

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE MR.) TUESDAY, THE 13TH
JUSTICE CUMMING)
) DAY OF OCTOBER 2009
)

B E T W E E N:

**IN THE MATTER OF THE BANKRUPTCIES OF CANADA 3000 SALES LIMITED, C3
ADVENTURE LIMITÉE/C3 LEISURE LIMITED and
HOLIDAY TRAVEL CONSULTANTS LTD.**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 5 OF THE
*TRUSTEE ACT (ONTARIO)***

**PRICEWATERHOUSECOOPERS INC. IN ITS CAPACITY AS TRUSTEE IN
BANKRUPTCY OF CANADA 3000 SALES LIMITED, C3 ADVENTURE LIMITÉE/C3
LEISURE LIMITED AND HOLIDAY TRAVEL CONSULTANTS LTD.**

ORDER

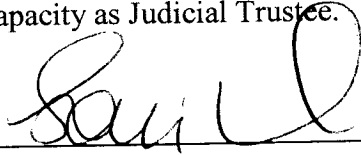
THIS MOTION, made by PricewaterhouseCoopers Inc. ("PWC") in its capacity as Judicial Trustee (the "Judicial Trustee") of the Trust Accounts of C3 Adventure Limitée/C3 Leisure Limited ("Leisure"), was heard on Tuesday, October 13, 2009, at 393 University Avenue, Toronto, Ontario.

ON READING the Motion Record filed on behalf of PWC and the Ninth Report of the Judicial Trustee dated August 28, 2009 (the "Ninth Report") and on hearing the submissions of counsel for the Judicial Trustee and counsel for those parties in attendance, no other parties on the service list or persons affected by this order appearing, although duly served with the Notice of Motion and the Motion Record in respect of this motion,

1. THIS COURT ORDERS that the activities of the Judicial Trustee, as set forth in the Ninth Report are hereby approved.
2. THIS COURT ORDERS that terms in this Order shall be as defined in the Trust Administration Plan approved by Order of this Honourable Court dated May 10, 2002.

3. THIS COURT ORDERS that the funds held by the Judicial Trustee in the British Columbia accounts for the benefit of British Columbia and other claimants who cannot be located shall be paid to the B.C. Business Practices and Consumer Protection Authority to be held and administered in accordance with the proposal attached hereto.
4. THIS COURT ORDERS that the funds held by the Judicial Trustee in the Ontario account for the benefit of the Ontario claimants who cannot be located shall be paid to the Travel Industry Council of Ontario to be held and administered in accordance with the proposal attached hereto.
5. THIS COURT ORDERS that upon payment of the funds in accordance with paragraphs 3 and 4 herein, the Judicial Trustee is directed to provide sufficient information as may be in its possession to the B.C. Business Practices and Consumer Protection Authority and the Travel Industry Council of Ontario to enable them to verify claims made against the British Columbia accounts and the Ontario account.
6. THIS COURT ORDERS that the Judicial Trustee is authorized to arrange for the destruction of the records of Leisure after providing the information set out in paragraph 5 herein.
7. THIS COURT ORDERS that the fees and disbursements of the Judicial Trustee and its counsel, as set out in the Ninth Report are hereby approved.
8. THIS COURT ORDERS that after payment of the monies payable by paragraphs 3 and 4, and after payment of the fees and disbursements herein approved and payment of final Judicial Trustee fees, counsel fees and record destruction costs, the Judicial Trustee shall pay the monies remaining in its hands to the Estate of Canada 3000 Airlines Limited.
9. THIS COURT ORDERS that upon payment of the amounts set out in paragraphs 3, 4 and 8 herein and upon the Judicial Trustee filing a certificate certifying that it has completed the other activities described in the Ninth Report, the Judicial Trustee shall be discharged as Judicial Trustee of the Trust Accounts of Leisure, provided however that notwithstanding its discharge herein (a) the Judicial Trustee shall remain Judicial Trustee for the performance of such incidental duties as may be required to complete the administration of the Trusteeship

herein; and (b) the Judicial Trustee shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of PricewaterhouseCoopers Inc. in its capacity as Judicial Trustee.



