

THE QUEEN'S BENCH

Winnipeg Centre

**IN THE MATTER OF THE APPOINTMENT OF A RECEIVER
PURSUANT TO SECTION 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT* R.S.C. 1985 c.B-3 AS AMENDED**

BETWEEN:

**GE Canada Finance Holding Company
(the "Applicant")**

and

**Paramount Truck Lines Ltd.
(the "Respondent")**

**ERNST & YOUNG INC.
Receiver of the Respondent**

FIRST REPORT OF THE RECEIVER

JUNE 7, 2011

INTRODUCTION

1. On June 1, 2011 this Honourable Court granted an Order (the “Order”) appointing Ernst & Young Inc. as receiver (“E&Y” or the “Receiver”) of certain assets, property and undertaking of Paramount Truck Lines Ltd. (“Paramount” or the “Company”) pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c.B-3, as amended (the “BIA”).
2. The purpose of this first report of the Receiver (the “First Report”) is to advise this Honourable Court with respect to:
 - a) the background of the Company;
 - b) the activities of the Receiver since the date of filing;
 - c) matters to be addressed at the hearing on June 8, 2011; and
 - d) the Receiver’s conclusions and recommendations.
3. In preparing this First Report, the Receiver has relied upon unaudited financial information, books and records of the Company, financial information prepared by the Company and discussions with management of the Company and the Applicant. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this First Report.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
5. Capitalized terms not defined herein are as defined in the Order.

BACKGROUND OF PARAMOUNT

6. Paramount is a long distance dry van truckload carrier hauling general commodities and providing transportation services in Canada and to points in the United States.
7. Paramount is principally controlled by Edgar Thiessen. At the time of the application for the appointment of the Receiver, this Honourable Court was advised that Mr. Thiessen was gravely ill in hospital. The Receiver is advised that Mr. Thiessen passed away during the morning of June 6, 2011.
8. A related company Paramount Storage Ltd. (“Storage”) provides storage, warehousing and distribution services to customers.
9. Paramount operates out of owned premises located at 1200 Fife Street in Winnipeg, Manitoba (the “Premises”).
10. As at March 15, 2011 Paramount operated a fleet of 81 tractors and 137 trailers and Paramount employed 105 non-union employees which included 73 drivers.
11. The principal secured creditor of the Company is GE Canada Finance Holding Company (“GE”). Details with respect to GE’s security and Paramount’s indebtedness to GE are provided in the affidavits of Mr. David Kopchick sworn on March 16, 2011 and May 31, 2011 (the “Kopchick Affidavits”).

ACTIVITIES OF THE RECEIVER SINCE JUNE 1, 2011

Creditor/Customer Communications

12. The Receiver has established a web-site to facilitate communications with creditors and customers. The Receiver’s web-site is: www.ey.com/ca/paramount.
13. In accordance with the Order the Receiver posted the following documents on its web-site:
 - a) A copy of the Order;

b) Notice of Application; and

c) The Kopchick Affidavits.

14. The Receiver also posted a copy of the current service list on its web-site, which has been updated as of June 6, 2011.

15. On June 2, 2011 the Receiver sent a letter to Paramount's customers advising them of the Receivership and directing that they issue payments to the Receiver for outstanding accounts. The Receiver has received several inquiries from customers in response to this letter.

16. The Receiver has also responded to several creditor queries.

Protection and Preservation of Assets

Banking

17. On June 1, 2011 the Receiver contacted Royal Bank of Canada ("RBC") where Paramount maintains four bank accounts, two deposit only accounts (one CAD and one USD) and two chequing accounts (one CAD and one USD).

18. At the Receiver's request RBC froze all four of these bank accounts effective June 1, 2011 and these accounts remain open as "deposit only" accounts.

19. The Receiver is not aware of any other bank accounts maintained by the Company.

Insurance

20. The Receiver notified Paramount's insurance broker of its appointment on June 1, 2011 and requested that the broker contact the insurer to add the Receiver as an additional loss payee to the current policy. The insurance broker has advised the Receiver that this request has been made.

