

CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

No.: 500-11-042467-122
SURINTENDANT: 41-1610492

COUR SUPÉRIEURE
(Chambre commerciale)

DANS L'AFFAIRE DE LA PROPOSITION DE :

4021568 CANADA INC., personne morale
ayant une place d'affaires au 9600, rue
Meilleur, bureau 925, ville de Montréal,
province de Québec, H2N 2E3

Débitrice

et

RSM RICHTER INC., personne morale, *ès
qualité syndic à la proposition de la Débitrice*,
ayant sa place d'affaires au 2, Place Alexis
Nihon, bureau 1820, ville de Montréal, province
de Québec, H3Z 3C2

Syndic

et

SURINTENDANT DES FAILLITES, ayant sa
place d'affaires au 5, Place Ville Marie,
8^e étage, ville de Montréal, province de
Québec, H3B 2G2

Mis en Cause

**REQUÊTE POUR L'APPROBATION PAR LA COUR
D'UNE PROPOSITION**
(Art 58 et suivants de la *Loi sur la faillite et l'insolvabilité*)

A L'UN DES HONORABLES JUGES DE LA COUR SUPÉRIEURE, SIÉGEANT EN
CHAMBRE COMMERCIALE OU LE REGISTRAIRE DE CETTE COUR DANS LE
DISTRICT DE MONTRÉAL, LE SYNDIC DÉCLARE CE QUE SUIT :

La Débitrice a déposé une proposition concordataire à ses créanciers le 4 avril
2012 (la « Proposition »), en vertu des provisions de la *Loi sur la faillite et
l'insolvabilité* (« LFI ») le tout tel qu'il appert de la Proposition produite au soutien
des présentes comme pièce R-1;


Présente sera
Gouvernement du Québec
Palais Justice
MONTREAL
0261230-0023-0902

150-100

2. Le 11 avril 2012, le Syndic a émis un rapport conformément aux articles 50(5) et 50(10)(b) de la LFI par lequel il recommandait aux créanciers de la Débitrice d'accepter la Proposition selon ses termes, le tout tel qu'il appert d'une copie du *Report of the Trustee on the Financial Situation of the Debtor and on the Proposal* (le « Rapport du Syndic »), communiqué au soutien des présentes comme **pièce R-2**;
3. Le 13 avril 2012, un avis a été envoyé par courrier ordinaire à la Débitrice et à chaque créancier connu afin de les aviser du dépôt de la Proposition et de les convoquer à une assemblée des créanciers (l'« Assemblée »), le 23 avril 2012, à 11 h 00, tel qu'il appert d'une copie de *l'Avis de la proposition aux créanciers*, daté du 12 avril 2012, communiqué au soutien des présentes comme **pièce R-3**;
4. Lors de l'assemblée des créanciers tenue le 23 avril 2012, la Proposition de la Débitrice a été acceptée par 100 % des créanciers habiles à voter, le tout tel qu'il appert d'une copie du procès-verbal de ladite assemblée, produite par le syndic-requérant comme **pièce R-4**;
5. Dans le cadre de la présentation de la présente requête, le Syndic aura adressé par courrier ordinaire un préavis d'audition à la Débitrice et à chacun des créanciers connus ayant prouvé une réclamation, de même qu'au Surintendant des faillites;
6. Le *Rapport du syndic concernant la proposition*, tel que requis au paragraphe 59(1) et à l'alinéa 58(d) de la LFI, sera déposé au dossier de la Cour au moins deux jours avant la date d'audition;
7. La présente requête est bien fondée en faits et en droit;
8. ~~Il est dans l'intérêt des créanciers et de la Débitrice que ladite proposition soit approuvée par la cour.~~

PAR CES MOTIFS, le Syndic demande à cette honorable Cour d'approuver la Proposition soumise, le tout avec dépens contre la masse des créanciers.

Montréal, le 26 avril 2012


PHILLIPS FRIEDMAN KOTLER
Procureurs du Syndic

CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

No.: 500-11-042467-122
SURINTENDANT: 41-1610492

COUR SUPÉRIEURE
(Chambre commerciale)

DANS L'AFFAIRE DE LA PROPOSITION DE :

4021568 CANADA INC.

Débitrice

et

RSM RICHTER INC.

Syndic

et

SURINTENDANT DES FAILLITES

Mis en Cause

AFFIDAVIT

Je soussigné, **Carl Adjami**, syndic, ayant ma place d'affaires au 2, Place Alexis Nihon, bureau 1820, Montréal, Québec, H3Z 3C2, affirme solennellement ce qui suit :

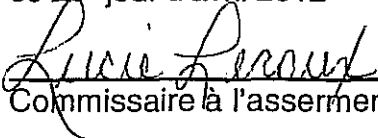
1. Je suis le représentant du syndic RSM Richter Inc.;
2. Je communiquerai, sans délai, à la Débitrice, au séquestre officiel et aux créanciers ayant approuvé une réclamation, un avis selon la forme prescrite quant à la date de présentation de la présente requête;
3. Tous les faits allégués dans la présente requête sont vrais.

ET J'AI SIGNÉ



Carl Adjami

Affirmé solennellement devant moi
ce 26^e jour d'avril 2012


Commissaire à l'assermentation



CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

No.: 500-11-042467-122
SURINTENDANT: 41-1610492

COUR SUPÉRIEURE
(Chambre commerciale)

DANS L'AFFAIRE DE LA PROPOSITION DE :
4021568 CANADA INC.

Débitrice

et

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Syndic

et

SURINTENDANT DES FAILLITES

Mis en Cause

AVIS DE PRÉSENTATION

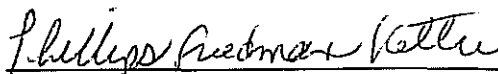
À:

Surintendant des faillites
5 Place Ville-Marie, 8^e étage
Montréal (Québec) H3B 2G2

PRENEZ AVIS que la présente requête sera présentée pour adjudication devant la Cour supérieure du district de Montréal, en Chambre commerciale, siégeant en division de faillite, le **17^e jour de mai 2012, à 9 heures**, à la salle **16.10** ou aussitôt que conseil pourra être entendu, au palais de justice de Montréal, situé au 1, rue Notre-Dame Est, Montréal, Québec.

VEUILLEZ AGIR EN CONSÉQUENCE.

Montréal, le 26 avril 2012



PHILLIPS FRIEDMAN KOTLER
Procureurs du Syndic

CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

No.: 500-11-042467-122
SURINTENDANT: 41-1610492

COUR SUPÉRIEURE
(Chambre commerciale)

DANS L'AFFAIRE DE LA PROPOSITION DE :

4021568 CANADA INC.

Débitrice

et

RSM RICHTER INC.

Syndic

et

SURINTENDANT DES FAILLITES

Mis en Cause

<p>LISTE DE PIÈCES</p>

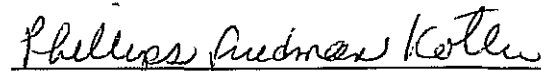
PIÈCE R-1 : Proposition datée du 4 avril 2012;

PIÈCE R-2 : Rapport du syndic sur la proposition;

PIÈCE R-3 : Avis de la proposition aux créanciers daté du 12 avril 2012;

PIÈCE R-4 : Procès-verbal de l'assemblée des créanciers tenue le 23 avril 2012.

Montréal, le 26 avril 2012



PHILLIPS FRIEDMAN KOTLER

Procureurs du Syndic

R-1

CANADA
Province of Quebec
District of: Quebec
Division No.: 01 - Montréal
Court No.: 500-11-042467-122
Estate No.: 41-1610492

SUPERIOR COURT
(Commercial Division)
In Bankruptcy and Insolvency

Notice of Proposal to Creditors
(Section 51 of the Act)

In the matter of the proposal of
4021568 Canada Inc.
Of the City of Montréal
In the Province of Quebec

Take notice that 4021568 Canada Inc. of the City of Montréal in the Province of Quebec 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 the Superintendent of Bankruptcy, 5 Place Ville Marie, 8th Floor, Montréal, Quebec, on April 23, 2012 at 11:00 AM.

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.

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 Quebec, April 12, 2012.

RSM Richter Inc. - Trustee
Per:

 CARL ADJAMI, CA, CIRP FOR .

Gilles Robillard, CA, CIRP
2 Place Alexis Nihon, Suite 1820
Montréal QC H3Z 3C2
Phone: (514) 934-3497 Fax: (514) 934-3504

CANADA

SUPERIOR COURT

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

(Commercial Division)

COURT NO.: 500-11-042467-122
ESTATE NO.: 41-1610492

IN THE MATTER OF THE PROPOSAL OF **4021568 CANADA INC.**, a legal person, duly incorporated according to law, and having its principal place of business at 9600 Meilleur Street, Suite 925, in the City and District of Montréal, Province of Québec, H2N 2E3.