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Proposal to Administer the C3 Leisure Trust Account

October 13, 2009


Submitted by:

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BPCPA
BUSINESS PRACTICES &
CONSUMER PROTECTION AUTHORITY
OF BRITISH COLUMBIA

Purpose

The purpose of this document is to provide a proposal for the Business Practices and Consumer Protection Authority ("BPCPA" or "the Authority") to administer the C3 Leisure trust account currently held by the Judicial Trustee for BC and Western Canada. In support of this proposal there follows information about the BPCPA, its role in regulation of the travel industry (previously the responsibility of the office of the Registrar of Travel Services), and some background on the role that the BPCPA has played in assisting consumers since the failure of Canada 3000 Airlines.

Business Practices & Consumer Protection Authority

Mandate

The Province of BC established the BPCPA by statute in 2004 and set the mandate:

- to deliver consumer protection services throughout British Columbia,
- to promote fairness and understanding in the marketplace, and
- to administer in the public interest any Act, the administration of which is delegated to the Authority.

The BPCPA promotes a fair marketplace for BC consumers and businesses and delivers consumer protection services throughout BC by:

- responding to inquiries about consumer protection laws through a toll free line,
- educating consumers and businesses about consumer protection laws,
- licensing specific industries,
- inspecting regulated industries,
- investigating violations of BC's consumer protection laws and following up with progressive enforcement action, and
- providing recommendations to government regarding enhancements to BC's consumer protection laws.

The Province of British Columbia continues to consolidate consumer protection related functions with the BPCPA to support its goal of making the BPCPA the primary consumer protection authority in BC. Since 2004, the government has delegated the responsibility for regulating the BC telemarketing industry and administration of the *Motion Picture Act*. The government intends on delegating three new areas of responsibility in 2008.

With this additional growth, the BPCPA will have a greater profile with the general public and will have a brand more recognizable to the average consumer, commencing in late 2008. It is expected that by the end of 2008 the BPCPA will be able to assist in at least one consumer transaction in every household in BC. More information on the BPCPA can be found at www.bpcpa.ca.

Financial Accountability

The BPCPA has been established by the *Business Practices and Consumer Protection Authority Act* which sets out specific requirements on how the Authority will govern its affairs, including requirements to keep adequate accounting records, prepare financial statements in accordance with generally accepted accounting principles, and publish annual reports, business plans and financial statements. Hayes Stewart and Little are currently appointed auditors.



In 2007, the Ministry of Public Safety and Solicitor General of BC conducted a ministerial review of the Authority, as required in the administrative agreement between the two parties after 3 years of operation. The results of the audit were very favourable and speak to the strong accountability framework of the BPCPA. The audit can be viewed on the BPCPA website at [ministerial audit](#).

Regulating the Travel Industry in BC

Travel agents and travel wholesalers in British Columbia are licensed and regulated under the *Business Practices and Consumer Protection Act*, the Travel Industry Regulation and associated regulations. The regulations require applicants for licenses to have experience and knowledge of travel services sufficient to operate a travel agency.

The BPCPA ensures that all travel agents and travel wholesalers are licensed and comply with the legislation. The BPCPA becomes actively involved when licensees cease operation, declare bankruptcy or otherwise fail to deliver contracted services to consumers.

The BPCPA works with trustees, foreign bankruptcy courts, legal firms and other parties with the objective of acquiring restitution for consumers. The Authority also undertakes annual reviews of the financial statements of all licensees who are required to establish trust accounts to hold monies received and to provide security. The BPCPA holds an average of \$15,000,000 in security, ranging from \$5,000 for a branch office up to \$300,000 for a major wholesale operation.

