobacco on her property but we were welcome to check. As the conversation ended, Mr. Victor Osztrovics showed up on his quad. We told him of our intentions, and he said that was okay, and led us to the tobacco barn.

On entering the barn, I noticed pieces of tobacco on the barn floor which was fresh tobacco.

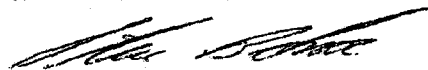
MOR Inspector Moira Cowan asked Victor where the tobacco went that was in this barn. Victor replied that there was no tobacco in this barn for the last two years, and what we saw was old tobacco that was never cleaned up. The stripping room sliding door was closed and I asked Victor if we could look inside. He opened the door, and there was a tobacco cutting machine in the centre of the room. A table pushed up to the machine had a couple of pounds of tobacco on it. I felt and smelled the tobacco and it was good tobacco with no hint of mould.

In one corner close to the machine was a 4 foot pile of stems, the leftovers of tobacco that was put through the cutting machine. At the far end, which would be the bale feed end of the machine, were huge stalks of baling paper and strings taken off of small bales of tobacco.

We then checked the equipment storage shed and no tobacco was found.

We noticed plants of tobacco in the two greenhouses and asked his intentions for them. He said he intended to grow tobacco, but because of the situation he may sell the plants, and he rented out his land to another producer.

We thanked Mr. Victor Osztrovics for his cooperation and left.



Steve Bohm

May 18, 2011

Appendix I

True Blend Tobacco Company Inc.
Customer Aged Summary As at 03/31/2011

Name	Total	Current	31 to 60	61 to 90	91+
Bulgrains Canada Ltd.	3,937,632.00	0.00	3,937,632.00	0.00	0.00
Dynasty Tobacco Inc.	69,870.00	0.00	0.00	0.00	69,870.00
Import Trading company Inc.	1,263,788.00	711,480.00	406,560.00	145,748.00	0.00
MILOS INTERNATIONAL DOO	60,127.19	0.00	0.00	0.00	60,127.19
Optima Tobacco, Inc.	191,588.30	0.00	0.00	0.00	191,588.30
T & D Tobacco Corp. USA	242,426.86	0.00	0.00	0.00	242,426.86
Tri Loc Joint Stock Company	3,962,292.50	0.00	0.00	0.00	3,962,292.50
UNPASAN TRADING CORP.	768,534.15	0.00	0.00	0.00	768,534.15
Total outstanding:	10,496,259.00	711,480.00	4,344,192.00	145,748.00	5,294,839.00

Generated On: 04/06/2011

95

Appendix J

IN THE MATTER OF THE PROPOSAL OF
TRUE BLEND TOBACCO COMPANY INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE
OF ONTARIO WITH A HEAD OFFICE IN THE TOWN OF TILLSONBURG COUTNY
OF OXFORD PROVINCE OF ONTARIO

Condensed Statement of Affairs

According to the books and records as at the date of the filing of this Proposal, namely May 19th, 2011 the following is a summary of the Company's condensed statement of affairs:

Assets

Performance Bond	\$ 2,000,000
Inventory	\$ 1,750,000
Accounts Receivable	\$ 500,000
Equipment	<u>\$ 300,000</u>
	\$ 4,550,000

Liabilities

Secured Creditors	\$ 3,200,000
Preferred Creditors	300,000
Unsecured Creditors	<u>\$ 8,023,198</u>
	<u>\$ 11,523,198</u>

Deficiency (\$ 6,973,198)

Proposal amount	\$ 1,700,000
Trustees fees and disbursements	<u>\$ 200,000</u>
Net Realization	<u>\$ 1,500,000</u>

Total Possible Distribution

To Unsecured Creditors	\$ 740,000 = .19
	<u>\$ 4,023,198</u>

To Secured Creditors	\$ 2,760,000 = .46	Farmers
(Secured and Unsecured Claims)	<u>\$ 6,000,000</u>	

I, Victor Osztrovics hereby state that the Condensed Statement of Affairs is correct to the best of my belief and ability, this 19th day of May, 2011.

Victor Osztrovics

Appendix K

1 up loaded

District of: Ontario
Division No.: 05-London
Estate No. 35-1489580

FAXED JUN 14 2011

**MINUTES OF THE FIRST MEETING OF CREDITORS
IN THE MATTER OF THE PROPOSAL OF
TRUE BLEND TOBACCO COMPANY INC.**

Minutes of the First General Meeting of Creditors:

Date: 9th day of June, 2011 Time 10:00

Place: Best Western, Brant C Grand Ballroom 19 Holiday Drive Brantford ON

Chairperson: Chris Smith Official Receiver

PRESENT WERE

Alan Page
Chris Smith

Karen Rock

REPRESENTING

Schwartz Levitsky Feldman Inc.
Chair: Office of the Superintendent of
Bankruptcy (OSB)
Secretary: OSB

All other attendees are recorded on the attached attendance list.

QUORUM

The chairperson examined the tabled documents and established that there was a quorum.

CALL TO ORDER

Chris Smith, the Chairperson, declared the meeting legally constituted and called the meeting to order at 10:00 A.M. The Chairperson announced that the purpose of the meeting is to consider the proposal brought forward by True Blend Tobacco Company Inc. Trung Nguyen of Brauti Thorning Zibarras LLP requested that the meeting be adjourned in order to discuss amendments to the proposal. The Chairperson adjourned the meeting at 10:01 A.M. to allow the discussion; the meeting was reconvened at 10:45 A.M. The Chairperson announced that there was a quorum, continued with introductions, and reviewed the agenda.

MOTION FOR VOTE

Mr. Nguyen made a motion that the creditors vote on the proposal.

The Chairperson referred to the votes cast by voting letter and by a show of hands.

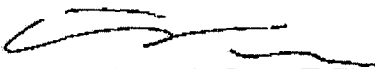
The Chairperson announced that the proposal did not receive the requisite votes in numbers or by value and deemed the proponent bankrupt.

Total claims \$11,292,812.24.

\$308,881.59	2.7%	FOR
\$10,983,930.65	97.3%	AGAINST

ADJOURNMENT

Meeting of creditors for the proposal was adjourned at 10:50 and the meeting for the bankruptcy immediately followed.



Chris Smith
Official Receiver
Office of the Superintendent of Bankruptcy
55 Bay Street North, 9th Floor
Hamilton, Ontario
Tel. (905) 540-3101

District of: Ontario
Division No.: 05-London
Estate No. 35-1489580

**MINUTES OF THE FIRST MEETING OF CREDITORS
IN THE MATTER OF THE BANKRUPTCY OF
TRUE BLEND TOBACCO COMPANY INC.**

Minutes of the First General Meeting of Creditors:

Date: 9th day of June, 2011 Time 10:50

Place: Best Western, Brant C Grand Ballroom 19 Holiday Drive Brantford ON

Chairperson: Chris Smith Official Receiver

PRESENT WERE

Alan Page
Adam Sherman
Trung Nguyen
Chris Smith

Karen Rock

REPRESENTING

Schwartz Levitsky Feldman Inc.
PricewaterhouseCoopers Inc.
Brauti Thorning Zibarras LLP
Chair; Office of the Superintendent of
Bankruptcy (OSB)
Secretary; OSB

All other attendees are recorded on the attached attendance list.

QUORUM

The chairperson examined the tabled documents and established that there was a quorum.

CALL TO ORDER

Chris Smith, the Chairperson, declared the meeting legally constituted and called the meeting to order at 10:50 A.M. The Chairperson announced that the purpose of the meeting is to consider the affairs of the bankrupt, True Blend Tobacco Inc, to affirm the trustee, appoint inspectors and to give directions to the trustee, if required.

103

TRUSTEE SUBSTITUTION

Mr. Nguyen, on behalf of his clients in attendance, immediately moved to have the current trustee, Schwartz Levitsky Feldman, substituted with PricewaterhouseCoopers Inc. The Chairperson received and accepted a Consent to Act from PWC. A vote was held, the motion carried with no dissenting votes.

INSPECTORS APPOINTMENT

Mr. Nguyen made a motion to have the following five inspectors appointed. The Chairperson asked if there were any objections to the appointment of these inspectors. No objections were received.

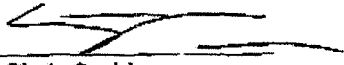
1. Mike Sioen
2. Ed Vilica
3. Colin Yarmie
4. Steve Cserecsics
5. Brent Manary

QUESTION PERIOD

The Chairperson opened the floor for questions and directions. There were none.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:55 A.M.



Chris Smith
Official Receiver
Office of the Superintendent of Bankruptcy
55 Bay Street North, 9th Floor
Hamilton, Ontario
Tel. (905) 540-3101



Industry Canada

Industrie Canada

Office of the Superintendent of Bankruptcy

Bureau du Surintendant Des Faillites

ATTENDANCE LIST -
FIRST MEETING OF CREDITORSLISTE DES PRÉSENCES -
PREMIÈRE ASSEMBLÉE DES CRÉANCIERS

Re: - Sujet:

TRUE BLOOD TOBACCO

File No.: - N° dossier:

Date:

NO.	SIGNATURE	NAME (PRINT) NOM (IMPRIMER)	REPRESENTING REPRÉSENTANT	AMOUNT OF CLAIM MONTANT RÉCLAMÉ	REMARKS REMARQUES
1		Michael Sioen	Elizabeth Huppe		
1		Stephen Cserovics	DEM Cserovics Farm Inc		
3		CRYSTAL Crammiller	Jeff Neville		
		Loretta Sioen	Elizabeth Huppe		
		RICK COURTEMANCHE	PATRICK MICHAEL		
		Jonathan Jones	JONATHAN JONES & DANIELLE JONES		
		DANIELLE JONES	JONATHAN & DANIELLE JONES		
		Adam Demeulenaere	Ryan Demeulenaere		
		Joshua Demeulenaere	Joshua Jones Farms Ltd.		
		John A. Lipcsek	2204273		
		Brent Manary	Brent Manary		
		Rebecca Stalks	Rebecca Stalks		
		Paul Katers	Paul Katers		
		Bob Sobczyk	Matthew Sobczyk		
		Tyler Demeulenaere			
		Nicholas Demeulenaere	Tyler Demeulenaere		
		PETER VUKAC			
		Allan Mudaz			

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Industry Canada **Industrie Canada**

Office of the Superintendent of Bankruptcy
Bureau du Surintendant Des Faillites

**ATTENDANCE LIST -
FIRST MEETING OF CREDITORS**

**LISTE DES PRÉSENCES -
PREMIÈRE ASSEMBLÉE DES CRÉANCIERS**

Re: - Subject:

File No.: - N° dossier

Dates:[illegible]

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Appendix L

DISTRICT OF ONTARIO
Estate No. 32-1493346

**IN THE MATTER OF THE BANKRUPTCY OF
Brian Kevin Poreba
of the County of Brant, in the Province of Ontario**

MINUTES OF THE FIRST MEETING OF CREDITORS

Minutes of the first meeting of creditors (the "Meeting") in the bankruptcy of Brian Kevin Poreba held on June 21, 2011 immediately following the meeting of creditors to consider the proposal of Brian Kevin Poreba, which was rejected by his creditors. The Meeting was held at:

Best Western
19 Holiday Drive
Brantford, Ontario

PRESENT:

Alan Page – Schwartz Levitsky Feldman Inc.
Adam Sherman – PricewaterhouseCoopers Inc.
Randall Smith – PricewaterhouseCoopers Inc.
Larry Ellis – Cassels Brock & Blackwell LLP (legal counsel for PricewaterhouseCoopers Inc.)
Trung Nguyen – Brauti Thorning Zibarras LLP (legal counsel for certain creditors of Mr. B. Poreba)
Paul-Erik Veel – Lenczner Slaght Royce Smith Griffin LLP (legal counsel for Mr. B. Poreba)

Attendance list attached.

Quorum / Call to Order

Alan Page confirmed there was a quorum and the Meeting was called to order at approximately 10:20 a.m.

Motion for Affirmation / Substitution of Trustee

Trung Nguyen, counsel for certain creditors of Mr. B. Poreba, forwarded a motion to substitute the existing trustee, Schwartz Levitsky Feldman Inc., with PricewaterhouseCoopers Inc. ("PwC").

