

RSM Richter

**Twenty-Ninth Report of
RSM Richter Inc.
Re: The Ravelston Corporation Limited,
Ravelston Management Inc., Argus
Corporation Limited**

RSM Richter Inc.
Toronto, April 21, 2009

RSM Richter

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, C. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF THE RAVELSTON CORPORATION LIMITED
AND RAVELSTON MANAGEMENT INC.**

**AND IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.
1985, C. B-3, AS AMENDED, AND THE COURTS OF JUSTICE ACT,
R.S.O. 1990, C.C.43, AS AMENDED**

**TWENTY-NINTH REPORT OF RSM RICHTER INC.
April 21, 2009**

1. INTRODUCTION

1.1 Overview

This Twenty-Ninth Report ("Report") is filed by RSM Richter Inc. ("Richter") in its capacity as receiver and manager and interim receiver (collectively the "Receiver") of The Ravelston Corporation Limited ("RCL"), Ravelston Management Inc. ("RMI"), Argus Corporation Limited ("Argus"), 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 509646 N.B. Inc. and 509647 N.B. Inc. (collectively, the "N.B. Subs") and Argent News Inc. ("Argent", together with RCL, RMI, Argus and the N.B. Subs, are referred to as the "Companies").

The purpose of this Report is to:

- a) Update the Court regarding the Receiver's activities and events in the receivership, or impacting the receivership, since the filing of the Receiver's twenty-eighth report dated November 28, 2008 (the "Twenty-Eighth Report") and the Receiver's supplement to the Twenty-Eighth Report dated March 24, 2009 (the "Supplement to the Twenty-Eighth Report"), including:
 - The filing of a certificate with this Honourable Court pursuant to which the Companies' proceedings under the Companies' *Companies' Creditors Arrangement Act* ("CCAA") were terminated;

- The status of the RCL and RMI bankruptcy applications;
 - The distributions made by the Receiver in accordance with a Court Order made on March 26, 2009, including the reimbursement of funds from the Argus estate to the RCL estate for costs and expenses paid by RCL on behalf of Argus since the commencement of the Company's insolvency proceedings;
 - The status of the distribution of the remaining funds in the RCL estate;
 - The status of The Ravelston Corporation Limited Pension Plan for Managerial and Salaried Employees in British Columbia, registration number P085019 (the "B.C. Plan"), and the Receiver's discussions with the British Columbia Financial Institutions Commission ("FIC") concerning the appointment of a Plan Administrator for the purpose of winding up the B.C. Plan;
 - The status of Sun-Times Media Group ("STMG"); and
 - The status of litigation involving the Companies.
- b) Request that this Honourable Court make an order:
- Approving this Report and the activities of the Receiver, as described herein;
 - Approving the Receiver's interim statement of receipts and disbursements for the period April 20, 2005 to April 20, 2009;
 - Approving the fees and disbursements of the Receiver for the period July 1, 2008 to March 31, 2009, and the fees and disbursements of its counsel, Fraser Milner Casgrain LLP ("FMC") for the same period, as set out in the affidavit of Robert Kofman (the "Kofman Affidavit") and the affidavit of R. Shayne Kukulowicz (the "Kukulowicz Affidavit"), respectively; and
 - Discharging Richter as the Receiver of the Companies and terminating the receivership proceedings of the Companies upon the filing by the Receiver of a certificate substantially in the form of the certificate attached as Appendix "A" hereto (the "Discharge Certificate"), but continuing the protections granted to Richter, as Receiver and in its personal capacity, pursuant to the Orders granted in these proceedings, including the protections granted in the initial receivership order and releasing and barring any claims, present, past, future, whether now known or unknown, that may be advanced.

1.2 Currency

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

2. CCAA PROCEEDINGS

Pursuant to the Order issued by the Honourable Mr. Justice Cumming dated December 3, 2008 (the “December 3rd Order”), the CCAA proceedings were terminated and Richter was to be discharged as Monitor upon the filing of the CCAA Termination Certificate (as defined therein). A copy of the December 3rd Order is attached as Appendix “B”.