DEBTOR

Proposal

We, 4021568 Canada Inc., the above-noted Debtor, hereby submit the following Proposal under the Bankruptcy and Insolvency Act:

1. **DEFINITIONS:** For all purposes relating to the present proposal proceedings, the following terms shall have the following meanings
 - 1.1 "**Act**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended from time to time;
 - 1.2 "**Approval**" means the situation arising from the Proposal having been duly accepted by the creditors and having been approved by the Court in a Judgment which has become executory as a result of the delay for appeal having expired without there having been an appeal, or an appeal having been lodged and the Judgment approving the proposal having been confirmed or the appeal withdrawn;
 - 1.3 "**Bank's Secured Assets**" means the "Closing Date Accounts Receivable" and "Closing Date Inventory" of the Company, as such terms are defined in the Purchaser's Offer;
 - 1.4 "**Company**" means 4021568 Canada Inc.;
 - 1.5 "**Court**" means the Superior Court of the District of Montreal sitting in bankruptcy and insolvency matters (Commercial Chamber);
 - 1.6 "**IP and Contractual Rights**" means the "Intellectual Property" and the "Contractual Rights" of the Company, as such terms are defined in the Purchaser's Offer;

- 1.7 **"Ordinary Claims"** means claims of the Ordinary Creditors, including claims of every nature and kind whatsoever, whether due or not due for payment as of the date of the filing of this Proposal of the Company including contingent or unliquidated claims arising out of any transaction entered into by the Company prior to such date;
- 1.8 **"Ordinary Creditors"** means the creditors of the Ordinary Claims;
- 1.9 **"Ordinary Creditors' Total Distribution Amount"** means the amount representing the difference between (x) the amount of the proceeds on hand arising from the realization of the Proposal Assets after the amount thereof has been ascertained and is available for distribution and (y) the amount required for payment of all Proposal Expenses, Secured Claims, Post-Filing Goods and Services, Preferred Claims and any other amounts having priority over the Ordinary Claims;
- 1.10 **"Post-Filing Goods and Services"** means all accrued expenses and debts arising in respect of goods supplied, guarantees issued, services rendered or other consideration given as and from the date of the filing of this Proposal up to the time of Approval;
- 1.11 **"Preferred Claims"** means all claims directed by the Act to be paid in priority to all other claims in the distribution of the property of an insolvent party;
- 1.12 **"Proposal"** means this Proposal;
- 1.13 **"Proposal Assets"** means the following assets of the Company, minus the Proposal Expenses:
- (a) the net proceeds arising from the sale of the IP and Contractual Rights pursuant to the Purchaser's Offer;
 - (b) the net proceeds arising from the liquidation of the Company's presently existing fixed assets and any other of the Company's assets that are not the Bank's Secured Assets.

For the purposes of clarity, the Bank's Secured Assets are not included among the Proposal Assets;

- 1.14 **"Proposal Expenses"** means all proper fees, expenses, liabilities and obligations of the Company and the Trustee and the fees and expenses of the legal representatives of the Company and the Trustee relating to the Proposal, all legal fees and accounting fees relating or incidental to the proceedings arising out of this Proposal and all expenses incurred or to be incurred for the safeguard, management, supervision and realization of the Proposal Assets, including, without limitation, occupancy expenses,

wages and salaries and professional fees incurred after the closing of the Sale;

1.15 **"Purchased Assets"** means the IP and Contractual Rights and the Bank's Secured Assets;

1.16 **"Purchaser's Offer"** means an offer made to the Company and submitted on April 3, 2012, *inter alia*, to purchase the Purchased Assets, namely:

(a) the IP and Contractual Rights from the Company for a cash payment of \$100,100, and

(b) the Bank's Secured Assets from the Company, the proceeds of which are subject to the Secured Claims,

the whole subject to certain conditions including, without limitation, the timely receipt of Sale Approval, a copy of which Purchaser's Offer has been provided to the Trustee;

1.17 **"Sale"** means the sale of the Purchased Assets as contemplated by the Purchaser's Offer;

1.18 **"Sale Approval"** means the approval of the Sale by the Court in the manner contemplated in the Purchaser's Offer;

1.19 **"Satisfaction Certificate"** means the certificate issued by the Trustee and filed with the Court after the Trustee has received the proceeds of sale of the IP and Contractual Rights and any other assets of the Company other than the Bank's Secured Assets, and has been satisfied that the Company has completed all matters required of it pursuant to this Proposal;

1.20 **"Secured Claims"** means claims of secured creditors within the meaning of the Act;

1.21 **"Trustee"** means RSM Richter Inc., in its capacity as trustee to the Proposal of the Company.

2. **PROPOSAL CONDITIONS:** For the purpose of fulfilling the Proposal:

(a) the Company will use its best efforts to arrange for Sale Approval and upon conclusion of the Sale will remit the proceeds of sale of the IP and Contractual Rights to the Trustee;

(b) the Company will, under the supervision of the Trustee, realize on any remaining other assets of the Company (other than the Bank's Secured Assets) and remit the proceeds thereof (net of any Proposal Expenses it has incurred) to the Trustee as quickly and efficiently as commercially reasonable; and

- (c) the Company will refrain from carrying on any business activity other than the above-described matters and activities accessory thereto until such time as the Trustee has so confirmed by means of issuance of the Satisfaction Certificate.
3. **SECURED CLAIMS:** The Secured Claims shall be paid in accordance with arrangements existing between the Company and the holders of Secured Claims or as may be arranged between the Trustee and the holders of Secured Claims. The Company declares that this Proposal is not made in respect of the security of the secured creditors.
 4. **CROWN CLAIMS:** Amounts owing to Her Majesty in right of Canada or a Province that could be subject to a demand under Section 224 (1.2) of the Income Tax Act, or under any substantially similar provision of provincial legislation, outstanding at the time of the filing of the Proposal, will be paid in full within six (6) months after Approval.
 5. **EMPLOYEES CLAIMS:** Amounts owing to employees and former employees, that they would have been entitled to receive under Paragraph 136(1)(d) of the Act if the employer became bankrupt on the date of filing of the Proposal, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Approval, will be paid in full immediately after Approval.
 6. **PROPOSAL EXPENSES:** The Proposal Expenses will be paid in priority to all Preferred Claims and claims of Ordinary Creditors.
 7. **PREFERRED CLAIMS:** Preferred Claims, other than the claims referred to in section 5 of the Proposal, without interest, will be paid in full in priority to all claims of Ordinary Creditors, within sixty (60) days of Approval.
 8. **SUBSEQUENT CLAIMS:** Post-Filing Goods and Services will be paid in full in the ordinary course of business and on regular trade terms or as may have been arranged by the Company.
 9. **DISCLAIMED LEASES:** Concurrently with the filing of notice of this Proposal, the Company issued a disclaimer of lease for each of the leased immovable premises (located at 9600 rue Meilleur, suite #925, Montreal, Qc H2N 2E3 and Fairview-Pointe-Claire, local B-004, 6801 Trans Canada Hwy, Pointe-Claire, Qc H9R 5J2) pursuant to section 65.2(1) of the Act. Each of the landlords affected by such disclaimers shall be entitled to a claim as, and in the same class as, an Ordinary Creditor. In each case, the landlords' respective claim shall be for an amount representing the aggregate of: (A) the rent provided for in their lease with the Company for the first year of such lease following the date on which the disclaimer became effective, plus (B) fifteen percent (15%) of the rent for the remainder of the term of such lease after the above-described first year.

10. **ORDINARY CREDITORS:** The Trustee will remit to each Ordinary Creditor, in full and final settlement of its Ordinary Claim, without interest, the following amounts from the Ordinary Creditors' Total Distribution Amount:
 - (a) the lesser of: (i) the amount of the proven claim of such Ordinary Creditor and (ii) CAD\$1,000 (the "**First Level Distribution**") (pro-rated in the event of any shortfall); plus
 - (b) an amount equal to such Ordinary Creditor's pro-rata share, based on the remaining amount of its proven claim, of any amount remaining from the Ordinary Creditors' Total Distribution Amount after the distribution of all of the First Level Distribution amounts to all Ordinary Creditors.
11. **PAYMENT OF DIVIDENDS:** The Trustee will distribute one or more interim dividends as soon as practicable, withholding such reserves as it, in its discretion, deems appropriate and will distribute a final dividend at such time as the amount thereof can be definitively quantified.
12. **CLAIMS AGAINST DIRECTORS:** In accordance with section 50(13) of the Act, the Proposal will constitute a compromise of claims against the present and past directors of the Company that arose before the filing of this Proposal and that relate to the obligations of the Company where the directors are by law liable in their capacity as directors for the payment of such obligations, and the Proposal, upon Approval, will operate a discharge in favour of such present and past directors with respect to such obligations. Nothing herein shall be interpreted as an acknowledgment of any liability or obligation of the directors of the Company.
13. **CERTAIN TRANSACTIONS:** Conditionally upon Approval, the statutory terms of Sections 95 to 101 of the Act (preferences, transfers at undervalue, etc.) shall not apply, the whole pursuant to Section 101.1 of the Act.
14. **SUBORDINATED CLAIMS:** The claims of each of Steven Lawee and Franco Di Zazzo (in the amount of \$33,000 each) will be subordinated to payment in full of the amounts payable hereunder to the Ordinary Creditors. The subordinations will provide that they will survive any annulment of the Proposal or any bankruptcy occurring after the Proposal has been approved by the Court but before it has been satisfied. Except as regards such subordinations, the said claims will be unaffected by, and will not benefit from, the Proposal.
15. **TRUSTEE:** RSM Richter Inc., Licensed Trustee, will be the Trustee under the Proposal and all monies payable under the Proposal will be paid over to the Trustee which will remit the dividends in accordance with the terms of the Proposal.
16. **TITLES:** The headings or titles herein are provided solely for the convenience of the reader, and shall have no authoritative meaning in interpreting the Proposal.

IN THE EVENT OF ANY DISCREPANCY BETWEEN THE ENGLISH AND FRENCH VERSION OF THIS PROPOSAL, THE ENGLISH VERSION WILL TAKE PRECEDENCE.