Adam Sherman, Vice President of PwC and a licensed trustee in bankruptcy, tabled PwC's consent to act as trustee in the bankruptcy of Mr. B. Poreba.

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There being no objections, the motion was carried unanimously and PwC was substituted as trustee in bankruptcy of the estate of Mr. B. Poreba (the "Trustee").

Adam Sherman informed the Meeting that he was the designated individual representing the Trustee and that he would be chairing the Meeting, as the Official Receiver's nominee, pursuant to Section 105(1) of the *Bankruptcy and Insolvency Act*.

The Trustee advised the Meeting that the purpose of this Meeting was to:

- consider the affairs of the bankrupt;
- affirm / substitute the Trustee;
- appoint Inspectors; and
- provide direction to the Trustee on matters relevant to the administration of the estate.

Appointment of Inspectors

The Trustee advised the Meeting of the role of Inspectors in the administration of Mr. B. Poreba's bankrupt estate and inquired if there were any individuals willing to act in this capacity. In response to the Trustee's inquiry, Trung Nguyen submitted a list of five individuals who were willing to act as Inspectors, as follows:

1. Stephen Csercsics
2. Ed Vilaca
3. Jeff Neville
4. Collin Yarmie
5. Michael Sioen

The Trustee asked if any other individuals, in addition to the five people named above, wished to be an Inspector. Mr. Brent Manary advised the Trustee of his interest to act as an Inspector in this administration.

The Trustee advised the Meeting that only five Inspectors could be appointed and asked if any of the above individuals would be willing to act in an advisory (non-voting) capacity. After some discussion in this regard, Mr. Brent Manary advised that he would be willing to act as an advisory/non-voting Inspector.

There being no objections, the motion to appoint the following Inspectors was carried unanimously:

1. Stephen Csercsics
2. Ed Vilaca
3. Jeff Neville
4. Collin Yarmie
5. Michael Sioen
6. Brent Manary (advisory/non-voting)

Question Period

The Trustee inquired if any of the individuals in attendance had any questions in connection with the affairs of the bankrupt or the administration of the bankrupt estate.

There were no questions.

Direction to the Trustee

No directions were given to the Trustee with respect to the administration of the bankrupt estate.

Adjournment

There being no further business, the Meeting was adjourned by the Trustee at 10:35 a.m.







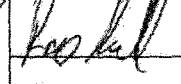


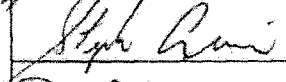

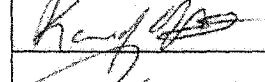

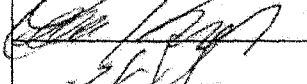

Adam Sherman, Chairperson
Vice President

DATE June 21, 2011

BRIAN POREBA

ATTENDANCE LIST -
CREDITORS MEETING

FILE NO. 32-1493346


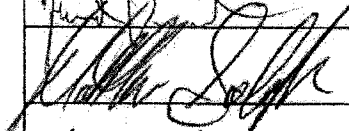









SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT OF CLAIM	REMARKS
	COLLIN YARMIE	COLLIN YARMIE	281,000 ⁰⁰	
	LORETTA SIOEN	Elizabeth Huyge	9,564,000	
	CRYSTAL CRONMILLER	JEFF NEVILLE		
	JEFF NEVILLE	—	300,000	
	ROSS KNILL	STEVE KNILL	130,000.00	
	Brent Manary		627,000 ⁰⁰	
Danielle Jones	DANIELLE JONES	DANIELLE E. JONATHAN JONES	73730.00	USED CLAIM FORM FOR BRIAN / VICTOR
	Darren Csercsics	D & M Csercsics	228,670.00	
	Stephen Csercsics	D & M Csercsics	228,670.00	
	Paul Kanters	Paul Kanters	180,000	
	Randy Waelz	Justin Waelz	179,000	
	Dave Blal	Blal	257,900.00	Fold. FLs
	CLAUDE KOSCOWICZ	SELF	7,000,000.00	
	Jerzy Lipcick	Jerzy Lipcick	56,000	

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BRIAN POREBA

ATTENDANCE LIST -
CREDITORS MEETING

FILE NO. 32-1493346

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT OF CLAIM	REMARKS
	Jordan Demeulenaere	Jordan James Farms Ltd	220,000	
	MATTHEW SOBCZYK	MATTHEW SOBCZYK	230,000	
	Adam Demeulenaere	Lyon Demeulenaere Farms Ltd	170,000	
	Tyler Demeulenaere			
	Rebecca Szalkai	Rebecca Szalkai	81,000	
	PETER VILACA		160,000	
	Bob Sobczyk	Matthew Sobczyk		
	John A. Lipsick		20,000	
	Michael Verbesien	Anita Wilson	132,000	
	AL AL			
Brian Poreba				

Appendix M

DISTRICT OF ONTARIO
Estate No. 32-1493347

**IN THE MATTER OF THE BANKRUPTCY OF
Victor Osztrovics
of the County of Brant, in the Province of Ontario**

MINUTES OF THE FIRST MEETING OF CREDITORS

Minutes of the first meeting of creditors (the "Meeting") in the bankruptcy of Victor Osztrovics held on June 21, 2011 immediately following the meeting of creditors to consider the proposal of Victor Osztrovics, which was rejected by his creditors. The Meeting was held at:

Best Western
19 Holiday Drive
Brantford, Ontario

PRESENT:

Alan Page – Schwartz Levitsky Feldman Inc.
Adam Sherman – PricewaterhouseCoopers Inc.
Randall Smith – PricewaterhouseCoopers Inc.
Larry Ellis – Cassels Brock & Blackwell LLP (legal counsel for PricewaterhouseCoopers Inc.)
Trung Nguyen – Brauti Thorning Zibarras LLP (legal counsel for certain creditors of Mr. Osztrovics)
Paul-Erik Veel – Lenczner Slaght Royce Smith Griffin LLP (legal counsel for Brian Poreba)

Attendance list attached.

Quorum / Call to Order

Alan Page confirmed there was a quorum and the Meeting was called to order at approximately 11:05 a.m.

Motion for Affirmation / Substitution of Trustee

Trung Nguyen, counsel for certain creditors of Mr. V. Osztrovics, forwarded a motion to substitute the existing trustee, Schwartz Levitsky Feldman Inc., with PricewaterhouseCoopers Inc. ("PwC").

Adam Sherman, Vice President of PwC and a licensed trustee in bankruptcy, tabled PwC's consent to act as trustee in the bankruptcy of Mr. V. Osztrovics.

There being no objections, the motion was carried unanimously and PwC was substituted as trustee in bankruptcy of the estate of Mr. V. Osztrovics (the "Trustee").

Adam Sherman informed the Meeting that he was the designated individual representing the Trustee and that he would be chairing the Meeting, as the Official Receiver's nominee, pursuant to Section 105(1) of the *Bankruptcy and Insolvency Act*.

The Trustee advised the Meeting that the purpose of this Meeting was to:

- consider the affairs of the bankrupt;
- affirm / substitute the Trustee;
- appoint Inspectors; and
- provide direction to the Trustee on matters relevant to the administration of the estate.

Appointment of Inspectors

The Trustee advised the Meeting of the role of Inspectors in the administration of Mr. V. Osztrovics' bankrupt estate and inquired if there were any individuals willing to act in this capacity. In response to the Trustee's inquiry, Trung Nguyen submitted a list of five individuals who were willing to act as Inspectors, as follows:

1. Stephen Cserecsics
2. Ed Vilaca
3. Jeff Neville
4. Collin Yarmie
5. Michael Sioen

The Trustee asked if any other individuals, in addition to the five people named above, wished to be an Inspector. Mr. Brent Manary advised the Trustee of his interest to act as an Inspector in this administration.

The Trustee advised the Meeting that only five Inspectors could be appointed and asked if any of the above individuals would be willing to act in an advisory (non-voting) capacity. After some discussion in this regard, Mr. Brent Manary advised that he would be willing to act as an advisory/non-voting Inspector.

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There being no objections, the motion to appoint the following Inspectors was carried unanimously:

1. Stephen Csercsics
2. Ed Vilaca
3. Jeff Neville
4. Collin Yarmie
5. Michael Sioen
6. Brent Manary (advisory/non-voting)

Question Period

The Trustee inquired if any of the individuals in attendance had any questions in connection with the affairs of the bankrupt or the administration of the bankrupt estate.

There were no questions.

Direction to the Trustee

No directions were given to the Trustee with respect to the administration of the bankrupt estate.

Adjournment

There being no further business, the Meeting was adjourned by the Trustee at 11:20 a.m.








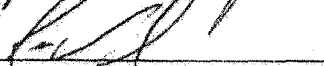






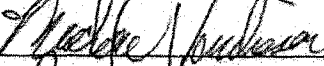
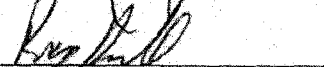
Adam Sherman, Chairperson
Vice President

DATE June 21, 2011

VICTOR OSZTROVICS

ATTENDANCE LIST -
CREDITORS MEETING








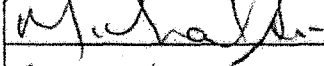



FILE NO. 32-1493347

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT OF CLAIM	REMARKS
	Rebecca Szalkai	Rebecca Szalkai	81,000	
	John D. Lipsitz		58,000	
	Ed Vlaca	JOHN LIPSCITZ	58,000	
	Bob Sobczyk	Matthew Sobczyk		
	Matthew Sobczyk	Matthew Sobczyk	230,000	
	PETER VLACA		160,000	
	Jordan Demeulenaere	Jordan James Farnsworth	220,000	
	Tyler Demeulenaere	Lynn Demeulenaere Farms Ltd	179,000	
	Tyler Demeulenaere			
	CLAUDE COSCOVEANU	SRT	2,000,000.00	
	Paul Kants	Paul Kants	180,000	
	Michael Vanbesien	Anita Wilson	132,000	
	Steve Knill	STEVE KNILL	130,000	
	Brent Manary			

VICTOR OSZTROVICS

ATTENDANCE LIST -
CREDITORS MEETING

FILE NO. 32-1493347

SIGNATURE	NAME (PRINT)	REPRESENTING	AMOUNT OF CLAIM	REMARKS
	DANIELLE JONES	JONATHAN E DANIELLE JONES	73800	
	Steph Cseresies	D+M Cseresies Farm	228,670	
	Darren Cseresies	D+M Cseresies Farm	228670	
	Loretta Sioren	Elizabeth Huxge		
	Crystal Cronmiller	Jeff Neville		
	JEFF NEVILLE	—	300,000	
	Michael Sioren	Elizabeth Huxge		
	Collin Yarmie	Collin Yarmie		
	Victor Osztrovics			
				
				

Appendix N

INTERIM RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS for the Period from May 10, 2011 to July 29, 2011	
Receipts	\$ Nil
Total Receipts	-
Disbursements (note 1)	
Interim Receiver Fees and Disbursements	101,209.32
Interim Receiver Legal Fees and Disbursements	55,511.54
Security and Lock	2,011.00
Pest Control	150.00
Insurance	6,608.52
GST/HST	20,651.14
Accrued Receiver Fees and Disbursements	5,000.00
Accrued Receiver Legal Fees and Disbursements	8,000.00
Accrued GST/HST	1,690.00
Total Disbursements	200,831.52
Excess of Disbursements over Receipts	(200,831.52)
Interim Receiver Borrowings	60,000.00

Note 1: Disbursements include actual disbursements made by the Interim Receiver and further disbursements required to be made to satisfy obligations incurred by the Interim Receiver. In addition, Disbursements include an accrual for legal and professional fees associated with the completion of the Interim Receivership Proceedings.

Appendix O

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Court No. CV-11-9208-OOCL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE APPLICATION UNDER SECTION 47 OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3 OF

BRIAN KEVIN POREBA, VICTOR OSZTROVICS and
TRUE BLEND TOBACCO COMPANY INC.