21. The Receiver also contacted the company that financed Paramount's fleet insurance policy, Macquarie Premium Funding Inc. ("Macquarie") to advise them of the Receivership. The Receiver also advised Macquarie that the Receiver had frozen Paramount's existing bank accounts and therefore the final premium that was payable on June 1, 2011 would not clear the account.
22. The Receiver is working with Macquarie to determine the appropriate premium to be paid by the Receiver to maintain the existing policy.
23. The Receiver is meeting with the insurance broker on June 8, 2011 to review the existing policy and determine the appropriate coverage required based on the current status of Paramount.

Security

24. On June 1, 2011 the Receiver changed the locks at the Premises.
25. The Receiver changed the alarm codes and removed swipe key access for all terminated employees. Swipe key access is now limited to two individuals who continue to be employed by Paramount.
26. The Receiver retained Commissionaires Manitoba (a security firm) to provide overnight on site monitoring (from 5:00 p.m. to 8:00 a.m.) and to provide 24 hour weekend on site monitoring services. To date there have been no incidents on site.

Identification of Tractor and Trailer assets

27. The Receiver was provided with a detailed schedule of Paramount's existing tractor and trailer fleet on the date of the Receivership.
28. The Receiver has been provided with satellite tracking sheets each week day to confirm the location of the tractor fleet.
29. A yard check is conducted daily at the Premises to confirm the existence of the tractors and trailers.

30. As at June 6, 2011 the Paramount tractor and trailer fleet can be summarized as follows:

Tractors

Equipment Lessor	Parked	in transit	at repair shop	stranded	Total
GE	50	4	1	0	55
Daimler Chrysler	7	1	1	1	10
Beaver Truck Centre	5	2	0	0	7
CIT Financial	5	1	0	0	6
BDC	3	0	0	0	3
Total	70	8	2	1	81

Trailers

Equipment Lessor	Parked	in transit	stranded	unknown	Total
GE	66	5	12	6	89
Stoughton	26	0	0	4	30
CIT	13	0	0	1	14
Beaver	4	1	0	0	5
Total	109	6	12	11	138

Notes:

- a) For tractors, the heading “parked” means that the unit is located at the Premises. For trailers “parked” means that the unit is located at the Premises, at the premises of Storage or at a secured yard pursuant to a yard rental agreement between the Receiver and C. Keay Investments Ltd. (dba Ocean Trailer).
- b) In transit means that the tractor and trailer are still on the road.
- c) At repair shop means that the unit is currently located at a repair shop because the unit is under repair or awaiting payment for release of the unit.
- d) Stranded means that the unit has been located, but the Receiver has not sent a driver to retrieve it.
- e) Unknown means the Receiver cannot confirm the location of the unit.

- f) Where GE is noted as the equipment lessor above, the equipment includes items under lease with GE as well as equipment that is owned by Paramount subject to GE's general security agreement.
31. Daimler Chrysler ("Daimler") has been in contact with the Receiver in respect of the 10 tractors that it has leased to Paramount. Daimler provided copies of the lease agreements and supporting documentation to the Receiver on June 3, 2011. The Receiver has provided this information to counsel for review.
32. CIT Financial Ltd. ("CIT") has been in contact with the Receiver in respect of the tractors and trailers that it has leased to Paramount. CIT provided copies of the lease agreements and supporting documentation to the Receiver on June 6, 2011. The Receiver has provided this information to counsel for review.
33. The Receiver has not been contacted by any of the other tractor or trailer equipment lessors (with the exception of GE) since the date of the Receivership.
34. The Receiver notes that Paramount leased satellite tracking systems through Capital Underwriters (49 units) and Leasebank Credit Corporation (29 units). Certain satellite tracking systems were removed from units prior to the Receiver's appointment and are stored at the Premises, the remaining units are currently installed in the tractor fleet. The Receiver was advised by the shop foreman that it will take approximately two hours to properly uninstall each satellite unit.

Identification of other assets

The Premises

35. Pursuant to a purchase and sale agreement between Reimer World Properties Corp. ("Reimer") and Paramount, Reimer sold the Premises to Paramount in July 2009.
36. Reimer took back a first mortgage on the property with a balance outstanding as at April 1, 2011 in the amount of \$884,935.33. The Receiver was advised by Reimer that April, May and June mortgage payments have not been remitted.

