Court File No. S1-GS-27628

SUPREME COURT OF PRINCE EDWARD ISLAND

BETWEEN:

BANK OF NOVA SCOTIA

APPLICANT

AND:

SILVER HILL FUR FARM LTD.

RESPONDENT

MOTION RECORD

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NOTICE OF MOTION

Ernst & Young Inc. in its capacity as court appointed Receiver, ("**Moving Party**") will make a Motion to a Judge on Wednesday, November 10, 2017, at 10:00 a.m. at the Sir Louis Henry Davies Law Courts Building, 42 Water Street, Charlottetown, Prince Edward Island.

A. The Motion Is For:

1. Abridgment of Time – The Moving Party seeks an Order abridging the time requirements for filing and service with respect to the motion herein.

2. Approval - The Moving Party further seeks direction and authorization to complete a proposed settlement between the Moving Party and Leigh Gavin, Rose Gavin, James Gavin, Gavco Fishing Enterprises Ltd. ("**Gavco**"), Bullwinkle Fisheries Ltd. ("**Bullwinkle**") (collectively, the "**Related Parties**") on the terms set out in the Receiver's Third Report.

3. Direction – The Moving Party further seeks an order that Fur Harvesters Auction Inc. ("**FHAI**") be authorized and directed to deliver all amounts related to the sale of the Respondent's fox inventory to the Moving Party.

4. Other Relief - An Order for such other relief as this Honourable Court deems just.

(a) The Grounds For The Motion Are:

1. By Order dated March 29, 2017, this Honourable Court appointed the Moving Party as court appointed receiver and receiver manager ("**Receiver**") without security, of all of

the assets, undertaking and properties (the "**Property**") of the Respondent, and all predecessors, and all proceeds thereof (the "**Receivership Order**").

2. A companion cooperation order was also issued on March 29, 2017 by this Honourable Court (the "**Cooperation Order**") clarifying the cooperation, access and information responsibilities of the parties as named within the Cooperation Order.

3. The Receiver carried out its duties and identified a number of purported transaction(s) that the Related Parties allege occurred but which were unusual and unsubstantiated by the Respondent's records. The Receiver also identified certain Property, being the First Report Property, which was no longer in the possession of the Respondent and which the Receiver had been unable to locate.

4. The Receiver then sought the return of the First Report Property to the Respondent's estate in accordance with the Initial Order and the Cooperation Order. The Receiver sought and was granted two orders by this Honourable Court on May 17, 2017 in relation to the First Report Property, namely:

   a. an order for the preservation of property order (the "**Preservation Order**"); and
   b. an order for the Related Parties to return the First Report Property (the "**Return of Property Order**").

5. The Preservation Order was to be revisited by the parties on notice to the Related Parties on May 29, 2017 (the "**Comeback Hearing**").

6. The Related Parties retained counsel for the Comeback Hearing and, on consent, a further preservation of property Order was issued on May 31, 2017 ("**Preservation Order No.2**") which, among other things, restricted Gavco and Bullwinkle's permitted expenditures to operating expenses of $50,000 ("**Permitted Expenditures**").

7. Following the issuance of Preservation Order No.2, the Receiver recovered certain equipment that was previously missing.

8. The Receiver and its legal counsel engaged in protracted negotiations and discussions with legal counsel for the Related Parties. Through these discussions, the Receiver was able to obtain the return of approximately 18,000 breeder mink and an agreement whereby the estate of the Respondent would be paid $162,000.00. This amount represents $160,000.00 in settlement funds and $2,000.00 for the sale of two horses; Proven Lover and Silverhill Shadow. In return for the above noted payment, the estate of the Respondent would release all claims against the Related Parties as set out in the Third Report.

9. The Receiver considers the settlement to be commercially reasonable and in the best interest of the Respondent's estate.

10. The Moving Party identified that the Respondent's fox inventory had been sent to FHAI who currently holds sale proceeds from previous sales and 136 fox pelts for future sales. FHAI has requested specific authority to deliver the funds held and future proceeds to the Moving Party.

11. The Moving party relies on the *Judicature Act*, the *Bankruptcy and Insolvency Act*, and Rules 2, 3, 40, 44 and 45 in support of the relief requested.

C. **The Following Documentary Evidence will be used at the hearing of the Motion:**

1. First Report of the Receiver, Second Report of the Receiver and Third Report of the Receiver inclusive of appendices;
2. Consent of PricewaterhouseCoopers Inc., as trustee in Bankruptcy of the Respondent; and
3. Such other evidence as the Moving Party may seek to introduce and is allowed.

DATED: November 7, 2017.

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Solicitor for the Moving Party

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Court File No. S1-GS-27628

IN THE SUPREME COURT OF PRINCE EDWARD ISLAND

IN THE MATTER OF THE RECEIVERSHIP OF:

SILVER HILL FUR FARM LTD.

PURSUANT TO Section 44 of the *Judicature Act*, R.S.P.E.I. 1988, Cap. J-2.1 (the "Judicature Act"), Rule 41 of the Rules of Court of Prince Edward Island and Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended (the "BIA")

BETWEEN:

BANK OF NOVA SCOTIA

APPLICANT

- and –

SILVER HILL FUR FARM LTD.

RESPONDENT

THIRD REPORT OF THE RECEIVER – 7 NOVEMBER 2017

INTRODUCTION AND BACKGROUND

1. In connection with the application of the Bank of Nova Scotia ("**BNS**" or the "**Bank**") pursuant to section 44 of the *Judicature Act* (Prince Edward Island), Rule 41 of the *Rules of Court* of Prince Edward Island, and section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) that was heard by the Honourable Gordon L. Campbell of the Supreme Court of Prince Edward Island on 29 March 2017, Ernst & Young Inc. ("**EYI**") was appointed receiver and receiver manager (the "**Receiver**") without security, of all of the assets, undertakings and properties of the Respondent ("**SHFF**" or the "**Company**") whether in its name or in the name of the predecessor corporations Silver Hill Fur Farms Ltd., Silver Hill Fur and Feeds Inc., Silverhill Transport Ltd. and CJ Gavin Holdings Inc., including all proceeds thereof (collectively the "**Property**").

2. The 29 March 2017 order (the "**Receivership Order**") authorized the Receiver, among other things:

    a. To take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

b. To receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

c. To 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 Receiver's powers and duties, including without limitation those conferred by the Receivership Order;

d. To receive and collect all monies and accounts now owed or hereafter owing to the Respondent and to exercise all remedies of the Respondent in collecting such monies, including, without limitation, to enforce any security held by the Respondent;

e. To report to, meet with and discuss with such affected Persons as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable; and

f. To take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

3. A companion cooperation order (the "**Cooperation Order**") was issued on 29 March 2017 by this Honourable Court (the "**Court**") clarifying cooperation, access and information responsibilities of Cooperating Parties (as defined within the Cooperation Order) in relation to such requests by the Receiver.

4. On 17 May 2017, the Court in connection with an ex-parte motion (the "**Motion**") brought by the Receiver, issued a Return of Property Order (the "**Return of Property Order**"), a Preservation of Property Order (the "**Preservation Order**") and an additional Cooperation Order (the "**Bell Cooperation Order**").

5. The Preservation Order was subject to a comeback hearing (the "**Comeback Hearing**") scheduled for 29 May 2017. The purpose of the Comeback Hearing was to provide Casey Gavin, Leigh Gavin, Rose Gavin, Joyce Ann Gavin, Gavco Fishing Enterprises Ltd. ("**Gavco**") and Bullwinkle Fisheries Ltd. ("**Bullwinkle**") (collectively the "**Related Parties**") an opportunity to respond to the Preservation Order.

6. On 31 May 2017, the Court in connection with the Comeback Hearing issued Preservation of Property Order Number Two (the "**Second Preservation Order**") which amended certain provisions of the initial

Preservation Order on consent by the Receiver, Jamie Gavin and the Related Parties.

7. Copies of court materials in these proceedings including copies of the orders identified above may be obtained from the Receiver's website established in connection with these proceedings (www.ey.com/ca/shff).

PURPOSE OF REPORT

8. The purpose of this third report (the "**Third Report**") is to update the Court on the Receivers activities and negotiations with the Related Parties in relation to the Property and the settlement of various claims; request this Honourable Court approve an order amending certain terms of the Preservation of Property Orders and the Return of Property Order, and request this Honourable Court authorize the Receiver to execute an agreement releasing Rose Gavin, Leigh Gavin, James Gavin, Gavco Fishing Enterprises Ltd., and Bullwinkle Fisheries Ltd. from certain claims of the Estate. The Receiver has organized its comments within the Third Report as follows:

    a. Terms of Reference

    b. Return of Property Update

        - Rent Paid to Related Parties
        - Storage Building and Land Allocation
        - Missing Equipment Retrieval
        - Fox Inventory
        - Horse Inventory

    c. Life Insurance

    d. Financial Information Disclosure – Gavco and Bullwinkle

    e. Return of Missing Breeder Mink

    f. Settlement Agreement

    g. Interim Statement of Receipts and Disbursements

TERMS OF REFERENCE

9. In preparing the Third Report, the Receiver has been provided with, and has relied upon unaudited

historical financial statements, other unaudited financial information and projections prepared by the Respondent, the books and records of the Respondent, discussions with the management and employees of the Respondent, and other information from various sources. The Receiver has assumed that the information it has been provided is accurate and complete. The Receiver did not audit, review or otherwise attempt to verify the accuracy or completeness of the information. Accordingly, the Receiver expresses no opinion or other form of assurance with respect to the information presented in the Third Report or relied upon by the Receiver in preparing the Third Report. Further, the nature of the Receiver's work completed in these proceedings will not necessarily disclose errors, misstatements, irregularities or illegal acts, if such exist, on the part of the Respondents, or its officers or employees or in the information.