AFFIDAVIT OF TRACEY WEAVER

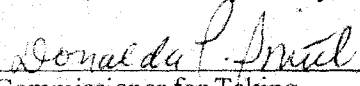
I, **TRACEY WEAVER**, of the Town of Whitby, in the Province of Ontario, **MAKE OATH AND SAY** that:

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 May 10, 2011, pursuant to an order (the "**Appointment Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), PwC was appointed as interim receiver (the "**Interim Receiver**") pursuant to section 47.1(1)(b) 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, without security, of all of the assets, undertakings and properties (the "**Property**") of True Blend Tobacco Company Inc. ("**True Blend**" or the "**Company**"), Brian Kevin Poreba ("**Poreba**") and Victor Osztrovics ("**Osztrovics**", and collectively with Poreba and True Blend the "**Debtors**") acquired for, or used in relation to the business carried on by the Debtors.
3. On April 20, 2011, True Blend filed a Notice of Intention to Make a Proposal (an "**NOI**"), pursuant to subsection 50.4 (1) of the BIA, and Schwartz Levitsky Feldman Inc. ("**SLF**") was named as trustee under the NOI (the "**Proposal Trustee**").
4. On May 2, 2011 each of Poreba and Osztrovics filed an NOI, pursuant to subsection 50.4 (1) of the BIA, and SLF was named as Proposal Trustee.

5. On May 19, 2011, the Company filed its proposal with SLF, pursuant to the provisions of the BIA and a meeting of True Blend's creditors was held on June 9, 2011 to consider and vote on the proposal (the "**True Blend Meeting of Creditors**"). At the True Blend Meeting of Creditors, True Blend's creditors rejected the proposal, whereupon True Blend was deemed to have made an assignment in bankruptcy, pursuant to section 57(a) of the BIA and, as a result of a motion put forward by certain of True Blend's creditors, PwC substituted SLF as trustee in bankruptcy (the "**Trustee**") of the Company.
6. On May 31, 2011, each of Poreba and Osztrovics filed a proposal with the Proposal Trustee pursuant to the provisions of the BIA, and meetings of their respective creditors were held on June 21, 2011 to consider and vote on their respective proposals (the "**Meetings of Creditors**"). At the Meetings of Creditors, Poreba's and Osztrovics' creditors rejected their respective proposals, whereupon each of Poreba and Osztrovics were deemed to have made an assignment in bankruptcy, pursuant to section 57(a) of the BIA and, as a result of motions put forward by the creditors of each of Poreba and Osztrovics, PwC substituted SLF as Trustee of Poreba and Osztrovics.
7. Pursuant to the Appointment Order, the Interim Receiver has provided services and incurred disbursements, in the amount of \$94,836.00 and \$6,373.32 respectively, after a courtesy discount of \$25,000.00 was applied by the Interim Receiver (both excluding Harmonized Sales Tax ("**HST**") in the period from May 10, 2011 to June 28, 2011 (the "**Period**"). Attached hereto and marked as Exhibit "A" to this my Affidavit is a summary of the invoices rendered by the Interim Receiver during the Period (the "**Accounts**").
8. 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 Interim Receiver, are attached as Exhibit "B" to this my Affidavit.
9. The Interim Receiver filed its first report to the Court (the "**First Report**") dated May 11, 2011 with respect to its conduct immediately following the granting of the Appointment Order. In addition, and contemporaneously with the filing of this Affidavit, the Interim Receiver is filing its second and final report to the Court (the "**Final Report**"). Details of the activities undertaken and services provided by the Interim Receiver in connection with the administration of the interim receivership proceedings are described in the First Report and Final Report.

10. In the course of performing its duties pursuant to the Appointment Order, the Interim Receiver's staff have expended a total of 327.3 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 interim receivership and the hours and applicable rates claimed by the Interim Receiver for the Period. The average hourly rate billed by the Interim Receiver during the Period is \$289.75.
11. The total amount of professional fees and disbursements being claimed for work performed by the Interim Receiver during the Period is \$101,209.32 (excluding HST).
12. The Interim Receiver requests that this Honourable Court approve its Accounts for the Period, in the total amount of \$101,209.32 (including disbursements and excluding HST) for services rendered and recorded during the Period.
13. Cassels Brock & Blackwell LLP ("Cassels"), as independent legal counsel to the Interim Receiver has rendered services during these interim receivership proceedings in a manner consistent with the instructions of the Interim Receiver and has prepared an affidavit with respect to the services rendered during the period from May 4, 2011 to July 23, 2011. The Interim Receiver has reviewed the invoices rendered by Cassels during the period from May 4, 2011 to July 23, 2011.
14. The Interim Receiver's fees and disbursements for the period from June 29, 2011 to completion of all work relating to the interim receivership proceedings will be calculated and billed at the standard rates currently in effect. Barring unforeseen circumstances, I estimate that those fees and disbursements will not exceed \$5,000.00, excluding the fees and disbursements of legal counsel.
15. To the best of my knowledge, the rates charged by the Interim Receiver and Cassels are comparable to the rates charged for the provision of similar services by other large accounting firms in the Toronto market.
16. I verily believe that the fees and disbursements incurred by the Interim Receiver and Cassels are fair and reasonable in the circumstances.

17. 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 Interim 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 28th day of July, 2011.)
)
Commissioner for Taking) Tracey Weaver
Affidavits, etc.)

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

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Exhibit "A"

PRICEWATERHOUSECOOPERS INC.
INTERIM RECEIVER OF
TRUE BLEND TOBACCO COMPANY INC.

Statement of Fees Summary
For the period from May 10 to June 28, 2011

Date	Invoice	Period Ending	Fees \$	PwC Disbursements \$	Sub-Total \$	HST \$	Total \$
June 29, 2011	TR131701454	May 10 to June 28, 2011	94,836.00	6,373.32	101,209.32	13,157.21	114,366.53
			<u>94,836.00</u>	<u>6,373.32</u>	<u>101,209.32</u>	<u>13,157.21</u>	<u>114,366.53</u>

This is Exhibit "A" referred to in the Affidavit of
Tracey Weaver, sworn before me this
28th day of July, 2011

Donalda P. Smith
A commissioner, etc.

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

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Exhibit "B"

Court No. CV-11-9208-OOCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

IN THE MATTER OF THE RECEIVERSHIP

**BRIAN KEVIN POREBA, VICTOR OSZTROVICS and
TRUE BLEND TOBACCO COMPANY INC.**
of the Town of Tillsonburg, in the Province of Ontario

This is Exhibit "B" referred to in the Affidavit of
Tracey Weaver, sworn before me this
23rd day of July, 2011.

Donalda P. Smith
A commissioner, etc.

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

PricewaterhouseCoopers Inc.
Court Appointed Interim Receiver of
True Blend Tobacco Company Inc.
77 King Street West
Royal Trust Tower
Suite 3000 Toronto Ontario M5K 1G8
Canada

PricewaterhouseCoopers Inc.
PO Box 82
Royal Trust Tower, Suite 3000
Toronto Dominion Centre
Toronto, ON M5K 1G8
Canada
Telephone: +1 416 863 1133
Facsimile: +1 416 365 8215

Contact: Greg Prince
Telephone: +1 416 814 5752
E-mail: gregory.n.prince@ca.pwc.com

To avoid delays in receipt of funds, please ensure you are remitting to: PwC Central Accounting
145 King Street West
Toronto ON M5H 1V8
Canada

Bill Date: June 29, 2011
Payment requested by: July 14, 2011
Invoice No.: TR131701454

HST REGISTRATION # 86747 0486 RT0001

FOR PROFESSIONAL SERVICES RENDERED by PricewaterhouseCoopers Inc., as Interim Receiver of True Blend Tobacco Company Inc., for the period to June 28, 2011.

	CAD
FEES	\$94,836.00
DISBURSEMENTS	<u>\$6,373.32</u>
TOTAL FEES AND DISBURSEMENTS	\$101,209.32
HST	<u>\$13,157.21</u>
TOTAL DUE	<u><u>\$114,366.53</u></u>

Remit Only Bank Wire Transfers (EFT) to:
HSBC, 70 York Street, Toronto, Ontario, Canada M5J 1S9
Account Name: PricewaterhouseCoopers LLP
Transit No.: 10002-016 Swift Code: HKBCCATT
CAD Account: 084871-001 USD Account: 064871-070
Invoice number must be included.

Please return one copy with your payment.

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PRICEWATERHOUSECOOPERS INC.
INTERIM RECEIVER OF
TRUE BLEND TOBACCO COMPANY INC.

Time and Disbursements Summary
For the period to June 28, 2011

<u>Staff Member</u>	<u>Number of Hours (as in WIP)</u>	<u>Hourly Rate (\$)</u>	<u>Amount (\$)</u>
SENIOR VICE PRESIDENT			
G PRINCE	5.8	600	3,480
VICE PRESIDENT			
T WEAVER	7.0	500	3,500
A SHERMAN	88.9	500	44,450
MANAGER			
R SMITH	74.5	350	26,075
S SARIN	70.8	350	24,780
L WILKS	16.2	350	5,670
P PATEL	7.0	375	2,625
SENIOR ASSOCIATES			
L HOLDER	1.0	265	265
D SMITH	3.2	265	848
M HUDSON	1.0	265	265
S HEJAZI	0.6	265	159
ASSOCIATE			
W PITTMAN	8.0	150	1,200
K BHAI	1.0	150	150
A CHIANG	40.0	150	6,000
A BOULDING	1.9	170	323
SUPPORT STAFF			
L CRITTENDEN	0.4	115	46
	327.3		119,836.00
FEES			119,836.00
LESS: Courtesy Discount			(25,000.00)
			94,836.00
DISBURSEMENTS			
Administration fee			4,741.80
Other disbursements			1,631.52
			6,373.32
FEES AND DISBURSEMENTS:			101,209.32
HST			13,157.21
TOTAL AMOUNT DUE:			114,366.53

Time Details

Client	Cassels Brock & Blackwell LLP		
Job	True Blend Tobacco Co Inc - Interim Receiver		
Show to date	6/28/2011		
* Staff	Date	Hours	Memo
WEAVER TRACEY (CA002224)	5/11/2011	0.2	Review IR appointment order. Edit website update.
	5/12/2011	0.3	Discussions with G. Prince and OSB. Email to A. Sherman.
	5/13/2011	0.2	Discussion with W. Pittman. Update to G. Prince and A. Sherman.
	5/16/2011	0.7	Edit section 245 / 246 report. Instructions to W. Pittman re creditor lists.
	5/17/2011	0.6	Meeting with S. Sherman and edits to section 245 / 246 report.
	5/18/2011	0.2	Edits to mailing lists. Emails to A. Sherman and G. Prince.
	5/19/2011	0.5	Discussion with A. Sherman re IR discharge and forward information to A. Sherman re same. Discussion re section 245 / 246 mailing. Finalize report and statutory mailing.
	5/24/2011	0.1	Website update.
	5/25/2011	0.1	Brief discussion with S. Sarin re IR's first report.
	6/8/2011	0.1	Approve cheques.
	6/9/2011	1.0	Discussion with R. Smith and A. Sherman. Instructions to CMT re website update, statutory documents, etc. Instructions to R. Smith re Notice of Duties of Officer. Telephone call to OSB. Email summary to A. Sherman and G. Prince re bankruptcy and closure of IR proceedings.
	6/10/2011	3.0	File closure matters.
BOULDING ADELAIDE (CA002759)	5/17/2011	0.6	Prepare letter of direction to Royal Bank to open account, including confirmation of same. Setup Newviews and cheque scribe profiles, update with current banking information.
	5/18/2011	0.4	Review and print email re insurance payment, respond to S. Sarin advising funds held in retainer account. Post disbursement in Newviews, prepare cheque requisition and cheque scribe batch, run cheque.
	5/26/2011	0.7	Post transfer of funds from PwC retainer account to IR's account, record expenses paid out of retainer account, attach backup, prepare vouchers for filing. Post disbursement in Newviews, prepare cheque requisition and cheque scribe batch, run cheque, secure signature, mail cheque, prepare voucher for filing.
	6/8/2011	0.2	Post disbursement in Newviews, prepare cheque requisition and cheque scribe batch, run cheque, secure signature, attach copy of signed cheque to voucher, prepare for filing, mail cheque.
SMITH DONALDA (CA007437)	5/11/2011	1.9	Set up pages for website, prepare pdf for posting. Update with motion and order.
	5/17/2011	0.2	Update website with IR's first report.
	5/24/2011	0.3	Update website.
	5/25/2011	0.3	Preparation of cheque requisition, update Newviews, copy and mail cheque.
	5/30/2011	0.3	Update website.
SMITH RANDALL (CA010057)	5/31/2011	0.2	Update website with copy of complete endorsement.
	5/10/2011	1.0	Review IR appointment order, contact OPP re security for service of court order.
	5/11/2011	5.0	Attendance at V. Osztrovic's and B. Poreba's respective residences to serve appointment order and discuss review / inventory of assets. Attend at True Blend premises and prepare inventory of assets and take pictures, prepare inventory of books and records.

