

# RICHTER

CANADA  
Province of Quebec  
District of: Quebec  
Division No.: 01-Montréal  
Court No.: 500-11-050205-166  
Estate No.: 41-2089382

SUPERIOR COURT  
(Commercial Division)  
*Bankruptcy and Insolvency Act*

**Notice of Proposal to Creditors and  
Notice of Hearing of Application for Court Approval of Proposal**  
(Section 51 and Paragraph 58(b) of the Act)

**In the Matter of the Proposal of  
Serico-Impro Inc.  
Of the City of Montréal  
In the Province of Québec**

Take notice that Serico-Impro Inc. of the City of Montréal, in the Province of Québec, has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets and liabilities and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at the office of Richter Advisory Group Inc., 1981 McGill College, 11<sup>th</sup> Fl., Montréal QC H3A 0G6, at 9:30 AM on March 18, 2016.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Take notice that, if the proposal is accepted by the creditors at a meeting held on March 18, 2016 at 9:30 AM., an application will be made to the court, Superior Court of Québec, Montréal Courthouse, 1, Notre-Dame St. E., Room 16.12, Montréal QC H2Y 1B6, at 8:45 AM on April 11, 2016 to approve the proposal of Serico-Impro Inc.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at Montréal in the Province of Québec, March 7, 2016.

Richter Advisory Group Inc.  
Trustee acting *in re* the proposal of  
Serico-Impro Inc.



Stéphane De Broux, CPA, CA, CIRP

T. 514.934.3400  
F. 514.934.8603  
[claims@richter.ca](mailto:claims@richter.ca)

Richter Groupe Conseil Inc.  
1981 McGill College  
Montréal, QC H3A 0G6  
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Montréal, Toronto

(Français – recto)



CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL  
COURT NO.: 500-11-  
ESTATE NO.: 41-

SUPERIOR COURT  
Commercial Division  
*"In Matters of Bankruptcy and Insolvency"*

IN THE MATTER OF THE PROPOSAL OF Serico-Impro Inc., an insolvent corporation duly incorporated according to law, having its head office at 10550 Secant Street, in the City of Montréal, Province of Québec, H1J 1S3.

## PROPOSAL

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We, Serico-Impro Inc. (the "**Debtor**") hereby submit the following proposal under the *Bankruptcy and Insolvency Act*:

1. **Definitions:** For all purposes relating to the present proposal, the following terms shall have the following meanings:
  - 1.1 "**Act**": The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
  - 1.2 "**Approval Hearing**": the date of presentation of an application to the Court for the approval of the Proposal, being April 11, 2016;
  - 1.3 "**Cash Consideration**": means a total amount of \$125,000.00 to be paid to the Trustee by the Debtor and by Plastic Decorators Inc. 90 days following the approval of the Proposal by the Court. For greater certainty, there will be only one common Cash Consideration paid by the Debtor and by Plastic Decorators Inc. for both the Proposal and the Plastic Decorators Proposal;
  - 1.4 "**Court**": The Commercial Division of the Québec Superior Court for the District of Montréal;
  - 1.5 "**Creditors' Committee**": A committee of up to five individuals to be named by the creditors at the general meeting of creditors called to consider the Proposal;
  - 1.6 "**Crown Claims**": For all purposes herein, Crown Claims shall be limited to the claims of Her Majesty in right of Canada or of a province described in subsection 60(1.1) of the Act that were outstanding on the Date of the Proposal, and "**Crown Claim**" means any of them;
  - 1.7 "**Date of the Proposal**": For all purposes herein, the Date of the Proposal shall be deemed to be February 18, 2016;
  - 1.8 "**Employee Claims**": All amounts that employees or former employees would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Date of the Proposal, and "**Employee Claim**" means any of them;

