

CANADA
Province of Quebec
District of: Quebec
Division No. 01-Montréal
Court No. 500-11-046776-148
Estate No. 41-1929950

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
Accessoires La Brea International Inc.
Of the City of Montréal
In the Province of Quebec**

Take notice that Accessoires La Brea International 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 offices of Richter Advisory Group Inc., 1981 McGill College, 11th Floor, Montréal QC H3A 0G6 on November 25, 2014 at 10:30 A.M.

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 November 25, 2014 at 10:30 A.M., an application will be made to the court, Superior Court of Québec – Montréal, 1 Notre-Dame E., Room 16.10, Montréal QC H2Y 1B6, on December 3, 2014 at 9:00 A.M. to approve the proposal of Accessoires La Brea International 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.

As stated in the Proposal, the affected Creditors have a dividend distribution option that they can exercise by filling and returning the enclosed ***Selection of the type of Dividend Participation*** form to the Trustee.

Dated at Montréal in the Province of Québec, on November 12, 2014.

Richter Advisory Group Inc.
Trustee acting *in re* the proposal of
Accessoires La Brea International Inc.


Benoit Gingues, CPA, CA, CIRP

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Montréal, Toronto

(français - recto)



CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE PROPOSAL
OF:

NO: 500-11-●-●
ESTATE NO.: 41-●

ACCESSOIRES LA BREA
INTERNATIONAL INC.

Debtor

PROPOSAL

ACCESSOIRES LA BREA INTERNATIONAL INC. (the "Debtor"), hereby submits the following Proposal under the *BIA*:

1. Definitions and Interpretation

1.1 In addition to words and terms otherwise defined herein, whenever used herein:

1.1.1 "Approval" means:

(a) acceptance of the Proposal by all Creditors entitled to vote and voting thereon in accordance with the relevant provisions of the *BIA*; and

(b) approval of the Proposal by the Court by judgment rendered by such Court which has become executory as a result of the delay for appeal having expired without there having been an appeal lodged therefrom or, if an appeal is lodged therefrom, such judgment of the Court having been confirmed or such appeal withdrawn;

1.1.2 "Approval Motion" has the meaning set forth in **Section 14.1** hereof;

1.1.3 "*BIA*" means the *Bankruptcy and Insolvency Act, Canada, RSC 1985, c.B-3*, as amended;

1.1.4 "Committee" has the meaning set forth in **Section 9** hereof;

1.1.5 "Court" means the Commercial Division of the Quebec Superior Court for the District of Montreal, sitting as the "court" as envisaged and defined in **Section 2(1) BIA** and includes any Justice thereof or, if applicable, the Registrar or any Deputy Registrar thereof;

1.1.6 "Creditors" mean all the creditors affected by the Proposal, namely the Crown, the Preferred Creditors, the Employee Creditors, and the Ordinary Creditors (including the Electing Creditors) and "Creditor" means any of them. All other creditors of the Debtor (including, without limitation, all Secured

Creditors to the extent of their Secured Claims) shall not be, in any manner whatsoever, affected or bound by the Proposal;

1.1.7 "Crown" means Her Majesty in Right of Canada or in right of any Province of Canada;

1.1.8 "Crown Claims" mean all Proven claims of the Crown as set forth and described in Section 60(1.1) *BIA*, which were outstanding on the Proposal Date, and **"Crown Claim"** means any of them;

1.1.9 "Electing Creditor Claims" mean all Proven Ordinary Claims in respect of which the Ordinary Creditors have elected (as set forth in Section 7.1 hereof) to receive the lesser of \$500.00 or the amount of their Ordinary Claims or to reduce their respective Ordinary Claims to \$500.00, and **"Electing Creditor Claim"** means any of them;

1.1.10 "Electing Creditors" mean Ordinary Creditors having Electing Creditor Claims and **"Electing Creditor"** means any of them;

1.1.11 "Employee Claims" mean all Proven amounts which the Debtor's present or former employees would have been entitled to receive under Section 136(1)(d) *BIA* if the Debtor had become bankrupt on the Proposal Date, together with, in the case of traveling salesmen, disbursements properly incurred by those salesmen in and about the Debtor's business during the same period, all as envisaged by Section 60(1.3) *BIA*;