Under the *Business Practices and Consumer Protection Act*, Part 8 – Compensation Funds and Consumer Advancement Fund, the BPCPA provides restitution to consumers when they have suffered an eligible loss. The Travel Assurance Fund (TAF) has been in existence since 1976 and continues to provide compensation to claimants through the BPCPA. The TAF is funded by contributions from BC licensed travel agents and wholesalers. Individuals may claim to the Fund if they paid a licensed BC travel agent for travel services that were not received.

The BPCPA follows strict guidelines for payments from Travel Assurance Fund. All claims are reviewed on an individual basis to ensure they meet the legislated criteria for payment. A total of \$5 million has been paid out since the fund's inception.

Canada 3000 Airlines Failure

The BPCPA's role has been to provide another avenue of restitution for individuals who paid for services they did not receive as a result of the C3 Airlines failure. Money paid by consumers to two of the other associated companies that filed for bankruptcy, Canada 3000 Tickets and Canada 3000 Airlines, was not held in trust and, therefore, claimants were not eligible to receive refunds from either the Judicial Trustee or the Bankruptcy Trustee. All affected clients were encouraged to make an application to the Travel Assurance Fund.

In 2006, the BPCPA paid over \$300,000 to over 350 consumers and licensees who suffered losses resulting from the Canada 3000 failure.



The Proposal

The BPCPA's considerable experience working with the travel agents, wholesalers and consumers makes the Authority an excellent choice for administering the C3 Leisure Trust Account.

The proposal below is based on the following understanding:

- PricewaterhouseCoopers, the judicial trustee for trust funds held by C3 Leisure Ltd. (Holidays), is preparing to apply to the courts to close its file on this matter. This will require the remaining unclaimed trust funds to be transferred to an eligible third party.
- The BPCPA's initial discussions with PWC and their legal counsel have produced a favourable response to the possibility of transferring responsibility for the continued administration of the remaining trust funds for BC and Western Canada, to the BPCPA.
- As of December 31, 2007 there was a balance approximately \$378,360 held in trust, representing 1,409 remaining eligible claimants.
- The trust account has been generating a monthly interest of approximately \$1,200 (approximately \$14,600 per annum).
- PWC is to provide an electronic version of the list of potential claimants for loading to the BPCPA website.
- PWC will establish a link from their website to BPCPA website;

The BPCPA is proposing to:

1. Become the administrator for the C3 Leisure trust funds for BC and Western Canada. The funds would be held in the consumer advancement fund until November 18, 2012. This date is compliant with the ten year period required under the Unclaimed Property Act (UPA) for property valued from \$1000.00 to \$24,999.00. This would effectively extend the claim period for property valued under \$200.00 and from \$200.00 - \$999.00 beyond their respective claim periods under the UPA of 1 and 6 years respectively to 10 years for both. This administration of the funds would be in accordance with the UPA for a period longer than the Judicial Trustee is otherwise proposing.
2. Upon assumption of responsibility for the funds for the period ending November 18, 2012:
 - Post relevant information for potential eligible consumers on the BPCPA website;
 - Notify where possible all licensed BC travel agents via email of the BPCPA's assuming the administration of the funds;
 - Issue a news release to travel media;
 - Maintain a list of the potential claimants' names and relevant information on the BPCPA website.
3. Respond to consumer inquiries and review and payout eligible claims according to information provided by the judicial trustee.
4. Following the end of the period, namely November 18, 2012 and after recovering costs for administration of the funds, the residual funds would remain in the Consumer Advancement Fund.



The funds would then be used for ongoing consumer education and awareness of their rights and responsibilities under the province's consumer protection legislation.

The BPCPA has a great deal of flexibility in offering services to clients, and in developing new services. The BPCPA has a very professional and experienced staff that can provide a high quality service.

We look forward to being able to discuss this in more detail with you and thank you for the opportunity to put forward this proposal.