- 1.9 **"Landlords"**: All persons of whom the Debtor was a commercial tenant under a lease of real property, as acknowledged by the Debtor, and **"Landlord"** means any of them;
- 1.10 **"Landlord Claims"**: The Ordinary Unsecured Claims of the Landlords for the actual losses resulting from the disclaimers of leases in accordance with section 65.2(4)b) of the Act, which claims shall be treated as Ordinary Unsecured Claims in accordance with section 65.2(5) of the Act, and **"Landlord Claim"** means any of them;
- 1.11 **"Ordinary Unsecured Claims"**: The claims other than Secured Claims, Employee Claims, Crown Claims and Preferred Claims. For greater certainty, but without limiting the generality of the foregoing, the Ordinary Unsecured Claims shall include claims of any kind whatsoever, whether due or not for payment as at the Date of the Proposal, including contingent and unliquidated claims (once quantified) arising out of any transaction entered into by the Debtor prior to the Date of the Proposal as well as any Restructuring Claim. Furthermore, the Ordinary Unsecured Claims shall include claims for a breach of an obligation contracted before the Date of the Proposal, regardless of the date of the breach, to the extent that such breach occurred prior to the Date of the Proposal, and **"Ordinary Unsecured Claim"** means any of them;
- 1.12 **"Ordinary Unsecured Creditors"**: All persons having an Ordinary Unsecured Claim including, for greater certainty but without limiting the generality of the foregoing, the Related Creditors, and **"Ordinary Unsecured Creditor"** means any of them;
- 1.13 **"Plastic Decorators Proposal"**: The proposal made by Plastic Decorators Inc. pursuant to the Act as well as any amendment thereto;
- 1.14 **"Preferred Claims"**: The claims described in paragraphs 136(1)(a) to 136(1)(j) of the Act, being such claims directed by the Act to be paid in priority to all other claims in the distribution of the property of a bankrupt, excluding the Employee Claims, and **"Preferred Claim"** means any of them;
- 1.15 **"Preferred Creditors"**: All persons having a Preferred Claim, and **"Preferred Creditor"** means any of them;
- 1.16 **"Professional Fees"**: The proper fees, expenses, liabilities and obligations of the Trustee and all legal fees, accounting fees and consulting fees pertaining to the Debtor incurred since the Date of the Proposal;
- 1.17 **"Proposal"**: This proposal made pursuant to the Act as well as any amendment thereto, which amendments may be made at any time prior to a vote by the creditors on the Proposal, or by the Court at the time of approval of the Proposal;
- 1.18 **"Proven Claim"**: Any claim for which a proof of claim is filed with the Trustee in accordance with section 124 of the Act and that is proven in accordance with section 135 of the Act;

- 1.19 **“Related Creditors”**: Goren Holdings Inc. and Jamie Goren , and **“Related Creditor”** means any of them;
- 1.20 **“Restructuring Claim”**: Any right of any person against the Debtor in connection with any indebtedness, liability or obligation of any kind owed to such person arising out of the restructuring, the disclaimer or the termination of any contract, lease, employment agreement, collective agreement or any other agreement, whether written or oral, after the Date of the Proposal, including any right of any person who receives a notice of repudiation or termination from the Debtor. Without limiting the generality of the foregoing, a Restructuring Claim shall include the claim of a Landlord whose lease has been disclaimed or terminated, the claim of an employee whose employment has been terminated after the Date of the Proposal and the claim of any tax authority related directly or indirectly to the acceptance or the approval of the Proposal;
- 1.21 **“Secured Claims”**: The claims of the Secured Creditors, and **“Secured Claim”** means any of them;
- 1.22 **“Secured Creditors”**: As defined in section 2 of the Act, and **“Secured Creditor”** means any of them;
- 1.23 **“Trustee”**: Richter Advisory Group Inc., a licensed trustee, having a place of business at 1981, McGill College Avenue, 11<sup>th</sup> floor, in the City of Montréal, Province of Québec, H3A 0G6.
2. **Condition**: The Proposal is conditional upon the acceptance by its creditors of the Plastic Decorators Proposal and to the approval thereof by the Court by no later than the date of the Approval Hearing.
- In the event of the non-occurrence and/or unfulfillment of this condition, the Proposal shall become null, void and inoperative for all intents and purposes. This condition shall inure solely to the benefit of the Debtor and may be extended, varied or waived by the Debtor in its absolute discretion.
3. **Employee Claims**: Employee Claims, if any, will be paid in full, immediately after the approval of the Proposal by the Court.
4. **Crown Claims**: Crown Claims shall be paid in full, within six months of the approval of the Proposal by the Court, or as may otherwise be arranged with the Crown.
5. **Professional Fees**: All Professional Fees, to the extent not already paid by the Debtor in the normal course of business, shall be paid in priority to the Preferred Claims and Ordinary Unsecured Claims.
6. **Secured Claims**: Secured Creditors shall be paid in accordance with the terms of the existing contracts, or as may otherwise be arranged with the Secured Creditors. For greater certainty, the Proposal is not addressed to the Secured Creditors and they shall not be bound by the Proposal in respect of their Secured Claim.