1.1.12 "Employee Creditors" mean all of the Debtor's past and present employees having Employee Claims and **"Employee Creditor"** means any of them;

1.1.13 "Guarantor" means Marc Létourneau;

1.1.14 "Official Receiver" means the "official receiver" as defined in Section 2 *BIA*;

1.1.15 "Ordinary Claims" mean all Proven claims other than Crown Claims, Employee Claims, Preferred Claims and Secured Claims, of any nature or source whatsoever, resulting from and/or arising out of any transaction entered into by the Debtor prior to the Proposal Date or any event which occurred prior to the Proposal Date, whether due or not due as of the Proposal Date and includes all such claims which are contingent and unliquidated (once quantified or liquidated) and **"Ordinary Claim"** means any of them. In addition to and notwithstanding the foregoing, "Ordinary Claims" include, under all circumstances:

(a) all Electing Creditor Claims; and

(b) all claims resulting from or arising out of any breaches of any obligations contracted by the Debtor prior to the Proposal Date where

such breaches occurred (i) at any time prior to the Proposal Date, or (ii) at any time between the Proposal Date and the date hereof;

1.1.16 "Ordinary Creditors" mean all persons having Ordinary Claims and "Ordinary Creditor" means any of them;

1.1.17 "Létourneau" means Marc Létourneau;

1.1.18 "Létourneau Security" means all security held by Létourneau;

1.1.19 "Létourneau Claim" means all Ordinary Claims and Secured Claims of Létourneau;

1.1.20 "Preferred Claims" mean all Proven claims, other than Employee Claims, as set forth and described in Sections 136(1)(a) through 136(1)(c) *BIA* and in Sections 136(1)(d.01), (d.02), (d.1) and (e) through 136(1)(j) *BIA*, being such claims directed by the *BIA* to be paid in priority to all other claims in the distribution of the property of a bankrupt to the extent applicable to the Proposal and "Preferred Claim" means any of them;

1.1.21 "Preferred Creditors" mean all persons having Preferred Claims and "Preferred Creditor" means any of them;

1.1.22 "Proposal" means the present proposal and any and all future amendments hereto, which amendments may be made:

- (a) at any time prior to a vote by the Creditors hereon; or
- (b) by the Court at the time of Approval;

1.1.23 "Proposal Date" means the date of this Proposal;

1.1.24 "Proven" means, with reference to any Crown Claims, Employee Claims, Preferred Claims and Ordinary Claims, all such claims that have been the object of a proof of claim in accordance with Section 124 *BIA*, filed with the Trustee in due time and allowed by the Trustee. With respect to all such claims:

- (a) contingent and unliquidated claims and claims payable at a future time shall be governed by Sections 121(2) and 121(3) *BIA*;
- (b) every provision of the *BIA* dealing with the right to vote a claim shall apply to the Proposal; and
- (c) Proven Ordinary Claims under successive performance contracts which have not been repudiated or terminated by the Debtor shall be limited to amounts owing by the Debtor thereunder accruing only up to (but not after) the Proposal Date;

1.1.25 "Related Persons" mean any persons who are related to any other persons as defined and described in Section 4 *B/A* and **"Related Person"** means any of them;

1.1.26 "Secured Claims" mean the claims of all Secured Creditors, to the extent of the Value of the security held by each Secured Creditor;

1.1.27 "Secured Creditors" mean all persons falling within the definition of "secured creditor" as set forth in Section 2(1) *B/A* and **"Secured Creditor"** means any of them;

1.1.28 "Trustee" means Richter Advisory Group Inc., the trustee named herein; and

1.1.29 "Value" means, with respect to any claim filed by a Secured Creditor, the value of such Secured Creditor's security as assessed by the Secured Creditor and accepted by the Trustee or as determined by the Court.

1.2 The paragraph headings herein contained are for ease of reference only, shall not form of the Proposal and shall not be utilized, in any manner whatsoever, in the interpretation of the Proposal.

1.3 Whenever the context so provides, all references to the masculine shall include the feminine and *vice versa* and all references to the singular shall include the plural and *vice versa*.