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* Staff	Date	Hours	Memo
	5/12/2011	7.5	Attendance True Blend premises, including meeting with a representative of the alarm service provider to review alarm system and change codes; complete inventory of books and records, meetings with FTS re imaging computers. Attend at B. Poreba's premises to take possession of computer and further inventory assets. Attend at V. Osztrovics' premises (and third party - V. Osztrovics's mother) to take possession of computer and further inventory assets. Various telephone calls with A. Sherman and S. Sarin re status and court order.
	5/16/2011	5.5	Meeting with A. Sherman and S. Sarin re next steps. Telephone call with liquidators; prepare e-mail and send pictures to liquidators. Prepare listing of asset at principals' residences. Review court documents re filings.
	5/17/2011	6.5	Various telephone calls with A. Sherman. Discussions with S. Sarin re various matters. Telephone call with Tobacco Marketing Board. Review application records. Update BRS file with documents. Emails and telephone call with liquidators re estimate of asset values. Telephone call with FTS re imaging of computers. Discussion with W. Pittman re account numbers for statutory mailing.
	5/18/2011	5.5	Various discussions with A. Sherman and S. Sarin re status and next steps. Discussions with FTS re status of computer imaging; receive extraction of T. Lama's computer; review files on extraction.
	5/19/2011	4.5	Review extraction of documents. Telephone call with alarm service provider re completion of installation and disconnection of telephone service. Telephone call with Bell re reconnection of phone service. Update with S. Sarin and A. Sherman.
	5/20/2011	1.0	Telephone call with alarm service provider. Various email correspondence.
	5/24/2011	6.5	Telephone call with L. Ellis and A. Sherman re status and letters to registered buyers, including preparation of draft letter to registered buyers. Review True Blend Proposal. Draft IR's report. Telephone call with F. DiPetta, M. Cowan and D. Demeester to conduct inventory count tomorrow.
	5/25/2011	5.5	Attendance at True Blend's premises to conduct inventory count of tobacco product with representatives of Excise Duty and Ministry of Revenue, document inventory count. Update and send letters to solicit offers for the tobacco inventory. Telephone call and discussions with A. Sherman and S. Sarin re inventory count.
	5/26/2011	5.0	Discussion with A. Sherman. Updates to IR's 2nd report for inventory review. Telephone calls and emails with potential buyers re site attendance for inventory viewing, including preparation of schedule for same. Meeting with A. Sherman and S. Sarin re update from meeting with V. Osztrovics / B. Poreba and discussion of next steps.
	5/31/2011	5.0	Telephone call with A. Sherman and S. Sarin re inventory update and next steps. Meeting with A. Sherman re cash flow for operations. Draft email re operating cash flow and forward to L. Ellis for comments, including revision and emailing of same to V. Osztrovics / B. Poreba and their counsel. Correspondence to M One Manufacturing re bid solicitation process. Correspondence from D. Blake re forklifts invoice. Emails with Abell Pest Control re service call. Discussion with D. Smith re updates to website for endorsement.
	6/1/2011	4.0	Email from V. Osztrovics re operating cash flow; telephone call with V. Osztrovics to discuss preparation of the cash flow and his requirements to do same. Telephone call with G. Bridgewater re moisture testing of tobacco. Telephone call with V. Osztrovics re call with G. Bridgewater and attendance at True Blend facility for moisture testing; discuss same with A. Sherman and S. Sarin. Preparation of template schedule to record moisture testing results. Telephone call with landlord re pest control attendance; email to Abell re same. Telephone call with R. Plackett (Grand River Enterprises) re bid solicitation process and asset viewing date. Telephone call with G. Smith (White Buffalo) re offer. Review invoices from Bell and respond via email to confirm which line was required for alarm monitoring.
	6/2/2011	1.5	Preparation for attendance at site for moisture / temperature recording; telephone call with M. Sioen re same; updates to template for recording testing results. Emails with V. Osztrovics re preparation of operating cash flow.

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* Staff	Date	Hours	Memo
	6/3/2011	3.5	Attendance at True Blend site to conduct moisture and temperature testing. Telephone call with CanStar re offer to purchase tobacco inventory. Conference call with T. Nguyen and A. Sherman re status of inventory and results of testing.
	6/6/2011	2.5	Review offers for purchase of tobacco inventory and preparation of summary re same. Review memo prepared by M. Hudson re tobacco inventory testing results, including update to BRS power re same.
	6/7/2011	1.5	Telephone call with Abell re update on moth traps and quote for fumigation. Discussion with A. Sherman re review of offers and next steps. Telephone call with CanStar re offer.
	6/8/2011	0.5	Email to A. Sherman re moth situation and fumigation. Discussions with A. Sherman re various matters, including next steps.
	6/13/2011	2.0	Review invoice and update. Emails with FTS re update.
	6/14/2011	0.5	Email from FTS and further updates to the invoice.
SARIN SUPRIYA (CA015244)	5/10/2011	4.0	Several discussions with A. Sherman and R. Smith re IR appointment, including preparation for same - review background materials, review IR order and endorsement, calls with PwC FTS, locksmith and insurance company, preparation of workplan.
	5/11/2011	9.5	Telephone calls with OPP re police attendance for site visits to True Blend's principals homes re service of IR Order. Meeting with and several discussions with B. Poreba and V. Osztrovics re access and location of Company financial and other information. Attendance at True Blend office / processing facility, including meeting with landlord, calls with locksmith, alarm company and insurance company, emails with PwC FTS group and undertake similar preservation and protection measures. Review records at True Blend office to locate financial information. Discuss IR's workplan with A. Sherman and R. Smith. Draft IR's 1st report. Discussions and several telephone calls / emails with A. Sherman re various matters.
	5/12/2011	5.5	Review finalized IR's 1st report. Telephone calls with landlord and London Excise department. Discussions with T. Weaver re section 245 / 246 reports and website update. Several telephone calls and discussions with R. Smith, A. Sherman and PwC FTS group re imaging of computers at Company site and principal homes, access to principal homes for taking pictures and inventory, extended Order terms and other preservation / protection measures. Discussions with landlord re information for insurance survey form, including completion of same and discussions / emails with C. Crooker of FCA.
	5/13/2011	1.8	Telephone call with London Excise office (F. DiPetta) re tobacco inventory values confirmation. Revise insurance survey form and send to FCA, review insurance coverage and emails with FCA re same. Telephone calls with V. Osztrovics and T. Lama re information on Company, usernames / passwords for computers. Emails with PwC FTS re imaging of computers and data extraction. Emails with R. Smith re alarm system. Discussions / emails with T. Weaver re section 245 / 246 report. Emails with A. Sherman.
	5/16/2011	3.2	Meeting with A. Sherman and R. Smith re update on creditors meeting, next steps and telephone calls with counsel. Review application package for appointment of IR re certain financial information. Emails with FCA re binding insurance coverage. Discussions with R. Smith re package to liquidators for inventory and equipment values and review draft of emails to liquidators. Telephone calls with Tobacco Marketing Board. Review inventory of assets at True Blend and principal homes.

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* Staff	Date	Hours	Memo
	5/17/2011	3.8	Discussions with PwC FTS re financial information extracted from T. Lama's computer, review chain of custody forms for release of personal computers to V. Osztrovics and B. Poreba. Discussions with A. Sherman and R. Smith re various matters. Review section 245 / 246 report and provide comments to T. Weaver. Emails with T. Weaver re website update. Emails with FCA, review coverage limits and approve insurance invoice for payment, update BRS Power file. Review emails from liquidators re inventory and equipment estimates. Telephone calls with and draft letters to Tobacco Marketing Board and Excise Department re provision of financial information, including telephone call with A. Sherman re draft letters. Telephone calls with M. Cowan re allegations of tobacco cutting at V. Osztrovics' mother's farm.
	5/18/2011	3.6	Emails and telephone calls with Tobacco Marketing Board re information requirements. Telephone call with Ministry of Revenue (R. Bell) re list of registered tobacco processors and other licensing matters. Telephone call with M. Cowan (Enforcement Department, Ministry of Revenue) re action taken / visit re complaint of tobacco cutting by V. Osztrovics. Telephone call with Excise Department (F. DiPetta) re inventory counts and provision of financial information available from Excise Department. Telephone call with liquidator (Hilco) re estimate of equipment and inventory values. Discussions with A. Sherman and R. Smith re various matters. Telephone call with PwC FTS re extraction of financial information files from T. Lama's computers. Review cash flow statements filed with OR by V. Osztrovics and B. Poreba. Review section 245 / 246 report and provide comments to T. Weaver.
	5/19/2011	1.3	Emails with and review information from Tobacco Marketing Board, including discussions with A. Sherman and R. Smith. Review financial information from T. Lama's computer and emails with A. Sherman and R. Smith.
	5/20/2011	1.2	Telephone calls with Tobacco Marketing Board and Excise Department. Discussions with A. Sherman, including conference call with R. Jaipargas. Discussions with A. Sherman re IR's 2nd report.
	5/23/2011	4.8	Review May 27 motion materials served by counsel to B. Poreba and V. Osztrovics. Draft outline of IR's 2nd report, including emails with A. Sherman.
	5/24/2011	0.4	Telephone calls with Tobacco Marketing Board. Emails with A. Sherman re IR's 2nd report.
	5/25/2011	2.5	Draft IR's 2nd report. Telephone calls and discussions with A. Sherman and R. Smith.
	5/26/2011	3.2	Discussion with A. Sherman on IR's 2nd report and Court hearing. Review letter from Lenczner Slaght. Review inventory count results and letters to purchasers for site visits, including discussions with R. Smith re same. Prepare IR's borrowing certificate. Email and several calls with C. Jacob at Tobacco Marketing Board re information request and copy of surveillance report. Several telephone calls with M. Cowan re copy of surveillance report and emails with A. Sherman re same. Telephone calls with London Excise Department. Discussions with A. Sherman and R. Smith re next steps based on meeting with principals and their counsel on May 26.
	5/27/2011	7.3	Several emails and Telephone calls with Excise Department, Tobacco Marketing Board and potential tobacco inventory purchasers re sale process on May 30. Prepare and send letters re sale process to potential purchasers. Telephone calls with principal's counsel P. Veel re contact information required. Update meeting with A. Sherman. Emails with R. Smith re communications with potential tobacco inventory purchasers. Telephone calls with landlord. Arrange pest control at former Ture Blend premises. Emails with A. Sherman and L. Ellis re investigation report from Tobacco Board. Telephone calls / emails with P. Patel and providing background information. Review Order and endorsement dated May 27 and forward to T. Weaver re website update.
	5/28/2011	1.0	Emails and telephone calls with potential purchasers. Emails with R. Smith re communications with potential purchasers. Emails with A. Sherman and P. Patel re bid solicitation process.
	5/29/2011	0.5	Emails with P. Patel and A. Sherman re bid solicitation process. Review / respond to emails from R. Smith and A. Sherman re emails from a potential purchaser re request for alternate dates for asset viewing.