DATED AT MONTREAL as of the 4th day of April, 2012.

4021568 CANADA INC.

Per: 
Steven Lawee
Duly Authorized


Witness

Per: 
Franco Di Zazzo
Duly Authorized


Witness

District de: Québec
 No division: 01 - Montréal
 No cour:
 No dossier:

original modifié

Traduction

_ FORMULAIRE 78 _
 Bilan - proposition déposée par une entité
 (paragraphe 49(2), alinéa 158d) et paragraphes 50(2) et 62(1) de la Loi

Dans l'affaire de la proposition de
 4021568 Canada Inc.
 de la ville de Montréal
 en la province de Québec

Au débiteur :

Vous êtes tenu de remplir avec soin et exactitude le présent formulaire et les annexes applicables indiquant la situation de vos affaires à la date du dépôt de votre proposition (ou de votre avis d'intention) le 4 avril 2012. Une fois rempli, ce formulaire et les listes annexées, constituent votre bilan, qui doit être vérifié sous serment ou par une déclaration solennelle.

PASSIF (tel que déclaré et estimé par l'officier)		ACTIF (tel que déclaré et estimé par l'officier)	
1. Créanciers non garantis: voir liste A	4,253,682.54	1. Inventaire	240,000.00
Équilibre de réclamations garantis: voir liste "B"	0.00	2. Aménagements	0.00
Créanciers non garantis total	4,253,682.54	3. Comptes à recevoir et autres créances: voir liste E	
2. Créanciers garantis: voir liste B	995,000.00	Bonnes	840,000.00
3. Créanciers privilégiés: voir liste C	0.00	Douteuses	400,000.00
4. Dettes éventuelles, réclamations de fiduciaire ou autres (voir liste D) pouvant être réclamées pour une somme de	0.00	Mauvaises	0.00
Total du passif	5,248,682.54	Estimation des créances qui peuvent être réalisées	840,000.00
Surplus	NIL	4. Lettres de change, billets à ordre, etc., voir liste F	0.00
		5. Dépôts en institutions financières	0.00
		6. Espèces	0.00
		7. Bétail	0.00
		8. Machines, outillage et installation	0.00
		9. Immeubles et biens réels: voir liste G	0.00
		10. Ameublement	0.00
		11. REER, FERR, Assurances-vie etc	0.00
		12. Valeurs mobilières (actions, obligations, débiteures etc.)	100,000.00
		13. Droits en vertu de testaments	0.00
		14. Véhicules	0.00
		15. Autres biens: voir liste H	0.00
		Si le débiteur est une personne morale, ajoutez :	
		Montant du capital souscrit	50,000.00
		Montant du capital payé	0.00
		Solde souscrit et impayé	50,000.00
		Estimation du solde qui peut être réalisé	0.00
		Total de l'actif	1,180,000.00
		Déficit	4,068,682.54

Je, Steven Lawee, de Dollard-Des-Ormeaux en la province de Québec, étant dûment assermenté (ou ayant déclaré solennellement) déclare que le bilan qui suit et les listes annexées sont, à ma connaissance, un relevé complet, véridique et entier de mes affaires en ce 4 avril 2012, et indiquent au complet tous mes biens de quelque nature qu'ils soient, en ma possession et réversibles, tels que définis par la Loi.

ASSERMENTÉ (ou déclaré solennellement)
 devant moi le 4 avril 2012, à Montréal en la province de Québec.

(signé)

Christiane Girard, Commissaire à l'Assermentation
 pour la province de Québec
 Expire le 9 juin 2013

(signé)

Steven Lawee

- 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
 4021568 Canada Inc.
 Of the City of Montréal
 In the Province of Quebec

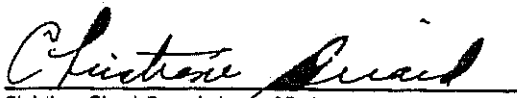
To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 4th day of April 2012. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

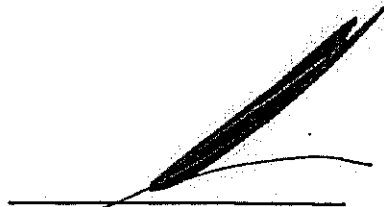
LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	4,253,682.54	1. Inventory	240,000.00
Balance of secured claims as per list "B"	0.00	2. Trade fixtures, etc.	0.00
Total unsecured creditors	4,253,682.54	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	995,000.00	Good	840,000.00
3. Preferred creditors as per list "C"	0.00	Doubtful	400,000.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00	Bad	0.00
Total liabilities	5,248,682.54	Estimated to produce	840,000.00
Surplus	NIL	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	0.00
		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.)	100,000.00
		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	50,000.00
		Amount paid on capital	0.00
		Balance subscribed and unpaid	50,000.00
		Estimated to produce	0.00
		Total assets	1,180,000.00
		Deficiency	4,068,682.54

I, Steven Lawee, 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 my affairs on the 4th day of April 2012 and fully disclose all property of every description that is in my 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 4th day of April 2012.


 Christiane Girard, Commissioner of Oaths
 For the Province of Quebec
 Expires Jul. 9, 2013




 Steven Lawee

District of: Quebec
 Division No. 01 - Montréal
 Court No.
 Estate No.

FORM 78 - Continued

List "A"
 Unsecured Creditors
 4021568 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	2M2	585 RUE NOTRE-DAME ST-LAMBERT QC J4P 2K8	5,346.34	0.00	5,346.34
2	4010205 CDA INC. (SUBCO 9600)	1155 UNIVERSITY, SUITE 701, MONTREAL QC H3B 2A7	8,737.84	0.00	8,737.84
3	ADCO 918	5400 ARMAND FRAPPIER, ST-HUBERT QC J3Z 1G5	148.59	0.00	148.59
4	ADT	615 -18TH STREET S.E., CALGARY AB T2E 6J5	122.16	0.00	122.16
5	AFRIAT, JENNIFER	5481 QUEEN MARY RD #304 MONTREAL QC H3X 1V4	644.02	0.00	644.02
6	AGENCE MANNEQUIN MONTAGE	3451 ST-LAURENT, SUITE 400, MONTREAL QC H2X 2T6	6,257.88	0.00	6,257.88
7	AMTEX	UNIT 1003, ASSUN PACIFIC CENTRE, 41TSUN YIP ST. KWUN TUNG, KOWLOON ** HONG KONG	51,096.74	0.00	51,096.74
8	ANISSIMOFF & ASSOCIATES AA0298	140 FULLARTON STREET, SUITE 101 TALBOT CENTER LONDON ON N6A 5P2	3,143.07	0.00	3,143.07
9	APPIAH-GURLEY, ANITA	2625 LOUIS-PARE LACHINE QC H8S 1K9	0.00	0.00	0.00
10	AXESSIMO INT'L INC.	111 CHABANEL OUEST, SUITE 603, MONTREAL QC H2N 1C8	5,202.39	0.00	5,202.39
11	BELL 1391349	5099 CREEKBANK ROAD B4, MISSISSAUGA ON L4W 5N2	981.79	0.00	981.79
12	BUFO, OLIVIA	5603 AVENUE SMART MONTREAL QC H4W 2M4	0.00	0.00	0.00
13	CANPAR 42152824	500-1290 CENTRAL PARKWAY WEST, MISSISSAUGA ON L5C 4R9	5,429.18	0.00	5,429.18
14	CHECKPOINT	P.O. BOX 8538-0379 PHILADELPHIA PA 19171-0379 USA	74.79	0.00	74.79
15	CIE FER A VAPEUR	3745 CHEMIN STE-ALPHONSE LOC. 4 RAWDON QC J0K 1S0	172.46	0.00	172.46
16	CORX INC.	12270 JASMINE, MONTREAL QC H4K 1V8	35,352.45	0.00	35,352.45
17	DA COSTA RAPOSO, JENNIFER	8007-A MARQUETTE MONTREAL QC H2E 2E8	1,188.94	0.00	1,188.94
18	DHL	SUITE 200 750 PLACE STUART GRAHAM BLVD. DORVAL QC H4Y 1G2	17,850.64	0.00	17,850.64
19	DI CRISTOFANO, RITA	10425 PLACE PRIEUR MONTREAL QC H3L 3L3	483.94	0.00	483.94
20	DRAGONTEX	FLAT G1, 6/F. WINNER BUILDING, 36 MAN YUE ST. HUNGHOM KOWLOON ** HONG KONG	2,292,027.60	0.00	2,292,027.60
21	ELMER OLSEN	477 RICHMOND ST. W., # 708, TORONTO, ONT. TORONTO ON M5V 3E7	2,100.00	0.00	2,100.00
22	END 2 END SOLUTION(VISUAL 2000)	8960 PARC AVE. 2ND FLOOR, MONTREAL QC H2N 1Y8	1,147.13	0.00	1,147.13