1.4 All annexes to this document shall be deemed to form part of the Proposal.

1.5 In the event of any inconsistencies or discrepancies between the English language version of the Proposal and the French language version of the Proposal, the English language version of the Proposal shall govern and prevail under all circumstances.

2. Employee Claims

2.1 Subject to Paragraphs 2.2 and 2.3 hereof, all Employee Claims will be paid in full, within 60 days following Approval.

2.2 With respect to all of the Employee Creditors who are currently employed by the Debtor, all of their Employee Claims have been or shall have been fully paid by the Debtor to such Employees, in the normal course of the Debtor's business.

2.3 With respect to the Employee Creditors who are not currently employed by the Debtor (being, for greater certainty, all of the Employee Creditors other than those referred to in Paragraph 2.2 hereof), all of their Employee Claims will be paid in full on the latest of the following dates, namely:

2.3.1 5 days after acceptance of a valid proof of claim from such Employee

Creditor or the Court's definitively determining such proof of claim to be valid;

2.3.2 the date of Approval; or

2.3.3 the date of receipt of the relevant certificates required in virtue of Section 46 of the *Employment Insurance Act*, Canada.

2.4 The Debtor undertakes to request all relevant certificates required in virtue of Section 46 of the *Employment Insurance Act*, Canada upon acceptance of each Employee Claim.

3. Crown Claims

3.1 All Crown Claims, to the extent not already paid by the Debtor in the ordinary course of the Debtor's business, shall be paid in full, within 60 days following Approval.

4. Secured Claims

4.1 All Secured Claims other than the Létourneau Claim shall be paid in accordance with existing agreements or as may be otherwise arranged with each of the Secured Creditors.

4.2 For greater certainty:

4.2.1 the Proposal is not addressed to Secured Creditors to the extent of their Secured Claims;

4.2.2 all Secured Creditors and their Secured Claims shall not be, in any manner whatsoever, affected or bound by the Proposal to the extent of their Secured Claims; and

4.2.3 if a Secured Creditor chooses to file a proof of claim and values its security in order to be considered as an Ordinary Creditor, then the Proven claim of such Secured Creditor in excess of the Value of its security shall be included in the class of Ordinary Creditors under the Proposal unless the Secured Creditor and the Debtor have agreed otherwise in writing.

4.3 Notwithstanding anything contained in **Section 4.2** hereof, the Létourneau Claim and the Létourneau Security shall be governed by the provisions of **Section 11** hereof.

5. Subsequent Claims

5.1 All claims arising in respect of property supplied, services rendered or other consideration given to the Debtor subsequent to the Proposal Date, including, without limitation, all salaries, remuneration and other compensation of the Debtor's employees for current services, have been or shall be paid in full by the Debtor in the ordinary course of the Debtor's business.

6. Preferred Claims

6.1 Within 60 days following Approval, all Preferred Claims of Preferred Creditors, without any interest whatsoever thereon, shall be paid prior to payment of all Ordinary Claims and after payment of all Crown Claims and Employee Claims.

7. Ordinary Claims

7.1 At any time prior to the 15th day immediately following Approval, any Ordinary Creditor may elect in writing (as provided for in its proof of claim or in any other manner acceptable to the Trustee) to receive the lesser of \$500.00 or the amount of its Ordinary Claim or to irrevocably and unconditionally reduce such Ordinary Claim to \$500.00, whereupon:

7.1.1 any such Ordinary Claim in excess of \$500.00 shall be deemed, for all purposes, to have been irrevocably and unconditionally reduced to \$500.00 and the Ordinary Creditor having an Ordinary Claim in excess of \$500.00 shall be deemed to have irrevocably and unconditionally waived and renounced to any rights to file a proof of claim in the Proposal in excess of \$500.00 or to participate in any further Dividends; and

7.1.2 any such Ordinary Creditor shall be treated as an Electing Creditor and such Ordinary Creditor's Ordinary Claim shall be treated as an Electing Creditor Claim under the Proposal.