On January 26, 2009, the Receiver filed the CCAA Termination Certificate, a copy of which is attached as Appendix “C”.

3. BANKRUPTCY APPLICATIONS

Pursuant to the December 3rd Order, the stay of proceedings against RCL was lifted in order to permit the bankruptcy application to proceed and RCL was adjudged bankrupt effective as of December 18, 2008. The first meeting of creditors of RCL was held on January 8, 2009.

Also pursuant to the December 3rd Order, RMI’s bankruptcy application was adjourned to July 2, 2009. The Receiver is of the view that it is appropriate to adjourn RMI’s bankruptcy application indefinitely. There is no apparent benefit to a bankruptcy of RMI - a bankruptcy of RMI would result in additional and unnecessary cost.

4. DISTRIBUTION TO SECURED CREDITORS

In accordance with the Receiver's claims review process set out in the Twenty-Eighth Report, the Receiver recommended a distribution of funds; however, the following issues arose in advance of the distribution motion: (i) confirmation by Morneau Sobeco Limited Partnership ("Morneau") of the Employer Current Service Cost Amount¹ for the RCL Plan; (ii) the settlement of distribution issues among Hollinger Inc. ("Hollinger"), Domgroup Ltd. ("Domgroup") and STMG; and (iii) the amount, if any, of the reimbursement of funds from the Argus estate to RCL's estate for fees and costs paid by RCL on behalf of Argus during these proceedings (the "Reimbursement Issues"). These issues were detailed in the Supplement to the Twenty-Eighth Report.

On December 16, 2008, Morneau confirmed that the Employer Current Service Cost Amount for the RCL Plan was \$274,600 as of December 17, 2008. On or about March 19, 2009, the Receiver was advised by counsel for Hollinger and Domgroup that a settlement had been reached with STMG with respect to the proposed distributions from RCL. The Reimbursement Issues were also resolved in advance of the March 26, 2009 motion.

¹ Being \$274,290 as at October 31, 2008, as advised by Morneau.

4.1 Distributions Pursuant to the March 26th Order

As a result of the resolution of the issues set out above, the March 26th Order approved the following distributions:

STMG (50% of CanWest Proceeds)	1,995,993
Hollinger (50% of CanWest Proceeds)	1,995,993
CRA Deemed Trust Claim	64,874
Morneau's Claim	274,600
STMG (50% paid to Bennett Jones LLP, in Trust, on behalf of STMG)	116,000
Total distributions pursuant to the March 26 th Order	<u>4,447,460</u>

Immediately following the making of the March 26th Order, the Receiver made the distributions noted in the table above. The relief in connection with the distribution of the remaining funds in the RCL estate was adjourned to be heard on the return of this motion.

4.2 Further Distributions

In the Supplement to the Twenty-Eighth Report, the Receiver recommended that this Honourable Court make an order authorizing and directing the Receiver to distribute to the secured creditors, Domgroup and STMG, any remaining monies on deposit in the RCL estate account on the following basis:

- (a) 66.67% of any remaining distribution to Domgroup; and
- (b) 33.33% of any remaining distribution to STMG.

As a result of issues between Domgroup and Davidson Kempner Capital Management LLC and certain of its affiliates ("DK"), a principal secured creditor in Hollinger's CCAA proceedings, this portion of the relief was adjourned. As at the date of this Report, the Receiver understands that issues remain between these parties and that a meeting between them is scheduled for April 22,

2009 to address distribution and other issues. Pending the outcome of these discussions, the Receiver will either file a supplemental report prior to the return date of this motion or will update this Honourable Court in this regard on the return of this motion.

5. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

Attached as Appendix “D” is an interim Statement of Receipts and Disbursements (the “R&D Statement”) for the period April 20, 2005 (the commencement of these proceedings) to April 20, 2009. The R&D Statement reflects that approximately \$482,000 (on a consolidated basis) remains on deposit in the Receiver’s estate bank accounts maintained for RCL, RMI and Argus. The R&D Statement reflects the distributions detailed in Section 4.1 above.

6. RAVELSTON PENSION PLANS

As reported in the Twenty-Eighth Report, the Receiver was advised by FIC that the B.C. Plan must be wound up. A determination needs to be made as to whether a surplus should be distributed to RCL or to members of the B.C. Plan. Demner Consulting Services Ltd. (“DCS”) was appointed by FIC as the plan administrator for the purpose of terminating and winding-up the B.C. Plan. As at the date of this Report, the Receiver understands that the wind-up is in process.

FMC has corresponded with DCS and has been advised that DCS will recommend to FIC that the remaining surplus be paid to the estate of RCL, subject to notification to two individual members of the B.C. Plan and the consent of FIC. FMC has also been advised by DCS that it plans to file the wind-up report with FIC in May of 2009 and expects to receive approval of the wind up report from FIC in June of 2009.

7. SUN-TIMES MEDIA GROUP INC.

On March 31, 2009, STMG and its U.S. subsidiaries (the “STMG Debtors”) filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the U.S. Bankruptcy Court for the District of Delaware (Case No. 09–11092). During the pendency of the bankruptcy proceedings, the STMG Debtors remain in possession of their properties and assets and STMG’s management continues to operate the businesses of the STMG Debtors as debtors–in–possession. STMG’s Canadian subsidiaries are anticipated to apply for Court supervised reorganization under the CCAA. STMG’s Canadian subsidiaries have limited activities, generally related to legacy pension and post employment liabilities and certain litigation related contingent liabilities. In March 2009, STMG retained Rothschild, Inc. to pursue a sale of its assets pursuant to Section 363 of the Bankruptcy Code. STMG has advised that it is highly unlikely that its common stock will retain any value or that stockholders will receive any distribution or consideration.

8. RCL LITIGATION

8.1 U.S. Civil Proceedings

The U.S. civil proceedings to which RCL, RMI and Argus are named defendants have been described in the Receiver’s prior reports. The following sections provide an update of those proceedings.

(1) *Hollinger International v. Hollinger Inc., et al.; Case No. 04-C-0968 (the “Illinois Action”)*

In accordance with the December 3rd Order directing the Receiver to discontinue its defence of the Illinois Action on behalf of RCL and RMI, the Receiver directed its US counsel to withdraw its appearances. On December 5, 2008, counsel for RCL and RMI filed a motion in the Illinois Action seeking such relief. On December 29, 2008, counsel’s motion to withdraw was granted.

Accordingly, while RCL and RMI remain defendants in the Illinois Action, neither is represented therein, and no further actions by RCL and RMI are anticipated. There has been no further activity in the Illinois Action since the Twenty-Eighth Report.

(2) *Hollinger International Securities Consolidated Class Action; Case No. 04-C-0834 (the “U.S. Class Action”)*

As previously reported, pursuant to an agreement to settle the securities class action suits currently pending in the United States and Canada (the “Class Action Settlement”), certain insurance carriers providing coverage to defendants for claims asserted in the class action suits will pay a total of US\$30 million to a settlement fund (along with an additional US\$7.5 million to be paid by KPMG LLP) to be distributed to claimants pursuant to a plan of allocation and in exchange for releases to the defendants.

On May 7, 2008, Judge Coar of the U.S. District Court preliminarily approved the Class Action Settlement. Due to the delays obtaining preliminary approval of the Class Action Settlement in Canada, Judge Coar delayed setting a date for the final approval hearing of the Class Action Settlement until preliminary approval had been obtained in Canada.