7. **Subsequent Claims:** The claims arising in respect of goods supplied, services rendered or other consideration given to the Debtor subsequent to the Date of the Proposal, if any, shall be paid in full by the Debtor in the normal course of business, and on regular trade terms.
8. **Preferred Claims:** Preferred Claims, if any, shall be paid, without interest or penalty, in full, in priority to all claims of Ordinary Unsecured Creditors within 30 days from the approval of the Proposal by the Court or as may be otherwise arranged with the Preferred Creditors.
9. **Ordinary Unsecured Creditors:** The Cash Consideration received by the Trustee shall be distributed as follows:
  - 9.1 In payment of the amounts provided in paragraphs 3 and 8 above, if any;
  - 9.2 The excess in payment of:
    - i. Each of the Ordinary Unsecured Creditors having a Proven Claim of less than \$500 will be paid the full amount of its Ordinary Unsecured Claim without interest or penalty, within 30 days after the payment by the Debtor of the Cash Consideration;
    - ii. Each of the Ordinary Unsecured Creditors having a Proven Claim of at least \$500 shall receive a minimum payment of \$500. For the balance of its Proven Claim, after the distribution mentioned in paragraphs 9.1 and 9.2i) herein and within 30 days after the payment by the Debtor of the Cash Consideration, each of the Ordinary Unsecured Creditors shall also receive, in full and final payment of its Ordinary Unsecured Claim, without interest or penalty, its *pro rata* share of any amount remaining from the Cash Consideration.
10. **Related Creditors:** Conditional upon the acceptance by its creditors of the Proposal and to the approval thereof by the Court by no later than the date of the Approval Hearing, the Related Creditors waive and renounce (i) to any right to prove in whole or in part any Ordinary Unsecured Claims they may have and (ii) to any dividend that is or could be payable to them under the Proposal.
11. **Release:** Upon the payment described in section 9 herein and the payment of the Professional Fees, the Debtor shall be completely released and discharged of any and all claims from the Ordinary Unsecured Creditors.
12. **Claims against Directors:** In accordance with section 50(13) of the Act, the acceptance of the Proposal by the creditors shall definitively, without further payment release the directors in office as at the Date of the Proposal from any and all liability or obligation for which they may be liable by law in their capacity as directors, respecting any claim that arose before the Date of the Proposal as provided for by section 50(13) of the Act or otherwise. It is understood however, that nothing herein shall be interpreted as an acknowledgement of any liability or obligation whatsoever on the part of the directors in office as at the Date of the Proposal, any such liability or obligation being specifically denied.

13. **Creditors' Committee:** The powers of the Creditors' Committee contemplated herein shall be limited to the following:
  - 11.1 To advise the Trustee in connection with the actions under the Proposal, as the Trustee may from time to time request;
  - 11.2 To advise the Trustee concerning any dispute which may arise as to the validity of claims under the Proposal; and
  - 11.3 To authorize the deferment of any payment under the terms of paragraphs 8 and 9 herein, either in whole or in part, and entirely at its discretion, providing that any such deferment is deemed by the Creditors' Committee to be in the interest of the Ordinary Unsecured Creditors and the Debtor.
14. **Reviewable Transactions, Preferential Payments, etc.:** The provisions of section 95 to 101 of the Act and any provision of provincial legislation having a similar objective shall not apply to the Proposal.
15. **Headings:** The headings or titles herein are provided solely for the convenience of the reader. They do not form part of the Proposal and have no authoritative meaning in interpreting the Proposal.

**DATED AT MONTRÉAL**, this 18<sup>th</sup> day of February 2016.

**SERICO-IMPRO INC.**



Per : Jamie Goren

District of:  
 Division No.  
 Court No.  
 Estate No.

Original  Amended

-- Form 78 --  
 Statement of Affairs (Business Proposal) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)  
 In the Matter of the Proposal of  
 Serico-Impro Inc.  
 Of the City of Montréal  
 In the Province of Québec

To the debtor:  
 You are required to carefully and accurately complete this form and the applicable attachments showing the state of Serico-Impro Inc.'s affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 18th day of February 2016. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A" .....	18,713.27
Balance of secured claims as per list "B" .....	29,378.45
Total unsecured creditors .....	48,091.72
2. Secured creditors as per list "B" .....	19,400.00
3. Preferred creditors as per list "C" .....	0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for .....	0.00
Total liabilities .....	67,491.72
Surplus .....	NIL

ASSETS (as stated and estimated by the officer)	
1. Inventory .....	2,900.00
2. Trade fixtures, etc. ....	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good .....	0.00
Doubtful .....	0.00
Bad .....	0.00
Estimated to produce .....	0.00
4. Bills of exchange, promissory note, etc., as per list "F" .....	0.00
5. Deposits in financial institutions .....	0.00
6. Cash .....	0.00
7. Livestock .....	0.00
8. Machinery, equipment and plant .....	16,500.00
9. Real property or immovable as per list "G" .....	0.00
10. Furniture .....	0.00
11. RRSPs, RRIFs, life insurance, etc. ....	0.00
12. Securities (shares, bonds, debentures, etc.) .....	0.00
13. Interests under wills .....	0.00
14. Vehicles .....	0.00
15. Other property, as per list "H" .....	0.00
If debtor is a corporation, add:	
Amount of subscribed capital .....	38,002.00
Amount paid on capital .....	38,002.00
Balance subscribed and unpaid .....	0.00
Estimated to produce .....	0.00
Total assets .....	19,400.00
Deficiency .....	48,091.72

I, Jamie Goren, of the City of Dollard-Des-Ormeaux in the Province of Quebec, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of Serico-Impro Inc.'s affairs on the 18th day of February 2016 and fully disclose all property of every description that is in Serico-Impro Inc.'s possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the City of Montréal in the Province of Quebec, on this 18th day of February 2016.



  
 Jamie Goren



District of:  
Division No.  
Court No.  
Estate No.