7.2 The following shall be paid by the Debtor without any interest thereon whatsoever, in full and final settlement, release and discharge of all Ordinary Claims, within the following time periods (collectively the "Dividends"), namely:

7.2.1 the full amount of all Electing Creditor Claims shall be paid to the Trustee within 90 days following the granting of the Approval Motion (as hereafter defined) for distribution to all Electing Creditors as herein set forth, in full and final settlement, release and discharge of all Electing Creditor Claims; and

7.2.2 an amount of \$100,000.00, less:

- i) all Crown Claims, Employee Claims and Preferred Claims; and
- ii) amounts set forth in **Section 7.2.1** hereof,

shall be paid by the Debtor to the Trustee within 90 days following the granting of the Approval Motion (as hereafter defined), for distribution to all Ordinary Creditors (other than Electing Creditors) as herein set forth.

7.3 All amounts referred to in **Section 7.2** hereof shall be paid by the Debtor to the Trustee on or before each of the respective time periods therein set forth and shall thereafter be distributed by the Trustee to the Ordinary Creditors, according to the

amount of their respective Proven Ordinary Claims, as follows:

7.3.1 the amount set forth in **Section 7.2.1** hereof shall be distributed by the Trustee to the Electing Creditors as set forth in **Section 7.2.1** hereof; and

7.3.2 the amount set forth in **Section 7.2.2** hereof shall be distributed by the Trustee to the Ordinary Creditors (other than the Electing Creditors) on a *pro rata* basis, according to the amounts of their respective Proven Ordinary Claims.

7.4 Subject to the occurrence of Approval, the payment of the Dividends is hereby guaranteed by the Guarantor.

7.5 The Debtor shall be entitled, at any time whatsoever, to prepay the Dividends, in whole or in part, without any indemnity or penalty whatsoever.

7.6 The Dividends, without any interest whatsoever thereon, once paid by the Debtor to the Trustee in accordance with the provisions of this Proposal, shall constitute full and final settlement of and shall operate as a complete release and discharge of all Ordinary Claims.

8. Claims Against Directors

8.1 In accordance with Section 50(13) *BIA*, Approval of the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete release and discharge of all claims, of any nature or source whatsoever, of all Creditors and any other persons against all of the Debtor's past and present directors which arose before the Proposal Date and which relate to obligations of the Debtor where such directors are by law liable in their capacity as directors for payment of such obligations.

8.2 Nothing in the Proposal shall be deemed, in any manner whatsoever, to constitute any acknowledgement of any liability or obligations of any of the Debtor's past or present directors.

9. Committee

9.1 A committee (the "**Committee**") of up to 3 individuals shall be appointed by the Ordinary Creditors at a meeting of the Creditors called to consider the Proposal. Such Committee shall be thereafter deemed to have been formed and constituted for the purposes hereafter set forth.

9.2 The powers of the Committee shall be limited to the following:

9.2.1 to advise the Trustee in connection with the administration of the Proposal;

9.2.2 to waive any default in the execution of the Proposal;

9.2.3 to confirm that the Debtor has satisfied all of the terms and conditions of

the Proposal; and

9.2.4 to adjourn the payment of Dividends to Ordinary Creditors provided for in the Proposal.

10. Preferences, Transfers at Under Value, etc.

10.1 All of the provisions of and all rights, remedies and recourses under and/or pursuant to:

10.1.1 Sections 95 through 101 *BIA*;

10.1.2 Articles 1631 through 1636 of the *Civil Code of Québec*; and

10.1.3 all other provisions of law, rights, remedies and recourses similar to the provisions of law, rights, remedies and recourses set forth in **Sections 10.1.1** and/or **10.1.2** hereof in any province of Canada other than the Province of Québec,

shall not, in any manner whatsoever, apply to this Proposal, such that:

10.1.4 all of such provisions, rights, remedies and recourses and any claims based thereon shall be completely unavailable to the Trustee or any Creditors against the Debtor, any of the Debtor's property, any other Creditor or any other person whatsoever; and

10.1.5 the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced to such provisions, rights, remedies and recourses and any claims based thereon against the Debtor, the Debtor's property, any other Creditor or any other persons,

arising from and/or as a result of any matter whatsoever which occurred at any time prior to the Proposal Date.