On November 14, 2008, Justice Campbell granted an Order for approval of the Ontario Class Action, including preliminary approval of: (a) the certification of the class; (b) the settlement class; and (c) the appointment of representative plaintiff. Similar preliminary approval orders were obtained from the Saskatchewan and Quebec Courts on December 17, 2008 and February 28, 2009, respectively.

Final Approval hearings on the Class Action Settlement have been scheduled for June 11, 2009, in the U.S. District Court, and in the respective Canadian courts on July 13, 2009, in Ontario, July 21, 2009, in Quebec, and July 29, 2009, in Saskatchewan. Notices of the settlement have been published and mailed to potential class members. STMG's Chapter 11 filing is not anticipated to impact the completion and approval of the Class Action Settlement.

On April 15, 2009, STMG filed with the US District Court a notice advising the Court of its bankruptcy filing and of STMG's intent to proceed with the Class Action Settlement on the currently set schedule.

(3) SEC v. Black et al.; Case No. 04-C-7337 (the "SEC Action")

On October 22, 2008, Judge Hart entered a briefing schedule on the SEC's summary judgment motion for monetary relief against Black. The SEC was given to November 19, 2008 to file its motion and supporting materials. Black was given until December 10, 2008 to file his response and the SEC until December 23, 2008 to file its reply. The Court is expected to issue its decision without oral argument.

The SEC filed its motion and supporting materials on November 19, 2008 and its reply on December 23, 2008. Black also filed his response on December 10, 2008. The Court has not yet made a ruling on the SEC's summary judgment motion for monetary relief against Black.

8.2 Canadian Civil Proceedings

(1) Canadian Class Actions

The Companies are subject to class action proceedings in the provinces of Saskatchewan, Ontario and Quebec (collectively the “Canadian Class Actions”). Although the Canadian Class Actions remain stayed, the Ontario Class Action was transferred to Toronto and was assigned to Justice Campbell for hearing. These actions are anticipated to be settled in accordance with the terms of the Class Action Settlement. Preliminary approvals have been given and a final approval hearing has been scheduled, as discussed above.

In the class action proceedings commenced in the province of Saskatchewan, the Plaintiffs brought a motion to have the stay of proceedings lifted to file a second amended statement of claim. On April 13, 2009, this motion (which was opposed) was adjourned *sine die*, with the stipulation that it was not to be returned prior to the certification of the settlement agreement in the matter being heard and settled.

(2) Hollinger Inc. Action

Hollinger and Domgroup commenced an action against, *inter alia*, RCL and RMI, claiming \$500 million in damages relating to amounts allegedly owed by RCL and RMI. The action remains stayed against RCL and RMI by virtue of the Orders made in the receivership proceedings and by virtue of the bankruptcy Order with respect to RCL.

(3) ***The Hollinger Group v. Black et al.***

Pursuant to Orders of this Honourable Court dated January 27, 2006 and February 27, 2006, Hollinger, Domgroup, 432252 Canada Inc., 10 Toronto Street Inc. and Sugra Limited commenced a second action against RCL, RMI, and Argus et al. for, *inter alia*, contribution and indemnity in respect of existing U.S. and Canadian litigation (the “Hollinger Group Claim”). The N.B. Subs were subsequently named as defendants as well. The action remains stayed against the Companies by virtue of the Orders made in the receivership proceedings and by virtue of the bankruptcy Order with respect to RCL.

9. APPROVAL OF THE RECEIVER’S FEES AND DISBURSEMENTS

Pursuant to the Receivership Order, any expenditure or liability properly made by the Receiver, including the Receiver’s fees and disbursements and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to the Receiver in the passing of its accounts and shall form a first charge on the Property (as defined therein). The Receiver was authorized to pass its accounts from time to time, and prior to the passing of accounts, to apply reasonable amounts out of the funds in the estate accounts against its fees and disbursements, including legal fees and disbursements. Pursuant to the Receivership Order, such amounts constitute advances against the Receiver’s remuneration and expenses approved by the Court on the passing of the Receiver’s accounts.

