COURT FILE NUMBERS	1301-08518	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANT(S)	ERNST & YOUNG INC. IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF BENCHMARK CAPITAL CORPORATION. AND 1211951 ALBERTA INC. AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY	
DOCUMENT	**FIRST REPORT OF THE RECEIVER (RECEIVER'S ACTIVITIES AND APPLICATION FOR CLAIMS PROCESS ORDER)** **SEPTEMBER 25, 2013**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER** Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Alex Corbett Telephone: 403-206-5067 / (403) 206-5005 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Alex.B.Corbett@ca.ey.com **COUNSEL** McCarthy Tétrault LLP Suite 3300, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone: 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca	

TABLE OF CONTENTS OF THE FIRST REPORT

INTRODUCTION

1. Ernst & Young Inc. was appointed Receiver and Manager (the "Receiver") of the property, assets and undertakings (the "Property") of Benchmark Capital Corporation ("Benchmark") and 1211951 Alberta Inc. ("121") pursuant to an Order (the "Receivership Order") of this Honourable Court dated August 13, 2013.

2. Collectively, Benchmark and 121 are sometimes referred to as the "Companies" or the "Debtors".

3. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Companies, to sell, convey, transfer, lease or assign the Property out of the normal course of business, subject to court approval for transactions in excess of $100,000, and to make such arrangements or agreements as deemed necessary by the Receiver.

4. The purpose of this first report (the "First Report") of the Receiver is to provide this Honourable Court with the Receiver's comments with regards to the:

   a) Activities of the Receiver for the period of August 13, 2013 to the date of this First Report;

   b) Proposed claims process order and claims bar date for the Companies (the "Claims Process"); and

   c) Receiver's requested relief.

5. Capitalized terms not defined in this First Report are as defined in the Receivership Order.

6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this First Report, the Receiver has relied upon unaudited financial information, company records and discussions with management of the Companies.

The Receiver has not performed an audit, review or other verification of such information.

BACKGROUND

8. Background information on Benchmark and 121 can be found in the affidavit of Neil Narfason, sworn July 23, 2013 (the "Narfason Affidavit"), together with other information regarding these receivership proceedings, has been posted by the Receiver on its website at: www.ey.com/ca/foundationgroup.

ACTIVITIES OF THE RECEIVER FROM AUGUST 13, 2013 TO DATE

Statutory Mailing

9. The Receiver sent out the required Notices under sections 245 and 246 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on August 21, 2013.

Operational Update

10. The Receiver has retained the services of Harvest CCAA Operations Ltd. to assist with the administration, accounting and investor relations aspects of the Companies.

11. The Receiver, with the assistance of Harvest CCAA Operations Ltd., has completed the accounting for Benchmark and 121 which has assisted in identifying the assets and liabilities of the companies, and provides a basis to run a claims process for the companies.

12. The Receiver has received the sale proceeds of approximately $212,000 which were held in trust with Norton Rose Fullbright LLP as described in the Narfason Affidavit.

13. The Receiver identified a 50% ownership interest in a condominium located at #21, 3040 Spence Wynd, Edmonton Alberta. The Receiver is in discussion with the company holding the other 50% interest in the property, EMG Holdings Inc., to develop a mutually agreeable realization strategy. EMG Holdings Inc. is currently managing the property which is currently leased to a tenant until December 2013. The Receiver has obtained an independent appraisal of the property which will provide the basis for negotiations of realization strategies.

14. The Receiver has identified an investment made by 121 in a residential condominium development company. The Receiver has not yet been able to determine the value of this investment. The Receiver has sent, by registered mail, a request for additional information to the company.

15. The Receiver has identified receivables from unknown parties on the financial records of the Companies. The Receiver has inquired of Ron Aitkens and other current and former Harvest Group employees regarding the nature of these receivables but has not obtained the requested information.

PROPOSED CLAIMS PROCESS

Proof of Investment

16. The Companies maintained investor registries for each bondholder. While the Receiver has not traced the funds from each individual investor noted on the investor registries to the specific bank accounts, on an overall basis, the funds received from the investors according to the accounting records of the Companies' reconciles with the funds received according to the investor registries.