10. All references to monetary amounts in the Third Report are in Canadian dollars unless otherwise noted.

11. Capitalized terms not defined in the Third Report are as defined in the Receivership Order.

RETURN OF PROPERTY UPDATE

Rent Paid to Related Parties

12. Subsequent to the issuance of the Receivers Second Report, the Receiver completed a general review of the SHFF accounting records with a view to identifying any additional abnormal transactions arising within the last 12 months. A series of abnormal rent expense payments totalling $123,900 during the month of October 2016 were identified. The abnormal rent expense details follow:

    a. Payment to Leigh Gavin - $39,900 + 5,586 HST (rental for 133 acres of land at $100/acre for three years 2014, 2015 and 2016 - $13,300 annual charge);

    b. Payment to Leigh Gavin - $36,000 + $5,040 HST (720 days trailer rental fee at $50/day for 4 months of 2014, 2015 and 8 months January through August 2016 - $18,000 annual charge); and

    c. Payment to Gavco Fishing Enterprises - $48,000 + 6,720 HST (tractor rental at $1,500/month for 2014, 2015 and 8 months January through August 2016 - $18,000 annual charge).

13. Support documentation associated with the above transactions from the SHFF books and records is attached as **Appendix A**.

14. The above noted related party payments totalling $123,900 occurred at a time when SHFF was experiencing financial difficulty. Consequently, these payments are subject to attack pursuant to Section 95(1)(b) of the BIA. The Receiver advised the Related Parties that it intended to pursue

collection activities and seek repayment of the preferential payment amounts.

15. The Related Parties maintain that all payments were on standard commercial terms and not subject to attack by the Receiver.

Storage Building and Land Allocation

16. In 2013, SHFF constructed a 60 foot by 100 foot storage barn for use within its farming operation as a feed preparation, storage and supply building (the "**SHFF Storage Shed**"). The capitalized cost of the SHFF Storage Shed on SHFF's books and records totalled $164,062.

17. The Receiver has determined that the SHFF Storage Shed was physically constructed on PID 257-000 ("**PID 257**") owned by Leigh Gavin and Rose Gavin. PID 257 is adjacent to PID 1054402-000 ("**PID 105**") owned by SHFF. As previously disclosed to this Honourable Court, Leigh Gavin is a shareholder of SHFF.

18. Utility services to the SHFF Storage Shed were billed directly to SHFF. Prior to disconnecting power service to the SHFF Storage Shed, the Receiver, out of an abundance of caution, contacted Mr. Leigh Gavin to advise of our intention to disconnect power. Mr. Leigh Gavin confirmed that the SHFF Storage Shed was located on his property but that he had no personal assets stored within the SHFF Storage Shed that had to be removed prior to utility services being disconnected.

19. Attached as **Appendix B** is a Genivar parcel survey (marked-up by the Receiver) showing the location of the above land PID's and the approximate location of the SHFF Storage Shed. SHFF's mink ranch barns are situated on PID 105. The SHFF Storage Shed is constructed along the southern boundary of PID 257 adjacent to PID 105.

20. The decision of the Gavins to construct the SHFF Storage Shed on PID 257 unjustly enriches the value of Leigh Gavin and Rose Gavin's property and prohibits the Receiver from recovering value associated with that SHFF capital asset. The Receiver advised the Related Parties that it intended to pursue collection activities associated with the value of the SHFF Storage Shed.

21. The Related Parties maintain that the SHFF Storage Shed was at all times intended to be owned by Leigh Gavin and Rose Gavin but the transactions supporting this arrangement were not documented.

Missing Equipment Retrieval

22. In the First Report of the Receiver dated 12 May 2017, the Receiver advised this Honourable Court that it had been unable to locate various pieces of equipment listed within SHFF's books and records with cumulative net book values totalling $265,600. The existence of the missing equipment was confirmed by affidavits from three former site workers. Casey Gavin was unable or unwilling to provide

details on where the missing equipment was located.

23. On 20 June 2017, legal counsel for Leigh and Rose Gavin confirmed that SHFF equipment had been located in a barn belonging to Leigh Gavin. Counsel advised that his clients purportedly were not aware of the specific equipment which the Receiver had been looking for and advised that the Receiver had not previously inspected all buildings on Leigh Gavin's property. As a result, certain machinery and equipment had been overlooked but subsequently was made available to the Receiver for retrieval.

24. The additional SHFF equipment (the "**Returned Equipment**") was transported to SHFF's premises and arrangements were made by the Receiver to transport the Returned Equipment to a secure third party location. A partial listing of the Returned Equipment which had previously been described as missing with reported net book values totalling $153,691 is noted below. Other pieces of SHFF equipment were also returned. The net book value of the additional Returned Equipment is not specifically identifiable.

Item #	MAKE	MODEL	YEAR	SERIAL NUMBER	Net Book Value
30	Combi Cut / Skinning Machinery				130,130
33	13 - Homogenizer				12,492
36	12 - Baler handler				7,569
38	SKID STEER	NH L125 0704A	2010	N8M463765	3,500
				Total	**153,691**

25. Attached as **Appendix C** is a revised listing of SHFF equipment identifying 9 residual pieces of missing equipment (the "**Residual Missing Equipment**") which have yet to be returned to the Receiver notwithstanding the terms of the Return of Property Order. The net book value of the Residual Missing Equipment (or appraised values of the equipment if net book values could not be specifically identified) totals $184,524; including 5 pieces with net book values totalling $111,909 as reported within the Receivers First Report; 1 piece with a net book value totalling $42,615 which was subsequently discovered and 3 pieces with appraised values totalling $30,000.

26. Although the Receiver believes there is value associated with the Residual Missing Equipment, it does acknowledge that the net book values reported within the corporate records likely exceed the Residual Missing Equipment's liquidation value.

Fox Inventory

27. The Receiver attended SHFF's premises on 29 March 2017 and identified an inventory of live fox on site (the "**Fox Inventory**"). At that time, Casey Gavin and Leigh Gavin advised the Receiver that the Fox Inventory was comprised of approximately 400 animals. The Gavin's requested the Receiver not approach the Fox Inventory as it was breeding season. The Receiver complied with the request and

consequently a physical count of the Fox Inventory was not completed.

28. Casey Gavin advised the Receiver that the Fox Inventory had been sold to Leigh Gavin subsequent to 31 March 2016. The Receiver made several requests of Casey Gavin and Leigh Gavin to produce documents in relation to the fox sale, however as of the date of this Report no supporting documentation has been provided. The Receiver has no information to assess whether the alleged fox sale was completed and if it was completed, whether the non-arms-length sale was completed at fair market value.

29. The Receiver contacted Fur Harvesters Auction Inc. ("**FHAI**") which operates a fur auction business. FHAI confirmed that Leigh Gavin sent 200 fox pelts in March 2017 and 148 fox pelts in May 2017 to FHAI which were to be sold by auction (348 pelts in total). FHAI confirmed that 99 pelts were sold in May 2017 generating gross sale proceeds of $6,806 USD (average $68.75 USD/pelt). FHAI have in inventory 113 fox pelts expected to be sold at their January 2018 auction. The other 136 fox pelts which Leigh Gavin sent to FHAI were sold during FHAI's January 2017 and March 2017 auctions; the proceeds from which have been released to Mr. Leigh Gavin.

30. The Receiver has provided FHAI with copies of all applicable orders issued in relation to the SHFF receivership administration. FHAI confirmed they intend to hold the $6,806 USD sale proceeds and residual fox pelts in trust pending further order from this Honourable Court.

31. On 20 June 2017, legal counsel for Leigh and Rose Gavin advised there were approximately 400 foxes located in a pen behind Leigh Gavin's property which Leigh Gavin and Rose Gavin took care of because SHFF was unable to pay for the requisite costs associated with feed and vaccinations. The Receiver sought clarification on the reported fox numbers as the Receiver understood the opening inventory was 400 animals, a large number of which were pregnant and expected to give birth in the Spring of 2017.

32. On 30 June 2017, counsel advised the Receiver that there were only 210 foxes on site. The decreased fox inventory numbers were reportedly attributable to Leigh and Rose Gavin having overestimated the original animal numbers. Furthermore, counsel advised that the female fox breeders only produced 5 new borne in March 2017. The low birth numbers were reportedly attributable to the foxes having been fed chickens contaminated by chemicals to kill algae in water lines. Notwithstanding the alleged contamination the fox inventory on site were reported to be in good health. Legal counsel for the Gavin's cautioned the Receiver that in order to prevent the spread of disease and contamination new clean carrying cages should be used to transfer the foxes off site. Counsel for the Gavin's also raised concerns about the foxes being moved during the summer months and warned that significant mortalities could arise.

33. The Receiver assessed the financial merits and options for taking possession of the Fox Inventory including seeking expressions of interest from various industry participants to acquire the Fox Inventory

on an as is where is basis. The Receiver was unable to identify any party willing to acquire the Fox Inventory as market conditions are currently depressed.

34. The Receiver advised legal counsel for the Gavin's that it would not pursue the recovery of the live Fox Inventory. The Receiver also confirmed that PwC acting in its capacity as Trustee in Bankruptcy of SHFF was not interested in taking possession of the Fox Inventory. However, the Receiver confirmed that it did intend to seek recovery of funds from FHAI in relation to past and future fox pelt sales for the benefit of the estates creditors.

<u>Horse Inventory</u>

35. Casey Gavin advised the Receiver that SHFF's horse inventory (with a net book value of $120,115) was sold to Leigh Gavin at some point between 31 March 2015 and 31 March 2016. The Receiver made several requests of Casey Gavin and Leigh Gavin to produce documents to support the transaction, however as of the date of this Report no supporting documentation has been provided.

36. Counsel for the Related Parties advised that two former SHFF horses ("**Silverhill Cupid**" and "**Silverhill Spike**") are stabled with Mr. Terry Gallant in Summerside Prince Edward Island. Two other older horses ("**Proven Lover**" and "**Silverhill Shadow**") are reportedly injured and physically located in a field adjacent to Leigh and Rose Gavin's personal residence. The latter two horses are currently being cared for by Leigh Gavin and his granddaughter as neither animal is capable of continued racing. Counsel for the Related Parties advised that a 50% stake in Silverhill Spike had been granted to Mr. Terry Gallant, an unrelated party involved with the horse industry.