04-Apr-2012

Date

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FORM 78 -- Continued

List "A"
 Unsecured Creditors
 4021568 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
23	EXA INC.	2626 SABOURIN ST-LAURENT QC H4S 1M2	62.95	0.00	62.95
24	FEDEX	PO BOX 4626 TORONTO STN A TORONTO ON M5W 5B4	82.78	0.00	82.78
25	FERRO, TANYA	5802 ELDRIDGE COTE ST. LUC QC QC H4W 2E4	10.98	0.00	10.98
26	FERRON, ROBERT	2423 RUE RUSHBROOKE MONTREAL QC H3K 1T4	2,342.02	0.00	2,342.02
27	FESTIVAL MODE & DESIGN	4035 RUE ST-AMBROISE, BUR. 307 MONTREAL QC H4C 2E1	11,851.88	0.00	11,851.88
28	FORT INSURANCE 40215-1	1115-3400 DE MAISONNEUVE W. MONTREAL QC H3Z 3B8	8,197.24	0.00	8,197.24
29	FORTIN CAILLAULD, STEPHANIE	5025 BOUL. DES SOURCES POINTE CLAIRE QC H8Y 3H8	0.00	0.00	0.00
30	FOURNIER, MARIE-EVE	206 BARETTE ILE BIZARD QC H9C 2Y6	0.00	0.00	0.00
31	GEMMAR SYSTEMS	11450 COTE-DE-LIESSE, DORVAL QC H9P 1A9	16,935.70	0.00	16,935.70
32	GLOSS	795 RUE DAVAAR, #2 MONTREAL QC H2V 3B3	689.85	0.00	689.85
33	GMAX & ASSOCIES	161 POPLAR DRIVE, DDO QC H9A 2A6	46,826.08	0.00	46,826.08
34	GROUPE LAURIER 201632	280 DE LA MONTAGNE MONTREAL QC H3C 2B1	919.80	0.00	919.80
35	GS1	C/O TH1029, PO BOX 4283, POSTAL STATION A TORONTO ON M5W 5W6	1,097.25	0.00	1,097.25
36	HAIDISI	RM402 NO.1 LANE 539 EAST XINJIAN RD, MINHAB=NG DIST. SHANGHAI ** CHINA	45,494.70	0.00	45,494.70
37	HOLIDAY(BERTINI DIVISION) 75175	4875 DES GRANDES PRAIRIES, MONTREAL QC H1R 1X4	18,667.10	0.00	18,667.10
38	HOLIDAY(HOLIDAY DIVISION) 75175	4875 DES GRANDES PRAIRIES MONTREAL QC H1R 1X4	1,311.86	0.00	1,311.86
39	HOSSARI, LAURA	5 KILLARNEY GARDENS POINTE CLAIRE QC H9S 4X7	0.00	0.00	0.00
40	IMAGERIE DB	750 BLVD CURE-BOIVIN BOISBRIAND QC J7G 2A7	3,580.40	0.00	3,580.40
41	INDIGO	UNIT 08, 20/F. TOWER B, REGENT CENTER, 70 TA CHUEN PING ST. KWAI CHUNG, N.T **	190,469.47	0.00	190,469.47
42	ISUN	SUITE 503 - 1917 WEST 4TH AVE, VANCOUVER BC V6J 1M7	850.50	0.00	850.50
43	I-WEAR	NO.72 MAYUAN ROAD NINGBO ** CHINA	3,280.30	0.00	3,280.30
44	JET-SEA INT'L SHIPPING INC. 61101325	306-3550 VICTORIA PARK AVE. TORONTO ON M2H 2N5	3,953.96	0.00	3,953.96
45	KATHI Z MANAGEMENT	35 LIBERTY ST., STE 103, TORONTO, ON, TORONTO ON M6K 1A6	4,815.09	0.00	4,815.09

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FORM 78 -- Continued

List "A"
 Unsecured Creditors
 4021568 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
46	KINGZEBRA	11F A9-1, HONG KONG IND. CTR, BLOCK A, NO. 489-491 CASTLE PEAK RD KOWLEEN ** HONG KONG	209,367.20	0.00	209,367.20
47	KOLOSTAT LSELLO	1867 RUE BERLIER, LAVAL, QC, LAVAL QC H7L 3S4	438.38	0.00	438.38
48	LABEL CARE PLUS	3565 RUE JARRY EAST # 502 MONTREAL QC H1Z 2G1	415.41	0.00	415.41
49	LABRADOR 318195496	9021 BLVD METROPOLITAIN EAST ANJOU QC H1J 3C4	46.25	0.00	46.25
50	LANGLOIS, MARIE-ANDREE	4717 6E AVENUE MONTREAL QC H1Y 3N9	680.72	0.00	680.72
51	LAVALLEE, EMMANUELLE	1745 DES PERVENCHES #6 ST. LAZARE QC J7T 3B9	0.00	0.00	0.00
52	LEBRUN, LAURENCE	17577 CLERMONDT PIERREFONDS QC H9J 1C4	0.00	0.00	0.00
53	LES DECORS 3D	5500 RUE FALLUM, SUITE 010 MONTREAL QC H2G 2H3	2,657.77	0.00	2,657.77
54	LES DISTRIBUTION PTR INC.	9880 PARC GEORGES MONTREAL QC H1H 4X8	260,420.70	0.00	260,420.70
55	LES SERVICES MONDE VERT INC.	1400 DE GUISE LAPRAIRIE QC J5R 5W6	702.88	0.00	702.88
56	LITHO EXPRESS	1770 55TH AVENUE LACHINE QC H8T 3J5	241.45	0.00	241.45
57	LYRECO 70.278.583	7303 WARDEN AVE. SUITE 200 MARKHAM ON L3R 5Y6	561.80	0.00	561.80
58	MEGADATA GROUP	5760 ROYALMOUNT, SUITE 205 MONTREAL QC H4P 1K5	3,027.98	0.00	3,027.98
59	METRO WFN-8174319-3	40 MIROMAR SUITE 12, CHAMPLAIN, NY, CHAMPLAIN NY 12919	394.38	0.00	394.38
60	MINISTERE DU REVENU (das) DU QUEBEC	SERVICE D'INSOLVABILITE 3800 RUE DE MARLY, SECTEUR 5-4-1 STE-FOY QC G1X 4A5	31,000.00	0.00	31,000.00
61	MIRABAU 5143890990	5555 DE MARSEILLE MONTREAL QC H1N 1G5	6,449.29	0.00	6,449.29
62	MULTIBAG	5653 PARÉ, SUITE 200, MONTREAL QC H4P 1S1	5,912.95	0.00	5,912.95
63	NGUYEN. THUY	4344 CHARLEMAGNE AVENUE MONTREAL QC H1X 3N4	255.58	0.00	255.58
64	OMNITRANS - 2011	4300 JEAN-TALON W, MONTREAL QC H4P 1W3	22,488.80	0.00	22,488.80
65	PEDROSA, JESSICA	7 TREMAYNE DDO QC H9B 1J2	0.00	0.00	0.00
66	PHILLIPS, FRIEDMAN, KOTLER	1010 DE LA GAUCHETIERE WEST, SUITE 900 MONTREAL QC H3B 2P8	4,999.14	0.00	4,999.14
67	PRISMA CONSTRUCTION FOXY	124 RUE MCGILL, SUITE 300 MONTREAL QC H2Y 2E5	17,333.12	0.00	17,333.12
68	PRODUCTIONS PICABIA	4035 RUE ST-AMBROISE, BUR. 307 MONTREAL QC H4C 2E1	2,821.88	0.00	2,821.88

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List "A"
 Unsecured Creditors
 4021568 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
69	PUROLATOR (2403945 - MULTI BAG) 2403945	PO BOX 1100, ETOBICOKE POSTAL STATION A, ETOBICOKE ON M9C 5K2	13.26	0.00	13.26
70	PUROLATOR (5365067) 5365067	PO BOX 1100, ETOBICOKE POSTAL STATION A ETOBICOKE ON M9C 5K2	1,361.17	0.00	1,361.17
71	RAYATA ACCESSORIES	8250 AVE. DU PARC #522 MONTREAL QC H2N 1Z2	9,027.54	0.00	9,027.54
72	RAYMOND, AMELIE	228 DES PATRIOTES VAUDREUIL-DORION QC J7V 9M5	0.00	0.00	0.00
73	REVENU CANADA / QUEBEC	SERVICE D'INSOLVABILITE 3800 RUE DE MARLY, SECTEUR 5-4-1 STE FOY QC G1X 4A5	365,208.75	0.00	365,208.75
74	REYES, GERARDO	6017 AVENUE DES ERABLES MONTREAL QC H2G 2M6	216.91	0.00	216.91
75	ROY, MARIE-ELAINE	2976 RUE DU VERSANT STE-MARTHE-SUR-LE-LAC QC J0N 1P0	264.58	0.00	264.58
76	SUPER GUY	213 RUE DU CARAT TERREBONNE QC J7M 2H3	587.72	0.00	587.72
77	THERIAULT, MYRIAM	4858 COTE DES NEIGES MONTREAL QC H3V 1G8	1,052.30	0.00	1,052.30
78	TOP ETERNAL	UNIT 08, 20/F. TOWER B, REGENT CENTER, 70 TA CHUEN PING ST. KWAI CHUNG, N.T **	447,683.26	0.00	447,683.26
79	TRANS-OPTIQUE 5043	58 HYMUS POINTE CLAIRE QC H9R 1C9	3,170.17	0.00	3,170.17
80	TRÉMBLAY, CHANTAL	7394 COTE ST LUC #3 COTE ST. LUC QC H4W 1R1	145.63	0.00	145.63
81	TRENDS THE APPAREL SHOW	PO BOX 66037, HERITAGE PO EDMONTON AB T6J 6T4	787.50	0.00	787.50
82	VALLEE, FREDERIQUE	39 FIFTH AVENUE POINTE CLAIRE QC H9S 5C9	0.00	0.00	0.00
83	VANNELLI, LUCY	970 CHENET LAVAL QC H7E 2B2	371.55	0.00	371.55
84	VEZINA, MARIE-NOELLE	1309 RUE NIELSEN ST-HUBERT QC J4T 1N5	1,010.50	0.00	1,010.50
85	VIKING	2925 BOUL. PITFIELD ST-LAURENT QC H4S 1L6	206.97	0.00	206.97
86	WEBSON	BLK E-H, 6/F, SHUI SUM IND. BLDG, 8-10 KWAI SAU ROAD KWAI CHUNG, N.T ** HONG KONG	45,830.80	0.00	45,830.80
87	XEROX	CP 4539 SUCC. A TORONTO ON M5W 4P5	7,419.40	0.00	7,419.40
88	XMA 5143890990	5524 RUE ST-PATRIK, SUITE 450 MONTREAL QC H4E 1A8	160.99	0.00	160.99
89	ZHU, HONG	1975 DE MAISONNEUVE WEST #805 MONTREAL QC H3H 1K4	0.00	0.00	0.00
Total:			4,253,682.54	0.00	4,253,682.54

