

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ICICI BANK CANADA

Applicant

-and-

2058756 ONTARIO LIMITED

Respondent

SUPPLEMENT TO THE FIRST REPORT OF
A. JOHN PAGE & ASSOCIATES INC.
AS THE COURT APPOINTED RECEIVER
OF CERTAIN ASSETS OF 2058756 ONTARIO LIMITED

Dated February 13, 2013

Purpose of this Report

The Purpose of this Supplement to the First Report of A. John Page & Associates Inc. in its capacity as Court Appointed Receiver of certain assets of 2058756 Ontario Limited (“205”) dated August 29, 2012 (“**the First Report**”) is to provide the court with an update of certain information provided in the First Report relating to the Habib Canadian Bank (“**Habib**”) overdraft of \$65,793.33 in light of the motion that has been filed by The M.S. Khalid Family Trust (**the “Family Trust”**) to have the Receiver pay over the sum of \$65,793.33 to Samak Management & Construction Inc. (“**SAMAK**”).

All capitalized terms used herein and not otherwise defined are as defined in the First Report.

The Habib Bank Overdraft

The principal of 205 is Mr. Malik Khalid. Mr. Khalid also appears to have an interest in and/or be the controlling mind of SAMAK. SAMAK managed and operated the Brockville Property prior to the receivership.

As noted in our First Report, a “Declaration of Trust” dated November 24, 2004 indicated that at that time, 205 held the Brockville Property in trust for the Family Trust as to 50%. The Family Trust purchased the other 50% in December 2008 from BPHL Holdings Inc. a company owned or controlled by Mr. Behrouz Parsa.

As noted in the First Report, on the date of our appointment as Receiver, June 21, 2012, SAMAK’s bank account at Habib and through which they managed the Brockville Property, was overdrawn to the extent of \$65,793.33.

The Family Trust issued a Motion Record dated September 10, 2012 (“**the Family Trust Motion Record**”). The Family Trust moved to authorize and direct the Receiver to reimburse and pay the \$65,793.33 to SAMAK. That motion was adjourned indefinitely. We understand it is now to be heard on February 21, 2013.

A copy of a memorandum (“**the August 27, 2012 Memorandum**”) we had prepared summarizing the events leading up to the creation of the above overdraft was attached as an Exhibit to the First Report. We attach a copy of the August 27, 2012 Memorandum as *Exhibit “A”*.

The Family Trust Motion Record contains a supporting affidavit from Mr. Khalid dated September 10, 2012 (“**the Khalid Affidavit**”). There are a few statements in the Khalid Affidavit on which the Receiver would like to comment.

In paragraph 7, Mr. Khalid states that during the period from May 31 to June 21, 2012 (“**the Interim Period**”) SAMAK *held* all cheques received on account of rent or other revenue for the Brockville Property. As detailed in the August 27, 2012 Memorandum SAMAK received and deposited funds from a Brockville Property tenant, Camalor, totalling \$40,174.57 on account of additional rent, but these funds were subsequently disbursed by SAMAK.

In paragraph 8, Mr. Khalid states that during the Interim Period SAMAK made payments totalling \$65,208.67 on account of utility supplies. We calculate the amount to be \$63,208.67.

The Impact on the Receivership if the Receiver is Required to Pay SAMAK \$65,793.33

The Receiver currently has funds on hand of \$461,602.03 as set down in the Statement of Receipts and Disbursements attached as *Exhibit “B”*. This balance does not take into account unpaid operating costs, HST and professional fees.

The cash flow position of the Receivership is not healthy, Black & Decker, the tenant that had historically occupied 85% of the Brockville Property, vacated on December 31, 2012 and the only remaining tenant, Camalor, only occupies 8% of the Brockville Property. Each month operating and other costs significantly exceed the rent received from Camalor. The Receiver has prepared cash flows to monitor costs and estimate when it will run out of funds. This exercise has been hampered by the major supplier, Hydro One Inc., having changed its metering and billing procedures such that, at the present time the most recent hydro bill we have only covers the period to early December 2012. However, based on the best information available at this time, the

Receiver currently estimates that, providing no out of the ordinary or otherwise unanticipated expenses have to be incurred, the funds on hand, net of outstanding liabilities, will be exhausted in or about September or October 2013. If the Receiver is obliged to pay over to SAMAK \$65,793.33 that date will be brought forwards between one and two months.