37. Counsel for the Related Parties extended an offer on behalf of Rose and Leigh Gavin to acquire Proven Lover and Silverhill Shadow from the Receiver for $2,000. The Related Parties are not interested in purchasing Silverhill Cupid or Silverhill Spike. The offers to purchase / not purchase the horse inventory is inconsistent with Casey Gavin's earlier representation that the horses were previously sold.

38. A search of the Standard Bred Canada online horse registry noted that the registered ownership of Silverhill Cupid and Silverhill Spike was transferred from Leigh Gavin to Terry Gallant on 15 June 2017. The transfer of ownership was initiated by Leigh Gavin notwithstanding the terms of the Preservation of Property Order. Registered ownership of the horses has since returned to Leigh Gavin's name. A copy of the Standard Bred Canada registry is attached as **Appendix D**.

39. The Standard Bred Canada online registry also identified a previously undisclosed horse named Silverhill Misty which was owned by SHFF and a previously undisclosed horse registered to Leigh Gavin named Silverhilllightnin.

40. Registered ownership of Silverhill Misty was transferred from SHFF to Leigh Gavin on 6 February 2017.

On 18 June 2017 Leigh Gavin transferred ownership of Silverhill Misty to Jason Hughes. A printout of the Standard Bred registry referencing the above transfers is included in **Appendix E**. The Silverhill Misty transfer was completed notwithstanding the terms of the Preservation of Property Order.

41. Silverhilllighnin was first registered in the Standard Bred online horse registry on 1 February 2017. On 15 June 2017, Leigh Gavin Transferred ownership of Silverhilllightnin to Terry Gallant. A printout of the Standard Bred registry detailing this transfer is also included in **Appendix F**. The Silverhilllightnin transfer was completed notwithstanding the terms of the Preservation of Property Order.

42. The Receiver has been in contact with Mr. Gallant who confirmed that he is boarding and caring for Silverhill Cupid and Silverhill Spike. Furthermore, Mr. Gallant confirmed that in October 2016 he entered into an oral agreement with Casey Gavin to purchase 50% of Silverhill Spike for $1,000. Under the terms of the verbal agreement Gallant was responsible for 50% of the boarding / training costs and entitled to receive 50% of any race winnings.

43. In late April or early May 2017, Leigh Gavin asked Mr. Gallant to start racing Silverhill Cupid. Leigh Gavin advised Mr. Gallant that there was movement in the bankruptcy process and that any winnings could be used to pay off the debt he owed to Gallant. In June 2017, Leigh Gavin asked Gallant whether he would agree to purchase Silverhill Spike and Silverhill Cupid in consideration for a partial reduction of Leigh Gavin's indebtedness to Gallant. Leigh Gavin offered to sell the above horses to Gallant in consideration for a $6,000 reduction to Leigh Gavin's account. Mr. Gallant agreed to the transaction and title to the horses was transferred notwithstanding the terms of the Preservation of Property Order.

44. Several days after Silverhill Spike and Silverhill Cupid were transferred to Mr. Gallant, Leigh Gavin contacted Gallant to advise that the horses had to be transferred back or he and possibly Gallant could face criminal charges. Mr. Gallant immediately consented to return title of the horses.

45. Mr. Gallant advised the Receiver that he is owed approximately $20,000 for stable services and is not prepared to release Silverhill Spike or Silverhill Cupid to the Receiver until his debt is addressed.

46. The Receiver believes the manner in which the Gavin's and SHFF operated has produced considerable ambiguity into the legal rights of the respective parties. Furthermore, the estimated net realizable value of the Horse Inventory subject to the outstanding boarding fee's and professional costs of realization is unlikely to produce a favourable recovery for the estate. As such, the Receiver intends to seek compensation for the value of the Horse Inventory from the Related Parties on the basis that the Horse Inventory sale (as stipulated by Casey Gavin) was completed. The Receiver has seen no evidence that SHFF received compensation for the value of the Horse Inventory at the time of the sale thereby constituting a transfer at under value.

47. The Receiver approached the Racing Experience Manager of the Red Shores Racetrack and Casino

in Charlottetown PEI who estimated the value of Silverhill Spike, Silverhill Cupid, Proven Lover and Silverhill Shadow to be between $24,000 and $55,000. The Receiver advised counsel for the Related Parties that it intended to pursue collection activities associated with the value of the horse inventory.

LIFE INSURANCE

48. SHFF holds a life insurance policy on the life of Casey Gavin identified as Policy 001055380 (the "**Policy**"). The face value of the Policy is $2.0 million with an expiry date of 21 December 2058. The Policy does not have a cash surrender value. SHFF is the named Policy beneficiary.

49. The Receiver has maintained the Policy post its appointment and funded the most recent premium securing coverage through December 2017.

50. A decision to maintain coverage under the Policy will be reassessed at a later date in consultation with the estates senior secured creditors.

FINANCIAL INFORMATION DISCLOSURE – GAVCO AND BULLWINKLE

51. The Second Preservation Order authorizes Gavco and Bullwinkle (the "**Corporations**") to make use of funds from their respective Tignish Credit Union bank accounts in accordance with normal business practices for the purpose of paying standard operating expenses associated with their fishing operations (the "**Operating Expenses**") including employee wages and associated employee remittances, equipment lease payments, fuel, bait, licensing fees and maintenance, which Operating Expenses will not exceed $50,000 per Corporation without the written consent of the Receiver or further order of the Court.

52. The Second Preservation Order also directed the Corporations, at the request of the Receiver, to supply account statements, banking records and copies or receipts and invoices related to any transaction listed on the bank statements until such further order from this Honourable Court.

53. The Receiver requested and received copies of the Corporations banking records for the period 1 June 2017 through 31 August 2017. Bullwinkle and Gavco had $10,786 and $43,174 in their respective Tignish Credit Union accounts on 1 June 2017. Bullwinkle transferred $68,709 into Gavco's bank account and Gavco released $110,997 of payments to various suppliers on behalf of both Corporations including a $25,000 retainer payment to their legal counsel. Bullwinkle did not pay any operating expenses directly over the three month period. Bullwinkle and Gavco deposited $382,311 and $473,563 into their respective Tignish Credit Union accounts from 3rd parties during the period.

54. Counsel for the Corporations requested and the Receiver consented to the Corporations funding two large loan payments to the Tignish Credit Union as follows:

a. Bullwinkle – $88,470 loan payment to the Tignish Credit Union payable 31 July 2017; and

b. Gavco - $36,000 loan payment to the Tignish Credit Union payable 31 July 2017

55. The Receiver consented to the loan payments being made on the basis that the Tignish Credit Union has a legal right of offset for such amounts if the loan payments were not permitted to clear. As at 31 August 2017, Bullwinkle's bank accounts at the Tignish Credit Union held $235,888 and Gavco's bank accounts held $438,479.

56. Counsel for the Corporations asked the Receiver to consent to Gavco spending in excess of $100,000 to replace an engine in a Gavco fishing vessel. The older engine, once replaced, was to be sold to Bullwinkle for anticipated consideration of $30,000 to $40,000. The Receiver advised that the related party engine sale was not appropriate given the terms of the Preservation of Property Order and that it required additional information before consenting to Gavco's engine replacement request.

57. The Receiver subsequently learned that Gavco proceeded to have the engine replacement work completed despite the Receiver not having consented to the expenditure and contrary to the spending limits imposed within the Second Preservation Order. On 11 September 2017, the Manager of the Tignish Credit Union sought the Receiver's approval to release $144,842 to Tri-County Marine to pay for Gavco's engine replacement. The Tignish Credit Union Manager also advised the Receiver that Leigh and Rose Gavin were responsible to repay an $80,000 Tignish Credit Union loan, originating from 2014, in relation to a marine vessel engine (the "**Marine Engine Loan**"). Annual payments of $10,750 on the Marine Engine Loan are due in July each year. However, as a result of the issuance of the Preservation of Property Order Leigh and Rose Gavin have been unable to honour their financial commitment to the Tignish Credit Union.

58. The Receiver ultimately consented to Gavco paying the Tri-County Marine invoice on the basis that 1) Gavco has sufficient funds available to honour its commitment and 2) the value of the Gavco vessel has been improved by the value of work performed on the engine. The Receiver has also consented to the Marine Engine Loan payment being paid to the Tignish Credit Union on the basis that the Tignish Credit Union has a bona fide legal right of offset to the funds in the account.

RETURN OF MISSING BREEDER MINK

59. The Receiver confirms that 17,644 mink pelts were delivered to Nova Elite Farms Ltd.'s processing facility in Ste-Anne-Du-Ruisseau Nova Scotia on 27 October 2017. The delivery of the mink pelts satisfies the return of property provisions associated with the Breeder Mink and Live Mink inventory obligations as defined within the Return of Property Orders.

60. The Receiver has made arrangements with Nova Elite Farms Ltd. to prepare and send the mink pelts

to an accredited fur auction company where the pelts will be sold by auction and the net proceeds returned to the Receiver.

61. The Receiver has received conflicting information in relation to the opening number of mink on site at SHFF and whether there are or are not an additional 20,000 missing mink (representing the Fall Harvest inventory) to be accounted for. The Receiver is continuing to investigate this issue.

SETTLEMENT AGREEMENT

62. The Receiver, its counsel and counsel for the Related Parties have been involved in protracted settlement negotiations for an extended period of time in an attempt to finalize a mutually satisfactory settlement agreement with respect to the Property and claims identified within this Third Report. An agreement (the "**Settlement Agreement**") between the Receiver, Leigh Gavin, Rose Gavin, James Gavin, Gavco Fishing Enterprises Ltd., and Bullwinkle Fisheries Ltd. (collectively the "**Released Parties**") has been successfully negotiated subject to the approval of this Honourable Court.

63. The Released Parties have maintained that they have not been involved in any manner with the missing mink or otherwise with Casey Gavin and SHFF. The Released Parties have assured the Receiver that all of the transactions identified are defensible and none of them are liable for any wrongdoing.