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List "B"
 Secured Creditors

4021568 Canada 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 unsecured
1	CIBC	JEAN ARSENAULT 1155 RENE LEVESQUE O. SUITE 1400 MONTREAL QC H3B 3Z4	995,000.00	Business Assets - Stock In Trade - Inventory	10-Dec-2008	155,000.00	85,000.00	
				Debts Due - Business - Accounts Receivable	08-Dec-2008	840,000.00		
Total:			995,000.00			995,000.00	85,000.00	0.00

04-Apr-2012

Date

Steven Lawee

CETTE FEUILLE DE RENSEIGNEMENTS EST FOURNIE AFIN DE VOUS AIDER À REMPLIR LE FORMULAIRE DE PREUVE DE RÉCLAMATION

- La preuve de réclamation doit être signée par l'individu qui la remplit.
- La signature du réclamant doit être attestée.
- Indiquer l'adresse complète (incluant le code postal) où tout avis et correspondance doivent être expédiés.
- Le montant sur le relevé de compte doit correspondre au montant réclamé sur la preuve de réclamation.

PARAGRAPHE 1 DE LA PREUVE DE RÉCLAMATION

- Si la personne qui complète la preuve de réclamation n'est pas le créancier lui-même, elle doit préciser son poste ou sa fonction.
- Le créancier doit déclarer la raison sociale complète de la compagnie ou du réclamant.

PARAGRAPHE 3 DE LA PREUVE DE RÉCLAMATION

- Un relevé de compte détaillé doit accompagner la preuve de réclamation et doit refléter les date, numéro de facture et montant de chaque facture ou charge, ainsi que les date, numéro et montant de tout crédit ou paiement. Un relevé de compte sera considéré comme incomplet si ce dernier commence avec un solde d'ouverture. Le créancier doit également indiquer ses adresse postale, numéro de téléphone, numéro de télécopieur et adresse électronique.

PARAGRAPHE 4 DE LA PREUVE DE RÉCLAMATION

- Un créancier non garanti (sous-paragraphe A) doit cocher ce qui s'applique en indiquant s'il revendique ou non un droit à un rang prioritaire en vertu de l'article 136 de la Loi sur la faillite et l'insolvabilité.
- Un créancier à titre de locateur suite à la résiliation d'un bail doit compléter le sous-paragraphe B et joindre tous les détails et les calculs.
- Un créancier garanti doit compléter le sous-paragraphe C et joindre les documents de garantie.
- Un agriculteur, un pêcheur ou un aquiculteur doit compléter le sous-paragraphe D.
- Un salarié doit compléter le sous-paragraphe E, le cas échéant.
- La partie F doit être complétée relativement à un régime de pension.
- Un créancier ayant une réclamation contre les administrateurs, lorsqu'une proposition le prévoit, doit compléter le sous-paragraphe G et y joindre tous les détails et les calculs.
- Un client d'un courtier en valeurs mobilières failli doit compléter le sous-paragraphe H.

PARAGRAPHE 5 DE LA PREUVE DE RÉCLAMATION

- Le réclamant doit indiquer s'il est ou n'est pas lié au débiteur, au sens de la définition de la Loi sur la faillite et l'insolvabilité, en rayant ce qui n'est pas applicable.

PARAGRAPHE 6 DE LA PREUVE DE RÉCLAMATION

- Le réclamant doit fournir une liste détaillée de tous les paiements reçus et/ou crédits accordés, soit :
 - a) au cours des trois mois précédant l'ouverture de la faillite, dans le cas où le réclamant et le débiteur **ne sont pas liés**;
 - b) au cours des douze mois précédant l'ouverture de la faillite, dans le cas où le réclamant et le débiteur **sont liés**.
- PROCURATION**
 - a) un créancier peut voter en personne ou par procuration;
 - b) une débitrice ne peut être nommée à titre de fondée de pouvoir pour voter à toute assemblée des créanciers;
 - c) le syndic peut être désigné à titre de fondé de pouvoir pour le bénéfice de tout créancier;
 - d) afin qu'une personne dûment autorisée ait le droit de voter, elle doit elle-même être créancière ou détentrice d'une procuration dûment exécutée. Le nom du créancier doit apparaître sur la procuration.

(English - over)

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 disclaim 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.

PREUVE DE RÉCLAMATION

(articles 50.1, 81.5 et 81.6, paragraphes 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2) et 128(1) et alinéas 51(1)e) et 66.14b) de la Loi)

Expédier tout avis ou toute correspondance concernant la présente réclamation à l'adresse suivante :

Dans l'affaire de la proposition de 4021568 Canada Inc. de la ville de Montréal, province de Québec, et de la réclamation de _____, créancier.

Je soussigné, _____ (nom du créancier ou du représentant du créancier), de _____ (ville et province), certifie ce qui suit :

1. Je suis le créancier du débiteur susnommé (ou je suis _____ (préciser le poste ou la fonction) de _____ (nom du créancier ou de son représentant)).

2. Je suis au courant de toutes les circonstances entourant la réclamation visée par le présent formulaire.

3. Le débiteur était, à la date de la proposition, soit le 4 avril 2012, endetté envers le créancier et l'est toujours, pour la somme de _____ \$, comme l'indique l'état de compte (ou l'affidavit) ci-annexé et désigné comme l'annexe A, après déduction du montant de toute créance compensatoire à laquelle le débiteur a droit. (L'état de compte ou l'affidavit annexé doit faire mention des pièces justificatives ou de toute autre preuve à l'appui de la réclamation.)

4. (Cochez la catégorie qui s'applique et remplissez les parties requises.)

A. RÉCLAMATION NON GARANTIE AU MONTANT DE _____ \$
(Autre qu'une réclamation d'un client visée par l'article 262 de la Loi)

En ce qui concerne cette créance, je ne détiens aucun avoir du débiteur à titre de garantie et :
(Cochez ce qui s'applique.)

pour le montant de _____ \$, je ne revendique aucun droit à un rang prioritaire.
(« Créancier chirographaire »)

pour le montant de _____ \$, je revendique le droit à un rang prioritaire en vertu de l'article 136 de la Loi.
(« Créancier privilégié »)

(Indiquez sur une feuille annexée les renseignements à l'appui de la réclamation prioritaire.)

B. RÉCLAMATION DU LOCATEUR SUITE À LA RÉSILIATION D'UN BAIL, AU MONTANT DE _____ \$

J'ai une réclamation en vertu du paragraphe 65.2(4) de la Loi, dont les détails sont mentionnés ci-après.
(Donnez tous les détails de la réclamation, y compris les calculs s'y rapportant.)

C. RÉCLAMATION GARANTIE AU MONTANT DE _____ \$

En ce qui concerne la créance susmentionnée, je détiens des avoirs du débiteur à titre de garantie, dont la valeur estimative s'élève à _____ \$ et dont les détails sont mentionnés ci-après :

(Donnez des renseignements complets au sujet de la garantie, y compris la date à laquelle elle a été donnée et la valeur que vous lui attribuez, et annexez une copie des documents relatifs à la garantie.)

D. RÉCLAMATION D'UN AGRICULTEUR, D'UN PÊCHEUR OU D'UN AQUICULTEUR AU MONTANT DE _____ \$

J'ai une réclamation en vertu du paragraphe 81.2 (1) pour la somme impayée de _____ \$
(Veuillez joindre une copie de l'acte de vente et des reçus de livraison.)

FORMULAIRE 31 (suite)

E. RÉCLAMATION D'UN SALARIÉ AU MONTANT DE _____ \$
 J'ai une réclamation en vertu du paragraphe 81.3(8) de la Loi au montant de _____ \$\$
 J'ai une réclamation en vertu du paragraphe 81.4(8) de la Loi au montant de _____ \$\$

F. RÉCLAMATION D'UN EMPLOYÉ RELATIVE AU RÉGIME DE PENSION AU MONTANT DE _____ \$
 J'ai une réclamation en vertu du paragraphe 81.5 de la Loi au montant de _____ \$\$
 J'ai une réclamation en vertu du paragraphe 81.6 de la Loi au montant de _____ \$\$

G. RÉCLAMATION CONTRE LES ADMINISTRATEURS AU MONTANT DE _____ \$
(A remplir lorsque la proposition vise une transaction quant à une réclamation contre les administrateurs.)

J'ai une réclamation en vertu du paragraphe 50(13) de la Loi, dont les détails sont mentionnés ci-après :
(Donnez tous les détails de la réclamation, y compris les calculs s'y rapportant.)