PROPOSAL TO ADMINISTER THE C3 LEISURE TRUST ACCOUNT

October 14, 2009

Submitted by:

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PURPOSE

The purpose of this document is to provide a proposal for the Travel Industry Council of Ontario (“TICO”) to administer the Canada 3000 Leisure Trust (Ontario) Account currently held by PricewaterhouseCoopers (“PWC”), the Judicial Trustee for trust funds held by C3 Leisure Ltd. (Holidays). In support of this proposal there follows information about TICO, its role in regulation of the travel industry and a background on the role that TICO has played in assisting consumers since the failure of Canada 3000 Holidays, Canada 3000 Tickets, Canada 3000 Airlines and Canada 3000 Sales (“Canada 3000 Companies” or “C3 Companies”).

TRAVEL INDUSTRY COUNCIL OF ONTARIO

Mandate

1. The Travel Industry Council of Ontario (“TICO”) is a self-managed, not-for-profit Corporation that was formed in 1997 to administer the Ontario *Travel Industry Act*, now Ontario *Travel Industry Act, 2002* S.O. 2002 Chapter 30, Schedule D, as amended (the “Act”). It assumed responsibility from the Ontario government, currently the Ministry of Consumer Services. Although TICO administers the Act, authority for regulation and legislation remains with the Ontario government.
2. TICO’s mission is to promote a fair and informed marketplace where consumers can be confident in their travel purchases. TICO also supports the mission of the Ontario Ministry of Consumer Services to maintain a fair, safe and informed marketplace as it relates to Ontario's *Travel Industry Act, 2002*.
3. TICO accomplishes this through developing high standards and efficient, effective and relevant regulatory mechanisms in areas such as:
 - a. consumer protection;
 - b. consumer education and awareness;
 - c. registration, inspection, supervision and discipline of registrants;

- d. investigating and mediating disputes between consumers and registrants.
4. In September 1999 TICO initiated a Consumer Awareness campaign in order to inform public of their rights and obligations when purchasing travel services and dealing with travel agents. TICO has positioned itself as a travel watchdog and is becoming a well recognized brand in Ontario.

Financial Accountability

5. TICO has received its delegation pursuant to the Administrative Agreement between Her Majesty the Queen in Right of Ontario as represented by the then Minister of Consumer and Business Services and TICO. This Agreement sets out the terms of the delegation to TICO of the designated legislation in accordance with the *Safety and Consumer Statutes Administration Act, 1996 S.O. Chapter 19.*
6. The *Travel Industry Act, 2002* and Ontario Regulation 26/05 made under the Act (“Regulation”) set out specific requirements on how TICO will govern its affairs, including requirements to keep adequate accounting records, prepare financial statements in accordance with generally accepted accounting principles, and publish annual reports, business plans and financial statements.
7. TICO’s financial statements are audited and published yearly in TICO’s Annual Reports.

Regulating the Travel Industry in Ontario

8. Travel agents and travel wholesalers in Ontario are licensed and regulated under the Act and the Regulation. The Act and the Regulation require applicants to have experience and knowledge of travel services sufficient to operate a travel agency.
9. TICO ensures that all travel agents and wholesalers are registered under the Act and comply with the legislation. One of TICO’s mandates is to provide a level playing field for the travel agents in Ontario.
10. TICO also becomes actively involved when agencies cease operation, declare bankruptcy or otherwise fail to deliver travel services to consumers.

11. TICO is authorized to lay and prosecute charges against agencies that breach the legislation.
12. Pursuant to the Act and the Regulation, the TICO Board of Directors manages and administers the Ontario Travel Industry Compensation Fund (the "Fund") that provides restitution to consumers when they have suffered an eligible loss. The Fund has been in existence since 1975. The Fund is wholly funded by contributions from the registered travel agents and wholesalers in Ontario. Individuals may claim to the Fund if they paid a registered travel agent for travel services that were not received.
13. TICO follows strict guidelines for payments from the Fund. All claims are reviewed on an individual basis to ensure they meet the legislated criteria for payment. A total of \$7,460,267 has been paid out of the Fund since TICO's inception (current to May 31, 2009).