64. The Settlement Agreement provides that in exchange for a payment of $162,000 and subject to the Receiver locating and taking possession of approximately 18,000 mink pelts, the Receiver will seek an order amending the previous Property Orders such that the Released Parties will no longer be subject to the Property Orders and the Released Parties will be irrevocably released of the Claims (as defined within the proposed Amendment of Property Orders Order) in their entirety.

65. The Receiver is not proposing the release of Casey Gavin nor any member of Casey Gavin's family other than the Released Parties from the Claims or the obligations included within the Property Orders.

66. The Receiver believes that the $162,000 cash recovery comprised of $160,000 of settlement funds and $2,000 as a payment to the Estate to transfer horses having the names Proven Lover and Silverhill Shadow to the Released Parties combined with the return of approximately 18,000 mink pelts represents a fair settlement with the Released Parties and avoids what might otherwise become costly and protracted litigation to address such matters.

67. The cost to pursue the claims against the Released Parties would be significant and may exceed the difference between the amount received under the Settlement Agreement and the total amount of the claims being compromised.

68. The Receiver has consulted with the Bank of Nova Scotia, Finance Prince Edward Island and American Legend Cooperative ("**ALC**"), SHFF's primary creditors with respect to the Settlement Agreement. The

Bank of Nova Scotia supports the Receiver's recommendation that the Settlement Agreement be completed, ALC does not oppose the settlement and Finance Prince Edward Island is completing its assessment of the Settlement Agreement. None of the secured creditors have indicated that they are willing to provide additional financing to the Receiver to pursue the claims against the Released Parties. In order to pursue the claims further the Receiver would have to obtain additional financing.

69. The Receiver respectfully recommends that the Settlement Agreement be approved and the Receiver be authorized to execute the Release substantially in the form presented and attached hereto as **Appendix G** and this Honourable Court approve the Amendment of Property Orders Order attached hereto as **Appendix H**.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

70. Attached as **Appendix I** is the Interim Statement of Receipts and Disbursements (the "**SRD**") for the period 29 March 2017 to 26 October 2017 reporting financial transactions of the Receiver during its administration. The excess of receipts over disbursements shown on the SRD is largely required by the Receiver to satisfy unpaid financial commitments and ongoing obligations of the Receiver required to care for and protect the Property and pursue recoveries from the Related Parties.

All of which is respectfully submitted this 7th day of November 2017.

ERNST & YOUNG INC.
Licensed Insolvency Trustee
Acting solely in its capacity as the Court Appointed Receiver and Receiver-Manager
of Silver Hill Fur Farm Ltd. and not in its personal capacity

Per:

George Kinsman, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX A

Silver Hill Fur Farm Ltd.
General Ledger Report Apr 01, 2016 to Mar 31, 2017
Sorted by: Date

Date	Comment	Debits	Credits	Balance
5835	**Land Rental**			- Dr
Jul 28, 2016	Joe Dorgan (land rental)	7,000.00	-	7,000.00 Dr
Sep 06, 2016	561351, Gavin, Leigh	39,900.00	-	46,900.00 Dr
		46,900.00	-	

Silver Hill Fur Farm Ltd.
Purchases Journal J1477 to J1477

		Account Number	Account Description	Debits	Credits	Crop Amt.
Sep 06, 2016	J1477	CHQ. 521, 561351, Gavin, Leigh				
		2315	GST Paid on Purchases	5,586.00	-	
		5835	Land Rental	39,900.00	-	
		1001	Scotia CDN #03648-19	-	45,486.00	
Additional Date:		Additional Field:				
				45,486.00	45,486.00	

Purchases Journal - Looking up Invoice 561351

File Edit View Purchase Report Help

Type a question for help | Help Search

Payment Method: Cheque   Paid From: [illegible]   Cheque No.: * CHQ. 521

Purchase Invoice

Invoice Received   Invoice No.: * 561351   Date: * 2016/09/08

Supplier*

[illegible]

Tignish, PE C0B 2B0
CANADA

PAID

Crop:

Item Number	Quantity	Unit	Item Description	Price	Tax	Tax Amount	Amount	Account	Crops
	133	ACRES	LAND RENT IN 2014	100.00	HT	1,862.00	13,300.00	5835 Land Rental	
	133	ACRES	LAND RENT IN 2015	100.00	HT	1,862.00	13,300.00	5835 Land Rental	
	133	ACRES	LAND RENT IN 2016	100.00	HT	1,862.00	13,300.00	5835 Land Rental	

Early Payment Discount: %

Cheque Amount: 45,486.00

Subtotal:	39,900.00
Freight:	
Tax:	5,586.00
Total:	45,486.00
Amount Owing:	0.00

Silver Hill Fur Farm Ltd.

Ask me anything   3:43 PM

Silver Hill Fur Farm Ltd.
General Ledger Report Apr 01, 2016 to Mar 31, 2017
Sorted by: Date

Date	Comment	Debits	Credits	Balance	
5760	**Rent**			-	Dr
Aug 17, 2016	BERNARD, TOMMY	5,000.00	-	5,000.00	Dr
Sep 06, 2016	561354, Gavco Fishing Enterprises	48,000.00	-	53,000.00	Dr
Sep 06, 2016	561352, Gavin, Leigh	36,000.00	-	89,000.00	Dr
		89,000.00	-		

Silver Hill Fur Farm Ltd.
Purchases Journal J1475 to J1475

		Account Number	Account Description	Debits	Credits	Crop Amt.
Sep 06, 2016	J1475	CHQ. 523, 561354, Gavco Fishing Enterprises				
		2315	GST Paid on Purchases	6,720.00	-	
		5760	Rent	48,000.00	-	
		1001	Scotia CDN #03648-19	-	54,720.00	
Additional Date:		Additional Field:				
				54,720.00	54,720.00	

Purchases Journal - Looking up Invoice 561354

File Edit View Purchase Report Help

Type a question for help | Help Search

Payment Method: [illegible] Paid From: 1001 Scotia [illegible] Cheque No.: [illegible]

Purchase Invoice

PAID

Supplier: [illegible]

Invoice Received

Invoice No.: 561354

Date: 2016 [illegible]

Crop:

Item Number	Quantity	Unit	Item Description	Price	Tax	Tax Amount	Amount	Account	Crops
	12	MONTH	TRACTOR RENTAL IN 2014	1,500.00	HT	2,520.00	18,000.00	5760 Rent	
	12	MONTH	TRACTOR RENTAL IN 2015	1,500.00	HT	2,520.00	18,000.00	5760 Rent	
	8	MONTH	TRACTOR RENTAL IN 2016 (JAN-AUG)	1,500.00	HT	1,680.00	12,000.00	5760 Rent	

Early Payment Discount:

Cheque Amount: 54,720.00

Subtotal: 48,000.00

Freight:

Tax: 6,720.00

Total: 54,720.00

Amount Owing: 0.00

Silver Hill Fur Farm Ltd.

Ask me anything

CHEQUE NO.	CHQ. 523
DATE	0 6 0 9 2 0 1 6 D D M M Y Y Y Y

Fifty Four Thousand Seven Hundred Twenty and 00/100 $54,720.00

Gavco Fishing Enterprises

Gavco Fishing Enterprises Sep 06, 2016 CHQ. 523

561354.. 54,720.00

Total 54,720.00

Gavco Fishing Enterprises Sep 06, 2016 CHQ. 523

561354.. 54,720.00

Total 54,720.00

Silver Hill Fur Farm Ltd.
Purchases Journal J1476 to J1476

		Account Number	Account Description	Debits	Credits	Crop Amt.
Sep 06, 2016	J1476	CHQ. 522, 561352, Gavin, Leigh				
		2315	GST Paid on Purchases	5,040.00	-	
		5760	Rent	36,000.00	-	
		1001	Scotia CDN #03648-19	-	41,040.00	
Additional Date:		Additional Field:				
				41,040.00	41,040.00	

Purchases Journal - Looking up Invoice 561352

File Edit View Purchase Report Help

Type a question for help | Help Search

Payment Method: Cheque Paid From: 1001 Scotia CDN #[illegible] Cheque No.: CHQ 322

Purchase Invoice

PAID

Invoice Received

Invoice No.: 561352

Date: 2016/09/05

Supplier: Gaian, Leigh

RR #4
Tignish, PE C0B 2B0
CANADA

Crop:

Item Number	Quantity	Unit	Item Description	Price	Tax	Tax Amount	Amount	Account	Crops
	720	DAYS	TRAILER RENTAL	50.00	HT	5,040.00	36,000.00	5760 Rent	
			4 MONTHS IN 2014, 12 MONTHS IN 2015 (JAN-AUG) 8 MONTHS IN 2016						

Early Payment Discount:

Cheque Amount: 41,040.00

Subtotal: 36,000.00

Freight:

Tax: 5,040.00

Total: 41,040.00

Amount Owing: 0.00

Silver Hill Fur Farm Ltd

Ask me anything

CHEQUE NO. CHQ. 522

DATE

0	6	0	9	2	0	1	6
D	D	M	M	Y	Y	Y	Y

Forty One Thousand Forty and 00/100 $41,040.00

Gavin, Leigh
RR#4
Tignish, PE C0B 2B0
CANADA

Gavin, Leigh Sep 06, 2016 CHQ. 522

561352.. 41,040.00

Total 41,040.00

Gavin, Leigh Sep 06, 2016 CHQ. 522

561352.. 41,040.00

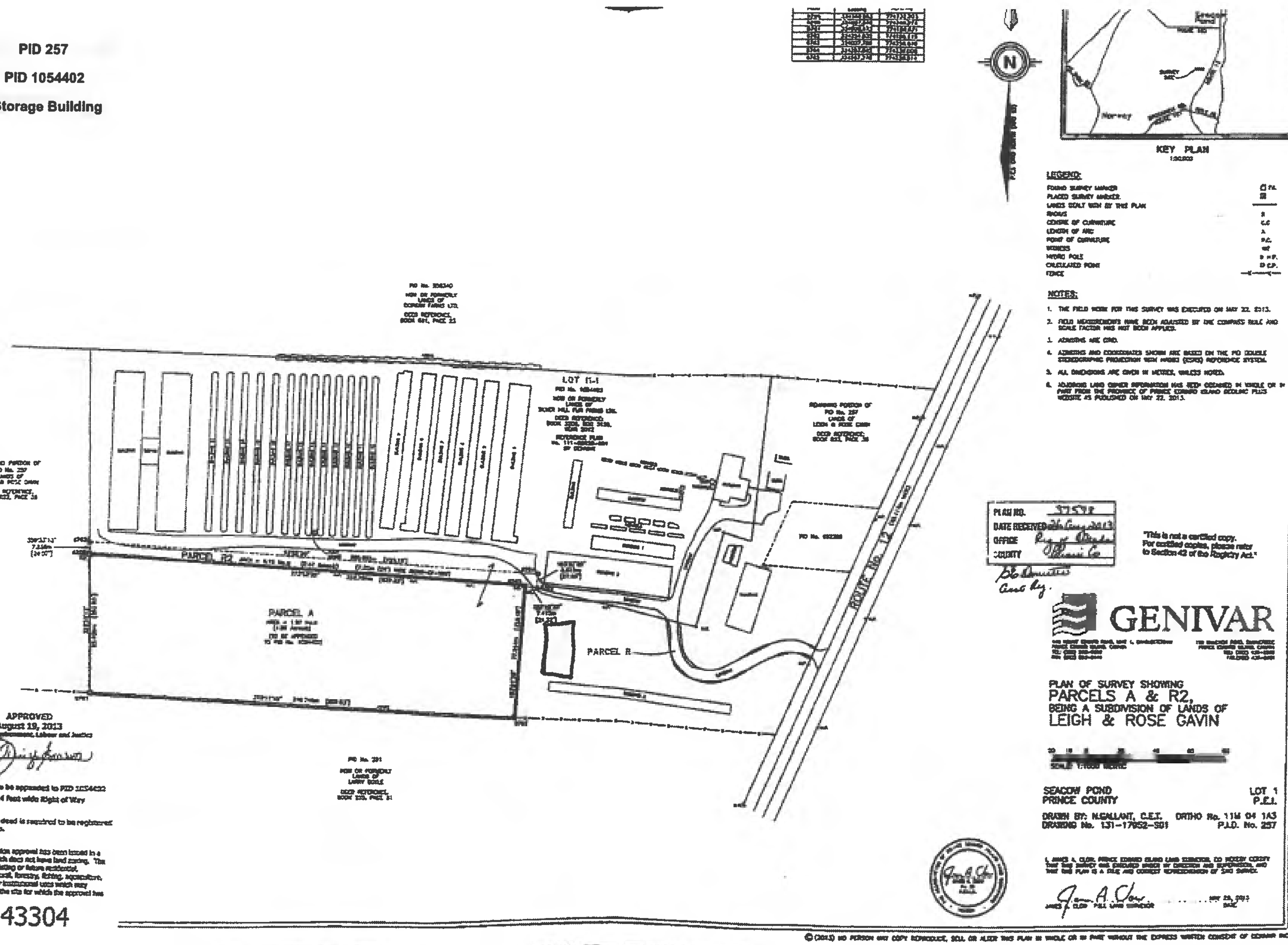
Total 41,040.00

APPENDIX B

PID 257

PID 1054402

Storage Building



APPROVED
August 19, 2013
Dept. of Environment, Labour and Justice

Subject to:

1. Parcel A: To be appended to PID 1054402
2. Parcel R2: 24 feet wide Right of Way

A consolidation deed is required to be registered to reflect this plan.

Note: This subdivision approval has been issued in a geographic area which does not have land zoning. The area may include existing or future residential, commercial, agricultural, forestry, fishing, aquaculture, tourism, industrial or institutional uses which may influence the use of the site for which the approval has been issued.

#43304

APPENDIX C

Silver Hill Fur Farm Ltd. ("SHFF")
Equipment Listing
Unaudited

Notice to Reader - The equipment listing has been compiled based on review of SHFF books and records and SHFF accounting records provided by Grant Thornton.

					RESIDUAL MISSING EQUIPMENT									
Item #	MAKE	MODEL	YEAR	SERIAL NUMBER	Appraised Value	Net Book Value	Residual Missing Equipment	Returned Equipment	SHFF Equipment - No Ownership Dispute - Assets Removed from Site	SHFF Equipment - Retrieved and removed from Site on 27 June 2017	SHFF Equipment - Assets Remain on Site - Certain Items Subject to Disputed Ownership	SHFF Equipment - Subject to Non-Arm's Length Sale Transactions	SHFF Equipment - Subject to PPSA Registration by Equipment Lessors	SHFF Equipment - Assets Not Found
1	FEED CART	TWINCA ROYAL 1600	2011	NY104711540				Yes	Yes					
2	FEED CART	ROYAL 2000 KUBOTA	2013	8202125				Yes	Yes					
3	SPREADER	KUHN-KNIGHT PS150	2012	D0071				Yes	Yes					
4	TEDDER	NH 4 BASKET 163	2010	10971				Yes	Yes					
5	PLOW	KON 5500	2013	612749				Yes	Yes					
6	RAKE	NH 216	2012	662965				Yes	Yes					
7	DISC BINE	NH 1412		679724				Yes	Yes					
8	TRACTOR	JD 6400	1996	XLO6400X148212X	24,000	N/A	Yes				Yes			
9	FEED CART	TWINCA 1400	2012	NY8142008				Yes		Yes				
10	GRAPPLE	MARCREST BG42	2014	140273	2,500	N/A	Yes				Yes			
11	SNOW BLOWER	NORMAND	2011	20C42346				Yes		Yes				
12	SNOW BLOWER	NOR N104-342TR	2013	22N53391				Yes		Yes				
13	SPRING HARROWS	KON 2615	2013	700199	3,500	N/A	Yes				Yes			
14	14 - Twinca - feed cart (haliburton)				N/A	42,615	Yes				Yes			
15	FORKLIFT	TOYOTA 7FGU25	2006	79997								Yes		
16	BALER	BC570	2010	YAN103959								Yes		
17	BALER	4240P MARCREST BARON	2013	13410								Yes		
18	12 - Horse trailer											Yes		
19	2014 Dodge Ram Longhorn 4x4 2500 4 Door Crew Cab		2014	Vin#3C6URSGL7EG228284								Yes		
20	2014 Dodge Ram Longhorn 4x4 1500 4 Door Crew Cab		2014	Vin#1C6RR7PMXES399078								Yes		
21	TRACTOR 4WD	NH T6030	2010	ZABDO2618								Yes		
22	DISC HARROWS	JD 0637XN	2008	N00637X012129									Yes	
23	TRACTOR 2WD	NH T6030	2012	ZCBD11146									Yes	
24	FORKLIFT (SIDE SHIFT&ROT	TOYOTA 8FDU25	2012	31461									Yes	
25	FORKLIFT	TOYOTA 8FDU25	2012*	60809									Yes	
26	BALER	NH BC570	2013	YCN111793									Yes	
27	ROLLER HARROW	UNVERFERTH 220	2006	81502B									Yes	
28	FORKLIFT	TOYOTA 8FDU25	2012	31112									Yes	
29	TRACTOR	NH T7 270 AC &3 PT HITCH		ZBDZ22245									Yes	
30	Combi Cut / Skinning Machinery							Yes		Yes				
31	Agromatic Loader		2014	A500203	N/A	44,249	Yes							Yes
32	14 - Twinca - feed cart (haliburton)				N/A	42,615	Yes							Yes
33	13 - Homogenizer							Yes		Yes				
34	MINI LOADER	NORCAR		A035004				Yes		Yes				
35	12 - Contractor w Rock Spike				N/A	7,608	Yes							Yes
36	12 - Baler handler							Yes		Yes				
37	13 - 4 WD Rops W 1801L LG Tractor				N/A	5,762	Yes							Yes
38	SKID STEER	NH L125 0704A	2010	N8M463765				Yes		Yes				
39	MINI LOADER	NORCAR 911760		A600205	N/A	11,674	Yes							Yes
40	TRACTOR	NH TN60	2010	HJE068023								Yes		
41	FEED CART	ROYAL 2000 KUBOTA	2013	8202126				Yes		Yes				
				Total	30,000	164,524								

APPENDIX D

3LR408 **SILVERHILL CUPID**
Not Tattooed
Freeze Branded **3LR40** on Right Side Of Neck
PROVEN LOVER - RUTHIE JANE - PEARL RIVER MATT

Date of Birth: 0[illegible]-[illegible]AY-[illegible]3
4 y.o. **BAY MARE PACER**
DNA: **ST2013328823(PV)**

Foaled: **TIGNISH PE**
Sire stood in: **PE**

Standard
Canadian Registered
Cdn Reg Date: 19-DEC-2013 Electronic: 07-JUL-2017
Coggins Test Date: 13-JUL-2015
Eligibility Fee: **2017 PAID**
PACE - AEE:20-JUL-2015
Date of last Change: 07-JUL-2017 (244CC)

Printed: 13-JUL-2017 02:12 PM

NO WHITE MARKINGS.

Breeders: SILVERHILL
TIGNISH,PE

Registered Owner: (Transfer Date: 16-JUN-2017)

1. GAVIN,LEIGH - [9A3491]
   SEA COW POND 20823
   RR 4
   TIGNISH,PE - C0B 2B0

Electronic Registration Authorized by GAVIN,LEIGH on (07-JUL-2017)

SEA COW POND 20823
RR 4
TIGNISH, PE C0B 2B0

Previous Owner (Transfer Date: 15-JUN-2017)

1. GALLANT,TERRY A - [2154Z1]
   2-17 BROCKVILLE ST
   SUMMERSIDE,PE - C1N 2S2

Previous Owner (Transfer Date: 06-FEB-2017)

1. GAVIN,LEIGH - [9A3491]
   SEA COW POND 20823
   RR 4
   TIGNISH,PE - C0B 2B0

Previous Owner (Transfer Date: N/A)

1. SILVERHILL - [1A0866]
   C/O CASEY GAVIN
   20826 ROUTE 12
   TIGNISH,PE - C0B 2B0

1NR343 SILVERHILL SPIKE
Not Tattooed
Freeze Branded **1NR34** on Right Side Of Neck
PROVEN LOVER - SHARK LIKE LADY - FOUR STARZZZ SHARK

2 y.o. BAY COLT PACER
DNA: ST2015353186(PV)

Foaled: SEACOW POND PE
Sire stood in: PE

Canadian Registered
Cdn Reg Date: 23-DEC-2015 Electronic: 07-JUL-2017
Coggins Test Date: 16-JUN-2017
Eligibility Fee: **2017 PAID 2016 NOT PAID**
PACE - AEE:23-JUN-2017
Date of last Change: 07-JUL-2017 (244CC)

NO WHITE MARKINGS.