The Receiver listed the Brockville Property for sale with CBRE on September 8, 2012. On the recommendation of CBRE the original listing price was \$8.5 million. No attractive offers were received at or close to that listing price and on November 6, 2012 the listing price was dropped to \$5.5 million. No attractive offers were received at or close to that listing price and on January 22, 2013 the listing price was dropped to \$3.95 million. The Receiver will provide more information on the marketing of the Brockville Property in a subsequent report.

Property Management

The Receiver had previously been using the services of SAMAK as property manager pursuant to the SAMAK Property Management Agreement (as detailed in the First Report) for reasons of economy. On December 5, 2012 we gave SAMAK notice of termination in accordance with the terms of the SAMAK Property Management Agreement. In accordance with the SAMAK Property Management Agreement, we had advanced \$5,000 to SAMAK as a float to enable them to fund payments authorized by the Receiver to ongoing suppliers to the Brockville Property prior to SAMAK requesting a reimbursement from us at the end of each month. SAMAK made an unauthorized payment of \$4,491.04 from the float. We asked them to reimburse the float but by email dated December 27, 2012 SAMAK told us to deduct

the amount from the “amount owing to Samak due to overdraft at Habib Canadian Bank”. We attach as *Exhibit “C”* a copy of the December 27, 2012 email together with the December 11, 2012 email to which it refers.

The Receiver has engaged a new property manager, Larlyn Property Management Ltd. (“Larlyn”) by agreement made December 14, 2012. Larlyn’s monthly management fee of \$2,700 per month is less than that previously charged by SAMAK pursuant to the SAMAK Property Management Agreement.

Set Off

As noted in the First Report, it is our understanding that, for a number of years, funds from the Brockville Property had been used to support other real estate projects within the Khalid Entities. At that time the Receiver had not however completed its review of the records relating to the operations of the Brockville Property and had not received copies of the records of the operations of the other assets of 205, namely the Kingston Property. Since then the Receiver has received additional books and records and has ascertained that, according to the Quickbooks accounting records of 205, on the date of the Receivership, June 21, 2012, SAMAK owed the net amount of \$1,009,570 to 205.

Position of the Receiver on the Motion for the Return of the Habib Money

The way in which the Habib overdraft was created is set forth in the August 27, 2012 Memorandum attached as Exhibit “A”. The overdraft payments permitted by Habib seem to all relate to the Brockville Property. As of the date of the Receivership, June

21, 2012, by virtue of the overdraft, SAMAK was an unsecured creditor of 205 among others. Habib had no security from 205 either.

The motion to have the Habib overdraft paid by the Receiver to SAMAK, would appear to be a claim by an unsecured creditor to payment based on its equitable claim that SAMAK had supported the Brockville Property prior to the Receivership. Whether that entitles SAMAK to be repaid is academic given that SAMAK owes 205 upwards of \$1 million. The Receiver believes that regardless of the equities of SAMAK's claim for repayment, there is a set off that the Receiver can and should apply.

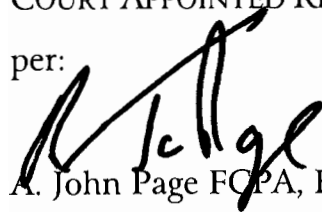
Accordingly the Receiver's position has changed from that which existed at or about the time of the First Report. The Receiver's position is that it is entitled to set off any claim by SAMAK to be repaid the Habib overdraft as against the claim of the Receiver as against SAMAK. The set off is mutual. Since the amount SAMAK owes is far greater than the Habib overdraft, no money should be required to be paid by the Receiver.

All of which is respectfully submitted this 13th day of February, 2013

A. JOHN PAGE & ASSOCIATES INC.

COURT APPOINTED RECEIVER OF CERTAIN ASSETS OF 2058756 ONTARIO LIMITED

per:



A. John Page FCPA, FCA, CIRP

President

Exhibits to the Supplement to the First Report of

A. John Page & Associates Inc.

as Court Appointed Receiver of Certain Assets of 2058756 Ontario Limited

dated February 13, 2013

August 27, 2012 Memorandum

A

Statement of Receipts and Disbursements

B

Emails dated December 11 and 27, 2012

C

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Exhibit "A"

**Supplement to the First Report
of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated February 13, 2013**

August 27, 2012 Memorandum

Memorandum

To: File
From: A. John Page
Date: August 27, 2012
Subject: Habib Overdraft

Purpose of Memorandum

To summarize the events leading up to the creation of the overdraft of about \$66,000 in the SAMAK Brockville Account with Habib Canadian Bank ("Habib").