37. The monthly mortgage payment is \$12,064.00 (principal and interest).

38. The mortgage term is 5 years and bears interest at a rate of 8%.

Accounts Receivable

39. As at the date of the Receivership the following table summarizes the accounts receivable balances:

Customer	0-30	31-60	61-90	91-120	121 +	Total
Exel/Diageo	42,915	86,828	17,319	2,705	-	149,767
Win-Mar Freight Systems	42,425	43,863	-	-	-	86,288
Con-Way Freight Inc. [1]	39,930	31,876	-	-	-	71,806
Dow Chemical C/O Menlo Logistics [1]	29,026	56,226	-	-	-	85,252
Premier Horticulture [1]	60,351	7,675	-	-	-	68,026
Rexam Beverage Can Company [1]	63,144	23,072	-	-	-	86,215
Southeastern Container [1]	77,061	37,813	-	-	-	114,874
	354,851	287,354	17,319	2,705	-	662,230
Other Accounts Receivable	404,387	252,971	35,143	1,267	3,264	697,033
Total Accounts Receivable	759,239	540,325	52,463	3,973	3,264	1,359,263

Note:

1.) US denominated accounts receivable are converted to Canadian dollars using an exchange rate of 1 CAD = 1.0294 USD

Leased Vehicles

40. The Receiver understands that Paramount leases three vehicles:

- a) 2009 Nissan Pathfinder leased from General Bank;
- b) 2007 Ford F-150 pick-up leased from Ford; and
- c) 2000 GMC Sierra pick-up leased from GE.

41. All of the leased vehicles are currently located at the Premises.

Inventory

42. The Receiver has requested that the shop foreman prepare a detailed inventory of the items on site at the date of the Receivership. These items would include windshield washer fluid, spare tires, engine oil etc.

Employee Matters

43. At the June 1, 2011 hearing the Receiver advised the Court that it intended to pay the payroll that was due to employees on June 3, 2011. The net amount of such payroll (after statutory deductions) was funded in the approximate amount of \$53,000.
44. Source deductions with respect to this payroll will be remitted in the current week.
45. The Receiver held two meetings with employees:
- a) The first meeting was held on June 1, 2011 with management and office staff to advise them of the Receivership and to provide an update on the Receiver's mandate. The Receiver also responded to general employee queries relating to benefits, vacation pay, records of employment and outstanding wages; and
 - b) The second meeting was held on June 2, 2011 with highway and city drivers to advise them of the Receivership and to provide an update on the Receiver's mandate. The Receiver also responded to general employee queries relating to benefits, vacation pay, records of employment and outstanding wages.
46. The Receiver sent a satellite message to the highway drivers on June 1, 2011 which stated that:
- “Ernst & Young Inc. was appointed Receiver of Paramount Truck Lines Ltd. this morning. The Receiver is now managing the operations of Paramount Truck Lines Ltd. The Receiver's primary concern is the safety of the companies drivers and the return of the fleet to Winnipeg. Please proceed with dropping off your current load and picking up orders as directed through dispatch. Once you return to Winnipeg there will be no further loads for pick up. You remain an employee of Paramount Truck

Lines Ltd. and will continue to be paid under the normal pay cycle. The Receiver will be funding payroll on Friday and you will be paid for each day that you work under the Receivership.”

47. The Receiver has terminated approximately 65 employees on behalf of Paramount pursuant to section 13 of the Order.
48. As of June 6, 2011 Paramount employed approximately 24 employees. The Receiver anticipates that the remaining employees will be terminated by the end of the week with the exception of three to five employees that will assist the Receiver in completing the wind-down of operations.
49. The Receiver will be working with the payroll clerk to gather the information necessary for the Receiver to complete the Trustee Information Forms necessary for filings under the *Wage Earner Protection Program Act* (“WEPPA”). The Receiver anticipates receiving this information within the next 20 days. The Receiver will be sending out the applicable notices to employees once this information is available. The Receiver advised the employees of the existence of WEPPA at the employee meetings held on June 1, 2011 and June 2, 2011.

Operations

50. The Receiver is proceeding to wind-down the operations of Paramount. The Receiver has not accepted any new long-haul deliveries and the Receiver has accepted limited local deliveries since the date of the Receivership. The Receiver is no longer accepting any deliveries. The Receiver is completing final deliveries and anticipates that the entire tractor fleet (with the exception of stranded units) will be in Winnipeg by Wednesday, June 8, 2011.

