

Court File No. 08-CL-7394

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF AN APPLICATION UNDER SECTION 47 OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. b-3

THE HONOURABLE *MR*) MONDAY, THE 22nd DAY
JUSTICE) OF SEPTEMBER, 2008
WILTON-SIEGEL

BETWEEN:

CIT FINANCIAL LTD.

Applicant

- and -

INTERNATIONAL CONDUITS LTD.

Respondent

ORDER

THIS MOTION brought by Zeifman Partners Inc., the Court-Appointed Interim Receiver (the "Receiver") of International Conduit Ltd. (the "Debtor") for an Order approving the Receiver's Second Report dated September 9, 2008 (the "Second Report"), approving the actions of the Receiver in carrying out its duties as Receiver of the Debtor, the account of the Receiver and its counsel, authorizing the Receiver to distribute \$2,150,000 to CIT Financial Ltd., the first secured creditor of the Debtor, authorizing the Receiver to hold back the sum of \$269,831, pending resolution of the GMB Repairer Lien Claim, authorizing the Receiver to initiate a Claim Process to deal with the GMB claim, authorizing the Receiver to destroy the Non-Essential Books and Records, and authorizing the Receiver to assign the FTC and Hersh

accounts receivable to Universal Security Instruments Inc. was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record and First Report, and on hearing the submissions of counsel for the Receiver and counsel for the parties hereto,

1. **THIS COURT ORDERS** that service of the Notice of Motion and the Motion Record herein are properly served on all interested parties and further service is dispensed with.
2. **THIS COURT ORDERS** that the Second Report is hereby approved.
3. **THIS COURT FURTHER ORDERS** that all actions taken by the Receiver in carrying out its duties as Court-Appointed Interim Receiver over the assets and undertaking of the Debtor, as set out in the Second Report, are approved and that the Receiver has duly and properly discharged its responsibilities and obligations pursuant to the Receivership Order.
4. **THIS COURT FURTHER ORDERS** that the fees and disbursements of the Receiver as set out in the account of the Receiver and accompanying Affidavit are hereby taxed and approved;
5. **THIS COURT FURTHER ORDERS** that the fees and disbursements of counsel to the Receiver in this matter as outlined in the account of counsel and accompanying Affidavit are hereby taxed and approved;
6. **THIS COURT FURTHER ORDERS** that the Receiver is authorized to distribute \$2,150,000 to CIT Financial Ltd. on account of the Debtor's indebtedness to it;

7. **THIS COURT FURTHER ORDERS** that the Receiver is authorized to hold back the sum of \$269, 831 from proceeds on hand, pending resolution of the GMB Repair Lien Claim, and to cover future rental fees, and additional fees and disbursements to be incurred in dealing with the GMB claim and in seeking a discharge of the Receiver;

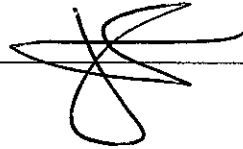
8. **THIS COURT FURTHER ORDERS** that the Receiver is authorized to initiate a Claim Process for dealing with the GMB Repair Lien Claim similar to the provisions of S.135 of the *Bankruptcy and Insolvency Act.*;

9. **THIS COURT FURTHER ORDERS** the Claim Process will provide that within fifteen days of written request by the Receiver to GMB, GMB shall deliver a proof of claim along with all supporting documentation to the Receiver (the "Claim"). The Receiver shall, in considering the Claim, be at liberty, in its discretion, to request the Debtor and/or Universal Security Instruments Inc., in its capacity as a creditor of the Debtor, to provide to the Receiver any documentation and supporting material as they believe provides additional information concerning the GMB Claim. Such documentation to be delivered to the Receiver within fifteen days of written request. Following review of the Claim and material provided to it, the Receiver shall give written notice to GMB, the Debtor and Universal Security Instruments Inc. of its acceptance or disallowance of the Claim.

10. **THIS COURT FURTHER ORDERS** in the event any of GMB, the Debtor or Universal Security Instruments Inc. shall not agree with the decision of the Receiver, such party shall have thirty days after service of the Receiver's decision (or such further time as the Court may on application made within the thirty day period allow) within which to appeal the Receiver's decision to the Court in accordance with the General Rules.

11. **THIS COURT FURTHER ORDERS** that the Receiver is authorized to assign both the FTC and Hersch accounts receivable to Universal Security Instruments Inc.;

12. **THIS COURT FURTHER ORDERS** that the Receiver is authorized to destroy those books and records identified by it as Non-Essential as set out in Tab 6 of the Second Report.



Joanne Nicoara
Registrar, Superior Court of Justice

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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 22 2008

PER/PAR: *OSN*

CIT FINANCIAL LTD.
Applicants

-and-

INTERNATIONAL CONDUITS LTD.
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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

ORDER

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Solicitors for **ZEIFMAN PARTNERS INC.**
Court-Appointed Receiver