11. Létourneau Claim

11.1 Conditional upon Approval of the Proposal, Létourneau hereby unconditionally and irrevocably:

11.1.1 subordinates and postpones the entire Létourneau Claim to and in favour of full payment of the Dividends, such that Létourneau shall not be entitled to receive any payment from the Debtor of any principal or interest on the Létourneau Claim unless and until all of the Dividends shall have been fully paid to the Ordinary Creditors as set forth in the Proposal; and

11.1.2 waives and renounces to any right to prove the whole or any portion of the Létourneau Claim as an Ordinary Claim under the Proposal.

11.2 The provisions of **Section 11.1** hereof shall survive:

11.2.1 any annulment of the Proposal; or

11.2.2 any bankruptcy of the Debtor occurring after Approval but prior to satisfaction of the Proposal.

11.3 The provisions of **Sections 7.4, 11.1 and 11.2** hereof are subject to the suspensive condition of Approval, such that the failure of Approval shall automatically render the provisions of **Sections 7.4, 11.1 and 11.2** hereof null, void and inoperative for all purposes.

11.4 Except to the extent affected by the subordination, postponement, waiver and renunciation set forth in **Section 11.1** hereof, the Létourneau Claim and the Létourneau Security will be and remain unaffected by the Proposal.

12. Powers of the Trustee

12.1 Subject to the rights of the Secured Creditors, the Trustee shall have the following rights, powers and authority, namely:

12.1.1 to receive periodic reports from the Debtor on its business operations and activities;

12.1.2 to have full access to the Debtor's premises as well as the Debtor's books, records and documents in order to obtain such information on the Debtor's activities as the Trustee may consider appropriate, in its sole discretion; and

12.1.3 to examine, accept or contest any security or alleged security of any Secured Creditor or the evaluation thereof.

12.2 The rights, powers and authority set forth and enumerated in **Section 12.1** hereof are in addition to and not in lieu of all of the Trustee's rights, powers and authorities under the *BIA* and any other applicable laws.

13. Trustee

13.1 The Trustee will be the trustee under the Proposal. All monies payable to the Creditors affected by the Proposal shall be paid over to the Trustee which shall make all payments provided for hereunder (including, without limitation, payment of all Dividends), in accordance with the provisions of the Proposal.

14. Notice of Presentation of Approval Motion

14.1 Each of the Creditors and the Official Receiver are hereby given notice that, after acceptance of this Proposal by the Creditors entitled to vote and voting thereon in

accordance with the relevant provisions of the *BIA*, the Trustee and/or the Debtor will present an application to the Court (the "Approval Motion") for Approval;

14.2 The Approval Motion will be presented before the Court in **Room 16.10** of the Palais de Justice, 1 Notre Dame Street, East, City of Montreal, Province of Québec, on **December 3, 2014 at 9 o'clock a.m.** or so soon thereafter as counsel may be heard.

14.3 The forwarding of this Proposal to the Creditors and the Official Receiver shall avail, for all purposes, as valid and proper signification and service of the Approval Motion on all of the Creditors and the Official Receiver.

Montreal, Province of Québec, Canada
this 6th day of November, 2014.

**ACCESSOIRES LA BREA INTERNATIONAL
INC.**

Per:

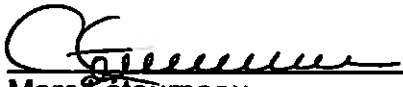


Marc Létourneau, President



WITNESS

MARC LÉTOURNEAU, hereby agrees to be bound by the provisions of **Sections 7.4** and **11** hereof.



Marc Létourneau



WITNESS

District of: Quebec
 Division No. 01 - Montréal
 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
 Accessoires La Brea International 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 6th day of November 2014. 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"	<u>2,047,348.91</u>
Balance of secured claims as per list "B"	<u>545,309.15</u>
Total unsecured creditors	<u>2,592,658.06</u>
2. Secured creditors as per list "B"	<u>114,423.00</u>
3. Preferred creditors as per list "C"	<u>0.00</u>
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	<u>0.00</u>
Total liabilities	<u>2,707,081.06</u>
Surplus	<u>NIL</u>

