



No. H110471
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

**BANCORP BALANCED MORTGAGE FUND LTD.
BANCORP FINANCIAL SERVICES INC.**

PETITIONERS

AND:

**618061 B.C. LTD.
VICTORIA SAWYER
TEODARUS J. KLUMPER, also known as GEORG KLUMPER
KIWEOL KIM
0855573 B.C. LTD.
THE CROWN IN RIGHT OF CANADA**

RESPONDENTS

ORDER

BEFORE MASTER SCARTH

) **WEDNESDAY, THE 18th DAY**
)
) **OF MAY, 2011**

THE APPLICATION of the Petitioners for an Order pursuant to s. 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing Boale, Wood & Company Ltd. as Receiver-Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of 618061 B.C. Ltd. (the "Debtor") coming on for hearing this day at the Courthouse, at 800 Smith Street, Vancouver B.C.

AND ON READING the Notice of Application filed April 29, 2011, the Affidavit #1 of Douglas Bentley sworn March 30, 2011 and the Affidavit #1 of Linda Alexander, sworn April 26, 2011 and filed herein, AND ON HEARING William L. Roberts, Counsel for the Petitioner, and R. Keith Oliver, counsel for the Respondents, Victoria Sawyer, Teodarus J. Klumper, also known as Georg Klumper, Kiweol Kim and 0855573 B.C. Ltd., and no-one appearing on behalf of the remaining Respondent although duly served, and on reading the consent of Boale, Wood & Company Ltd. to act as the Receiver.

APPOINTMENT

1. Pursuant to s. 47(1) of the BIA and/or Section 39 of the *Law and Equity Act*, is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, and the following real property holdings:

- A. VILLAGE OF ANMORE
PARCEL IDENTIFIER: 026-652-048
LOT 7 SECTION 19 TOWNSHIP 39
NEW WESTMINSTER DISTRICT PLAN BCP22988;
- B. VILLAGE OF ANMORE
PARCEL IDENTIFIER: 026-652-081
LOT 11 SECTION 19 TOWNSHIP 39
NEW WESTMINSTER DISTRICT PLAN BCP22988;
- C. VILLAGE OF ANMORE
PARCEL IDENTIFIER: 026-652-102
LOT 13 SECTION 19 TOWNSHIP 39
NEW WESTMINSTER DISTRICT PLAN BCP22988;
- D. VILLAGE OF ANMORE
PARCEL IDENTIFIER: 026-652-374
STRATA LOT 1 SECTION 19 TOWNSHIP 39
NEW WESTMINSTER DISTRICT STRATA PLAN BCS1797;
- E. VILLAGE OF ANMORE
PARCEL IDENTIFIER: 026-652-960
STRATA LOT 6 SECTION 19 TOWNSHIP 39
NEW WESTMINSTER DISTRICT STRATA PLAN BCS1798;

("Lot 6")

(the "Property").

RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
- (a) take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, changing of locks and security codes, relocating of Property to safeguard it, engaging of independent security personnel,

the taking of physical inventories and placement of such insurance coverage as may be necessary or desirable;

- (c) 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 powers and duties conferred by this Order;
- (d) undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (e) report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information with such Persons, subject to such terms as to confidentiality as the Receiver deems advisable;
- (f) register a copy of this Order and any other Orders in respect of the Property against title to any of the Property; and
- (g) take any steps reasonably incidental to the exercise of these powers,

for the limited purpose of preparing an assessment report to the Court in relation to the potential costs and benefits of completing the subdivision of the Property and undertaking further site development of the Property (the "Assessment"), and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

- 3. Upon completion of the Assessment, the Petitioners are at liberty to make further order to this Court to extend and increase the powers of the Receiver accordingly.
- 4. Despite the limited powers of the Receiver for the purpose of this Order, until further order of the court, the Debtor is enjoined and restrained from entering into any agreement for sale of any portion of the Property without the written consent of the Receiver.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

- 5. (i) the Debtor, (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to such Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
- 6. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers,

records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

7. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph.

NO EXERCISE OF RIGHTS OF REMEDIES

10. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the

written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in Section 65.1 of the BIA) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale or disposition 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 Receiver (the "Post-Receiverhip Accounts") and the monies standing to the credit of Post-Receiverhip Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall be liable for any employee-related liabilities, including

wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire.

15. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales or dispositions of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete the Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. Nothing in this Order shall require the 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 relating to 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*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be construed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in Possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. The Receiver shall incur no personal liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, and the fees associated with investigation and preparing the Assessment shall be allowed to it in passing its accounts and 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 (the "Receiver's Charge").
19. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver is at liberty to apply to borrow funds as it may consider necessary or desirable to achieve the objects of this Order, or any variation and modification of this Order.

GENERAL

22. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
23. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
24. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order.
25. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and all such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
26. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Plaintiff's security, or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the

Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

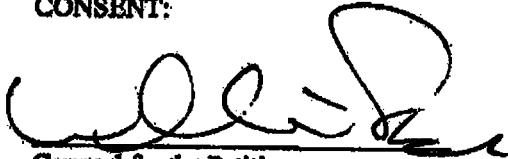
27. Any interested party may apply to this Court to vary or amend this Order on not less than two (2) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

BY THE COURT

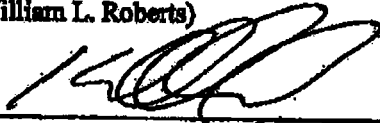
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Berg, Mellani

REGISTRAR

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Counsel for the Petitioners,
Bancorp Balanced Mortgage Fund Ltd. and
Bancorp Financial Services Inc.
(William L. Roberts)



Counsel for the Respondents,
Victoria Sawyer, Teodarus J. Klumper,
also known as Georg Klumper,
Kiweol Kim and 0855573 B.C. Ltd.
(R. Keith Oliver)

No. H110471
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

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BANCORP FINANCIAL SERVICES INC.**

PETITIONERS

AND:

**618061 B.C. LTD.
AND OTHERS**

RESPONDENTS

ORDER

WLR/KAP/19028,106800



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Attention: William L. Roberts