H. RÉCLAMATION D'UN CLIENT D'UN COURTIER EN VALEURS MOBILIÈRES FAILLI AU MONTANT DE _____ \$.
J'ai une réclamation en tant que client en conformité avec l'article 262 de la Loi pour des capitaux nets, dont les détails sont mentionnés ci-après :
(Donnez tous les détails de la réclamation, y compris les calculs s'y rapportant.)

5. Au meilleur de ma connaissance, je suis lié (ou le créancier susnommé est lié) (ou je ne suis pas lié ou le créancier susnommé n'est pas lié) au débiteur selon l'article 4 de la Loi, et j'ai (ou le créancier susnommé a) (ou je n'ai pas ou le créancier susnommé n'a pas) un lien de dépendance avec le débiteur.

6. Les montants suivants constituent les paiements que j'ai reçus du débiteur, les crédits que j'ai attribués à celui-ci et les opérations sous-évaluées selon le paragraphe 2(1) de la Loi auxquelles j'ai contribué ou été partie intéressée au cours des trois mois (ou, si le créancier et le débiteur sont des « personnes liées » au sens du paragraphe 4(2) de la Loi ou ont un lien de dépendance, au cours des 12 mois) précédant immédiatement l'ouverture de la faillite, telle que définie au paragraphe 2(1) de la Loi. (Donnez les détails des paiements, des crédits et des opérations sous-évaluées.)

Daté le _____, à _____.

Signature du créancier

Signature du témoin

Numéro de téléphone : _____

Numéro de télécopieur : _____

Adresse électronique : _____

REMARQUES : Si un affidavit est joint au présent formulaire, il doit avoir été fait devant une personne autorisée à recevoir des affidavits.
AVERTISSEMENTS : Le syndic peut, en vertu du paragraphe 128(3) de la Loi, racheter une garantie sur paiement au créancier garanti de la créance ou de la valeur de la garantie telle qu'elle a été fixée par le créancier garanti dans la preuve de garantie.
Le paragraphe 201(1) de la Loi prévoit l'imposition de peines sévères en cas de présentation de réclamations, de preuves, de déclarations ou d'états de compte qui sont faux.

FORMULAIRE DE PROCURATION
(paragraphe 102(2) et alinéas 51(1)e) et 66.15(3)b) de la Loi)

Dans l'affaire de la proposition de **4021568 Canada Inc.**

Je, _____, de _____
(nom du créancier) (nom du village ou de la ville)

créancier dans l'affaire susmentionnée, nomme _____ de _____
mon fondé de pouvoir à tous égards dans l'affaire susmentionnée, sauf la réception de dividendes, celui-ci étant habilité à nommer un autre fondé de pouvoir à sa place (ou n'étant pas habilité à nommer un autre fondé de pouvoir à sa place).

Daté le _____, à _____.

Signature du créancier

Par : _____
Nom et titre du signataire autorisé

Signature du témoin

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:

In the matter of the proposal of **4021568 Canada 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 April 04, 2012, 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).

FORM 31 (Continued)

- 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: _____

NOTES: 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 **4021568 Canada 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

CANADA
Province de Québec
District de : Québec
No division : 01-Montréal
No cour : 500-11-042467-122
No dossier : 41-1610492

COUR SUPÉRIEURE
(Chambre commerciale)
En matière de faillite et d'insolvabilité

Formulaire de votation
(alinéas 51(1)f) et 66.15(3)c) de la Loi)

Dans l'affaire de la proposition de
4021568 Canada Inc.

Je, _____, créancier
(ou Je, _____, représentant de _____ créancier)
de _____ (*nom du village ou de la ville*), créancier dans l'affaire susmentionnée à
l'égard de la somme de _____ \$, demande au syndic agissant relativement à la proposition de
4021568 Canada Inc., de consigner mon vote _____ (**en faveur de ou contre**)
l'acceptation de la proposition faite le .

Daté le ____ jour de _____ 201____, à _____.

Signature du créancier (personne physique)

Témoin

- OU -

Nom du créancier (personne morale)

Nom et titre du signataire autorisé

Par : _____
Témoin

CANADA
Province of Quebec
District of: Quebec
Division No.: 01-Montréal
Court No.: 500-11-042467-122
Estate No.: 41-1610492

SUPERIOR COURT
(Commercial Division)
In Bankruptcy and Insolvency

Voting Letter
(Paragraphs 51(1)f) and 66.15(3)c) of the Act)

In the matter of the proposal of
4021568 Canada Inc.

I, _____, creditor
(or I, _____, representative of _____, creditor)
of _____ (name of town or city), a creditor in the above matter for the sum of
\$ _____, hereby request the trustee acting with respect to the proposal of **4021568 Canada Inc.**
to record my vote _____ (for or against) the acceptance of the proposal as
made on .

Dated at _____, this ____ day of _____ 201____.

Individual Creditor

Witness

- OR -

Name of Corporate Creditor

Name and Title of Signing Officer

Per: _____
Witness

R-2

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL
DIVISION NO.: 01 - Montréal
COURT NO.: 500-11-042467-122
ESTATE NO.: 41-1610492

**SUPERIOR COURT
(Commercial Division)**

IN THE MATTER OF THE PROPOSAL OF:

4021568 Canada Inc.

a body politic and corporate, duly incorporated according to law and having its head office and its principal place of business at :

9600 Meilleur Street, Suite 925
Montréal, Québec H2N 2E3

Debtor

- and -

RSM Richter Inc.

a duly incorporated legal person having its principal place of business at 2 Place Alexis-Nihon, Suite 2000 in the city and district of Montreal, Quebec, H3Z 3C2

Trustee

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

The purpose of the First Meeting of Creditors is to consider the proposal filed on April 4, 2012 (hereinafter referred to as the "Proposal") by 4021568 Canada Inc. (hereinafter referred to as the "Debtor", "Foxy" or the "Company") to its creditors.

Pursuant to Sections 50(10)(b) and 50(5) of the *Bankruptcy and Insolvency Act* (hereinafter referred to as the "Act" or "BIA") 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 the information contained herein emanates from the books and records of the Debtor as well as from discussions with the Management of the Debtor. We have not conducted an audit or an investigation of these books and records and, consequently, we cannot render an opinion as to the accuracy of the information contained herein.

I. INTRODUCTION

On April 4, 2012, the Debtor filed with the Trustee, RSM Richter Inc. ("Richter") and the Official Receiver a Proposal to its creditors. On April 13, 2012, Richter proceeded to mail to all known creditors, the Proposal, a Proof of Claim form, a Voting Letter, a Proxy and a Notice indicating the place and time of the Meeting of Creditors to consider the Proposal. The creditors may, in person at the forthcoming meeting of creditors, or by Voting Letter on or before the Meeting of Creditors, accept or reject the Proposal.

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

Capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Proposal.

II. BACKGROUND OF THE DEBTOR AND CAUSES OF INSOLVENCY AND LIQUIDITY CRISIS

The Company was incorporated on May 22, 2002 under Federal Statute. Its main activities consist of the design and wholesale of denim clothing and of sportswear for men and women (the "Wholesale Business"). In addition, the Company operated a retail store in the Fairview Pointe-Claire mall (the "Fairview Retail Store"). The Company's secured lender is the Canadian Imperial Bank of Commerce ("CIBC" or "Bank") who holds a first ranking secured interest on all accounts receivable and inventory (the "Secured Assets") but does not hold any security in respect of the Company's fixed assets, Intellectual Property and other assets.

The Wholesale Business customers are mainly comprised of "low to mid-market" retail chains and independent stores. As the Company's products are subject to fashion trends, its customers require their orders to be filled on a timely basis, prior to the beginning of a particular season. The Company sources its inventory from the Orient which requires significant advance payments.

The Debtor is related to six companies owning retail stores in the following locations: Eaton Center in Montreal (2 stores), Champlain Mall in Brossard, Quebec, Place Rosemère, Quebec, Galeries de La Capitale in Quebec City, Place Laurier in Ste-Foy, Quebec, and Place du Royaume in Chicoutimi, Quebec (collectively the "Retail Stores").

The Retail Stores were opened in the past six years and have been unprofitable, incurring cumulative losses of approximately \$2 million.

The Retail Stores have not filed formal proceedings under the BIA; however, they are presently being wound up by the Company's Management (defined below). We refer to the Company and the Retail Stores collectively as the "Foxy Group".

Historically, the Debtor sold the required finished goods inventory to the Retail Stores, on credit. Based on the latest available financial information (as at December 31, 2011), the Retail Stores were collectively indebted to the Debtor in the amount of approximately \$3 million, mainly related to intercompany inventory purchases. Given the Retail Stores' unprofitable operations and precarious liquidity position, it is highly unlikely they will be able to repay the amounts due to the Debtor.

The Foxy Group is operated by the Company's two sole shareholders (who are also the sole shareholders of the Retail Stores), namely Messrs Steven Lawee and Franco Di Zazzo (collectively "Management").

Over the last four fiscal periods (which include the current fiscal period to December 31, 2011), the available books and records indicate that the Foxy Group has experienced decreasing revenues and has incurred cumulative losses of approximately \$2.3 million.

As a result of the significant recurring operating losses, Richter was mandated on February 17, 2012 by the CIBC to review the Company's financial situation and the Bank's security position. Following Richter's review, it was determined that the Company could not fund its ongoing operations and had failed to meet the margining requirements stipulated in its credit agreement with the CIBC and consequently was in default.