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* Staff	Date	Hours	Memo
	5/30/2011	7.8	Attendance at former True Blend facility, including meetings with several potential purchasers to provide tours of the premises, including discussions with potential purchasers re sale process and inventory. Discussions with Company's production manager. Discussions with Abell re moth control. Meeting with C. Jacob of Tobacco Marketing Board. Emails with Abell re regular monitoring of moth traps.
	5/31/2011	1.0	Update telephone call with A. Sherman and R. Smith re asset viewing. Telephone call with landlord re queries on sale process. Emails with Abell.
	6/1/2011	1.2	Emails with L. Ellis and R. Smith re operating cash flows and information on tobacco inventory. Discussions with R. Smith re tobacco inventory testing. Telephone calls with potential purchasers. Emails with A. Sherman and R. Smith.
	6/2/2011	1.0	Telephone calls with several potential purchasers seeking clarifications on sale process. Discussions with R. Smith.
	6/3/2011	1.3	Telephone calls with potential purchasers, review offers, discussion with A. Sherman.
	6/6/2011	0.5	Telephone calls with Excise office and Tobacco Marketing Board.
	6/7/2011	2.2	Telephone calls with landlord, CRA and G. Bridgewater. Review creditor package and Trustee's Report on True Blend's Proposal. Review offer analysis and summary from R. Smith. Review Tnsura documents. Discussions with A. Sherman and T. Weaver. Email re CRA claim and creditor package to A. Page. Review letter from Excise Department.
	6/8/2011	2.0	Draft memo on May 30, 2011 asset viewing and prepare file note with related attachments, including brief discussion with A. Sherman.
	6/9/2011	0.2	Telephone calls with CRA re review of books and records.
HUDSON MATTHEW (CA015812)	6/3/2011	1.0	Preparation of memo re tobacco testing.
PITTMAN WENDY (CA022477)	5/12/2011	0.5	Draft the Notice and Statement of Receiver (sections 245 / 246 report) for True Blend.
	5/13/2011	1.5	Draft the Notice and Statement of Receiver (sections 245 / 246 report) for B. Poreba and V. Osztrovics. Revise the Notice and Statement of the Receiver for True Blend. Draft the supplementary mailing lists for True Blend, B. Poreba and V. Osztrovics. Email to R. Smith attaching the draft supplementary listings for all three entities.
	5/16/2011	2.0	Edit / update the Notice and Statement of Receiver for True Blend, B. Poreba and V. Osztrovics; Update the supplementary mailing list for all three entities, including comparison of the creditors listing of all three entities for similarities. Email to S. Sarin re creditors list for both V. Osztrovics and B. Poreba, need updated information as certain pages missing from B. Poreba's listing and the claims total for V. Osztrovics on the listing provided by the Proposal Trustee does not match the total on the listing provided to the IR.
	5/17/2011	2.0	Contact the Proposal Trustee for True Blend to request full creditors listing for both V. Osztrovics and B. Poreba. Update creditors listing for B. Poreba. Review all listings to confirm total amounts owing, including cross reference of all three lists to see which creditors all three have in common. Update supplementary listing for all three entities.
	5/18/2011	1.0	Update supplementary listing for all three entities. Create mailing labels for all creditors and supplementary list for all three entities. Telephone call with OSB requesting any documentation that has been filed in regard to True Blend, including email to the OSB regarding any documentation that has been filed re B. Poreba and V. Osztrovics. Collate information received from the OSB for all three and forward to T. Weaver and S. Sarin.
	5/19/2011	1.0	Print creditor / supplementary mailing labels for all three entities re mailing to creditors. Prepare creditor packages for mailing and completion of mailing.

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* Staff	Date	Hours	Memo
SHERMAN ADAM (CA023218)	5/10/2011	3.6	Emails and discussions with L. Ellis re IR appointment. Draft Consent to Act. Email from L. Ellis attaching draft Notice of Application and Affidavit of M. Sioen, including comments on same. Email from L. Ellis attaching company profile report and PPSA report for True Blend. Email from L. Ellis attaching draft IR Order, including comments on same. Email from L. Ellis attaching factum for application to appoint the IR. Email from T. Nguyen providing addresses for B. Poreba, V. Osztrovics and True Blend, including contact information for the landlord's solicitor. Discussions with S. Sarin and R. Smith re taking possession, etc. Email from L. Ellis attaching Appointment Order and endorsement of J. Morawetz re same. Email from S. Sarin attaching draft workplan. Emails to / from T. Nguyen re request for a copy of the Application Record. Email from S. Clarke attaching Application Record, including emails to T. Weaver re same. Telephone call with F. Boniferno re leased premises. Email to L. Ellis summarizes next steps, including subsequent discussion with L. Ellis re same.
	5/11/2011	9.5	Attendance at the True Blend office / processing facility in Tillsonburg, ON, including meetings with the landlord. Discussions with R. Smith and S. Sarin re attendance at B. Poreba's and V. Osztrovics's residences and other matters re taking possession and securing property. Walk through True Blend's office / processing facility and begin taking inventory and looking for / reviewing books and records. Meeting with landlord re request to change locks, including the making of arrangements for same. Meeting with locksmith re change of locks to office / processing facility. Meeting with a representative of the Ministry of Revenue, Enforcement Division, re tobacco inventory and other matters in connection with same. Emails and discussions with G. Prince. Telephone calls to several liquidators / appraisers re fixed assets / machinery. Draft IR's 1st report, including discussions with S. Sarin re same. Email from S. Sarin providing info. re attendance at principals' residences, etc. Emails from and discussion with G. Prince providing comments on IR's 1st report. Telephone call with L. Ellis re IR's 1st report, tomorrow's Court attendance and other matters. Review, revise and finalize the IR's 1st report.
	5/12/2011	8.5	Preparation for and attendance in Court (London, ON) re IR Order, including discussions with various counsel in attendance. Telephone call with T. Lama re various matters in connection with True Blend. Emails and discussions with G. Prince re Court attendance, endorsement made, etc. Several discussions with R. Smith and S. Sarin re Court attendance, endorsement made, re attendance at the principals' residences and other matters. Emails from and discussions with S. Sarin re insurance. Meeting with L. Ellis and T. Nguyen re meeting with farmers later on same date. Preparation for and attendance at meeting with farmers to discuss appointment as IR and next steps re same and obtain information in connection with True Blend and its principals. Emails with R. Smith and S. Sarin re re attendance at the principals' residences, imaging of computers, etc.
	5/13/2011	4.5	Email from R. Smith re alarm info. Email from R. Smith attaching photos re inventory of office / processing facility and the principals' residences. Emails with L. Ellis and G. Prince, including subsequent conference call to discuss the status of the interim receivership and next steps. Emails with S. Sarin and C. Crooker re insurance. Email from T. Weaver re BIA notices. Review application record, including financial statements, Mareva Injunction re financial transactions, asset locations, etc.
	5/16/2011	1.8	Discussions with G. Prince, R. Smith and S. Sarin re various matters. Email from R. Smith providing estimate of tobacco inventory at the office / processing facility as well as the Poreba / Osztrovics farms. Email from R. Smith providing list of inventory at the office / processing facility as well as at the Poreba / Osztrovics farms. Emails from / to L. Ellis. Email from L. Sioen advising that V. Osztrovics was cutting tobacco at his mother's farm.
	5/17/2011	1.4	Emails and discussions with R. Smith and S. Sarin re various matters. Email from R. Smith re liquidator estimate of equipment value. Review and revise correspondence to the Tobacco Marketing Board and London Tax Services Office, including emails with S. Sarin re same. Email from T. Nguyen attaching responding affidavit of V. Osztrovics.

* Staff	Date	Hours	Memo
	5/18/2011	2.1	Emails and discussions with L. Ellis. Email from K. Page, solicitor for the proposal trustee re status of proposals for True Blend and its principals. Emails with L. Ellis and T. Nguyen re scheduling of conference call. Conference call with L. Ellis and T. Nguyen re various matters. Emails and telephone call with R. Jaipargas, solicitor for Trisura Guarantee Insurance Company (bond) re various matters in connection with the interim receivership and the Trisura bond. Voicemails to / from F. Boniferno. Email from T. Weaver attaching draft section 245 / 246 report. Emails with S. Sarin re imaging of computers. Emails with G. Prince.
	5/19/2011	1.1	Emails and discussions with S. Sarin and R. Smith re various matters. Review, revise and update section 245 / 246 report, including email to T. Weaver re same. Emails and discussions with T. Weaver re IR discharge. Voicemails from / to F. Boniferno. Email from S. Sarin attaching info. received from Tobacco Marketing Board, including subsequent discussion with S. Sarin re same. Emails and discussions with R. Smith re preliminary review of computer records. Email from T. Weaver confirming mailing of section 245 / 246 report.
	5/20/2011	3.5	Voicemails from / to F. Boniferno. Email from R. Smith confirming alarm operational. Emails and discussion with L. Ellis re various matters. Email from L. Ellis to K. Page re True Blend's filing of a proposal. Email from L. Ellis forwarding notice of motion returnable May 27, 2011. Telephone call with R. Jaipargas. Discussions with G. Prince and S. Sarin. Draft IR's 2nd report.
	5/22/2011	0.5	Email from L. Ellis attaching True Blend Proposal. Emails with G. Prince and L. Ellis re update. Emails with S. Sarin re IR's 2nd report.
	5/23/2011	2.5	Email from S. Sarin attaching updated IR's 2nd report, including revisions and updates to same.
	5/24/2011	4.5	Telephone call with L. Ellis re IR's 2nd report, sale of tobacco inventory and other matters. Discussions with S. Sarin and R. Smith re various matters. Emails with R. Smith, including review and revision of letter to potential purchasers of the tobacco inventory. Telephone call with R. Jaipargas and J. MacLellen of BLG, solicitor for Trisura, re bond, True Blend Proposal, etc. Email from R. Jaipargas requesting a copy of the IR's 1st report, True Blend's Proposal and the May 27th Notice of Motion, including email to R. Jaipargas in response to same. Emails from S. Sarin and R. Smith re additions to IR's 2nd report. Review, revise and update IR's 2nd report, including email to S. Sarin attaching updated copy of same.
	5/25/2011	6.5	Conference call with A. Page, K. Page, T. Nguyen and L. Ellis re True Blend's Proposal, the interim receivership and other matters. Telephone calls with S. Sarin re revisions to the IR's 2nd report. Telephone call with R. Smith re tobacco inventory. Email from the Tobacco Board in response to the IR's request for information. Emails with G. Prince. Emails with R. Smith re offer letter. Email from S. Sarin attaching revised IR's 2nd report. Email from R. Smith attaching list of tobacco inventory. Emails with R. Smith re sale of tobacco inventory. Email from L. Ellis re Lenczner Slight letter of same date re emergency attendance in Court tomorrow re IR's bid solicitation process, including subsequent discussion with L. Ellis re same. Review, revise and update IR's 2nd report, including email to G. Prince and L. Ellis attaching same.

