



Court File No.

965 / 06

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

CANADIAN COMMERCIAL WORKERS INDUSTRY PENSION PLAN

Plaintiff

- and -

**ROYAL GROUP TECHNOLOGIES LTD., VIC DE ZEN,
DOUGLAS DUNSMUIR, GARY BROWN, RON GOEGAN, DOMINIC D'AMICO,
GREGORY SORBARA, RONALD SLAGHT and
RALPH BREHN**

Defendants

Proceeding under the *Class Proceedings Act*, 1992

NOTICE OF ACTION

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The claim made against you is set out in the statement of claim served with this notice of action.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this notice of action is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$400 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

Date February 24 , 2006

Issued by


Local registrar

Address of court office 491 Steeles Ave E.
Milton, Ontario
L9T 1Y7

TO: Royal Group Technologies Ltd.
1 Royal Gate Boulevard
Woodbridge, Ontario
L4L Z78

AND TO: Vic De Zen
100 Zenway Boulevard
Vaughan, ON
L4H 2Y7

AND TO: Douglas Dunsmuir
78 Owen Blvd.
Toronto, ON
M2P 1G3

AND TO: Gary Brown
c/o Royal Group Technologies Ltd.
1 Royal Gate Boulevard
Woodbridge, Ontario
L4L Z78

AND TO: Ron Goegan
46 Veronica Cres RR 1
Sharon, ON
L0G 1V0

AND TO: Domenic D'Amico
c/o Royal Group Technologies Ltd.
1 Royal Gate Boulevard
Woodbridge, Ontario
L4L Z78

AND TO: Gregory Sorbara
99 Highland Lane
Richmond Hill, ON
L4C 3S1

AND TO: Ronald Slaght
130 Adelaide Street West
Toronto, ON
M5H 3P5

AND TO: Ralph Brehn
1101 Sugarsands Blvd., Apt 9
Singer Island
Riviera Beach, Florida
33404

CLAIM

1. The Plaintiff claims:

(a) A declaration pursuant to section 241(2) of the *Canada Business Corporations Act*, R.S.C. 1985 c. C-44, as amended (the "CBCA") that

(i) the acts and omissions of the Defendants have effected a result,

(ii) the business or affairs of the defendant Royal Group Technologies Ltd. ("Royal Group") have been carried on or conducted in a manner, or

(iii) the powers of Mssrs. De Zen, Dunsmuir, Goegan, Brown, D'Amico, Slaght, Brehn and Sorbara (collectively, the "Individual Defendants") as directors and officers of Royal Group have been exercised in a manner

that is oppressive or unfairly prejudicial to or has unfairly disregarded the interests of the Plaintiff and those similarly situated;

(b) damages, in the amount of \$700,000,000, pursuant to subsection 241(3) of the CBCA, or

(c) damages in the amount of \$700,000,000 for negligent misrepresentation;

(d) class-wide punitive and exemplary damages in the amount of \$300,000,000.00;

(e) pre-judgment and post-judgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended;

(f) costs of this action on a full, or alternatively, substantial indemnity basis; and

- (g) such further and other relief as this honourable Court may deem just.
2. The plaintiff Canadian Commercial Workers Industry Pension Plan ("CCWIPP") is a corporate pension plan operating from offices in Campbellville, Ontario. It purchased shares in the defendant Royal Group between February 26, 1998 and October 18, 2004 (the "Class Period").
 3. CCWIPP brings this action on behalf of all persons who purchased or otherwise acquired securities of Royal Group during the Class Period, other than the Defendants and persons and entities directly related to or controlled by the Defendants.
 4. The Plaintiffs seek to recover the damage caused by the conduct of the Defendants as described below, to be particularized in the statement of claim to be filed:
 - (a) their engagement in a series of undisclosed related party transactions involving the Defendant Royal Group Technologies Ltd. ("Royal Group") between 1994 and 2004;
 - (b) allowing others to engage in undisclosed related party transactions with the Defendant Royal Group between 1994 and 2004;
 - (c) their failure to meet their obligations to disclose material facts and changes pursuant to the *Securities Act* during the Class Period;
 - (d) the making of misrepresentations regarding Royal Group's annual and interim financial statements regarding Royal Group's participation in related party transactions, the adequacy of its corporate governance structures, and the

role of the audit committee of the board of directors in ensuring that Royal Group met corporate governance standards;

- (e) the failure to disclose investigations undertaken by the RCMP, OSC, SEC and CCRA into
 - (i) Royal Group's participation in the undisclosed related party transactions,
 - (ii) the participation of certain of the other defendants in those transactions, and
 - (iii) certain of the Defendants conduct in relation to Royal Group's financial reporting and disclosure; and
- (f) their failure to adequately monitor the affairs of Royal Group to ensure that it was run in the best interests of all of its shareholders, and not in a manner that was oppressive to, unfairly prejudiced, or unfairly disregarded the interests of the Plaintiff and those similarly situated.

5. The Plaintiff pleads and relies on clauses 17.02 (g), (h), (o) and (p) of the *Rules of Civil Procedure* for service of this originating process outside Ontario. Specifically, the Plaintiff says that:

- (i) in respect of clause 17.02(g), the claim is in part in respect of a tort committed in Ontario;
- (ii) in respect of clause 17.02(h), the claim is in respect of damages suffered by the Plaintiff in Ontario;

- (iii) in respect of 17.02(o), each of the Defendants is a necessary or proper party to this proceeding; and
- (iv) in respect of clause 17.02(p), the defendants carry or carried on business in Ontario during the relevant period.

February 24, 2006

Siskind, Cromarty, Ivey & Dowler LLP
Barristers & Solicitors
680 Waterloo Street
P.O. Box 2520
London, ON N6A 3V8

Charles M. Wright (LSUC#: 36599Q)
A. Dimitri Lascaris (LSUC#: 50074A)
Michael G. Robb (LSUC#: 45787G)
Tel: (519) 672-2121
Fax: (519) 672-6065

Cavaluzzo Hayes Shilton McIntyre & Cornish LLP
474 Bathurst St., Suite 300
Toronto, ON M5T 2S6

Michael Wright (LSUC#: 32522T)
Simon Archer (LSUC#: 46263D)
Tel: (416) 964-1115
Fax: (416) 964 5895

Solicitors for the Plaintiff

CANADIAN COMMERCIAL WORKERS INDUSTRY PENSION PLAN v. ROYAL GROUP
TECHNOLOGIES LTD. et al.

Court File No: 465/06

**ONTARIO
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Proceeding commenced at Milton

Proceeding under the *Class Proceedings Act*, 1992

NOTICE OF ACTION

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680 Waterloo Street
P.O. Box 2520
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**Cavaluzzo Hayes Shilton McIntyre & Cornish
LLP**

Michael Wright (LSUC#: 32522T)
Simon Archer (LSUC#: 46263D)

Solicitors for the Plaintiffs