Canada 3000 Failure

14. TICO's role has been to provide another avenue of restitution for individuals who paid for services they did not receive as a result of the Canada 3000 Companies failure. Money paid by consumers to three other associated companies that filed for bankruptcy, i.e. Canada 3000 Tickets, Canada 3000 Sales and Canada 3000 Airlines, was not held in trust and, therefore, claimants were not eligible to receive refunds from either the Judicial Trustee or the Bankruptcy Trustee. All affected consumers were encouraged to make an application to the Ontario Travel Industry Compensation Fund, administered by TICO.
15. Since Canada 3000 Companies failure, TICO paid \$1,048,599 to consumers and travel retailers/wholesalers who suffered losses resulting from the C3 Companies failure.

THE PROPOSAL

16. TICO's considerable experience working with travel agents, wholesalers and consumers makes TICO an excellent choice for administering the C3 Leisure Trust Account.
17. The Proposal is based on the following understanding:
 - a. PWC is preparing to apply to the courts to close its file on this matter. This may require the remaining unclaimed trust funds to be transferred to an eligible third party.
 - b. Subject to the Court's decision, TICO is prepared to accept the responsibility for the continued administration of the remaining trust funds for Ontario.
 - c. As of July 1, 2009, the Ontario trust held a balance of approximately \$283,185.36 for 1,046 remaining eligible claimants whom PWC has been unable to locate.
 - d. PWC is to provide an electronic version of the list of potential claimants for loading to the TICO website.
 - e. PWC will establish a link from their website to the TICO website.

TICO is proposing the following:

18. Become the administrator for the C3 Leisure trust funds for Ontario. The funds would be held in the Compensation Fund until November 18, 2012. This is similar to the proposal of the BPCPA for administration of the funds in British Columbia and Western Canada.
19. In addition, section 438 (1) of the *Bank Act, 1991*, 1991 Chapter 46, provides the authority for the requirement that the funds should be kept and made available to be claimed for 10 years and if no transaction has taken place and no statement of account has been requested, the deposit becomes unclaimed.
20. Upon assumption of the responsibility for the funds for the period ending November 18, 2012, TICO will:

- a. Post relevant information for potential eligible consumers on the TICO website;
 - b. Notify where possible, all registrants via e-mail of TICO assuming the administration of the funds.
 - c. Issue a news release to general media;
 - d. Maintain a list of the potential claimants' names and relevant information on the TICO website
21. Respond to consumer inquiries and review and payout eligible claims according to the information provided by the Trustee.
 22. Following the end of the period, namely November 18, 2012, and after recovering costs for administration of the funds, the residual funds would remain in the Travel Industry Compensation Fund.
 23. The funds would be used for ongoing consumer education and awareness of their rights and responsibilities under the province's consumer protection legislation.

TICO has a great deal of flexibility in offering services to clients, and in developing new services. TICO has a very professional and experienced staff that can provide a high quality service.

We look forward to being able to discuss this in more detail with you and thank you for the opportunity to put forward this proposal.

Court File No: 01-CL-4336

IN THE MATTER OF THE BANKRUPTCIES OF CANADA 3000 SALES LIMITED, C3 ADVENTURE
LIMITÉE/C3 LEISURE LIMITED and HOLIDAY TRAVEL CONSULTANTS LTD.
IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 5 OF THE *TRUSTEE ACT*
(*ONTARIO*)
PRICEWATERHOUSECOOPERS INC. IN ITS CAPACITIES AS TRUSTEE IN BANKRUPTCY OF
CANADA 3000 SALES LIMITED, C3 ADVENTURE LIMITÉE/C3 LEISURE LIMITED and HOLIDAY
TRAVEL CONSULTANTS LTD.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

ORDER

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