Receivables and invoicing

51. At the commencement of the receivership, Paramount had a small backlog of invoicing to complete. The Receiver anticipates that invoicing for pre-Receivership deliveries will be completed shortly. Invoicing for deliveries completed post-Receivership should be completed within the next 10 days.

52. The Receiver has been in contact with the majority of the major customers of Paramount and has advised them of the Receivership. The Receiver is working with existing customers to transition regular deliveries to new carriers.

JUNE 8, 2011 HEARING

53. On June 1, 2011 this Honourable Court adjourned the balance of the relief sought in the Notice of Application in respect of the appointment of the Receiver to a hearing date scheduled for 2:00 p.m. on June 8, 2011. The following is a summary of the relief that is the subject of the June 8, 2011 hearing date:

- a) Priority of the Receiver's Charge;
- b) Priority of the Receiver's Borrowing Charge; and
- c) Additional powers of the Receiver including (i) the ability to sell, convey, transfer, lease or assign Property and (ii) the ability to apply for a vesting order.

Priority of the Receiver's Charge

54. The Applicant sought an Order that the Receiver's Charge on the Property is in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person subject to section 14.06(7) 81.4(4) and 81.6(2) of the BIA.

55. The Receiver is of the view that it has acted to the benefit of all stakeholders in the circumstances for the following reasons:

- a) In accordance with the Receiver's mandate the Receiver took possession and control of all assets of the Company. The actions that the Receiver has taken to date which included among other things the preservation and protection of assets has not been limited to the assets of any particular equipment lessor. All stakeholders have benefited from the Receiver's preservation and protection activities to date.

- b) The Receiver has also made it a priority that the entire tractor and trailer fleet of Paramount return to Winnipeg, MB in an expedient and cost-effective manner. The Receiver has not marshalled the fleet by equipment lessor, no priority has been given to the return of tractors and trailers leased by any particular equipment lessor.
- c) The Receiver advised Paramount's drivers that it would fund operational and payroll-related expenses for the return of Paramount's fleet to Winnipeg, irrespective of which equipment lessor claimed a purchase money security interest in the vehicle.
- d) As noted above the majority of the Paramount fleet was back in Winnipeg, MB at the Premises as of June 6, 2011. The costs incurred by the Receiver to return the fleet to the Premises have already been incurred and have benefitted all parties.

Priority of the Receiver's Borrowing Charge

- 56. To date the Receiver has not borrowed any funds. The Receiver is not certain if it will require any additional funds to administer this Receivership. If receivables continue to flow in the ordinary course it is unlikely the Receiver will require any borrowings. While the Receiver may not require any borrowings, the Receiver is of the view that in the event that it does require funding it is necessary for the Order to address the priority of the Receiver's Borrowing Charge.
- 57. The Applicant sought an Order that the Receiver's Borrowing Charge on the Property is in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate to the Receiver's Charge; and the charges as set out in sections 14.06(7) 81.4(4) and 81.6(2) of the BIA.
- 58. The Receiver is of the view that in the event it requires additional funds for operations, the funds would be required to pay expenses that have already been incurred by the Receiver to return the Paramount fleet of tractors and trailers to Winnipeg, MB. The Receiver is of the view that all of the stakeholders have benefitted from this process.

59. In the event that the Receiver's Charge and the Receiver's Borrowing Charge are granted priority as requested by the Applicants, the Receiver will provide this Honourable Court with a report which will provide a recommendation in respect of the allocation of these costs to all of the applicable stakeholders, as the Receiver is of the view that it is premature to provide such an allocation recommendation at this time.

Additional Powers of the Receiver

60. The Receiver requires the following additional powers to complete its mandate:

- a) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - i. without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - ii. with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 59(10) and (17) of *The Personal Property Security Act* (Manitoba) shall not be required; and

- b) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property.