All capitalized terms used herein and not otherwise defined are as defined in the First Report of A. John Page & Associates Inc. as Court appointed Receiver of Certain Assets of 2058756 Ontario Limited.

Background

SAMAK has acted as property manager for the Khalid Entities real estate interests including, in particular, the Brockville Property for a number of years. SAMAK managed the Brockville Property using a bank account with Habib entitled "SAMAK Management & Construction Inc. (Brockville)" ("The SAMAK Habib Account").

In late April 2012 Mr. Sidney Lubelsky, on behalf of BPHL, sent out a Notice of Attornment to the two tenants at the Brockville Property, Camelor and Black & Decker. Black & Decker had already paid their May rent to SAMAK but they put a hold on their June rent payment (which traditionally had been sent to SAMAK about two weeks prior to the due date). Camelor paid the May base rent of about \$12,000 to Mr. Lubelsky.

ICICI Bank is believed to have security over the Brockville Property and related assets, including rents, in priority to BPHL. They did not view this attempt by a subsequent creditor to seize assets covered by their security (as well as perhaps thwart attempts by 205 to negotiate a longer term lease with Black & Decker) in a positive light.

In late May, 2012, Mr. Marty Kaplan, representing the Khalid Entities, attempted to broker an agreement between BPHL and ICICI Bank with respect to what should happen to the June 2012 Black & Decker rent payment of approximately \$263,000. However we understand Mr. Lubelsky withdrew his support from the tentative agreement. Therefore, just prior to May 31,

Memorandum

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2012 Mr. Heath Whiteley, acting for ICICI Bank, issued a Notice of Attornment to Black & Decker and Camelor and also commenced a receivership application. At about this time Mr. Jack Berkow was engaged by BPHL.

We have been informed that in court on May 31, 2012 the lawyers present (Kaplan for the Khalid Entities, Berkow for BPHL and Whiteley for ICICI Bank) agreed that all lease payments subsequently received by any of the three parties, or their agents, would be held in trust pending further agreement or an order of the court. We further understand that the receivership application was adjourned.

Camelor paid their June base rent to Mr. Lubelsky in accordance with the Notice of Attornment previously issued by BPHL.

Black & Decker held onto their June rent pending a clarification of whose notice governed.

There was a meeting of the parties on June 5, 2012 ("the June 5 Meeting"). In attendance were Messrs. Berkow, Whiteley and Kaplan together with myself representing A. John Page & Associates Inc., M. Khalid, B. Parsa (the principal of BPHL) and Uwe Manski of BDO Canada Limited, advisors to Mr. Khalid. Black & Decker had previously given notice to 205 that they planned to vacate the Brockville Property by September 30, 2012. They had however been in discussions with Mr. Khalid regarding a possible lease extension. At least some of the parties present were concerned that the issuance of the Notices of Attornment in late April and late May 2012 might have "spooked" Black & Decker and thereby caused them to start making alternative leasing arrangements. At the June 5 Meeting it was therefore agreed that Black & Decker would be told that the parties had reached agreement in principle to fully support Mr Khalid in his forward management of the Brockville Property and that June's rent cheque and monthly thereafter should be paid to SAMAK just as they had done in the past. The hope was that this might "unspook" Black & Decker and persuade them to continue to negotiate a longer term lease extension. The parties also wanted to make sure that Black & Decker would actually pay their rent. This agreement was conveyed to Black & Decker by email on June 6, 2012 and SAMAK received the June rent cheque shortly after that.

It was also agreed at the June 5 Meeting that, once received, the Black & Decker cheque should be immediately given to A. John Page & Associates Inc. to be held pending a court order or the agreement of the parties. SAMAK handed the cheque over to us on June 12, 2012.

At the June 5 Meeting A. John Page & Associates Inc. was tasked with preparing a cash flow showing the various expenses etc. that might be paid with the Black & Decker cheque. The intent at the time had been to have the parties agree on how the money should be spent each month and have A. John Page & Associates monitor to ensure it was spent in that way. There

Memorandum
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was no discussion of payment being made by SAMAK of any expenses prior to the parties reaching an "agreement". In fact that would have been contrary to the idea that the parties should agree who was to be paid. One of the counsel present has commented to us that he thought the parties never turned their minds to this as the expectation was there would be a deal or no deal regarding the use of the rent monies before any payments were required to be made.