FORM 78 -- Continued

List "A"  
Unsecured Creditors

Serico-Impro Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	PERREAULT, WOLMAN, GRZYWACZ	814-5250 RUE FERRIER MONTREAL QC H4P 2N7	16,216.21	0.00	16,216.21
2	REVENU QUEBEC Attn: SERVICE DES FAILLITES ET PROPOSITIONS	1600, BOUL. RENE-LEVESQUE O SECTEUR R23CPF, 3e ETAGE MONTREAL QC H3H 2V2	2,420.09	0.00	2,420.09
3	SCOTIA MOMENTUM VISA CARD	3064 BOUL ST-CHARLES KIRKLAND QC H9H 3B7	76.97	0.00	76.97
4	SCOTIABANK	3064 BOUL ST-CHARLES KIRKLAND QC H9H 3B7	0.00	29,378.45	29,378.45
<b>Total:</b>			<b>18,713.27</b>	<b>29,378.45</b>	<b>48,091.72</b>

18-Feb-2016

Date



Jamie Goren

District of:  
 Division No.  
 Court No.  
 Estate No.

FORM 78 -- Continued

List "B"  
 Secured Creditors

Serico-Impro Inc

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	SCOTIABANK	3064 BOUL ST-CHARLES KIRKLAND QC H9H 3B7	48,778.45	Business Assets - Machinery - Equipments  Business Assets - Stock In Trade - Labels  Debts Due - Business - Accounts receivable - Accounts receivable		16,500.00  2,900.00  0.00		29,378.45
<b>Total:</b>			<b>48,778.45</b>			<b>19,400.00</b>	<b>0.00</b>	<b>29,378.45</b>

18-Feb-2016

Date

  
 Jamie Goren

# RICHTER

## THIS INFORMATION SHEET IS SUPPLIED IN ORDER TO ASSIST YOU IN COMPLETING THE PROOF OF CLAIM FORM

- The proof of claim must be signed by the individual completing the form.
- The signature of the claimant must be witnessed.
- Give the complete address (including postal code) where all notices and correspondence are to be forwarded.
- The amount on the statement of account must agree with the amount claimed on the proof of claim.

### PARAGRAPH 1 OF THE PROOF OF CLAIM

- If the individual completing the proof of claim is not the creditor himself, he must state his position or title.
- The creditor must state the full and complete legal name of the Company or the claimant.

### PARAGRAPH 3 OF THE PROOF OF CLAIM

- A detailed statement of account must be attached to the proof of claim and must show the date, the invoice number and the dollar amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward. In addition, a creditor must indicate his/her address, phone number, fax number and E-mail address.

### PARAGRAPH 4 OF THE PROOF OF CLAIM

- An unsecured creditor (subparagraph (A)) must check and state whether or not a priority rank is claimed under Section 136 of the Bankruptcy and Insolvency Act.
- A claim of landlord (subparagraph (B)) for disclaimer of lease must be completed with full particulars and calculations.
- A secured creditor must complete subparagraph (C) and attach a copy of the security documents.
- A farmer, fisherman or aquaculturist must complete subparagraph (D).
- A wage earner must complete subparagraph (E), if applicable.
- Section F must be completed with regard to a pension plan.
- A claim against director(s) (subparagraph (G)), in a proposal which compromises a creditor's claim, must contain full particulars and calculations.
- A customer of a bankrupt securities firm must complete subparagraph (H).

### PARAGRAPH 5 OF THE PROOF OF CLAIM

- The claimant must indicate whether he/she **is** or **is not related** to the debtor, as defined in the Bankruptcy and Insolvency Act, by striking out that which is not applicable.

### PARAGRAPH 6 OF THE PROOF OF CLAIM

- The claimant must attach a detailed list of all payments received and/or credits granted, as follows:
  - a) within the **three months** preceding the initial bankruptcy event, in the case where the claimant and the debtor are **not related**;
  - b) within the **twelve months** preceding the initial bankruptcy event, in the case where the claimant and the debtor are **related**.

### PROXY

- a) A creditor may vote either in person or by proxy;
- b) A debtor may not be appointed as proxy to vote at any meeting of the creditors;
- c) The Trustee may be appointed as a proxy for any creditor;
- d) In order for a duly authorized person to have a right to vote he must himself be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.

T. 514.934.3400  
F. 514.934.8603  
[claims@richter.ca](mailto:claims@richter.ca)

Richter Advisory Group Inc.  
Richter Groupe Conseil Inc.  
1981 McGill College  
Montréal (QC) H3A 0G6

Montréal, Toronto

(français – recto)



# RICHTER

## PROOF OF CLAIM

(Section 50.1, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 81.5, 81.6, 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

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In the Matter of the Proposal of **Serico-Impro Inc.** of the City of Montréal, Province of Quebec, and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of \_\_\_\_\_ (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am \_\_\_\_\_ (state position or title) of \_\_\_\_\_ (name of creditor or representative of the creditor).
2. That I have knowledge of all of the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of the Proposal, namely February 18, 2016, and still is, indebted to the creditor in the sum of \$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A" after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. Check and complete appropriate category

- A. UNSECURED CLAIM OF \$ \_\_\_\_\_

(Other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description)

- Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
("Ordinary Creditor")

- Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.  
("Preferred Creditor")

(Set out on an attached sheet details to support priority claim)

- B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based)

- C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

- D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_  
(Attach a copy of sales agreement and delivery receipts).