17. No inaccuracies have been reported to the Receiver by the investors of other Harvest related entities, based on the investor listing posted on the Receiver's website.

18. Therefore, at this time the Receiver is not recommending a proof of investment process which would require the investors to prove their investment in the Companies. Rather, investors will be subject to the Claims Process described below.

19. The Receiver understands that there are no secured creditors of Benchmark or 121.

20. As discussed below, the Companies' investors and known creditors will receive an instruction letter ("Instruction Letter") stating classification and the quantum of their claim. If they agree with this amount no further action is required of them. If they do not agree with the Instruction Letter, they will need to file a proof of claim (the "Proof of Claim") as discussed below.

Claims Process

21. The Receiver's counsel has prepared a draft claims process order seeking approval for a Claims Process by this Honourable Court (the "Claims Process Order").

22. The Claims Process as set out in the proposed Claims Process Order will establish the amount of claims against the Companies as at the respective filing date of August 13, 2013 (the "Claims").

Notice to File Proof of Claims

23. It is proposed that the Claims Process will follow the timeline identified below:

Milestone	**Date**
Post forms on the Monitor's website	October 7, 2013
Mail to all known creditors a Claims Package	October 7, 2013
Place newspaper advertisement	October 7, 2013
Deadline for creditors to file a Proof of Claim	November 4, 2013
Deadline to send Notice of Revision or Disallowance	November 18, 2013
File Notice of Motion and Support with the Court	Returnable within 15 days of receipt of Notice of Revision or Disallowance

24. The Receiver would mail the Instruction Letter and Proof of Claim forms (the "Claims Package") to all known creditors, in the format attached to the Claims Process Order, on or before October 7, 2013.

25. The Receiver would place an advertisement in the *Calgary Herald,* to serve as notice of the Claims Process, in the format attached to the Claims Process Order, on or before October 7, 2013.

26. Given the reliance on the investor registries and that the underlying assets are located in Alberta; the Receiver believes that advertising for claims in the *Calgary Herald* is sufficient in this circumstance.

27. The Receiver would post a copy of the Claims Process Order and the associated Claims Packages on its website on or before October 7, 2013.

Claims Bar Date

28. It is proposed that any creditor that: (a) disagrees with the Monitor's valuation of its Claim as set out in the Instruction Letter; or (b) who wishes to assert a Claim be required to a Proof of Claim with the Receiver on or before November 4, 2013 (the "Claims Bar Date").

29. If no Proof of Claim is received by the Receiver within the required time period, the Claim will be deemed accepted at the amount per the Instruction Letter.

Claim Resolution

30. In the event that a creditor submits a Proof of Claim, the Receiver will review the Proof of Claim and provide to the creditor a notice in writing by registered mail, by courier service or by facsimile as to whether the claim set out in the Proof of Claim is accepted, disputed in whole, or disputed in part. Where the claim is disputed in whole or in part, the Receiver will issue a notice of revision or disallowance ("Notice of Revision or Disallowance") indicating the reasons for the dispute on or before November 18, 2013.

31. The Claims Process Order further provides that where a creditor objects to a Notice of Revision or Disallowance, the creditor must serve on the Receiver a filed Application in these Receivership proceedings returnable within fifteen (15) days after receipt of the Notice of Revision or Disallowance, for the determination by the Court of the claim in dispute.

32. If no Application is received by the Receiver within the required time period, the Claim will be deemed accepted at the amount per the Notice of Revision or Disallowance.

Comments on the Proposed Claims Process

33. The Receiver is of the view that the time frame for the Claims Process is necessary to

    a) determine the validity of claims against the Companies; and

    b) to allow for the timely distribution of the net cash proceeds held by the

Receiver.

RECEIVER'S REQUESTED RELIEF

34. The Receiver is of the view that commencing a Claims Process is appropriate in the circumstances and thus requests that this Honourable Court grant the Claims Process Order.

Dated at Calgary AB, this 25th day of September, 2013.

ERNST & YOUNG INC.
in its capacity as Receiver of
Benchmark Capital Corporation
And 1211951 Alberta Inc.

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Alex Corbett, CA, CIRP
Senior Manager