Breeders: SILVERHILL
TIGNISH.PE

Registered Owner: (Transfer Date: 16-JUN-2017)

1. GAVIN,LEIGH - [9A3491]
   SEA COW POND 20823
   RR 4
   TIGNISH,PE - C0B 2B0

Electronic Registration Authorized by
GAVIN,LEIGH on (07-JUL-2017)
SEA COW POND 20823
RR 4
TIGNISH, PE C0B 2B0

Previous Owner (Transfer Date: 15-JUN-2017)

1. GALLANT,TERRY A - [2154Z1]
   2-17 BROCKVILLE ST
   SUMMERSIDE,PE - C1N 2S2

Previous Owner (Transfer Date: 06-FEB-2017)

1. GAVIN,LEIGH - [9A3491]
   SEA COW POND 20823
   RR 4
   TIGNISH,PE - C0B 2B0

Previous Owner (Transfer Date: N/A)

1. SILVERHILL - [1A0866]
   C/O CASEY GAVIN
   20826 ROUTE 12
   TIGNISH,PE - C0B 2B0

APPENDIX E

1NR376 SILVERHILL MISTY
Not Tattooed
Freeze Branded **1NR37** on Right Side Of Neck
PROVEN LOVER - SOUTHWIND MIRANDA - ARTSPLACE

2 y.o. BAY FILLY PACER
DNA: ST2015353164(PV)

Foaled: SEACOW POND PE
Sire stood in: PE

Canadian Registered
Cdn Reg Date: 23-DEC-2015 Electronic: 13-JUL-2017
Coggins Test Date: 11-JUL-2017
Eligibility Fee: 2017 PAID 2016 NOT PAID
PACE - AEE:10-JUL-2017
Date of last Change: 13-JUL-2017 (244CC)

BOTH HIND PASTERNS WHITE.

Breeders: SILVERHILL
TIGNISH,PE

Registered Owner: (Transfer Date: 07-JUL-2017)

1. HUGHES,KURT O - [900G12]
   48 TUCKERS WAY
   STRATFORD,PE - C1B 3X4

Electronic Registration Authorized by
HUGHES,KURT O on (13-JUL-2017)
48 TUCKERS WAY
STRATFORD, PE C1B 3X4

Previous Owner (Transfer Date: 18-JUN-2017)

1. HUGHES,JASON K - [276B79]
   14 MOUNT HERBERT RD
   STRATFORD,PE - C1B 2S4

Previous Owner (Transfer Date: 06-FEB-2017)

1. GAVIN,LEIGH - [9A3491]
   SEA COW POND 20823
   RR 4
   TIGNISH,PE - C0B 2B0

Previous Owner (Transfer Date: N/A)

1. SILVERHILL - [1A0866]
   C/O CASEY GAVIN
   20826 ROUTE 12
   TIGNISH,PE - C0B 2B0

APPENDIX F

4PR758 SILVERHILLLIGHTNIN
Not Tattooed
Freeze Branded **4PR75** on Right Side Of Neck
PROVEN LOVER - TODALU - ARTSPLACE

1 y.o. BAY COLT NO GAIT
DNA: **ST2017372315(PV)**

Foaled: **TIGNISH PE**
Sire stood in: **PE**

Canadian Registered
Cdn Reg Date: 15-MAY-2017 Electronic: 30-JUN-2017
Coggins Test Date: N/A
Eligibility Fee: 2017 NOT PAID 2016 NOT PAID

Date of last Change: 30-JUN-2017 (214WB)

STAR AND CONNECTED STRIP. LEFT FRONT PASTERN. EXTENDING TO ANKLE BEHIND: BOTH HIND ANKLES WHITE.

Breeders: SILVERHILL
TIGNISH.PE

Registered Owner: (Transfer Date: 15-JUN-2017)

1. GALLANT,TERRY A - [2154Z1]
   2-17 BROCKVILLE ST
   SUMMERSIDE,PE - C1N 2S2

Electronic Registration Authorized by
GALLANT,TERRY A on (30-JUN-2017)
2-17 BROCKVILLE ST
SUMMERSIDE, PE C1N 2S2

Previous Owner (Transfer Date: 01-FEB-2017)

1. GAVIN,LEIGH - [9A3491]
   SEA COW POND 20823
   RR 4
   TIGNISH,PE - C0B 2B0

APPENDIX G

RELEASE

KNOW ALL PERSONS BY THESE PRESENTS that in accordance with an Order of the Court dated ______________, attached hereto as Schedule "A", Ernst & Young Inc. in its capacity as receiver and receiver manager of Silver Hill Fur Farm Ltd. (the "**Receiver**") having been appointed by Order of the Supreme Court of Prince Edward Island dated March 29, 2017, (in consideration of $162,000.00 DOLLARS, the receipt whereof is hereby acknowledged), on behalf of the estate of Silver Hill Fur Farm Ltd. (the "**Estate**") does hereby remise, release and forever discharge Rose Gavin, Leigh Gavin, James Gavin, Gavco Fishing Enterprises Ltd. and Bullwinkle Fisheries Ltd. (collectively the "**Releasees**") their heirs, successors and or assigns (as the case may be), of and from all manner of actions, causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, claims and demands whatsoever which against the said Releasees, the Estate ever had, now has or which its successors and or assigns, or any of them, hereafter can, shall or may have for or by reason of any cause, matter or thing arising from the matters addressed in the Cause #S1-GS-27628 in the Prince Edward Island Supreme Court (collectively, the "**Claims**"). Furthermore, the Estate agrees not to knowingly make or assert any Claims against or on behalf of any person who might claim subrogation, contribution or indemnity against the Releasees under the provisions of any statute or otherwise provided nothing herein shall operate as a bar to any Claims being asserted against Casey Gavin or any member of Casey Gavin's family other than the Releasees or any person, entity, partnership or association in which Casey Gavin has an interest or with whom Casey Gavin does or has done business with directly or indirectly including through the Estate other than the Releasees (collectively, the "**Non Released Parties**").

The Releasees shall not assign, transfer or otherwise cause the releases granted herein to be conveyed or available to any Non Released Parties and, without limiting the generality of the foregoing, if any Releasee amalgamates or otherwise combines its operations in or with any Non Released Party(ies) then such new amalgamated or combined entity shall not benefit from the releases granted herein.

The payment herein does not constitute an admission of liability on the part of the Releasees.

This release is executed by the Estate on the____day of ______________, 2017.

SIGNED, SEALED AND DELIVERED in the presence of:	THE ESTATE OF SIVER HILL FUR FARM INC.
Witness	________________________ Per: George Kinsman of Ernst & Young Inc. as the Court Appointed Receiver of the Estate of Silver Hill Fur Farm Inc. and not in its personal capacity

APPENDIX H

Court File No. S1-GS-27628

SUPREME COURT OF PRINCE EDWARD ISLAND

BETWEEN:

BANK OF NOVA SCOTIA

APPLICANT

AND:

SILVER HILL FUR FARM LTD.

RESPONDENT

BEFORE THE HONOURABLE
JUSTICE GORDON L. CAMPBELL

DATED the ____ day
of November, 2017.

AMENDMENT OF PROPERTY ORDERS

WHEREAS this Court granted the Initial Receivership Order and a companion Cooperation Order on March 29, 2017 in relation to the Respondent wherein Ernst & Young Inc. was appointed receiver and receiver manager (the "**Receiver**") of all the Respondent's assets, undertakings and properties (collectively, the "**Property**");

AND WHEREAS this Court granted: i) a further order on May 17, 2017 (the "**Preservation of Property Order**") in relation to the assets and undertaking of Casey Gavin, Leigh Gavin, Rose Gavin, Joyce-Ann Gavin and Gavco Fishing Enterprises Ltd. ("**Gavco**") and Bullwinkle Fisheries Ltd. ("**Bullwinkle**") on an interim basis until a further hearing scheduled for May 29, 2017 at 11:00 a.m. (the "**Comeback Hearing**") and ii) an order for the return of certain Property (the "**Return of Property Order**");

AND UPON Casey Gavin, Leigh Gavin, Rose Gavin, Joyce-Ann Gavin, James Gavin, Gavco and Bullwinkle and the Receiver consenting at the Comeback Hearing that the Preservation of Property Order was to remain in place until further Order of this Court on the terms of the Order granted on May 31, 2017 ("**Preservation of Property Order Two**");

AND UPON the Receiver confirming that it has reached a settlement with Leigh Gavin, Rose Gavin, Gavco, Bullwinkle and James Gavin in relation to all claims by the estate of the Respondent against each of them for the claims set out in the Preservation of Property Order, the Return of Property Order and the Preservation of Property Order Two (collectively, the "**Property Orders**") (collectively, the "**Claims**") and the Receiver now holds $162,000.00 in trust pending the issuance of this Order (the "**Settlement Funds**");

AND UPON being satisfied that the granting of this Order will assist in the orderly administration of the Receivership proceedings and the orderly operation of Gavco and Bullwinkle;

AND UPON the Receiver having located and taken possession of approximately 18,000 mink pelts satisfying the return of property provisions associated with the Breeder Mink and Live Mink inventory obligations as defined within the Return of Property Orders;

THIS COURT ORDERS THE FOLLOWING:

1. The time for service of the Notice of Motion and the Motion Record is hereby abridged as required so that this Motion is properly returnable today.
2. The Property Orders shall continue to apply in all respects except that:
   a. each of Leigh Gavin, Rose Gavin, Gavco, Bullwinkle and James Gavin (collectively, the "**Gavin Parties**") are no longer subject to the Property Orders; and
   b. the Property Orders are hereby amended by the deletion of the names Leigh Gavin, Rose Gavin, Gavco, Bullwinkle and James Gavin.
3. Each of the Gavin Parties are hereby irrevocably released of the Claims in their entirety.
4. The Receiver is hereby authorized and directed to complete the settlement with the Gavin Parties including, but not limited to, executing the draft release filed with the Receiver's Third Report on this Motion.