T. 514.934.3400  
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Richter Advisory Group Inc.  
Richter Groupe Conseil Inc.  
1981 McGill College  
Montréal (QC) H3A 0G6      Montréal, Toronto





- E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_

- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_

- G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_  
 (To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:  
 (Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_  
 That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
 (Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of subsection 2(1) of the Act: (provide details of payments, credits and transfers at undervalue)

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
 Signature of creditor

\_\_\_\_\_  
 Signature of witness

Telephone number: \_\_\_\_\_ Fax number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.  
 WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.  
 Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

**PROXY**

(Subsection 102(2) and paragraphs 51(1)e) and 66.15(3)b) of the Act)

In the Matter of the Proposal of **Serico-Impro Inc.**

I, \_\_\_\_\_, of \_\_\_\_\_  
 (name of creditor) (name of town or city)

a creditor in the above matter, hereby appoint \_\_\_\_\_ of \_\_\_\_\_,  
 to be my proxyholder in the above matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without) power to  
 appoint another proxyholder in his or her place.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
 Signature of creditor

Per: \_\_\_\_\_  
 Name and Title of Signing Officer

\_\_\_\_\_  
 Signature of witness

# RICHTER

CANADA  
Province of Québec  
District of: Québec  
Division No.: 01-Montréal  
Court No.: 500-11-050205-166  
Estate No.: 41-2089382

SUPERIOR COURT  
(Commercial Division)  
*Bankruptcy and Insolvency Act*

## VOTING LETTER (Division 1 Proposal) (Paragraph 51(1)f) of the Act)

In the Matter of the Proposal of  
Serico-Impro Inc.

I, \_\_\_\_\_, creditor  
(or I, \_\_\_\_\_, representative of \_\_\_\_\_, creditor)  
of \_\_\_\_\_ (*name of city*), a creditor in the above matter for the sum of  
\$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of **Serico-Impro Inc.** to  
record my vote \_\_\_\_\_ (**for or against**) the acceptance of the proposal as made on February 18, 2016.

Dated at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_ 201\_\_.

\_\_\_\_\_  
Name of Individual Creditor (Please print)

\_\_\_\_\_  
Signature of Individual Creditor

\_\_\_\_\_  
Signature of Witness

- OR -

\_\_\_\_\_  
Name of Corporate Creditor (Please print)

\_\_\_\_\_  
Signature of Corporate Creditor

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name and Title of Signing Officer (Please print)

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF QUÉBEC  
DIVISION NO.: 01-MONTREAL  
COURT NO.: 500-11-050205-166  
ESTATE NO.: 41-2089382

SUPERIOR COURT  
(Commercial Division)  
*Bankruptcy and Insolvency Act*

**Serico-Impro Inc.**  
a legal person duly constituted, having its  
registered office at 10550 Secant Street  
Montreal QC H1J 1S3

**Debtor**

- and -

**Richter Advisory Group Inc.**

**Trustee**

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**REPORT OF THE TRUSTEE ON THE FINANCIAL SITUATION  
OF THE DEBTOR AND ON THE PROPOSAL  
(Sections 50(10)(b) and 50(5) of the *Bankruptcy and Insolvency Act*)**

Pursuant to Sections 50(10)(b) and 50(5) of the *Bankruptcy and Insolvency Act*, and to assist the creditors in considering the Proposal, the Trustee is submitting its report on the financial situation of the Debtor and on the Proposal.

**We caution the reader that we have neither conducted an audit nor a verification of the books and records of the Debtor. Consequently, we cannot render an opinion as to the accuracy of the information contained therein. The information discussed herein emanates from the books and records of the Debtor as well as from our discussions with the Management of the Debtor.**

**I. INTRODUCTION**

In 2015, management of Serico-Impro Inc. (hereinafter “Serico”, the “Debtor” or the “Company”) initiated a process to seek the interest of potential investors. On July 21, 2015, a group of investors (the “Purchaser”) submitted a letter of interest (“LOI”) to acquire all the outstanding shares of the Debtor (the “Transaction”). The Transaction will only be finalized if and after the Proposal is accepted by the creditors and ratified by the Court.

In this context, on February 18, 2016, the Debtor filed a Proposal in accordance with the *Bankruptcy and Insolvency Act* (hereinafter referred to as the “Act” or “BIA”). We have enclosed herewith the Proposal made by the Debtor to its creditors, a proof of claim form, a voting form, a proxy, and a notice indicating the place and time of the Meeting of Creditors to address the Proposal.

The following summarizes the relevant information and key elements that may assist the creditors in evaluating the Debtor's affairs and the Proposal.