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* Staff	Date	Hours	Memo
	5/26/2011	6.5	Emails and discussion with G. Prince providing comments on IR's 2nd report. Email from L. Ellis re discussion with Lenczner Slaght re attendance in Court later on same date, including email from G. Prince re same. Email from L. Ellis advising Court cancelled for today. Emails with Cassels, Lenczner, Brauti re scheduling of a meeting later on same date. Conference call with L. Ellis and T. Nguyen. Email from T. Nguyen forwarding an email from P. Viliaca advising of mould in his tobacco. Email from R. Jaipargas attaching documentation in connection with Trisura's bond. Emails with L. Ellis and G. Prince re list of questions for B. Poreba / V. Osztrovics re tobacco processing options. Email from R. Smith providing updates for IR's 2nd report re tobacco inventory. Review, revise and update IR's 2nd report. Email from L. Ellis attaching agenda for today's meeting. Meeting at Cassels' office with L. Ellis and V. Osztrovics, B. Poreba and representatives of Lenczner Slaght, Brauti and the farmers. Email from S. Sarin re sale of tobacco inventory. Email from R. Smith re tobacco buyers list. Emails with Brauti, Lenczner Slaght and Cassels re draft Order. Emails with T. Nguyen and L. Ellis re scheduling of a conference call tomorrow.
	5/27/2011	2.2	Emails with T. Nguyen and L. Ellis. Conference call with Cassels, Brauti and certain farmers. Email to L. Ellis attaching Tobacco Board report re tobacco cutting at V. Osztrovics' mother's farm. Email from P. Veel providing list of tobacco purchases, including email to S. Sarin re same. Emails with G. Prince. Voicemails from / to and discussion with V. Osztrovics re sale of tobacco inventory, tobacco processing and other matters. Email from T. Nguyen forwarding an email from A. Pappas re perish ability of raw, unprocessed tobacco. Discussions with R. Smith and S. Sarin re moth control. Email from P. Veel providing additional contact information for certain tobacco purchasers. Email from L. Ellis attaching entered Order of today's date. Email from S. Sarin re moth control. Discussion with S. Sarin re various matters.
	5/29/2011	0.4	Email from and telephone call with V. Osztrovics re buyer site visit on May 30, 2011. Emails with R. Smith re buyer request for alternate date to view tobacco inventory. Emails with S. Sarin buyer site visit.
	5/30/2011	0.8	Emails with L. Ellis providing comments on correspondence to D. Varah requesting additional information on the tobacco inventory. Emails with S. Sarin re buyer site visit.
	5/31/2011	1.5	Emails with R. Jaipargas and L. Ellis re scheduling of conference call later on same date. Emails and discussion with S. Sarin re buyer site visit, moth control, etc. Discussion with R. Smith providing comments on letter to Lenczner Slaughter. Conference call with R. Jaipargas, J. MacLellan and L. Ellis, including subsequent discussion with L. Ellis.
	6/1/2011	0.6	Emails with G. Prince re update. Voicemail from and telephone call with representatives of TD Bank re various matters in connection with the interim receivership. Telephone call with T. Nguyen. Email from T. Nguyen attaching Proposals submitted by V. Osztrovics and B. Poreba.
	6/2/2011	0.5	Emails and telephone call with T. Nguyen. Telephone call with R. Smith re attendance at True Blend tomorrow re moisture testing of tobacco inventory.
	6/3/2011	1.4	Discussion with G. Prince re update. Telephone calls with L. Ellis and T. Nguyen. Voicemail to A. Page. Brief review of various offers submitted for the tobacco inventory. Discussion with S. Sarin re various matters. Meeting with R. Smith re attendance at True Blend to assess moisture level of tobacco inventory.
	6/6/2011	1.5	Review email from R. Smith attaching a summary of the offers received. Email from R. Smith re assessment of tobacco inventory. Email from R. Smith re moth assessment, including subsequent emails with R. Smith re same. Emails and telephone calls with L. Ellis. Emails and telephone call with R. Jaipargas. Email to R. Jaipargas attaching the Proposals filed by V. Osztrovics and B. Poreba.

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Staff	Date	Hours	Memo
	6/7/2011	3.5	Emails and discussions with S. Sarin. Email from SLF attaching creditor package and amended meeting notice, including review of trustee's report to creditors. Email from T. Nguyen forwarding email from counsel for K. Williams re claim against B. Poreba and registration of mortgage re same. Telephone call with L. Ellis re various matters. Emails with R. Jaipargas and J. MacLellan. Email from T. Nguyen re property search results. Finalize and execute IR Certificate re IR borrowings, including email to T. Nguyen attaching same. Review, revise and update IR's 2nd report.
	6/8/2011	3.5	Emails and telephone call with L. Ellis. Email to R. Jaipargas and J. MacLellan attaching trustee's report to creditors and amended meeting notice. Emails and conference call with R. Jaipargas, J. MacLellan and L. Ellis re various matters. Email to T. Nguyen attaching trustee's report to creditors and amended meeting notice. Emails and discussion with R. Smith re moth assessment and recommendation for treatment. Email from S. Sarin attaching memo re prospective buyer asset viewing. Telephone call with R. Jaipargas. Emails with G. Prince. Review, revise and update IR's 2nd report.
	6/13/2011	2.0	Review, revise and update IR's 2nd report.
	6/15/2011	1.5	Review Trustee's report on the proposals filed by V. Osztrovics and B. Poreba. Update IR's 2nd report.
	6/17/2011	3.0	Revise and finalize invoice. Review, revise and update IR's 2nd report. File organization re discharge.
	6/28/2011	10.0	File closure matters, including finalization of invoice, preparation of final statement of receipts and disbursements, finalization of IR's 2nd report and attendance in Court re discharge.
BHAI KAVITA (CA024815)	5/12/2011	1.0	Imaging of computers.
CHIANG ALAN (CA025034)	5/12/2011	13.0	Meeting with R. Smith and two personnel from the alarm company. Conference call with L. Wilks and S. Sarin. Document and start to image a laptop. Took custody of three desktops and a laptop at the client site. Attendance at B. Poreba's house and took custody of a desktop and an USB stick. Attendance at V. Osztrovics' house and took custody of two desktops. K. Bhai and L. Holder assisted with documenting and imaging V. Osztrovic's personal desktops.
	5/13/2011	8.0	Continue imaging desktops. Took pictures. Took apart the desktops to locate the harddrives. Image the hard drives: perform acquisition and verification image of the hard drives on the duplicator. Put hard drives back into original devices. Verify the CMOS date time. Make sure V. Osztrovic's and B. Poreba's computers are imaged. Package and mail computers to V. Osztrovics and B. Poreba, including notification to each of the delivery.
	5/16/2011	5.5	Continue imaging desktops and laptop. Document and take pictures of the devices. Open up the devices to gain access to the hard drive. Perform acquisition and verification image of the hard drives on the duplicator. Discussion with L. Wilks to analyze one of the desktop images. Open a case on Encase. Perform Recovering Folder (get back deleted files). Write up a list of search terms. Completed imaging from over night (Friday) Update e-log. Insert hard drive back in device. Turn on the computer to document the CMOS date-time.
	5/17/2011	5.0	Put back the desktop. Update e-log, check if the hash number is correct. Insert hard drive back into device. Turn on the computer to document the CMOS date-time. Analyze image. Begin to look at the files in the image. Discuss with L. Wilks and review of findings. Review another desktop image - review the files in the image, review the files with L. Wilks, start the Recovering Folder, document and update the e-log. Filter Extensions - use Encase to export filter files out of the image based on a list of file extension. Work with L. Holder to start filter files based on file extension. Export files by folder structure.

Staff	Date	Hours	Memo
	5/18/2011	5.0	Provide extracted files to S. Sarin. Quality control the filter files from yesterday's task. Delivered the external hard drive to R. Smith. Meeting with P. Vakof and L. Wilks. Document and update the e-log and Mapfile for the project.
	5/19/2011	1.5	Setup Encase to verify all the images collected.
	5/24/2011	2.0	Catalogue and draft project memo.
WILKS LLOYD (CA026642)	5/12/2011	4.5	Coordination of imaging. Discussions with S. Sarin.
	5/13/2011	6.0	Coordination of imaging. Discussions with S. Sarin.
	5/16/2011	1.0	Recovery of files from desktop computers and quality control.
	5/17/2011	2.0	Recovery of files from desktop computers and quality control.
	5/18/2011	2.0	Recovery of files from desktop computers and quality control.
	5/27/2011	0.2	Finalize project memo.
	6/13/2011	0.2	Arrange for the Company computers to be shipped back to R. Smith.
	6/16/2011	0.1	Review technical issue re laptop computer.
	6/22/2011	0.2	Investigation re memory stick recovered from client site.
HOLDER LORRAINE (CA026649)	5/12/2011	0.5	Assisted with documenting and imaging desktops.
	5/18/2011	0.5	Assisted with documenting and imaging desktops.
HEJAZI SEYED (CA026750)	5/24/2011	0.6	Quality control of images.
PATEL PRITESH (CA026805)	5/30/2011	7.0	Attendance at True Blend premises to assist with inventory review by prospective purchasers.
CRITTENDEN LEONORA (CA062724)	6/15/2011	0.1	Filing re bookkeeping documents.
	6/20/2011	0.1	Print receipts and disbursements to May 31, 2011 and account activity for the month of May, 2011.
	6/21/2011	0.1	Filing re bookkeeping documents.
	6/27/2011	0.1	Filing re bookkeeping documents. Prepare labels for file folders.
PRINCE GREG (CA065586)	5/10/2011	2.0	Review form of IR appointment Order and affidavit. Execute Consent to Act. Attend at Court with L. Ellis and T. Nguyen re appointment of IR. Discussions with L. Ellis and A. Sherman. Planning related matters.
	5/13/2011	0.5	Numerous discussions with A. Sherman. Conference call with A. Sherman and L. Ellis.
	5/18/2011	0.2	Discussion with T. Weaver re section 245 / 246 report.
	5/19/2011	0.3	Discussions with A. Sherman.
	5/20/2011	0.2	Discussions with A. Sherman.
	5/25/2011	0.4	Review material re motion on continued appointment of IR. Discussions with L. Ellis and A. Sherman. Emails to / from L. Ellis.
	5/26/2011	0.6	Discussions and emails with A. Sherman.
	5/27/2011	0.3	Discussions with A. Sherman.
	6/6/2011	0.6	Numerous discussions with A. Sherman and R. Smith.
	6/7/2011	0.3	Discussions with A. Sherman and R. Smith. Telephone call with A. Sherman and L. Ellis.
	6/8/2011	0.4	Discussions with A. Sherman and R. Smith. Emails to and from A. Sherman. Review sale process status and updates from A. Sherman and R. Smith. Telephone call with R. Jaipargas re Trisura.
TOTAL		327.3	

Expenses

Client	Cassels Brock & Blackwell LLP	60005105
Job	True Blend Tobacco Co Inc - Interim Receiver	C009
Show to date	6/28/2011	

* Staff	Staff Code	Exp Date	Exp Amt	Exp Descriptions	Exp. Code Description
CHIANG ALAN	CA025034	5/12/2011	187.37	home -> PwC (pick up kit) -> client site = 190km. client site -> 401 & 403 -> custodian's home = 65km. custodian's home -> PwC office = 122 km.Total = 190 + 65 + 122 = 377km	Mileage Reimbursement
		5/19/2011	17.86	Drove to the Toronto PwC office in the morning around 6:30am to pack and pick up the imaging Kit	Car Parking
		5/19/2011	8.93	Drove from the client site to the Toronto PwC office . Arrived around 6:30pm to drop off the imaging kit , client desktops and start work on the client desktops.	Car Parking
PATEL PRITESH	CA026805	5/30/2011	165.00	Travel to and from True Blend to assist with Review of Inventory.	Mileage Reimbursement
		5/30/2011	22.38	Late Dinner for myself and Supriya Sarin.	Per Diems or Meals
SARIN SUPRIYA	CA015244	5/8/2011	59.29	Avis Rental Car: Car Rental Period: May 30-May 31, 2011	Car Rentals
		5/11/2011	10.08	Per Diem Lunch	Per Diems or Meals
		5/30/2011	9.40	UDUPI PALACE: Per Diem Dinner	Per Diems or Meals
		5/30/2011	3.22	Tim Hortons: Per Diem Breakfast	Per Diems or Meals
		5/30/2011	29.20	Corktown Esso: Gas Reimbursement for Car Rental Period: May 30-31, 2011	Car Rentals
SHERMAN ADAM	CA023218	5/13/2011	144.63	Hilton London ON: Hotel Accomodation	Hotel /Accommodation
		5/13/2011	7.06	Hilton London ON: Copies made for client at hotel.	Hotel /Accommodation