5. The Settlement Funds are hereby released to the Receiver.

____
J.

CONSENTED TO IN FORM AND SUBSTANCE

This ___ day of _____________, 2017 by counsel to Leigh Gavin, Rose Gavin, James Gavin, Gavco Fishing Enterprises Ltd. and Bullwinkle Fisheries Ltd.

____

D. Brandon Forbes as counsel to the above noted parties

This ___ day of ______________, 2017 by counsel to the Court Appointed Receiver

____

Pamela J. Williams, Q.C

Court File No. S1-GS-27628

BANK OF NOVA SCOTIA v. SILVER HILL FUR FARM LTD.

SUPREME COURT OF PRINCE EDWARD ISLAND

PROCEEDINGS COMMENCED AT CHARLOTTETOWN

AMENDMENT OF PROPERTY ORDERS

COX & PALMER
Dominion Building
97 Queen St., Suite 600
Charlottetown, PE C1A 4A9

Per: Pamela J. Williams and Josh McElman

APPENDIX I

District of Prince Edward Island
Division No.
Court No. S1-GS-27628
Estate No. 51-125992

IN THE MATTER OF THE COURT APPOINTED RECEIVERSHIP OF
SILVER HILL FUR FARM LTD.
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD 29 MARCH 2017 TO 26 OCTOBER 2017

RECEIPTS

Agristability Payment	219,514.87	
Advance from Secured Creditors	100,000.00	
Auction Proceeds	72,800.00	
Lease Payment	33,625.00	
Sale of Inventory	27,771.75	
Accounts Receivable	26,268.34	
HST Collected	5,043.75	
Trust Funds - Other	2,490.82	
Miscellaneous Receipts	333.47	
TOTAL RECEIPTS		**$ 487,848.00**

DISBURSEMENTS

Receiver's Fees and Costs	95,473.50	
Legal Fees/Disbursements	73,104.00	
Insurance	42,182.40	
HST paid (ITC)	35,321.85	
Utilities	25,070.14	
Transport	17,190.00	
Appraisal Fees	12,334.77	
Commission	7,178.50	
Other misc disbursements	3,264.25	
Security	2,665.00	
Waste Disposal	2,300.00	
Repairs & Maintenance	530.00	
Bank Charges	78.80	
Filing fees paid to Official Receiver	70.00	
TOTAL DISBURSEMENTS		**$ 316,763.21**
Amount Available for Distribution		**$ 171,084.79**

ERNST & YOUNG INC.
Licensed Insolvency Trustee
Court Appointed Receiver of Silver Hill Fur Farm Ltd.
Per:

George Kinsman
RBC Waterside Centre
1871 Hollis St., Suite 500

Court File No. S1-GS-27628

SUPREME COURT OF PRINCE EDWARD ISLAND

BETWEEN:

BANK OF NOVA SCOTIA

APPLICANT

AND:

SILVER HILL FUR FARM LTD.

RESPONDENT

FACTUM

PART I – FACTS

1. The facts are generally set out in third report dated October 27, 2017 (the "**Third Report**") (collectively, all reports of the Receiver are sometimes called the "**Reports**") of Ernst & Young Inc. ("**EY**" or the "**Receiver**") as receiver and receiver-manager, without security, of all of the assets, undertakings and properties (the "**Property**") of Silver Hill Fur Farm Ltd. ("**SHFF**" or the "**Company**").

2. The following is an overview of some of the key facts for the purpose of this brief. Capitalized terms not defined herein have the meanings attributed to them in the Third Report.

3. Pursuant to the motion of the Bank of Nova Scotia, the Supreme Court of Prince Edward Island (the "**Court**") granted the Initial Order that, among other things, authorized and empowered the Receiver to:

   a. take possession and control of the Property;
   b. receive, preserve and protect the Property, or any parts thereof;
   c. settle, extend or compromise any indebtedness owing to SHFF;
   d. initiate, prosecute, continue, settle or compromise any and all proceedings pending or instituted after the Initial Order; and

e. take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

4. After its appointment, the Receiver immediately began investigating SHFF's estate and the options available to maximize the value of the estate for the benefit of all of SHFF's stakeholders.

5. The Receiver also attempted to achieve global resolution of certain issues between the parties so as to eliminate disputes and complete this matter in the most cost-effective manner. The Receiver's rate of progress was dictated by the willingness of the various parties to work within the receivership process.

6. Following extensive negotiations, an agreement was reached subject to Court approval and certain conditions (the "**Proposed Settlement**").

7. The Receiver analyzed the appropriateness of the Proposed Settlement against the alternative of protracted litigation. As reflected in the Third Report as a whole, the approach sought herein is, in the view of the Receiver after diligent efforts and in its capacity as an officer of the Court, the best achievable outcome.

8. The Receiver identified that Fur Harvesters Auction Inc. ("**FHAI**") is in possession of proceeds from the sale of SHFF fox inventory and fox pelts. FHAI has confirmed to the Receiver that it will deliver the current and future proceeds to the Receiver if it is given clear authority to do so.

PART II – ISSUES

9. It is respectfully submitted that the following issues must be determined:

(a) Abridgement - Should Honourable Court grant an Order for the abridgement of time for service of this motion, excusing the lack of service of this motion or excusing the lack of service of the Moving Party's motion record as part of the relief in each of the Orders requested herein?

(b) Settlement - Should this Honourable Court grant the draft Order presented to the Court with the consent or non-opposition of the primary secured creditors and which is consistent with the conclusions and recommendations as set out in the Third Report?

PART III – LAW

(a) Abridgment -Should Honourable Court grant an Order for the abridgement of time for service of this motion, excusing the lack of service of this motion or excusing the lack of service of the Moving Party's motion record as part of the relief in each of the Orders requested herein?

10. This Court has the discretion to abridge the time for service of this motion, to excuse the lack of service of the motion, or to excuse the lack of service of the Applicant's motion record:

> EFFECT OF NON-COMPLIANCE
>
> 2.01 (1) A failure to comply with these rules is an irregularity and does not render a proceeding or a step, document or order in a proceeding a nullity, and the court,
>
> (a) may grant all necessary amendments or other relief, on such terms as are just, to secure the just determination of the real matters in dispute; or
>
> COURT MAY DISPENSE WITH COMPLIANCE
>
> 2.03 The Court may, only where and as necessary in the interest of justice, dispense with compliance with any rule at any time
>
> EXTENSION OR ABRIDGMENT
>
> General Powers of Court
>
> 3.02 (1) Subject to subrule (3), the court may by order extend or abridge any time prescribed by these rules or an order, on such terms as are just.
>
> (2) A motion for an order extending time may be made before or after the expiration of the time prescribed.

Rules 2 and 3 of the *Rules of Court* **[Tab 1]**

11. The Court's discretion under Rules 2 and 3 to abridge the time for service, if necessary, is wide and permits the Court to dispense with strict adherence to any rule in appropriate circumstances.

Re Entegrity Wind Systems Inc., 2009 PEISC 25 (CANLII) **[Tab 2]**

12. It is submitted that no party has been prejudiced as a result of the notice period provided. PricewaterhouseCoopers Inc., the Trustee in Bankruptcy, support, the Receiver's request.

(b) Settlement - Should this Honourable Court grant the draft Order presented to the Court with the consent or non-opposition of the primary secured creditors and which is consistent with the conclusions and recommendations as set out in the Third Report?

13. A Receiver's general duties are set out in section 247 of the BIA, which states:

> 247. A receiver shall
>
> (*a*) act honestly and in good faith; and
> (*b*) deal with the property of the insolvent person or the bankrupt in a commercially reasonable manner.

14. The role of a court appointed receiver was considered in the New Brunswick decision, *Bank of Nova Scotia v. Atcon Group Inc.*, 2011 NBQB 100, **[Tab 3]** where Justice Riordon stated at paragraph 93:

> 93 Several questions were put to the Receiver in writing by counsel for Mr. Tozer and those questions were answered by the Receiver in a spirit of co-operation. There was no refusal to provide information and I have not been made aware of any relevant information that has not been disclosed, nor has it been established that the Receiver did not act objectively. The

role of the court appointed Receiver was summarized by Justice Cumming in the Ravelston decision in the following terms:

> "The role of the court-appointed Receiver
>
> 60 A court-appointed Receiver is an officer of the Court appointed to discharge certain duties prescribed by the appointment order. *Parsons et al. v. Sovereign Bank of Canada*, [1913] A.C. 160 at 167 (J.C.P.C.).
>
> 61 When a court-appointed Receiver is appointed in the normal course, "the Receiver-Manager is given exclusive control over the assets and affairs of the company and, in this respect, the board of directors is displaced." *TD Bank v. Fortin et al.* (1978), 85 D.L.R. (3d) 111 at 113 (B.C.S.C.). The essence of a Receiver's power is to settle liabilities and liquidate assets.
>
> 62 It is well established that a court-appointed Receiver owes duties not only to the Court, but also to all parties interested in the debtor's assets, property and undertakings. This includes competing secured claimants, guarantors, creditors or contingent creditors and shareholders. *Ostrander v. Niagra Helicopters Ltd.* (1974), 1 O.R. (2d) 281 (Ont. H.C.J.) [*Ostrander*].
>
> 63 A Receiver has the duty to exercise such reasonable care, supervision and control of the debtor's property as an ordinary person would give to his or her own. A Receiver's duty is to discharge the Receiver's powers honestly and in good faith. A Receiver's duty is that of a fiduciary to all interested stakeholders involving the debtor's assets, property and undertaking. *Ostrander, supra* at 286.
>
> 64 It is appropriate for a Receiver to consider negative economic factors such as cost, time and risk. See generally *National Trust Company v. Massey Combines Corporation* (1988), 69 C.B.R. (N.S.) 171 at 179 dealing with the test to be employed in considering whether to approve a sale of assets."