Take notice that, if the Proposal is accepted by the creditors at the meeting to be held on March 18, 2016, an application will be made to the Québec Superior Court, judicial district of Montréal, 1 Notre-Dame Street E., Room 16.12, Montréal, QC, H2Y 1B6 on April 11, 2016, at 8:45 AM to approve the proposal of the Debtor.

## **II. OVERVIEW OF THE COMPANY**

Serico is a bottle decorator. Using the processes of screen printing, label application, hot stamping, pad printing (or a combination of the processes), Serico applies artwork bottles supplied to them by their clients.

In 2008, Serico was acquired by the parent company of Plastic Decorators Inc. (hereinafter “Plastic”) and was moved into the same premises in February 2009.

## **III. CAUSES OF INSOLVENCY AND RECENT DEVELOPMENTS**

After moving to larger premises in 2012, the Company and Plastic incurred financial losses due to an unforeseen sales decline. A number of clients, still reeling from the economic downturn in 2010 and 2011, either moved production overseas or shut down production of certain lines, causing a significant decline in sales in 2014 and 2015. During that period, Plastic lost two major customers who moved their production to Asia, and a third customer who converted their bottle decorating to application of labels. At the same time, moving expenses, coupled with the burden of ongoing debt repayment put the Company and Plastic in a very difficult financial position.

Furthermore, Plastic's SR&ED claim for fiscal 2014 was refused by Canada Revenue Agency (CRA) and Revenue Quebec. In addition, a GST/PST audit by Revenue Quebec in the early fall of 2015 concluded with a refund assessment. The financial difficulties coupled with fiscal authorities' assessments prevent the Company and Plastic to maintain normal operations in a satisfactory manner.

**IV. TRANSACTION**

The Purchaser (Mr. Martin Tessier, Mr. Mario Tremblay and Mr. Luc Poirier) submitted a letter of interest to the Debtor and Plastic on July 21, 2015. Pursuant to the LOI, the Purchaser shall acquire all the outstanding shares of the Debtor and Plastic.

As per the LOI, the Purchaser shall pay \$125,000 to the Debtor and Plastic in order to fund the proposal to its unsecured creditors if accepted.

**V. FINANCIAL INFORMATION**

The following financial data was extracted either from the books and records of the Debtor, the unaudited financial statements or from discussions held with Management. This information is submitted solely to assist the reader in assessing the current financial position of the Debtor.

The Trustee makes no representation or warranty as to the accuracy of said financial information.

**A) Statement of Earnings (Deficit)**

<b>Serico-Impro Inc. Statement of Earnings</b>			
	<b>F2016 Unaudited (9 months ended Jan. 31, 2016)</b>	<b>F2015 Unaudited (April 30, 2015)</b>	<b>F2014 Unaudited (April 30, 2014)</b>
Total sales	\$ 82,726	\$ 106,490	\$ 108,995
Operating expenses			
Factory salaries	9,519	27,116	24,358
Supervisor salaries	-	22,770	64,872
Office salaries and commissions	-	-	7,500
Management salaries	-	-	2,000
Vacation expense	-	1,093	4,227
Salaries benefits (DAS and group insurance)	-	3,688	6,934
Personnel Agencies	3,567	6,427	11,228
Commissions	6,626	10,649	10,520
Utilities	-	-	3,100
Rent and property taxes	-	-	6,483
Repairs and maintenance	-	-	2,900
Professional fees	-	-	4,212
Interest and bank charges	3,885	5,779	5,751
Entertainment and promotion	1,856	-	-
Depreciation and amortization	-	-	8,266
Other expenses	151	218	578
	<u>25,604</u>	<u>77,740</u>	<u>162,929</u>
Earnings Before Taxes	57,122	28,750	(53,934)
Taxes	-	-	-
<b>Net Earnings (Deficit)</b>	<b><u>\$ 57,122</u></b>	<b><u>\$ 28,750</u></b>	<b><u>\$ (53,934)</u></b>

**B) Historical Balance Sheet**

<b>Serico-Impro Inc.</b>			
<b>Balance sheets</b>			
<b>Prepared by Management - UNAUDITED</b>			
<b>(in \$)</b>	<b>As at Jan. 31 2016</b>	<b>As at April 30 2015</b>	<b>As at April 30 2014</b>
<b>Assets</b>			
Accounts receivable	\$ 1,844	\$ 5,392	\$ 11,150
Other receivable	18,000	\$ 18,000	
Inventory	14,653	14,653	14,653
Prepays and deposits	2,303	-	-
	<u>36,800</u>	<u>38,045</u>	<u>25,803</u>
Loan to related parties	280,402	306,606	280,306
Fixed assets	33,031	33,031	33,031
	<u>\$ 350,233</u>	<u>\$ 377,682</u>	<u>\$ 339,140</u>
<b>Liabilities</b>			
Line of credit - Scotia	\$ 69,902	\$ 61,398	\$ 47,396
Accounts payable	16,293	16,216	16,568
Other payable	-	87,604	91,050
Accrued liabilities	3,546	3,500	3,500
Sales taxes payable	2,420	4,071	4,716
Vacations payable	-	-	4,227
DAS payable	-	493	3,861
	<u>92,162</u>	<u>173,282</u>	<u>171,318</u>
Loan - Capital lease	-	3,451	13,624
	<u>92,162</u>	<u>176,733</u>	<u>184,942</u>
<b>Shareholder's Equity</b>			
Capital stock	38,002	38,002	20,002
Retained earnings	220,069	162,947	134,196
	<u>\$ 350,233</u>	<u>\$ 377,682</u>	<u>\$ 339,140</u>