The Receiver and its counsel, FMC, have maintained detailed records of their professional costs and time during the course of this administration.

Exhibits “A” and “B” to the Kofman Affidavit filed in the accompanying motion materials contain a summary of the personnel, hours and hourly rates charged by the Receiver in respect of these proceedings. Copies of the Receiver’s detailed accounts are available for review by stakeholders should they wish to review the accounts. For the period July 1, 2008 to March 31, 2009, the Receiver’s RCL accounts totalled \$128,658.75 in fees, \$3,788.00 in disbursements, and \$6,622.34 in GST, for a total amount of \$139,069.09. (This includes certain time spent addressing issues related to and including Argus, RMI and the other entities subject to these insolvency proceedings.) The Receiver’s Argus accounts for the same period totalled \$15,958.75 in fees, \$5.34 in disbursements and \$798.22 in GST, for a total of \$16,762.31.

Copies of the accounts of FMC for the period July 1, 2008 to March 31, 2009 for RCL/RMI and Argus (the “FMC Accounts”) are attached as Exhibits “A” and “B”, respectively, to the Kukulowicz Affidavit filed in the accompanying motion materials. Each account contains a summary of the personnel, hours and hourly rates charged by FMC as counsel to the Receiver in respect of these proceedings. For the period July 1, 2008 to March 31, 2009, the FMC Accounts in respect of RCL and RMI total \$173,600.00 in professional fees, \$7,814.25 in disbursements and \$9,064.37 in GST, for a total amount of \$190,478.62. (This includes certain time spent addressing issues related to and including Argus, RMI and the other entities subject to these insolvency proceedings.) The FMC Accounts in respect of Argus for the same period total \$38,858.00 in professional fees, \$1,576.17 in disbursements and \$2,021.72 in GST, for a total amount of \$42,455.89.

The March 26th Order approved a holdback for costs and expenses to be incurred for the Receiver to complete its administration, including professional fees. Accordingly, subject to the approval of this Honourable Court, absent a request from a secured creditor having a financial interest in the remaining proceeds, the Receiver does not intend to incur the costs of bringing a further motion for approval of its fees, including the fees of its counsel, for the period subsequent to March 31, 2009 through the completion of these proceedings. The Receiver is of the view that this will save the cost of further motions. The Receiver's fees have been approved throughout these proceedings without opposition.

10. RECEIVERSHIP PROCEEDINGS

Upon making a final distribution of the funds held in the RCL estate account and dealing with certain administrative matters detailed in this Report (including the pension issues detailed in Section 6 above), the Receiver will have completed all of its substantive duties and obligations in accordance with the Orders granted in these proceedings. Accordingly, the Receiver is seeking its discharge from this Honourable Court upon the filing of the Discharge Certificate with the Court.

In connection with the discharge of Richter as Receiver of the Companies, the Receiver requests that this Honourable Court grant an Order effective upon the filing of the Discharge Certificate, releasing and barring any claims, present, past, future, whether known or unknown, that might be made against Richter, personally, or in its capacity as Receiver, of the Companies.

11. CONCLUSIONS AND RECOMMENDATIONS

Based on the forgoing the Receiver respectfully recommends that this Honourable Court grant the relief detailed in Section 1.1 of this Report.

All of which is respectfully submitted,

A handwritten signature in cursive script that reads "RSM Richter Inc." followed by a period.

**RSM RICHTER INC.
IN ITS CAPACITY AS INTERIM RECEIVER, RECEIVER AND MANAGER,
OF THE RAVELSTON CORPORATION LIMITED, RAVELSTON
MANAGEMENT INC., ARGUS CORPORATION LIMITED, ARGENT NEWS Inc.
509643 N.B. INC., 509644 N.B. INC.,
509645 N.B. INC., 509646 N.B. INC. AND 509647 N.B. INC.,
AND NOT IN ITS PERSONAL CAPACITY**