In addition, Richter performed a liquidation analysis (supported by two appraisals of the Company's inventory) which indicated that the Bank would suffer a significant shortfall on its secured advances in the event of an orderly liquidation of the Secured Assets.

On March 16, 2012, the Bank sent the Debtor a Notice of Intention to enforce the Security under section 244 of the BIA.

Given that the Company did not have the required financing to secure its purchase commitments necessary to ship its "Spring 2012" goods to its customers, and that Management was unable to make a capital injection, the Debtor needed to immediately find an investor or an alternate source of financing in order to pursue its operations as a going concern.

III. FINANCIAL INFORMATION

The following financial information was obtained from the available books and records of the Debtor and from discussions held with Management. It is submitted solely to assist the reader in assessing the current financial situation of the Debtor.

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

A) Historical Operating Results

Management prepares only combined annual financial statements for the Foxy Group as required by the Company's credit agreement with the Bank. As such, the operating results summarized below include the Company and the Retail Stores:

Foxy Group				
Summary of Operating Results (Unaudited)				
	6 mo. ending	Year ending June 30		
	Dec. 31, 2011	2011	2010	2009
Sales	\$ 5,139,026	\$ 12,169,388	\$ 14,470,589	\$ 18,441,285
Gross Profit	1,593,236	4,903,175	5,502,863	5,706,135
Operating Expenses	2,764,643	5,391,196	6,030,171	5,838,267
Net Loss (Note 1)	\$ (1,171,407)	\$ (488,021)	\$ (527,308)	\$ (132,132)
Cumulative Net Loss	\$ (2,318,868)	\$ (1,147,461)	\$ (659,440)	\$ (132,132)

Note 1: Before taxes and excluding extraordinary items.

We refer you to the following section which includes the Debtor's Statement of Affairs which in turn reflects a deficiency in excess of \$4 million.

B) Assets and Liabilities

The following summarizes the Company's Statement of Affairs filed on April 4, 2012:

4021568 Canada Inc. Statement of Affairs As at April 4, 2012		
Assets:		
Inventory (pledged)	\$	240,000
Accounts Receivable (pledged)		840,000
Intellectual Property		100,000
		<u>1,180,000</u>
Creditors:		
Secured (CIBC)		995,000
Preferred		-
Unsecured		4,253,682
		<u>5,248,682</u>
Deficit	\$	<u>(4,068,682)</u>

Following the filing of the Proposal, and as authorized by the Court on April 5, 2012, all of the Company's assets (with the exception of the Remaining Assets – defined - which Management believes have nominal value) have been sold to the Purchaser pursuant to an asset purchase agreement dated April 10, 2012). We refer you to section IV for further details.

Secured Creditors (\$995,000)

Based on the net proceeds of the sale of inventory and accounts receivable to be received from the Transaction (as defined in section IV), the Bank expects to suffer a shortfall in the realization of its security of approximately \$225,000 (after costs and accrued interest).

Preferred Creditors (Nil)

Based upon the terms and conditions of the Proposal, all employees' claims that qualify under section 60(1.3) (a) of the BIA and all preferred claims will be paid in full in priority of all unsecured claims.

As noted in the following section, as a condition of the Offer (defined below), any outstanding arrears to the Company's employees and amounts payable for DAS are to be paid from the proceeds of the Transaction.

Unsecured Creditors (\$4,253,000)

The actual amount of claims from the Company's unsecured creditors will only be determined upon receipt by the Trustee of their proof of claims. As noted below, over 75% of the Company's unsecured creditors in value (based on the Company's books and records) have indicated their support of the contemplated Proposal.

IV. SALE OF ASSETS AND RECEIVERSHIP

In late February 2012, Management attempted to identify potential investors or purchasers for the Company's assets, with the view of continuing operations as a going concern. Richter was not involved in the Company's efforts.

Given the urgency of the situation, resulting mainly from the Company's immediate need to fill the Spring 2012 orders from its customers and for which the requisite funding was not available, Management was of the view that it did not have time to undertake a formal sale process for the Company's assets.

Management approached (3) three parties it identified as potentially having an interest in either the Company or its assets. Following discussions with all parties, a decision was made by Management to limit the negotiations with Fame Jeans Inc. ("Fame"), with whom Management was familiar, and which, in Management's view, represented the best strategic fit as an acquirer or investor. An entity controlled by Fame's principal (the "Purchaser") expressed its interest to acquire the accounts receivable and inventory (i.e. the Secured Assets), as well as the Intellectual Property and certain contractual rights of the Debtor in an attempt to continue the Wholesale Business. The Purchaser was not interested in the Wholesale Business' fixed assets or the assets of the Fairview Retail Store (collectively the "Remaining Assets").

Fame is a client of Richter's audit division. However, pursuant to firm policies, there is no exchange of information between Richter's audit and insolvency practices.

On April 3, 2012, the Purchaser presented to the Debtor an offer (the "Offer") to acquire the Company's accounts receivable, inventory, Intellectual Property and contractual rights. The Offer was conditional on the Company obtaining a Court Order ("Vesting Order") authorizing it to transfer all the purchased assets to the Purchaser, free and clear of any charges, liens and encumbrances (except for amounts due by the Company to its third party warehouse provider - the "Warehouse Lien"). The Purchaser would not assume any of the Company's liabilities. The Offer was also conditional that the outstanding vacation pay owed to the Company's employees and the arrears of deductions at source ("DAS") be paid from the proceeds of sale.

The Offer included an allocation of \$100,100 for the Intellectual Property (and contractual rights) with the balance of the purchase price being for the Secured Assets. Subsequent to the completion of the sale to the Purchaser, it is estimated that the Secured Lender ("CIBC") would suffer a loss of approximately \$225,000 (after costs and accrued interest).

Richter understands that it is also the intention of the Purchaser to offer employment to all former employees of the Debtor working in the Wholesale Business, as well as Management.

The Company or Richter did not obtain a formal valuation of the Intellectual Property. Notwithstanding that the Company derives a portion of its revenues by licensing its Intellectual Property, the insolvency of the Debtor, combined with its inability to maintain operating activities, would have a significant adverse effect on the market value of the Intellectual Property. Management is of the opinion that the permanent closure of the operations would in all likelihood reduce the market value of the Intellectual Property to a nominal amount, and therefore believes that a transaction which would allow operations to continue with minimal interruption would protect the value of the Intellectual Property for the benefit of the Company's unsecured creditors.

As the amount of \$100,100 allocated to Intellectual Property (and contractual rights) accrues to the benefit of the Company's unsecured creditors, Management sought the input of the Company's major unsecured creditors on the proposed transaction and ensuing Proposal. **Six (6) creditors representing more than 75% (~\$3.3 million out of ~\$4.2 million) of total unsecured creditors provided the Company with letters confirming their approval of the proposed transaction and advised the Company that they would vote in favor of the Proposal despite the fact that they would recover only a nominal portion of amounts owed to them by the Debtor (the "Support Letters").**

On April 5, 2012, the Bank made a motion to the Court for the appointment of Richter as Receiver and for the authorization of the sale of the Company's assets to the Purchaser pursuant to the Offer (the "Transaction"). On the same date, the Court granted the Order as requested.

V. PROPOSAL TO CREDITORS

As previously indicated, on April 4, 2012, the Company filed a Proposal to its creditors.

Creditors are advised to read the more detailed text of the Proposal as well as associated definitions.

The highlights of the Proposal can be summarized as follows:

- Any secured claims shall be paid in accordance with arrangements existing between the Debtor and holders of secured claims ;
- The amounts that employees would be qualified to receive under section 136 (1)(d) of the BIA shall be paid in full immediately after ratification of the Proposal. Pursuant to the terms of the Offer, these amounts were paid by the Company upon closing of the Transaction;
- The Proposal Expenses, including all professional fees, will be paid in full, in priority to all Preferred Claims and Unsecured Claims of creditors;
- The Crown's Claims, if any, shall be paid in full, without interest, within six months of the approval as defined in the Proposal (pursuant to the terms of the Offer, these amounts will be paid from the proceeds of the Transaction);
- The Preferred Claims, if any, shall be paid, without interest in full, in priority to all Unsecured Claims;
- The funds available for distribution to the creditors under the Proposal (the "Basket Amount") are comprised of:
 - The proceeds from the sale of the Intellectual Property (and contractual rights) to the Purchaser (\$100,100); plus
 - The proceeds from the sale by the Company of the Remaining Assets (amount to be determined but likely nominal); less
 - The Proposal Expenses (principally the Trustee's fees and disbursements); less
 - The amounts payable by the Company for post-filing goods and services.
- In complete satisfaction and discharge of all Unsecured Claims, the unsecured creditors shall receive from the Basket Amount the following:
 - a) The lesser of each unsecured creditor proven claim and \$1,000 (the "First Level Distribution"); and
 - b) An amount equal to the unsecured creditor pro rata share, based on the balance of its proven claim, of any amount remaining from the Basket Amount, after payment of the First Level Distribution.

- The Proposal will constitute a compromise of claims against the present and past Directors of the Company that arose before the filing of the Proposal and that relate to obligations where the Directors are by law liable in their capacity as Directors (the "Directors' Obligations"). The Proposal, upon approval, will operate as a discharge of the Directors' Obligations. (Nothing herein shall be interpreted as an acknowledgment of any liability or obligation of the Directors of the Company);
- The statutory terms of sections 95 to 101 of the BIA (related to preferences, transfers at undervalue etc.) shall not apply;
- The claims of Messrs. Lawee and Di Zazzo relating to shareholder loans (in the amount of \$33,000 each) will be subordinated until the Company's unsecured creditors receive their dividends under the terms of the Proposal.