**C) Debtor's Statement of Affairs - Assets**

Based on the Debtor's and Plastic's Statement of Affairs as of February 18, 2016, and certain additional information provided by Management, the Debtor's and Plastic's assets can be summarized as follows:

<b>Plastic Decorators Inc. and Serico-Impro Inc.</b>			
<b>Assets</b>			
	<b>Plastic</b>	<b>Serico</b>	<b>Total</b>
Cash in Bank	\$ -	\$ -	\$ -
Accounts Receivables - Collectible			
Accounts Receivables - Total	174,046	1,844	175,890
Accounts Receivables - Bad	(2,056)	-	(2,056)
Accounts Receivables - Doubtful	<u>(34,500)</u>	<u>(1,844)</u>	<u>(36,344)</u>
Equipment (estimate)	24,000	16,500	40,500
Inventory (estimate)	<u>5,775</u>	<u>2,900</u>	<u>8,675</u>
	<u>\$167,265</u>	<u>\$ 19,400</u>	<u>\$186,665</u>

Management's estimated gross realization amount is prior to consideration of the payment of post-filing obligations as well as professional fees.

Of the \$176K of receivables currently on the books, \$2K of receivables are considered uncollectible and \$36K are considered doubtful based on the age of the accounts. The Debtor estimates the recoverable accounts receivable balance at approximately \$137K.

Note that the loan to related parties (\$280K as at January 31, 2016) is considered unrecoverable by Management.

#### **D) Debtor's Statement of Affairs - Liabilities**

The Debtor has provided us with a list of its creditors. Notices have been sent to the known creditors and, to date, we are unable to determine if the Debtor's records agree with those of its creditors. As Proofs of Claim are received, we shall record the specific amounts claimed by the creditors, and prior to paying any dividend, we shall perform a variance analysis (where applicable).

Liabilities indicated below are based on the books and records of the Debtor and Plastic, the Statements of Affairs as of February 18, 2016 and Management's representations.

<b>Plastic Decorators Inc. and Serico-Impro Inc. Liabilities</b>			
	<u>Plastic</u>	<u>Serico</u>	<u>Total</u>
Secured Creditors			
Unrelated Creditors	\$ 118,978	\$ 48,778	\$ 167,756
Preferred Creditors	-	-	-
Unsecured Creditors			
Unrelated Creditors	703,477	18,714	722,191
	<u>\$ 822,455</u>	<u>\$ 67,492</u>	<u>\$ 889,948</u>

The secured liabilities are comprised of \$161K due to Scotia Bank and \$7K due on a capital lease. We caution that the liabilities amount may change as proofs of claim are received.

## **VI. PROPOSAL**

### **A) Summary**

The terms of the Proposal provide that a payment of \$125K less payment of Employee Claims and Preferred Claims to be remitted to the Trustee by the Debtor and by Plastic within 90 days following the approval of the Proposal by the Court for distribution to Ordinary Creditors. For greater certainty, there will be only one common payment paid by the Debtor and by Plastic for both the Proposal and Plastic's Proposal.

Conditional upon the acceptance by the creditors of the Proposal and to the approval thereof by the Court by no later than the date of the Approval Hearing, the Related Creditors waive and renounce (i) to any right to prove in whole or in part any Ordinary Unsecured Claims they may have and (ii) to any dividend that is or could be payable to them under the Proposal.

**B) Amounts to be paid as a priority**

According to the terms of the Proposal, the following amounts must be paid in priority:

- Crown Claims shall be paid in full, within six months of the approval of the Proposal by the Court, or as may otherwise be arranged with the Crown;
- Amounts owing to employees (past and present) and that they would have been entitled to receive under Section 136(1)(d) of the Act if the Debtor had been declared bankrupt on the date of the approval of the Proposal, shall be paid in their entirety immediately after the approval of the Proposal;
- The Preferred Claims, as described in paragraphs 136(1)(a) to 136(1)(j) of the Act, being such claims directed by the Act to be paid in priority to all other claims in the distribution of the property of a bankrupt, excluding the Employee Claims. The Preferred claims, without interest or penalty, shall be paid in their entirety in priority to Unsecured Claims within thirty (30) days of the approval of the Proposal by the Court or as may be otherwise arranged with the Preferred Creditors.