61. The Receiver requires these additional powers for the following main reasons:

- a) In the event that an equipment lessor does not request the release of its equipment the Receiver will require the ability to sell this equipment which will be conducted out of the ordinary course;

- b) One of the significant assets of Paramount is the Premises. In the event the Receiver determines that it is appropriate to proceed with a sale of the Premises the Receiver will require the ability to apply for a vesting order to convey the Premises to a purchaser; and
- c) There are certain miscellaneous assets (inventory, owned trailers, etc.) that the Receiver requires the ability to sell without the approval of the Court as these transactions will not exceed \$100,000.

Additional Matters

62. As outlined in the Kopchick Affidavit sworn on May 31, 2011 the Proposed Purchaser (as that term is defined in the Kopchick Affidavits) had been participating in the management of operations of the business of Paramount, despite the fact that the proposed transaction had not closed. Mr. Don Michon (CFO of Paramount) had advised Mr. Kopchick that:

- a) Mr. John Loewen ("Mr. Loewen") had entered into a contract for a rental trailer on behalf of Paramount;
- b) A customer (Light Speed) of Paramount had contacted Mr. Michon to advise that they had been directed to make payments to the son of Mr. Loewen for work performed by Paramount; and
- c) Paperwork for certain orders had gone missing.

63. Since May 31, 2011 the Receiver was advised by Mr. Michon that:

- a) a customer (Surf-Tec Corp.) paid \$13,500 (50% of the outstanding account) to Mary Loewen as directed by Mr. Loewen. The Receiver spoke to representatives of Surf-Tec Corp. on Friday, June 3, 2011 who confirmed that they had paid \$13,500 to Mary Loewen;

- b) Lightspeed Logistics Inc. paid USD\$3,400 to Jeremy Loewen (the payment was facilitated by Transportation Clearing House Inc.) in respect of order # 51910. The paperwork in support of this transaction is attached as Appendix A;
- c) Mr. Loewen was driving the leased Ford F-150 pick-up;
- d) Mr. Loewen had removed customer contracts from the Premises; and
- e) Mr. Loewen had removed items from the shop located on the Premises which were owned by Paramount.

64. On June 2, 2011 the Receiver sent an e-mail to Mr. Loewen and to his son Mr. Jeremy Loewen demanding the immediate return of the Ford F-150 pick-up, keys to the Nissan Pathfinder, items removed from the shop and any funds that were diverted from Paramount. Attached as Appendix B is a copy of the e-mail.

65. On June 3, 2011 the Loewen's returned the Ford F-150 pick-up, keys to the Nissan Pathfinder and various access cards and keys to the Premises. Mr. Loewen did not provide any response to the Receiver's demands for the return of the inventory items and the accounts receivable proceeds. The Receiver sent a follow-up e-mail on June 3, 2011 confirming receipt of the above noted items and demanding the immediate return of the items removed from the shop and any diverted funds. A copy of the June 3, 2011 e-mail is attached as Appendix C.

66. Mr. Loewen's counsel responded to the Receiver's e-mail on June 4, 2011. A copy of this response is attached as Appendix D.

67. The Receiver has requested that Mr. Loewen:

- a) provide a full accounting of all items that were removed from the Premises; and
- b) provide a full accounting of all funds paid by customers of Paramount to Mr. Loewen and to any parties related to Mr. Loewen.

CONCLUSION AND RECOMMENDATIONS

68. The Receiver recommends that this Honourable Court authorize the Receiver's additional powers as described above.

All of which is respectfully submitted this 7th day of June, 2011.

ERNST & YOUNG INC.

**In its capacity as the Court-Appointed Receiver of
Paramount Truck Lines Ltd.**

Per:

A handwritten signature in black ink, appearing to read "Joe Healey", written over a horizontal line.

Joe Healey, CA, CIRP, Senior Vice President

APPENDIX "A"

Satnam Pannu

From: jeremy@loecorpltd.com
Sent: Monday, May 30, 2011 9:53 AM
To: Satnam Pannu
Subject: TCH
Pannu,

I authorize Light Speed to issue a TCH in the amount of \$3400 for Order #51910 to "Jeremy Loewen" as an officer of the company.

