

COURT/ESTATE FILE NUMBER: 24-1667672

COURT: QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE: EDMONTON

APPLICANT FABER INC.

IN THE MATTER OF THE DIVISION I
PROPOSAL OF
DE VILLE INVESTMENTS LTD.

DOCUMENT: TRUSTEE'S SECOND SUPPLEMENTARY
REPORT TO CREDITORS

**ADDRESS AND SERVICE CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT** FABER INC.,
Trustee's in Bankruptcy
10047 81 Avenue
Edmonton AB T6E 1W7

Phone: 780.944.1177
Fax: 780.944.6979

OUR FILE NO.: 1667672-S

This Report supplements the Trustee's Report to Creditors issued on the 31st day of October 2012 and the Trustees Supplementary Report to Creditors issued on the 13th day of November 2012. In this Supplementary Report the Trustee provides an update to the Creditors on the status of Division I Proposal ("Proposal") of De Ville Investments Ltd. ("Insolvent Person").

A. PERTINENT DEVELOPMENTS

The Insolvent Person completed the sale conducted through Silverman Chapman & Reese Consultants on the 22nd day of December 2012. As a result of the sale North American Mortgage Corp, the only secured creditor, was paid out in full. There remain only unsecured creditors. Attached to this Report as Exhibit "A" is a copy of the up to date Claims Register showing the amounts proven by each creditor.

As of the 1st day of January 2013 the Insolvent Person's bank account balance was \$172,902. The Trustee prepared a Schedule of Income and Expenses showing the disposition of this amount. The Schedule is attached to this Report as Exhibit "B".

As of the 1st day of January 2013 there remained inventory valued at \$1,751,000 at cost. During the months of January and February 2013 the Trustee was seeking out alternatives to liquidate this remaining inventory. The Trustee received verbal offers only for an average bulk sale at twenty (20) cents on the cost dollar. At the end of February 2013 the Insolvent Person found a purchaser for part of its inventory and realized \$107,873 from the sale. After this sale there remains inventory valued at \$1,592,535 at cost. This inventory is currently being stored with Brinks Security.

B. LIQUIDATION PLAN

During the months of April and May 2013 the Trustee and the Insolvent Person have been engaged in discussions with an Edmonton-based jewellery store ("Store") to arrange for placement of the Insolvent Person's inventory for a consignment sale. The negotiations have been successful and an agreement has been drafted and is waiting for final acceptance by the Insolvent Person and its legal counsel.

Pursuant to the agreement the Insolvent Person's inventory will be placed for sale on a consignment basis. The general terms of the agreement are as follows:

The Store will receive commission from each sale on a pre-determined scale;

The Trustee will have Paul Rizko, its agent, overlook and approve all sales;

The Trustee will be responsible to pay 50% of the agent's contract fee and 50% of the incremental insurance cost;

Proceeds of sales are to be weekly remitted to the Trustee with full accounting for commissions withheld;

Duration of the agreement is six (6) months, with one optional (1) extension term of six (6) months.

C. AMENDED PROPOSAL

The Amended Proposal does not provide for a set timeline for completion of liquidation of the Insolvent Person's assets. Accordingly the Amended Proposal is not in default. In light of the agreement being reached, as described in Section B above, the Trustee is of the opinion that recovery to Creditors will be maximized as compared to a forced liquidation scenario.

Dated at the City of Edmonton in the Province of Alberta this 4th day of June 2013.

FABER INC.

Trustee of the Division I Proposal of De Ville Investments Ltd.


Per: Dan Faber, CA, CIRP
Trustee in Bankruptcy

- c Industry Canada
Office of the Superintendent of Bankruptcy
- c Creditors in attendance at the First Meeting of Creditors
- c De Ville Investments Ltd.,
c/o Al Rysko
via email: al.swedish@gmail.com

In the Matter of the Division I Proposal of De Ville Investments Ltd.
Schedule of Income and Expenses
For the Period from January 1, 2013 to April 30, 2013

Bank Balance as at January 1, 2013		\$ 172,902.24
Expenses Paid (Note 1)		
Rent	45,116.85	
Salaries and Wages	100,263.30	
Owner's Life Insurance	10,866.28	
Business Insurance	3,655.80	
Moving Expenses	24,353.70	
Miscellaneous Other Expenses (Note 1)	46,519.31	(230,775.24)
Bulk Sale to La Roca W&J		107,873.00
Funds Remitted to Faber Inc.		(50,000.00)
Bank Balance as at April 30, 2013		\$ -

Notes

1. For the purposes of this Schedule the Trustee identified major expense categories only. Further breakdown will be available upon request.