**C) Amounts to be disbursed to Ordinary Creditors**

The amount available after payment of the above-mentioned amounts (“Net Amount”) shall be paid to the Trustee within 90 days of the Approval of the Proposal and shall be distributed to Ordinary Creditors as follows:

- Each of the Ordinary Creditors shall receive, in full and final payment of its Unsecured Claim, without interest or penalty:
  - a) Provided the creditor makes an election, the lesser of five hundred dollars (\$500) or the amount of its Unsecured Claim as set out in its proof of claim or an irrevocable and unconditional reduction of such Unsecured Claim to five hundred dollars (\$500);
  - b) A pro-rata share of the balance of the Net Amount after payment of the amount defined in a) above.

**D) Creditors' Committee**

The Debtor consents to the creation of a committee which shall be comprised of, at most, five (5) individuals (the "Committee") designated by the creditors at the Meeting of Creditors. The Committee shall have the following powers:

- To advise the Trustee in connection with the actions under the Proposal, as the Trustee may from time to time request;
- To advise the Trustee concerning any dispute which may arise as to the validity of claims under the Proposal; and
- To authorize the deferment of any payment under the terms of the Proposal, either in whole or in part, and entirely at its discretion, providing that any such deferment is deemed by the Creditors' Committee to be in the interest of the Ordinary Unsecured Creditors and the Debtor.

**VII. ESTIMATE AS TO DISTRIBUTION TO CREDITORS**

In the event that the creditors reject the Proposal, the Debtor will automatically be bankrupt and the net proceeds from the liquidation of the assets (after the payment of the Trustee's fees and expenses) will be distributed to the creditors in the order provided for under the Act. The following information is to inform the creditors on the estimate as to the distribution to creditors under the Proposal in comparison to the estimated distribution under a bankruptcy scenario.

**A) Proposal**

Based on the Claims reflected in the Debtor's and Plastic's Statements of Affairs, the amount of the Proposal (\$125,000) would be distributed as follows:

<b>Plastic Decorators Inc. and Serico-Impro Inc. Proposal</b>			
Proposal Amount			<u>\$ 125,000</u>
		<b>Estimated Claims</b>	<b>Estimated Distribution</b>
Secured creditors (Note 1)	\$	-	\$ -
Crown Claims (Note 1)		-	-
Unsecured Creditors		722,191	<u>125,000</u> 17.3%
			<u>\$ 125,000</u>
Note 1: Per the Transaction LOI, the Purchaser will assume the liabilities related to the Secured Creditors and the Crown Claims.			

**B) Bankruptcy**

In a bankruptcy scenario, it has been estimated that the net realization value of the assets would be \$136,665. Therefore, the estimated net proceeds would be distributed as follows:

<b>Plastic Decorators Inc. and Serico-Impro Inc. Estimated Distribution - Bankruptcy Scenario</b>			
<b>Net Realization of Assets (estimated)</b>			
Cash on hand			\$ -
Accounts Receivable			137,490
Inventory			8,675
Equipment			40,500
Professional Fees			<u>(50,000)</u>
			<u>\$ 136,665</u>
		<b>Estimated Claims</b>	<b>Estimated Distribution</b>
Crown Claims	\$	-	\$ - 0.0%
Secured Creditors		167,756	136,665 81.5%
Unsecured Creditors		<u>703,477</u>	<u>-</u> 0.0%
		<u>\$ 871,233</u>	<u>\$ 136,665</u>

The estimated distribution under the Bankruptcy scenario shows that all the proceeds would be for the benefit of the Secured Creditors. Therefore, there would be no distribution to the unsecured creditors in a Bankruptcy scenario.

**C) Other considerations**

The following are additional elements to be considered:

- i. The Proposal provides for the payment of a dividend to Ordinary Creditors within ninety (90) days of the approval of the Proposal. In a bankruptcy, it is expected that there would be no distribution.
- ii. The Purchaser will continue operating the business and employees will remain employed. In addition, suppliers will also be able to continue their business relationship with the Debtor.
- iii. Sections 95 to 101 of the Act will not be applicable to the Proposal. The remedies pursuant to these provisions relate to the recovery of certain amounts under reviewable transactions, preferential treatments and asset disposals.

**VIII. CONCLUSION & RECOMMENDATION**

The funding of the Proposal is contingent on the Purchaser's ability to finalize the contemplated Transaction. To date, we have been informed that the Purchaser has secured the financing related to the Transaction.

The Trustee is of the opinion that if the Proposal is not approved by the creditors, it is unlikely that the Unsecured Creditors will realize any recovery of their debt in view of the significant prior ranking Crown and Secured Claims. It is estimated that the Proposal will provide recovery to the Unsecured Creditors of approximately 17%. **The Trustee therefore recommends to vote in favour of the Proposal.**

Dated at Montreal, Province of Quebec, this 4<sup>th</sup> day of March 2016.

**Richter Advisory Group Inc.**  
**(Trustee)**



Stéphane De Broux, CPA, CA, CIRP