Thanks,

Jeremy Loewen
LoeCorp Consolidated Ltd.
Ph:817-726-5062
Fax:888-850-8199
jeremy@loecorpltd.com

Paramount Truck Lines Ltd.
Ph:204-633-6660
Fax:204-632-5962
jeremyl@ptll.ca

6/1/2011

Satnam Pannu

From: jeremy@loecorpltd.com
Sent: Monday, May 30, 2011 9:37 AM
To: Satnam Pannu
Subject: TCH
Pannu,

I authorize Light Speed to issue a TCH in the amount of \$3400 for Order #51910

Thanks,

Jeremy Loewen
LoeCorp Consolidated Ltd.
Ph:817-726-5062
Fax:888-850-8199
jeremy@loecorpltd.com

Paramount Truck Lines Ltd.
Ph:204-633-6660
Fax:204-632-5962
jeremy@ptll.ca

Transportation Clearing House, Inc**1-888-TCH-SERV**

2011-06-01 10:46

Money Code Report**Carrier: LIGHT SPEED LOGISTICS INC****Carrier Id: 400358**

Reference ID:	19249745
Status:	ACTIVE
Voided:	No
Issue Type:	E_MANAGER
Issued By:	SATNAM
Issued To:	Jeremy Loewen
Payee:	JEREMY LOE
Notes:	Broker Carrier Q. pay LSL51910
Bill Date:	2011-05-30
Original Amount:	USD 1,000.00
Amount Used:	USD 1,000.00
Fee:	USD 2.95

Uses: Check Number	Date Used	Amount Used
323956188	2011-05-30	USD 1,000.00

Transportation Clearing House, Inc

1-888-TCH-SERV

2011-06-01 10:47

Money Code Report**Carrier:** LIGHT SPEED LOGISTICS INC**Carrier Id:** 400358

Reference ID:	19249744
Status:	ACTIVE
Voided:	No
Issue Type:	E_MANAGER
Issued By:	SATNAM
Issued To:	Jeremy Loewen
Payee:	JEREMY LOE
Notes:	Broker Carrier Q. pay LSL51910
Bill Date:	2011-05-30
Original Amount:	USD 2,400.00
Amount Used:	USD 2,400.00
Fee:	USD 2.95

Uses:	Check Number	Date Used	Amount Used
	323956179	2011-05-30	USD 2,400.00

APPENDIX “B”



Paramount Truck Lines Ltd. - in Receivership

Michelle Grant o jeremy, jloewen

02/06/2011 03:32 PM

John, Jeremy,

Ernst & Young Inc. was appointed Receiver (the "Receiver") of Paramount Truck Lines Ltd. ("Paramount") on June 1, 2011. A copy of the Court Order is attached for your reference. The Receiver was advised by Paramount that you are in possession of the following items that belong to Paramount:

- a) 2007 Ford F-150 Pick-up
- b) keys a Nissan Pathfinder
- c) various items removed from the shop including washer fluid and tires

The Receiver has been advised that you have diverted certain receivables that were payable to Paramount to your own account. The amounts that we are advised of include:

\$13,800 from Light Speed
\$13,500 from Surf-Tec
US\$3,400 from Light Speed (see attached documentation)

The Receiver demands the immediate return of the Ford Pick-up, the Pathfinder keys and any items that were removed from the shop. The Receiver also demands the immediate return of any funds that were diverted from the company.

ERNST & YOUNG INC.
Court-Appointed Receiver of Paramount Truck Lines Ltd.



20110601101407958.pdf



Receivership order.pdf

Michelle Grant | Vice President | Transaction Advisory Services



Ernst & Young Inc.
2700 Commodity Exchange Tower, 360 Main Street, Winnipeg, MB R3C 4G9 Canada
Phone: +1 204 954 5541 | Fax: +1 204 956 0138
EY/Comm: 5967683 | Michelle.Grant@ca.ey.com

APPENDIX "C"



Fw: Paramount Truck Lines Ltd. - in Receivership

Michelle Grant o jeremy, jloewen

03/06/2011 05:31 PM

John, Jeremy,

Yesterday the Receiver demanded the immediate return of the Ford Pick-up, the Pathfinder keys and any items that were removed from the shop. The Receiver also demanded the immediate return of any funds that were diverted from the company.

The Receiver is in receipt of the 2007 Ford F-150 Pick-up, the key for the Nissan Pathfinder and several access cards and keys.