In the meantime, Camelor paid SAMAK two payments, for \$26,511 and \$13,663, on account of additional rent. This was in contravention of the two Notices of Attornment they had received. It seems they did not equate additional rent with Rent as defined in the Notices of Attornment. SAMAK did not hand these cheques on to us or ICICI Bank despite the issuance of Notices of Attornment, the understanding at the June 5 Meeting or the agreement reached at court on May 31, 2012.

During the first two weeks of June 2012 SAMAK continued to issue cheques drawn on the SAMAK Habib Account. Attached is a copy of the SAMAK Habib Account bank statement covering the period from May 23 to July 3, 2012 together with a listing prepared by SAMAK detailing the receipts and disbursements in June 2012. In particular on or about June 8, 2012 SAMAK issued a cheque to Hydro One (electricity) for \$47,955 re Brockville. They also made the normal Brockville monthly payment of principal and interest to ICICI Bank for \$43,530. By June 13, 2012 the SAMAK Habib Account was in overdraft to the extent of \$62,172. By June 30, 2012 it had risen to \$65,802.

(One automatic payment for \$2,831.88 was made to Aviva Insurance on July 3, 2012. This related to the insurance premium re the Brockville Property. Since this payment was made after our appointment as Receiver for a service we wished to receive we have reimbursed SAMAK for this payment.)

On June 13, 2012 Mr. Khalid retained Mr. Alfred Apps to represent him and the Khalid Entities. Mr. Kaplan ceased to have any ongoing involvement in this matter at that time.

The attempts to consensually agree upon how the monthly revenue from the Brockville Property should be disbursed failed and on June 21, 2012 A. John Page & Associates Inc. was appointed as Receiver. On that day, Mr. Khalid, on behalf of SAMAK, endorsed the first Black & Decker cheque over to us. He also gave us a second Black & Decker cheque for about \$263,000 representing the prepayment of the July rent. This he also endorsed over to us. The court order appointing us made specific reference to both of these cheques, specifically including them in the definition of property over which we were appointed Receiver. That definition also included any payments paid or payable by Camelor on or after May 31, 2012.

It is my impression that Mr. Khalid did not fully understand the aims of the June 5 Meeting and therefore did not brief his book keeper, Mohamed Yaseen. Mr. Yaseen just deposited the

Memorandum
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Camelor cheques as normal and raised payments to ICICI Bank and the utilities because such payments were "due". I assume Mr. Khalid actually signed the cheques making these payments but am not sure he had thought through the implications.

The Hydro One account was in the name of:

**CENTRAL DIAGNOSTICS INC. IN TRUST
SAMAK MNGNT & CONSTRUCTION**

Central Diagnostics Inc. ("Central Diagnostics") is another Khalid Entity. It is not immediately clear whether any unpaid hydro bill would have been a liability of Central Diagnostics, SAMAK, 205 or a combination of some or all of them. It is clear though that the beneficiary of the supply of hydro was the Brockville Property/205.

The impact of paying the hydro was to reduce the potential liability to Hydro One for hydro supplied to the Brockville Property by that amount. It is our estimate that there are now no or only nominal hydro arrears with respect to hydro supplied to the Brockville Property as at the date of the receivership because we estimate that the unbilled/unpaid balance is approximately the same as a security deposit held by Hydro One. I have however no reason to believe that the payment was made deliberately because of the fact that it might have been a liability of SAMAK or Central Diagnostics.

 Habib Canadian Bank Member CDIC	<h2 style="margin: 0;">Habib Canadian Bank</h2> <p style="margin: 0;">A Subsidiary of Habib Bank AG Zurich</p>	Jul 5 2012, 03:20:15 PM GMT
Logout	Home	HBZ
		Change Password Secure Mail

User: SAMAK MANAGEMENT & CONSTR

Options

Accounts

Account	Currency	Balance	Title
3-1-2-20311-184-109388	CAD	68,634.01 DR	SAMAK MANAGEMENT & CONSTRUCTION INC (BROCKVILLE)

From Date: 23-May-2012 To: 04-Jul-2012 Previous Page
Next Page First Page Last Page Done