VI. CONCLUSIONS AND RECOMMENDATIONS

If the unsecured creditors reject the Proposal, the Company will automatically be deemed to have filed an assignment in bankruptcy. Thereafter, the net proceeds from the sale of the Intellectual Property (and contractual rights) and of the Remaining Assets will be distributed by the Trustee to the creditors based on the provisions of the BIA.

As noted above, with the Approval of the Proposal, all the creditors waive their remedies provided by sections 38 and 95 to 101 of the BIA. These remedies relate to the recovery of certain amounts for possible preferential payments and/or transfers at undervalue.

Since these remedies would be available in the event of a bankruptcy of the Debtor, we have performed a cursory review of the available books and records including various transactions involving the Debtor, non-related third parties and related parties over the three (3) months and twelve (12) months, respectively, prior to the filing of the Proposal. Pursuant to our cursory review, there do not appear to be any transactions which may be subject to sections 95 to 101 of the BIA.

Although the gross recovery of the Company's assets available to unsecured creditors subsequent to an accepted Proposal is not materially different from a bankruptcy, a bankruptcy would however entail significantly higher costs, thus eroding the net amount that would be available to the unsecured creditors.

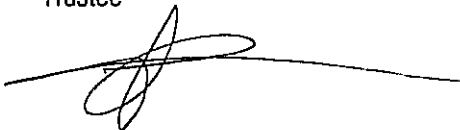
The following additional qualitative factors should be considered in evaluating the Proposal:

- A large portion of the Company's unsecured creditors (over 75% in value based on the Company's books and records) have provided to the Debtor their consent to the sale Transaction and their intention to vote in favor of the Proposal, notwithstanding that they would absorb significant losses;
- Approximately 45% of the unsecured creditors, being creditors with claims of \$3,000 or less, will receive all or substantial portion of their claim. In a bankruptcy scenario, these creditors would only receive a nominal amount.

In view of the foregoing, the Trustee recommends that the creditors accept the Proposal.

Dated at Montréal, Province of Quebec, this 11th day of April, 2012.

RSM Richter Inc.
Trustee

A handwritten signature in black ink, appearing to be 'C. Adjami', is written over a horizontal line.

Carl Adjami, CA, CIRP for

Gilles Robillard, CA, CIRP
Administrator

R-3

CANADA
Province de Québec
District de : Québec
No division : 01 - Montréal
No cour : 500-11-042467-122
No dossier : 41-1610492

COUR SUPÉRIEURE
(Chambre commerciale)
En matière de faillite et d'insolvabilité

Avis de la proposition aux créanciers
(article 51 de la Loi)

Dans l'affaire de la proposition de
4021568 Canada Inc.
de la ville de Montréal
en la province de Québec

Avis est donné que 4021568 Canada Inc. de la ville de Montréal en la province de Québec, a déposé une proposition entre nos mains, en vertu de la Loi sur la faillite et l'insolvabilité.

Vous-trouverez une copie de la proposition, d'un état succinct de son actif et de son passif ainsi qu'une liste des créanciers visés par la proposition et dont les réclamations se chiffrent à 250 \$ ou plus.

Une assemblée générale des créanciers sera tenue au Bureau du surintendant des faillites, 5 Place Ville Marie, 8^e étage, Montréal (Québec) le 23 avril 2012 à 11 heures.


Les créanciers ou toute catégorie de créanciers ayant droit de voter à l'assemblée peuvent, au moyen d'une résolution, accepter la proposition, telle que formulée ou telle que modifiée à l'assemblée. Si la proposition est ainsi acceptée et si elle est approuvée par le tribunal, elle deviendra obligatoire pour tous les créanciers ou pour la catégorie de créanciers visés.

Les preuves de réclamation, procurations et formulaires de votation dont l'usage est projeté à l'assemblée doivent nous être remises au préalable.

Daté le 12 avril 2012, à Montréal en la province de Québec.

RSM Richter Inc. - Syndic

Par:



GILLES ROBILLARD, CA, CIRP POUR...

Gilles Robillard, CA, CIRP
2 Place Alexis Nihon, Suite 1820
Montréal QC H3Z 3C2
Téléphone : (514) 934-3497 Télécopieur : (514) 934-3504

District de: Québec
No division: 01 - Montréal
No cour: 500-11-042467-122
No dossier: 41-1610492

FORMULAIRE 01.1

Identification générale de l'expéditeur pour copies de tous formulaires prescrits
envoyés au(x) créancier(s) par voie électronique

Dans l'affaire de la proposition de
4021568 Canada Inc.
de la ville de Montréal
en la province de Québec

Daté le 13 avril 2012, à Montréal en la province de Québec.

Personne responsable (expéditeur) : Gilles Robillard, CA, CIRP
(Syndic)

Dénomination sociale: RSM Richter Inc.

Adresse : 2 Place Alexis Nihon, Suite 1820
Montréal QC H3Z 3C2

Téléphone : (514) 934-3497

Télécopieur : (514) 934-3504

Courriel :

AVIS

Veillez prendre note que la personne susmentionnée est tenue de conserver la copie originale signée du
présent document dans les dossiers officiels de la présente procédure.

R-4

CANADA
Province de Québec
District de Québec
No division : 01-Montréal
No cour : 500-11-042467-122
No dossier : 41-1610492

COUR SUPÉRIEURE
Chambre commerciale
Loi sur la faillite et l'insolvabilité

Procès-verbal de la première assemblée des créanciers

Dans l'affaire de la proposition de 4021568 Canada Inc.		
Endroit de l'assemblée <input type="checkbox"/> 2, Place Alexis Nihon, Montréal QC H3Z 3C2	Président de l'assemblée Carl Adjami, CA, CIRP RSM RICHTER	
<input checked="" type="checkbox"/> 5, Place Ville-Marie, 8e étage Montréal QC H3B 2G2	Date de l'assemblée 23 avril 2012	Heure de l'assemblée 11 H 00

I. PRÉSENCES

Selon la liste en annexe.

II. QUORUM

Le président examine les preuves de réclamations et la preuve de convocation.

- Constate le quorum et déclare l'assemblée légalement constituée.
- Constate qu'après 30 minutes, le quorum n'est pas atteint pour une ___ fois et communique aux personnes présentes ses instructions (voir VIII).

III. RAPPORT DU SYNDIC ET RECOMMANDATION

Le président confirme que le syndic a effectué l'envoi de l'*Avis de la proposition aux créanciers* aux créanciers connus de la débitrice. Ledit envoi incluait la Proposition, le Rapport du syndic sur l'état des affaires et des finances de la Débitrice et sur la proposition, un formulaire de preuve de réclamation et de procuration et un formulaire de vote.

L'assemblée a pris connaissance du Rapport du syndic sur l'état des affaires et des finances de la Débitrice et sur la proposition. Les personnes présentes à l'assemblée n'ont pas requis que le syndic élabore sur son Rapport.

Le but de cette assemblée est de voter sur la proposition.

L'analyse du syndic sur la proposition était présentée dans le rapport du syndic et les personnes présentes à l'assemblée n'ont demandé aucune autre élaboration par le syndic.

Pour les raisons spécifiées dans son Rapport, le syndic recommande l'acceptation de la proposition.

IV. PÉRIODE DE QUESTIONS

Aucune question n'a été soumise.

V. VOTE SUR LA PROPOSITION

<i>Résultat du vote des créanciers d'affaires</i>				
	<i>En valeur</i>		<i>En nombre</i>	
	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>
En faveur	3 928 498,43	100,00	21	100,00
Contre	0	0,00	0	0,00

Le président indique que la proposition a été acceptée par la majorité requise.

VI. CONFIRMATION DU SYNDIC

L'assemblée confirme la nomination de RSM Richter Inc. dans ses fonctions de syndic à la présente proposition.

VII. NOMINATION DES INSPECTEURS

L'assemblée confirme la nomination de 1 personne aux postes d'inspecteurs.

Inspecteur <u>M. Jean Arseneault</u>	Représentant CIBC <u>_____</u>
Inspecteur <u>_____</u>	Représentant <u>_____</u>
Inspecteur <u>_____</u>	Représentant <u>_____</u>
Inspecteur <u>_____</u>	Représentant <u>_____</u>
Inspecteur <u>_____</u>	Représentant <u>_____</u>

VIII. INSTRUCTIONS DES CRÉANCIERS

L'assemblée communique les instructions suivantes au syndic :

Aucune.

IX. CAUTIONNEMENT


Le président informe l'assemblée qu'aucun cautionnement n'a été fixé par le séquestre officiel.

X. LEVÉE D'ASSEMBLÉE

- Le syndic est réputé confirmé en vertu de l'article 106(2) de la *Loi sur la faillite et l'insolvabilité*.
- Le syndic continuera d'agir en vertu de l'article 14.06(1) de la *Loi sur la faillite et l'insolvabilité*.
- L'assemblée est remise au bureau du _____ le ____ jour de _____ 200__ à ____heures.
- Le débiteur ou le représentant de la compagnie débitrice est _____ d'assister à la remise de la première assemblée des créanciers.
- L'agenda étant épuisé, l'assemblée est levée à _____.

Annexes :

- Preuve de convocation
- Registre des présences
- Rapport du syndic sur les affaires financières des Débitrices et sur la proposition



Carl Adjami, CA, CIRP
Administrateur, agissant à titre de président