The Receiver has not received the items removed from the shop and the diverted funds. If the diverted funds and any items removed from the shop are not returned to the Receiver immediately the Receiver will proceed with all remedies available to it including commencing legal action and filing a complaint with the police.

ERNST & YOUNG INC.
Court-Appointed Receiver of Paramount Truck Lines Ltd.



Michelle Grant | Vice President | Transaction Advisory Services

Ernst & Young Inc.
2700 Commodity Exchange Tower, 360 Main Street, Winnipeg, MB R3C 4G9 Canada
Phone: +1 204 954 5541 | Fax: +1 204 956 0138
EY/Comm: 5967683 | Michelle.Grant@ca.ey.com

----- Forwarded by Michelle Grant/TAS/ErnstYoung/CA on 03/06/2011 04:37 PM -----

From: Michelle Grant/TAS/ErnstYoung/CA
To: jeremy@loecorpltd.com, jloewen@loecorpltd.com
Date: 02/06/2011 03:32 PM
Subject: Paramount Truck Lines Ltd. - in Receivership

John, Jeremy,

Ernst & Young Inc. was appointed Receiver (the "Receiver") of Paramount Truck Lines Ltd. ("Paramount") on June 1, 2011. A copy of the Court Order is attached for your reference. The Receiver was advised by Paramount that you are in possession of the following items that belong to Paramount:

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The Receiver demands the immediate return of the Ford Pick-up, the Pathfinder keys and any items that were removed from the shop. The Receiver also demands the immediate return of any funds that were diverted from the company.

ERNST & YOUNG INC.
Court-Appointed Receiver of Paramount Truck Lines Ltd.



20110601101407958.pdf Receivership order.pdf



Michelle Grant | Vice President | Transaction Advisory Services

Ernst & Young Inc.
2700 Commodity Exchange Tower, 360 Main Street, Winnipeg, MB R3C 4G9 Canada
Phone: +1 204 954 5541 | Fax: +1 204 956 0138
EY/Comm: 5967683 | Michelle.Grant@ca.ey.com

APPENDIX “D”



Fw: Paramount Truck Lines Ltd. - in Receivership
Catherine Howden to: Joe.A.Healey, Michelle.Grant

04/06/2011 10:57 AM

See email from counsel for Loewen below.

----- Original Message -----

From: JJ Burnell <JJBB@Aikins.com>
To: Doug Forbes <DJF@tdslaw.com>
Cc: jloewen@loecorpltd.com <jloewen@loecorpltd.com>; Art Stacey <AJS@tdslaw.com>; Catherine Howden
Sent: Sat Jun 04 10:49:13 2011
Subject: RE: Paramount Truck Lines Ltd. - in Receivership

Doug,
We will review your response. Catherine Howden from Pitblado is counsel for E&Y, not Aikins so I have copied her on this email.

JJ Burnell *

Aikins, MacAulay & Thorvaldson LLP
30th Floor - 360 Main Street | Winnipeg, MB R3C 4G1
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From: Doug Forbes [DJF@tdslaw.com]
Sent: Saturday, June 04, 2011 10:04 AM
To: JJ Burnell
Cc: jloewen@loecorpltd.com; Art Stacey
Subject: FW: Paramount Truck Lines Ltd. - in Receivership

JJ,

Please see your client's Emails to Jeremy Loewen below. Can you please have your client tone down the rhetoric?. Our clients have returned everything that belongs to Paramount Truck Lines. In that regard, I can advise as follows:

- a) 2007 Ford F-150 Pick-up [Doug Forbes] This was returned yesterday as acknowledged by your client. It was provided to one of our clients when he assumed the employment duties of his predecessor in that position.
- b) keys a Nissan Pathfinder [Doug Forbes] Same comment as with respect to the Ford F-150.
- c) various items removed from the shop including washer fluid and tires [Doug Forbes] All items removed except the tires were owned by our clients and

Paramount Truck Lines does not have, nor ever had, title to those items. The Washer fluid was paid for by Jeremy Loewen and even picked up by him in Grand Forks, ND. The tires were owned by the supplier of the tires (K.K. Penner Tires) and it was the supplier who removed them. In addition our client is attending to payment of some or all of the KK Penner invoices because of a moral obligation he feels towards that company (and not through any legal obligation).