Date	Particulars	Debit	Credit	Balance
	Opening Balance			98,972.69 CR
23-May-2012	Cheque Cleared (#1777) [Ref: 3-1-2-68-23-May-2012]	6,027.13		
	Cheque Cleared (#1776)	9,187.18		83,758.38 CR
25-May-2012	Transfer by Ch.#1791 (Dt. 24-May-2012) [Ref: 3-1-2-92-25-May-2012]	8,000.00		
	Cheque Cleared (#1789) [Ref: 3-1-2-60-25-May-2012]	25,000.00		50,758.38 CR
30-May-2012	DEFT - AVIVA INSURANCE [Ref: 3-1-2-14-30-May-2012]	2,631.86		
	Handling charge from 27-Apr-2012 to 28-May-2012 [Ref: 3-1-1-68-30-May-2012]	26.40		
	Cheque Cleared (#1772) [Ref: 3-1-2-36-30-May-2012]	569.52		47,330.56 CR
31-May-2012	Transfer by Ch.#1792 (Dt. 31-May-2012) [Ref: 3-1-2-120-31-May-2012]	30,000.00		17,330.56 CF
04-Jun-2012	Cheque Cleared (#1770) [Ref: 3-1-2-87-04-Jun-2012]	1,559.40		15,771.16 CR
06-Jun-2012	Transfer by Ch.#1793 (Dt. 06-Jun-2012) [Ref: 3-1-2-120-06-Jun-2012]	15,000.00		771.16 CR
07-Jun-2012	Releasing hold on cheque for 3-1-2-33050-184-109388, Cheque #115901 [Ref: 3-1-2-95-07-Jun-2012]		26,511.75	27,282.93 CR
11-Jun-2012	Releasing hold on cheque for 3-1-2-33050-184-109388, Cheque #115920 [Ref: 3-1-2-137-11-Jun-2012]		13,662.62	40,945.75 CF
12-Jun-2012	Cheque Cleared (#1794) [Ref: 3-1-2-54-12-Jun-2012]	43,530.41		
	Cheque Cleared (#1795)	11,465.06		14,049.72 DR
13-Jun-2012	Cheque Cleared (#1798) [Ref: 3-1-2-64-13-Jun-2012]	47,954.76		
	Cheque Cleared (#1796)	110.97		
	Cheque Cleared (#1797)	57.04		60,172.49 DR
14-Jun-2012	Cheque Cleared (#1799) [Ref: 3-1-2-19-14-Jun-2012]	3,620.84		65,793.33 DR
28-Jun-2012	Handling charge from 29-May-2012 to 27-Jun-2012 [Ref: 3-1-1-149-28-Jun-2012]	6.80		65,802.13 DR
03-Jul-2012	DEFT - AVIVA INSURANCE [Ref: 3-1-2-1-03-Jul-2012]	2,631.88		68,634.01 CR

Go Back: [Option List](#), [Summary](#)

12:04 PM
05/07/12
Accrual Basis

2058756 ONTARIO LIMITED - BROCKVILLE
Transactions by Account
As of 4 July 2012

Type	Date	Num	Name	Memo	Cir	Debit	Credit	Balance
10005 · Habib Canadian Bank-2184-109388								
Cheque	06/06/2012	1793	SAMAX Management & Construction ...		X		15,000.00	15,771.18
Bill Pmt -Cheque	08/06/2012	1795	Enbridge		X		11,465.06	771.18
Bill Pmt -Cheque	08/06/2012	1796	Hydro One 06087-99024		X		110.97	-10,693.88
Bill Pmt -Cheque	08/06/2012	1797	Hydro One 64767-06024		X		57.04	-10,804.85
Bill Pmt -Cheque	08/06/2012	1798	Hydro One Networks Inc.		X		47,954.76	-10,861.89
Bill Pmt -Cheque	08/06/2012	1799	The City of Brockville- Water & Sewer		X		3,620.84	-58,816.65
Bill Pmt -Cheque	10/06/2012	1794	ICICI Bank Canada		X		43,530.41	-62,437.49
Deposit	11/06/2012			Monthly payment	X	40,174.57		-105,967.90
Bill Pmt -Cheque	30/06/2012	PAP	Aviva Insurance company of Canada	Deposit	*		2,831.88	-65,793.33
Cheque	30/06/2012			Service Charge	X		8.80	-68,625.21
Total 10005 · Habib Canadian Bank-2184-109388						40,174.57	124,579.76	-68,634.01
TOTAL						40,174.57	124,579.76	-68,634.01

No cheques over \$20,000 No Released
Expecting Receipts over \$20,000 from Afghan Page Inc.