* Staff	Staff Code	Exp Date	Exp Amt	Exp Descriptions	Exp. Code Description
		5/18/2011	242.53	Mileage Reimbursement: 184.53km 11 May, 63.87km 11 May, 62.55km 12 May, 176.28km 12 May. Total mileage reimbursement = 488km.	Mileage Reimbursement
SMITH RANDALL	CA010057	5/10/2011	20.26	Late Dinner: May 10, 2011	Per Diems or Meals
		5/11/2011	86.29	Esso: Fuel for car rental period May 10 - May 12, 2011.	Car Rentals
		5/11/2011	22.32	Impark: Parking Reimbursement	Car Parking
		5/12/2011	24.11	Impark: Parking Reimbursement	Car Parking
		5/12/2011	61.50	Petro Canada: Fuel for car rental period: May 10 - May 12, 2011	Car Rentals
		5/12/2011	196.85	Avis: Car rental for period May 10 - May 12, 2011	Car Rentals
		5/12/2011	4.40	Late Dinnerfor Randall Smith	Per Diems or Meals
		5/12/2011	8.69	Late Dinner: May 12, 2011	Per Diems or Meals
		5/25/2011	183.89	Mileage Reimbursement: Travel to and from client site = 370km	Mileage Reimbursement
		6/3/2011	9.32	Tim Hortons: Tim Bits & Food for farmers.	Per Diems or Meals
		6/3/2011	43.21	Petro-Canada: Fuel reimbursement for car rental peroid: June 3rd, 2011	Car Rentals
		6/3/2011	54.58	Avis: Car rental period: June 3, 2011.	Car Rentals
* CHIANG ALAN	CA025034	6/9/2011	9.15	Cell phone Long Distance call: 9.54	Cellular Phone
TOTAL			1,631.52		

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Exhibit "C"

**PRICEWATERHOUSECOOPERS INC.
INTERIM RECEIVER OF
TRUE BLEND TOBACCO COMPANY INC.
Time and Disbursements Summary
For the period from May 10 to June 28, 2011**

	<u>Number of Hours (as in WIP)</u>	<u>Hourly Rate (\$)</u>	<u>Amount (\$)</u>
<u>Staff Member</u>			
SENIOR VICE PRESIDENT			
G PRINCE	5.8	600	3,480
VICE PRESIDENT			
T WEAVER	7.0	500	3,500
A SHERMAN	88.9	500	44,450
MANAGER			
R SMITH	74.5	350	26,075
S SARIN	70.8	350	24,780
L WILKS	16.2	350	5,670
P PATEL	7.0	375	2,625
SENIOR ASSOCIATES			
L HOLDER	1.0	265	265
D SMITH	3.2	265	848
M HUDSON	1.0	265	265
S HEJAZI	0.6	265	159
ASSOCIATE			
W PITTMAN	8.0	150	1,200
K BHAI	1.0	150	150
A CHIANG	40.0	150	6,000
A BOULDING	1.9	170	323
SUPPORT STAFF			
L CRITTENDEN	0.4	115	46
	327.3		119,836.00
LESS: Courtesy Discount			(25,000.00)
			94,836.00
Average Hourly Rate			\$ 289.75

This is Exhibit "C" referred to in the Affidavit of
Tracey Weaver, sworn before me this
28th day of July, 2011.

Donalda P. Smith
A commissioner, etc.

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

Appendix P

**IN THE MATTER OF AN APPLICATION UNDER SECTION 47
OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3**

**AND IN THE MATTER OF SECTION 101 OF
THE COURTS OF JUSTICE ACT, R.S.O. 1990, C.C-43**

B E T W E E N:

**1787811 ONTARIO INC. C/O PETER WATTS, 1815612 ONTARIO INC., 2134265
ONTARIO LTD., 2204293 ONTARIO INC., 2204051 ONTARIO LTD. C/O
ELIZABETH HUYGE, 2226700 ONTARIO INC., 2229987 ONTARIO INC., 2230916
ONTARIO LTD., 2231288 ONTARIO INC., 2232139 ONTARIO LTD. C/O PETER
VILACA, 2232466 ONTARIO INC., 2232471 ONTARIO INC., AARON PHILLIPS,
ALLAN MUDGE, AUTUMN CREEK FIELD INC., BIRDIEBUFF HOLDINGS LTD.,
BMW FARMS INC., BRANDON VANHAECKE, BRIAN SIOEN, BRIAN
VANDERHAEGHE, C & B VANKERREBROECK FARMS INC., COLLIN YARMIE,
D & M CSERCSICS FARMS INC., DAVID TOTH, DIERICK FARMS LTD., D K
SIOEN FARMS INC., EDWARD POLJANOWSKI, G.D. BYERS FARMS, GARY
DEMEYERE, GARY ISENER, JACOB D & ELISABETH KNELSEN, MENDONCA
HOLDINGS INC., JEFF NEVILLE, JORDAN JAMES FARMS, KEITH BOKLA,
KYLIE DEMEULENAERE FARMS LTD., MATTHEW SOBCZYK, MICHAEL DEW,
MYTY FARM, PETER WALL, R & R FARMING LIMITED, RHINELAND FARMS
LTD., RICHARD & BARBARA DEMAREST, RYAN DEMEULENAERE FARM LTD.,
SCOTT BRINKER, TRUDY REDEKOPP, STEVEN KNILL AND SPRIET
VENTURES LTD.**

Applicant

- and -

**BRIAN KEVIN POREBA, VICTOR OSZTROVICS AND
TRUE BLEND TOBACCO COMPANY INC.**

Respondents

**AFFIDAVIT OF DAVID WARD
(sworn July 29, 2011)**

I, DAVID WARD, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am a Partner with Cassels Brock & Blackwell LLP ("**Cassels**"), counsel for
PRICEWATERHOUSECOOPERS INC. ("PwC"), the court appointed interim receiver
(the "**Interim Receiver**") of all of the assets, undertakings and properties of Brian

Poreba, Victor Osztrovics and True Blend Tobacco Company Inc. in these proceedings (the "**IR Proceedings**"). As such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and where so stated, I verily believe it to be true.

2. Cassels was retained by PwC to provide advice with respect to all aspects of the IR Proceedings.

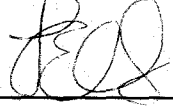
3. During the period from May 4, 2011 to July 23, 2011, Cassels incurred fees and disbursements, including Harmonized Sales Tax ("**HST**"), in the amount of \$62,724.54. Particulars of the work performed are contained in the invoices including a summary of fees, attached hereto and marked as Exhibit "**A**" to this my affidavit (the "**Invoices**"). Cassels' legal fees from July 24th, 2011, to the completion of the administration of this estate are estimated to be \$8,000.00. This amount includes completing the outstanding activities described in the Interim Receiver's Second Report, dated July 29, 2011, finalizing court materials for the discharge of the Interim Receiver and a day to attend in court in London, Ontario for the discharge of the Interim Receiver.

4. 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 a summary of the total fees and hours billed. This summary indicates that an average hourly rate of \$559.68 for the period was charged in respect of the IR Proceedings.

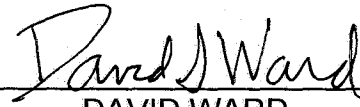
5. To the best of my knowledge, the rates charged by Cassels are comparable to the rates charged for the provision of similar services by other legal firms in the Toronto market.

6. This Affidavit is made in support of a motion to, *inter alia*, seek approval of the foregoing fees and disbursements as fair and reasonable.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario,
on July 29, 2011.



Commissioner for Taking Affidavits



DAVID WARD

EXHIBIT "A"
Incurred Fees And Disbursements
From May 4, 2011 To July 23, 2011

PRICEWATERHOUSECOOPERS LLP
ATTN: GREG PRINCE
77 KING ST W. BOX 82
ROYAL TRUST TOWER
FLOOR 20
TORONTO ON M5K 1G8

Date: 07/26/11
Our File #: 025077-00002
Invoice #: 1778999
HST/GST #: R121379572

**Re: True Blend and True Blend Tobacco Company Inc.
(brian Kevin Poreba and Victor Oztrovics), John
Jane Doe**

TO PROFESSIONAL SERVICES RENDERED up to and including 07/26/11

Date		Description	Hours
05/04/11	LCE	Call with T. Nguyen to provide advice regarding impact of a stay of proceedings on freeze order; call with T. Nguyen to discuss role of a court appointed receiver and the legal test to obtain an order appointing a receiver; review and respond to a number of emails from T. Nguyen with respect to protection of inventory and the appointment of a receiver; review statement of claim provided for by T. Nguyen and additional litigation documents in order to assist in the preparation of interim receivership material; call with D. Ward, T. Nguyen and representatives for the tobacco farmers to discuss impact of receivership and bankruptcy and strategic benefits for both processes; continue to review court documents; call with potential receiver to provide update and to discuss best strategies for proceeding;	4.30

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 0.50 % per annum until paid.

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Date		Description	Hours
05/05/11	LCE	Exchange numerous emails with T. Nguyen regarding impact of a receiver and timing for call with tobacco farmers; call with G. Prince to provide update and to request that he attend on call to provide answer to questions regarding the receivership; call with T. Nguyen to discuss evidence required for motion and to discuss need to lift the bankruptcy stay of proceedings to file a bankruptcy application; call with T. Nguyen, G. Prince and the tobacco farmers to discuss next steps and to receive instructions; assist T. Nguyen with the preparation of court materials; review and consider alternatives to lifting bankruptcy stay of proceedings for three notices of intention;	3.70
05/06/11	LCE	Finalize research on alternatives to lifting the stay of proceedings and develop alternative strategy for proceeding; call with T. Nguyen to discuss alternative strategy, which includes an immediate motion to obtain an order for an interim receiver and then dispute a stay extension for the NOI; assist T. Nguyen by providing precedent forms for court materials; review letter from Landlord regarding their refusal to provide access; review first draft of Michael Sioen's affidavit; review precedent factums on the appointment of a receiver and consider which cases assist our efforts; call with potential receiver to provide update and consider alternative strategies;	3.90
05/07/11	LCE	Exchange emails with counsel to the tobacco farmers regarding draft court materials; review revised draft affidavit and provide comments;	1.40
05/08/11	LCE	Exchange emails with T. Nguyen and D. Ward regarding strategic concerns associated with proceeding in Toronto Court and to discuss draft affidavit content; review most recent draft of affidavit and consider revisions;	1.10

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Date		Description	Hours
05/09/11	LCE	Calls with T. Nguyen throughout the day to discuss best strategy for proceeding and to discuss comments on the draft affidavit, notice of application and factum; review case law regarding proper court to hear motion to prepare for potential concerns related to commencing the application on the commercial list; call with proposed interim receiver to provide update; review response to landlord's counsel and consider if similar response should be provided to the proposal trustee; call with proposed interim receiver to provide update;	4.20
05/09/11	ON	Received and reviewed instructions; conducted corporate and PPSA searches;	0.60
05/10/11	LCE	Call with T. Nguyen to establish timing for having court application heard and steps required to complete preparation; attend at 330 University to request time for an emergency interim receivership application; work with counsel for the tobacco farmers to finalize factum and affidavit; review draft order and complete revisions; call with the proposed interim receiver to review draft court materials, including the order and notice of application, and revise documents to reflect revisions; calls with counsel for the tobacco farmers to discuss bankruptcy questions and questions regarding changes to the model order; attend at 330 University on application for interim receiver; meeting with the interim receiver to establish first attempts to gain access and control of the debtors' property; meeting with counsel for the applicants to establish next steps and to answer receivership questions; call with interim receiver to receive update and to discuss strategy for gaining access in the morning; review letter to service list and provide comments	8.50

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Date		Description	Hours
05/10/11	DSW	Discussions and calls with Larry Ellis and T. Nguyen in preparation for potential receivership application including review certain pleadings and proceedings from underlying relevant action; e-mails to and from T. Nguyen regarding implied undertaking Rule; brief review of receivership court materials;	1.70
05/10/11	JJB	Review and provide comments on draft receivership order; Discuss with L. Ellis;	0.60
05/11/11	LCE	Calls with the Interim Receiver to receive update regarding possession of the main office; calls with T. Nguyen to provide advice regarding interim receiverships, the test for dissipation of assets and other considerations regarding tomorrow's hearing; review draft of interim receiver's first report and provide comments; prepare for court hearing, including review of application record and draft order;	3.30