\$13,800 from Light Speed [Doug Forbes] no such amount was received by any of our clients. So nothing will be repaid.

\$13,500 from Surf-Tec [Doug Forbes] This amount was invoiced from Sunrise Equipment Ltd. to Surf Tec (see attached) and paid by Surf-Tec. The services represented by the invoice were performed by our client and Paramount.

\$13,500 is still owing under this invoice.

US\$3,400 from Light Speed (see attached documentation) [Doug Forbes] I don't have the "attached documentation" referred to but I understand that the services giving rise to this invoice were performed on a trailer rented by one of our clients. The trailer in question is a refrigeration trailer which Paramount doesn't own. The load was brokered by our client and the amount paid was properly paid to our client. Still \$3400 is payable by Light Speed to Paramount on Paramount invoicing Light Speed. See attached invoice.

Kind Regards,
Doug.

Douglas J. Forbes*
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*The services of Douglas J. Forbes are provided through Douglas J. Forbes Law Corporation

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From: jloewen@loecorpltd.com [mailto:jloewen@loecorpltd.com]
Sent: Friday, June 03, 2011 6:14 PM
To: Doug Forbes
Subject: Fwd: Paramount Truck Lines Ltd. - in Receivership

Sent from my HTC on the Now Network from Sprint!

----- Forwarded message -----

From: Michelle.Grant@ca.ey.com
Date: Fri, Jun 3, 2011 5:31 pm
Subject: Paramount Truck Lines Ltd. - in Receivership
To: <jeremy@loecorpltd.com>, <jloewen@loecorpltd.com>

John, Jeremy,

Yesterday the Receiver demanded the immediate return of the Ford Pick-up, the Pathfinder keys and any items that were removed from the shop. The Receiver also demanded the immediate return of any funds that were diverted from the company.

The Receiver is in receipt of the 2007 Ford F-150 Pick-up, the key for the Nissan Pathfinder and several access cards and keys.

The Receiver has not received the items removed from the shop and the diverted funds. If the diverted funds and any items removed from the shop are not returned to the Receiver immediately the Receiver will proceed with all remedies available to it including commencing legal action and filing a complaint with the police.

ERNST & YOUNG INC.

Court-Appointed Receiver of Paramount Truck Lines Ltd.

[cid:1_0A1BBEC80A1BB960007BC49B862578A4] Michelle Grant | Vice
President | Transaction Advisory Services

Ernst & Young Inc.

2700 Commodity Exchange Tower, 360 Main Street, Winnipeg, MB R3C 4G9 Canada

Phone: +1 204 954 5541 | Fax: +1 204 956 0138

EY/Comm: 5967683 | Michelle.Grant@ca.ey.com<mailto:Michelle.Grant@ca.ey.com>

----- Forwarded by Michelle Grant/TAS/ErnstYoung/CA on 03/06/2011 04:37 PM

From: Michelle Grant/TAS/ErnstYoung/CA
To: jeremy@loecorpltd.com, jloewen@loecorpltd.com
Date: 02/06/2011 03:32 PM
Subject: Paramount Truck Lines Ltd. - in Receivership

John, Jeremy,

Ernst & Young Inc. was appointed Receiver (the "Receiver") of Paramount Truck Lines Ltd. ("Paramount") on June 1, 2011. A copy of the Court Order is attached for your reference. The Receiver was advised by Paramount that you are in possession of the following items that belong to Paramount:

- a) 2007 Ford F-150 Pick-up
- b) keys a Nissan Pathfinder
- c) various items removed from the shop including washer fluid and tires

The Receiver has been advised that you have diverted certain receivables that were payable to Paramount to your own account. The amounts that we are advised of include:

\$13,800 from Light Speed
\$13,500 from Surf-Tec
US\$3,400 from Light Speed (see attached documentation)

The Receiver demands the immediate return of the Ford Pick-up, the Pathfinder keys and any items that were removed from the shop. The Receiver also demands the immediate return of any funds that were diverted from the company.

ERNST & YOUNG INC.
Court-Appointed Receiver of Paramount Truck Lines Ltd.

[cid:_1_0A1B84440A1B7EB0007BC49B862578A4] Michelle Grant | Vice
President | Transaction Advisory Services

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