Exhibit "B"

**Supplement to the First Report
of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated February 13, 2013**

Statement of Receipts and Disbursements

2058756 Ontario Limited - Statement of Receipts and Disbursements - ETD:2
 21/06/2012 through 13/02/2013 (Cash Basis)

13/02/2013

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Category Description	21/06/2012- 13/02/2013
INCOME	
HST on Sales	19,249.43
Receivables	295,475.47
Rent	1,017,075.34
Utility Recharge	90,725.94
TOTAL INCOME	1,422,526.18
EXPENSES	
Advance to Property Manager	5,000.00
Cleaning	1,801.29
Consultant Fees	8,002.00
HST Control	-51,886.62
HST Input	34,667.33
Insurance	38,975.52
Landscaping	8,070.00
Legal Fees	51,870.81
Miscellaneous	2,382.39
OSB Fees	70.00
Pre-Appointment Fees	125,000.00
Pre-Receiver'ship Suppliers	14,965.41
Professional Fees	6,650.00
Property Management Fees	22,704.16
Property Manager Payroll	29,750.00
Property Taxes	99,910.25
Receiver's Fees	257,163.02
Repairs and Maintenance	8,624.58
Snow Ploughing	12,249.99
Utilities	
Gas	55,974.00
Hydro	195,810.03
Water	33,169.99
TOTAL Utilities	284,954.02
TOTAL EXPENSES	960,924.15
OVERALL TOTAL	461,602.03



Exhibit "C"

**Supplement to the First Report
of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated February 13, 2013**

Emails dated December 11 and 27, 2012

A. John Page

From: "malik khalid" <malik@centraldiagnosticsinc.com>
To: "A. John Page" <ajpage@ajohnpage.com>
Cc: "Colleen Delaney" <chdelaney@ajohnpage.com>; "Alfred Apps" <aapps@wildlaw.ca>; "Muhammad Yaseen" <myaseen@samakmanagement.com>
Sent: December 27, 2012 3:55 PM
Subject: Brockville

Hi John,

Since we will not be managing Brockville property after December 31, 2012 , I would like to inform you that as of January 1, 2013 that you will not have access to the Quick Books Data. Kindly make any back up of the information which you may require before that date.

Regarding the adjustment for the amount \$ 4,491.04 you had mentioned in your email of December 11, 2012 , you may deduct this amount from the amount owing to Samak due to overdraft at Habib Canadian Bank. Please make the payments to the vendors directly.

Please advise all vendors who have been dealing with Samak that they should contact and deal with the Receiver.

As we have requested previously through Colleen, we require all records of Bayside Mall Limited to be returned to our office immediately.

Regards,

Malik

A. John Page

From: "A. John Page" <ajpage@ajohnpage.com>
To: "malik khalid" <mkhalid@samakmanagement.com>
Cc: "Colleen Delaney" <chdelaney@ajohnpage.com>
Sent: December 11, 2012 4:02 PM
Subject: Reimbursements to SAMAK re Brockville expenses
Malik

Recently Mr. Yaseen asked us to fund Samak in order that it could pay the following two invoices for services performed at the Brockville property:

- i) Done Rite Cleaners - \$690 + HST
- ii) Ground Master - \$1,690 + HST

Firstly, in accordance with Clause 5. of the Property Services agreement dated August 1, 2012, we provided SAMAK with a cheque for \$5,000 (the "Float") on August 2, 2012. The Float is so that you can pay invoices such as this and then look to us monthly for the Float to be topped up.

In order to do that, Clause 5 requires SAMAK to provide a detailed accounting monthly of payments made during the prior month.

Secondly, we understand that SAMAK made an unauthorized payment of \$4,491.04 to JL. Prior High Pressure Cleaning from out of the Float. Mr. Yaseen indicated that SAMAK is to reimburse the Float for that payment.

Please reimburse the Float. Please then pay the outstanding Brockville invoices from the Float and provide us with the required accounting. In light of the recent notice of termination of SAMAK's services we can then assess what further payments to SAMAK might be required.

Regards

John

John Page FCA
President
A. John Page & Associates Inc.
100 Richmond St. West, Suite 447
Toronto, Ontario, Canada M5H 3K6

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www.ajohnpage.com

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Thank you