15. The Receiver is an officer of the Court. It owes a duty to the Court, as well as to all parties interested in the Respondent's assets, property and undertakings.

16. The Receiver has acted honestly and in good faith in recommending the settlement. The Receiver conducted various investigations and consultations and is of the opinion that the settlement is commercially reasonable and in the best interests of the estate of the Respondent.

17. In *Re Soundair* (1991), 4 OR (3d) 1 (CA), **[Tab 4]** Galligan J.A. considered the duties of a receiver when selling property. Galligan J.A. stated at paragraphs 14 to 16:

> 14 Before dealing with that issue, there are three general observations which I think I should make. The first is that the sale of an airline as a going concern is a very complex process. The best method of selling an airline at the best price is something far removed from the expertise of a court. <u>When a court appoints a receiver to use its commercial expertise to sell an airline, it is inescapable that it intends to rely upon the receiver's expertise and not upon its own. Therefore, the court must place a great deal of confidence in the actions taken and in the opinions formed by the receiver. It should also assume that the receiver is acting properly unless the contrary is clearly shown.</u> The second observation is that the court should be reluctant to second-guess, with the benefit of hindsight, the considered business decisions made by its receiver. The third observation which I wish to make is that the conduct of the receiver should be reviewed in the light of the specific mandate given to him by the court.
>
> 15 The order of O'Brien J. provided that if the receiver could not complete the sale to Air Canada that it was "to negotiate and sell Air Toronto to another person." The court did not say how the receiver was to negotiate the sale. It did not say it was to call for bids or conduct an auction. It told the receiver to negotiate and sell. It obviously intended, because of the unusual nature of the asset being sold, to leave the method of sale substantially in the discretion of the receiver. I think, therefore, that the court should not review minutely the process of the sale when, broadly speaking, it appears to the court to be a just process.
>
> 16 As did Rosenberg J., I adopt as correct the statement made by Anderson J. in *Crown Trust Co. v. Rosenberg* (1986), 60 O.R. (2d) 87, 67 C.B.R. (N.S.) 320n, 22 C.P.C. (2d) 131, 39 D.L.R. (4th) 526 (H.C.), at pp. 92-94 [O.R.], of the duties which a court must perform when deciding whether a receiver who has

sold a property acted properly. When he set out the court's duties, he did not put them in any order of priority, nor do I. I summarize those duties as follows:

> 1. It should consider whether the receiver has made a sufficient effort to get the best price and has not acted improvidently.
>
> 2. It should consider the interests of all parties.
>
> 3. It should consider the efficacy and integrity of the process by which offers are obtained.
>
> 4. It should consider whether there has been unfairness in the working out of the process.

[emphasis added]

18. *In Re Soundair, supra*, when considering the fourth duty, the fairness of the process, Galligan J.A. stated at paragraph 58:

58 There are two statements by Anderson J. contained in *Crown Trust Co. v. Rosenberg*, supra, which I adopt as my own. The first is at p. 109 [O.R.]:

> The court should not proceed against the recommendations of its Receiver except in special circumstances and where the necessity and propriety of doing so are plain. Any other rule or approach would emasculate the role of the Receiver and make it almost inevitable that the final negotiation of every sale would take place on the motion for approval.

The second is at p. 111 [O.R.]:

> It is equally clear, in my view, though perhaps not so clearly enunciated, that it is only in an exceptional case that the court will intervene and proceed contrary to the Receiver's recommendations if satisfied, as I am, that the Receiver has acted reasonably, prudently and fairly and not arbitrarily.

In this case the receiver acted reasonably, prudently, fairly and not arbitrarily. I am of the opinion, therefore, that the process adopted by the receiver in reaching an agreement was a just one.

[emphasis added]

19. The principles enunciated in *Re Soundair*, *supra*, were made in the context of the sale of a unique asset by a receiver. Nevertheless, the principles apply generally to a Receiver's decision to enter into any agreement, including in the present circumstances to address the Receiver's recommendation to enter into the settlement.

20. As set out in the Reports, the Receiver has made extensive efforts, including extensive investigations and consultations, to come to a solution that is in the best interests of the Respondent's estate. The Receiver has not acted improvidently and has considered the interests of all parties. The process followed by the receiver has been one of integrity and has been fair. It is submitted that the fairness of the process and the correctness of the recommendations are reflected in the consent or non-opposition of the principal stakeholders.

21. In *Re Ravelston Corp.* (2005), 24 CBR (5th) 256 (CA) **[Tab 5]**, the receiver had recommended that the debtor corporation attorn to the jurisdiction of an American court and plead not guilty to a criminal indictment. The Court accepted the receiver's recommendation. On appeal, D.H. Doherty J.A., writing for the Ontario Court of Appeal, stated at paragraph 40:

> 40 Receivers do not often have to decide whether to attorn to the criminal jurisdiction of a foreign court on behalf of those in receivership. While the specific decision Richter had to make was an unusual one, it was not essentially different from many decisions that receivers must make. Receivers will often have to make difficult business choices that require a careful cost/benefit analysis and the weighing of competing, if not irreconcilable, interests. Those decisions will often involve choosing from among several possible courses of action, none of which may be clearly preferable to the others. Usually, there will be many factors to be identified and weighed by the receiver. Viable arguments will be available in support of different options. The receiver must consider all of the available information, the interests of all legitimate stakeholders, and proceed in an evenhanded manner. That, of course, does not

> mean that all stakeholders must be equally satisfied with the course of conduct chosen by the receiver. If the receiver's decision is <u>within the broad bounds of reasonableness, and if it proceeds fairly, having considered the interests of all stakeholders, the court will support the receiver's decision.</u> Richter's Tenth Report demonstrates that it fully analyzed the situation at hand before arriving at its decision as to RCL's best course of conduct.
>
> [emphasis added]

22. In the present case, the Receiver has considered all available information, weighed the competing interests and has considered the costs and benefits of entering into the settlement.

23. The Receiver is satisfied that the settlement is commercially reasonable because of the reasons set out in its Third Report.

24. The Receiver's recommendation to enter into the settlement should be followed because the Receiver, an officer of the Court, is familiar with the complexities of the circumstances and is acting in accordance with its obligation to obtain the best result for the Respondent's stakeholders.

25. As part of the settlement, the Receiver is seeking approval to settle all claims between the estate of SHFF and Leigh Gavin, Rose Gavin, James Gavin, Gavco Fishing Enterprises Ltd. and Bullwinkle Fisheries Ltd. (collectively, the "**Related Parties**"). In *Re IWHL Inc.*, 2011 ONSC 5762 **[Tab 6]**, Mesbur J. of the Ontario Superior Court of Justice considered the receiver's motion for court approval of a settlement. The receiver was seeking approval of a settlement because, among other reasons:

    a. the claims were factually complex;
    b. the uncertainty of the claims would lead to additional cost and expense;
    c. litigating the claims would cause delay;
    d. the receiver was of the opinion that the settlement was the best deal it could get in the circumstances; and
    e. the estate did not have the money required to fund the litigation.

26. After considering the *Ravelston and Soundair* principles, Mesbur J. approved the settlement and stated at paragraphs 82 and 83:

> 82 In coming to its conclusion to recommend the settlement, the Receiver quite properly considered both the adequacy of the price TTR proposes to pay, offset against the potential liability of the estate if TTR's claims were to succeed. The Receiver included in its analysis the delay, cost and uncertainty of ongoing litigation with TTR. Its overall analysis suggests that the TTR settlement is fair and reasonable in all the circumstances. I tend to agree.
>
> 83 When I look at the vagaries of litigation plus the benefits of certainty and the avoidance of delay concerning possible appeals, there is sufficient evidence for me to conclude that the proposed settlement falls within the range of what is fair and commercially reasonable.

27. In the present case, the Receiver is recommending settlement as contained in the Third Report because:

    a. the claims are factually complex;
    b. the uncertainty of the claims would lead to additional cost and expense;
    c. the receiver is of the opinion that the settlement was the best deal it could get in the circumstances; and
    d. the estate does not currently have the money required to fund the litigation.

28. In addition to the factors set out above and perhaps more importantly, the settlement is not opposed by major stakeholders that would benefit from any future benefit that would accrue from the litigation in the chance that the estate of SHFF was successful in all claims and the opposing parties were unsuccessful.

PART IV – RELIEF SOUGHT

27. The Moving Party seeks this Honourable Court to (1) abridge the service and filing requirements in relation to the orders sought; (2) authorize the Receiver to execute the necessary releases and complete the settlement including granting the amendment of previous orders to settle all matters as against the Related Parties; authorizing and directing FHAI to deliver all proceeds, current and future, from the sale of fox pelts to the Receiver.

28. All of which is respectfully submitted this 7 day of November, 2017.

Original signed by
Pamela J. Williams, Q.C.

Pamela J. Williams, Q.C.
Josh J. B. McElman

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Solicitors for Ernst & Young Inc., as court appointed receiver and receiver-manager of Silver Hill Fur Farm Ltd.

LIST OF AUTHORITIES

1. Rule 2 and Rule 2, Prince Edward Island Rules of Civil Procedure
2. *Bank of Nova Scotia v. Atcon Group Inc.*, 2011 NBQB 100
3. *Re Entegrity Wind Systems Inc.*, 2009 PEISC 25 (CANLII)
4. *Re Soundair (1991), 4 OR (3d) 1 (CA)*
5. *Re Ravelston Corp.* (2005), 24 CBR (5th) 256 (CA)
6. *Re IWHL Inc.*, 2011 ONSC 5762