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Date		Description	Hours
05/12/11	LCE	Calls with T. Nguyen to discuss strategy for court hearing to be heard today; travel to London, Ontario for the purpose of arguing motion to continue interim receivership; meeting with A. Sherman to further discuss and review interim receiver's first report and to establish strategy for obtaining information regarding assets of True Blend and the two individual debtors; attend at court to advocate for continuation of interim receivership; meeting with counsel to finalize form of endorsement and order and to discuss terms upon which the interim receiver would be allowed to enter the premises of the two individual debtors; meeting with A. Sherman and T. Nguyen to discuss strategy for obtaining information, securing the assets and the speaking notes for meeting with the tobacco farmers; attend at one of the tobacco farmer's residence for the purpose of understanding the inventory and equipment used in the business and to meet with the 49 tobacco farmer families to provide information regarding receiverships and bankruptcy; calls to the proposal trustee to obtain information regarding efforts to put a proposal forward;	13.80
05/13/11	LCE	Voicemails and emails for A. Page (the proposal trustee) to request status of proposals; call with A. Sherman and G. Prince to receive status update and to discuss critical next steps required to protect and preserve the assets; exchange emails with M. Sioen regarding payments made by True Blend to an investor within the last year; call with T. Nguyen to provide update regarding computers and to discuss timing for review of computers;	1.50
05/16/11	LCE	Call with Adam Sherman to discuss outstanding issues and safeguards for inventory that might perish;	0.40

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Date		Description	Hours
05/17/11	LCE	Call with the interim receiver to receive update on steps taken to sell the inventory; call with counsel for the proposal trustee to discuss status of proposals for three debtors;	1.10
05/18/11	MWC	Research BIA provisions and case law on the substitution/replacement of a Trustee.	0.50
05/18/11	LCE	Call with A. Sherman to discuss steps being taken to sell inventory and to discuss other outstanding issues; exchange multiple emails with the proposal trustee and his counsel; call with counsel for the tobacco farmers to provide an update on the interim receivership and steps taken to safeguard the assets and sell the inventory; call with T. Nguyen and A. Sherman to discuss mechanics of deemed bankruptcy and law regarding replacing a trustee; email follow up with proposal trustee; meeting with Michael Casey to provide background of file and to discuss mechanics available to replace the trustee in bankruptcy once appointed;	2.80
05/19/11	MWC	Research BIA and case law on how to replace a trustee.	0.80
05/20/11	LCE	Call with Adam Sherman to discuss status of the Interim Receiver's review of inventory and timing for the NOI's to expire; call with Trung Nguyen to discuss next court appearance and steps to be taken to safeguard assets;	0.80
05/22/11	LCE	Exchange emails with counsel for the tobacco farmers regarding the draft proposal filed by True Blend; review draft proposal filed by True Blend; call with counsel for the tobacco farmers to discuss next steps in proposal process and likely impact to sales process for the perishable inventory; exchange emails with the Interim Receiver regarding the content in the proposal and steps required in order to protect True Blend's estate;	1.60

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Date	Description	Hours
05/24/11 LCE	Review and consider email from T. Nguyen and attached draft order; call with T. Nguyen to discuss various proposed terms with the draft order; call with Adam Sherman to discuss cash flow statements and requirement of proposal trustee to notify of any material adverse change; review cash flow statements for each of the debtors; exchange emails with the proposal trustee regarding timing for call tomorrow to discuss True Blend's proposal; review draft letter to registered buyers and provide comments to the Interim Receiver; call with Adam Sherman to discuss timeline for the inventory review process; review correspondence to Roger Jaipargas and consider additional information required;	3.10
05/25/11 LCE	Review revised draft order and provide comments; review letter from counsel for the debtors and provide responding email; calls with counsel for the tobacco farmers to discuss the perishability of the inventory and the need for a 9:30 chambers appointment; exchange numerous emails with counsel for the debtors to discuss need for 9:30 chambers appointment;	1.50

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Date		Description	Hours
05/26/11	LCE	Call with counsel for the debtors to discuss the need for a 9:30 chambers appointment and to discuss the Interim Receiver's intentions regarding a sale process for perishable goods; call with the interim receiver to provide update regarding court and to discuss best course for obtaining additional information regarding the shelf life for unprocessed tobacco; call with counsel to the Applicant to request a meeting with all parties to discuss the shelf life of unprocessed tobacco and tomorrow's court appearance; calls with all parties to establish meeting to discuss outstanding issues; draft agenda for meeting with the debtors, the applicants and their respective counsel; consider all requirements related to agreeing to process the whole leaf tobacco and discuss considerations with PWC in order to complete questionnaire on the topic; meeting with all parties to discuss outstanding issues, including the sales process, tomorrow's court appearance, the requirements related to having the Interim Receiver agree to processing the whole leaf tobacco and the shelf life of processed and unprocessed tobacco; review draft order for tomorrow's court appearance and provide comments; call with counsel for the Applicants to discuss the draft order and documentation regarding the shelf life of unprocessed and processed tobacco; review case law regarding the Interim Receiver's obligation to sell perishable goods; call with counsel for the debtors to discuss tomorrow's court appearance; review draft Interim Receiver's report and consider additional points of evidence required;	8.50

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Date		Description	Hours
05/27/11	LCE	With counsel for the Applicants and Adam Sherman to discuss evidence related to the shelf life of unprocessed tobacco; review inspection report and call with Trung Nguyen to discuss content in the inspection report; call with Trung Nguyen, Adam Sherman and certain tobacco farmers to discuss various issues, including the perishability of the inventory; review research regarding potential impact of moths to the inventory;	2.70
05/28/11	LCE	Exchange emails with Adam Sherman regarding potential issues with having the debtors assist with the inventory testing process;	0.20
05/30/11	LCE	Draft email to counsel for the tobacco farmers and counsel for the debtors for the purpose of collecting information related to perishability; review draft email with client, incorporate comments and send to all parties; review draft Interim Receiver's report to consider the evidence related to perishability;	1.20
05/31/11	LCE	Call with Adam Sherman to discuss status of sales process and to discuss items to be considered during next court hearing; call with Adam Sherman and Roger Jaipargas to provide update for the benefit of Roger Jaipargas' client;	1.50
06/01/11	LCE	Call with Trung Nguyen to discuss status of outstanding issues and to consider impact of bankruptcy on the interim receivership; answer question from farmer group with respect to status of assets within the interim receivership;	0.60

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Date		Description	Hours
06/06/11	LCE	Call with Trung Nguyen to discuss issues related to the True Blend creditors' meeting and to discuss mechanics required for PWC to stay on as the trustee in bankruptcy; review correspondence from counsel for True Blend and consider various questions provided; responding email to counsel for True Blend requesting additional information related to the possibility of processing the tobacco; review the proposal trustee's report and consider impact to interim receivership; call with counsel to the farmer group to discuss intentions of his client with respect to the vote on the proposal and to discuss questions related to the proof of claim form; review email from Trung Nguyen to Allan Page with respect to various issues regarding the manner in which the creditors meeting to vote on the proposal was instituted;	3.40
06/07/11	LCE	Review email correspondence from counsel to the farmers regarding the change in location of the creditors' meeting to vote on the proposal; call with Adam Sherman to discuss items required for PWC to act as the trustee in bankruptcy of the True Blend estate and to discuss outcome of initial sales process and potential buyers for inventory; review email from Randall Smith and attached summary of offers received for the inventory of True Blend; review the Receiver's certificate evidencing the loan to the interim receiver and provide comments;	1.90
06/08/11	DSG	Briefed by L. Ellis regarding history and status, likely developments and PWC's request for attendance at creditors' meeting in Brantford; conference call with L. Ellis and A. Sherman;	0.90

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Date		Description	Hours
06/08/11	LCE	Exchange emails with Adam Sherman and Roger Jaipargas in an effort to establish a call for later today; call with Trisura and Adam Sherman to discuss impact of bankruptcy on the Trisura position; call with counsel to the farmers to discuss outstanding issues related to tomorrow's creditors' meeting; call with Adam Sherman to discuss outstanding issues and to review draft personal limited guarantee; provide comments on draft personal limited guarantee; research regarding the appointment of inspectors and the difference between contested litigation against the estate vs. Contested litigation against the debtor; review amended global settlement offer from the debtors to the farmers and attend on call with Trung Nguyen to discuss status of global settlement offer and to answer questions related to process for approving global settlement offer; call with Adam Sherman to discuss tomorrow's creditors' meeting; meeting with Deborah Grive to provide instructions and background regarding tomorrow's creditors' meeting;	5.50
06/09/11	DSG	Travel to and from Brantford and attend at creditors' meeting for consideration of proposal and subsequent bankruptcy resulting from rejection of proposal, and inspectors' meeting; (including total travel time of 2.8)	4.90
06/28/11	LCE	Draft letter to Trung Nugyen setting out history of the interim receiver's certificate and request for transfer of funds from interim receivership to the bankruptcy; draft direction with respect to transfer of funds from interim receivership to bankruptcy; call with Adam Sherman to discuss mechanics of funds transfer and timing for transfer;	1.10
07/18/11	LCE	Revise draft court materials regarding the discharge of the interim receiver; call with Adam Sherman to discuss quantum of IR's certificate and timing for payout of same;	1.50

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Date		Description	Hours
07/22/11	LCE	Call with counsel to the purchaser to understand the PMT issues and to understand the whole leaf issues; review and consider correspondence from counsel to the purchaser and forward to client; call with client to discuss timing for court and to discuss PMT issues;	1.80
07/23/11	LCE	Review cases in draft factum and consider additional relevant cases for factum; exchange emails with Roger Jaipargas regarding suggested revisions to factum;	1.10

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Time Summary

<u>On or After July 1, 2010</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
David S. Ward	1.70	730.00	1,241.00
Deborah S. Grieve	5.80	730.00	4,234.00
Joseph J. Bellissimo	0.60	550.00	330.00
Larry Ellis	88.00	550.00	48,400.00
Michael Casey	1.30	375.00	487.50
Olivia D'Innocenzo	0.60	260.00	156.00
			<hr/>
Our Fee			54,848.50
HST/GST on Fees Worked On or After July 1, 2010			<u>7,130.31</u>
Total Fees and Tax			61,978.81

Taxable Disbursements

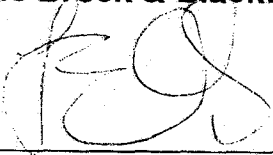
<u>On or After July 1, 2010</u>		
Copies	139.25	
PPSA Search/Registrations	20.00	
Corporate Search	9.00	
Travel	234.17	
Accommodations	<u>233.62</u>	
Total Taxable Disbursements		636.04
GST on Disbursements Before July 1, 2010	.00	
HST/GST on Disbursements On or After July 1, 2010	<u>82.69</u>	
Total Tax on Disbursements		82.69
		<hr/>
Total Taxable Disbursements and Tax		718.73

Non-Taxable Disbursements

PPSA Search/Registrations	16.00	
Corporate Search	11.00	
Sub-total		27.00
Total Disbursements and Tax		745.73
Total Fees, Disbursements & Tax		\$ 62,724.54

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This is our account herein
Cassels Brock & Blackwell LLP



Larry Ellis
E&OE

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For payment by wire, please send funds to:

Bank of Nova Scotia

Address: 44 King St. West; Toronto, Ontario; M5H 1H1

Bank #: 002

Transit #: 47696

CDN Account #: 00739-11

SWIFT CODE: NOSCCATT

ABA Routing #: 026 002 532

Reference: Please include the lawyer's name and the invoice number

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EXHIBIT "B"
Summary of Lawyers Services

Lawyer	Hours	Rate	Fees	Year of Call
David S. Ward	1.70	\$730.00	\$1,241.00	1992
Deborah S. Grieve	5.80	\$730.00	\$4,234.00	1986
Joseph J. Bellissimo	0.60	\$550.00	\$330.00	2002
Larry Ellis	88.0	\$550.00	\$48,400.00	2004
Michael Casey	1.30	\$375.00	\$487.50	2009
Olivia D'Innocenzo	0.60	\$260.00	\$156.00	Law Clerk

I IN THE MATTER OF AN APPLICATION UNDER SECTION 47
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3

AND IN THE MATTER OF SECTION 101 OF
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C.C-43

AND IN THE MATTER OF THE INTERIM RECEIVERSHIP OF BRIAN KEVIN POREBA, VICTOR OSZTROVICS AND TRUE
BLEND TOBACCO COMPANY INC.

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDINGS COMMENCED AT LONDON

AFFIDAVIT OF DAVID WARD
(returnable August 8, 2011)

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

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Lawyers for the Interim Receiver,
PricewaterhouseCoopers Inc.