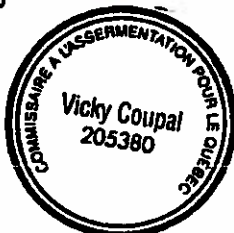
ASSETS (as stated and estimated by the officer)	
1. Inventory	<u>10,000.00</u>
2. Trade fixtures, etc.	<u>0.00</u>
3. Accounts receivable and other receivables, as per list "E"	
Good	<u>60,763.00</u>
Doubtful	<u>55,061.00</u>
Bad	<u>1,157,009.00</u>
Estimated to produce	<u>60,763.00</u>
4. Bills of exchange, promissory note, etc., as per list "F" ...	<u>0.00</u>
5. Deposits in financial institutions	<u>0.00</u>
6. Cash	<u>28,810.00</u>
7. Livestock	<u>0.00</u>
8. Machinery, equipment and plant	<u>0.00</u>
9. Real property or immovable as per list "G"	<u>0.00</u>
10. Furniture	<u>0.00</u>
11. RRSPs, RRIAs, life insurance, etc.	<u>0.00</u>
12. Securities (shares, bonds, debentures, etc.)	<u>0.00</u>
13. Interests under wills	<u>0.00</u>
14. Vehicles	<u>14,850.00</u>
15. Other property, as per list "H"	<u>0.00</u>
If debtor is a corporation, add:	
Amount of subscribed capital	<u>1,261,917.61</u>
Amount paid on capital	<u>0.00</u>
Balance subscribed and unpaid	<u>1,261,917.61</u>
Estimated to produce	<u>0.00</u>
Total assets	<u>114,423.00</u>
Deficiency	<u>2,592,658.06</u>

I, Marc André Létourneau, of the City of Montréal 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 6th day of November 2014 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 6th day of November 2014.


 Vicky Coupal, Commissioner of Oaths
 For the Province of Quebec
 Expires Sep. 18, 2016


 Marc André Létourneau



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

FORM 78 - Continued

List "A"
 Unsecured Creditors

Accessoires La Brea International Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	3928446 CANADA INC.	206-5800 ST DENIS MONTREAL QC H2S 3L5	96,924.63	0.00	96,924.63
2	9139-7240 QUEBEC INC.	102-78 B ST-LOUIS LONGUEUIL QC J4R 2L4	3,712.55	0.00	3,712.55
3	AGENCE DES SERV. FRONTALIERS CDA	DEPT.DU REMBOURSEMENT 400 PLACE D'YOUVILLE, 5e ETAGE MONTREAL QC H2Y 2C2	103,570.69	0.00	103,570.69
4	AGENCE DU REVENU DU CANADA	BUREAU 8,500, SECTEUR HULCPF 170 RUE DE L'HOTEL-DE-VILLE GATINEAU QC J8X 4C2	103,623.76	0.00	103,623.76
5	AGENCE DU REVENU DU CANADA	305, BOUL. RENE-LEVESQUE O MONTREAL QC H2Z 1A8	3,018.47	0.00	3,018.47
6	ALARME SENTINELLE	7280 ST-URBAIN MONTREAL QC H2R 2Y6	379.75	0.00	379.75
7	AMG CREATION	NANZHOU RD, HAIZHU DIST. NO.22 MANGJIAO EAST GUANGZHOU 510290 CHINA	8,719.23	0.00	8,719.23
8	B.BOX	300 RUE DE LIEGE O. MONTREAL QC H2P 1H3	393.21	0.00	393.21
9	BANQUE AMEX DU CDA	CP 4500, SUCC. AGINCOURT SCARBOROUGH ON M1S 4B1	17,155.04	0.00	17,155.04
10	BANQUE DE MONTREAL, M.C	P.O. BOX 11084 STN CENTRE-VILLE MONTREAL QC H3C 5A2	25,193.76	0.00	25,193.76
11	BANQUE DEV. DU CANADA	400-5, PLACE VILLE-MARIE MONTREAL QC H3B 5E7	33,154.97	0.00	33,154.97
12	BARCODE APPL. SOLUTIONS	6411 EDWARDS BLVD MISSISSAUGA ON L5T 2Y3	1,875.80	0.00	1,875.80
13	BELL CANADA	CASE POSTALE 8712 SUCC. CENTRE-VILLE MONTREAL QC H3C 3P6	6,970.39	0.00	6,970.39
14	BELL CANADA	CTRE DE VERS.CLIENTS CP 11490, STATION CENTRE-VILLE MONTREAL QC H3C 5R7	925.85	0.00	925.85
15	CIBC - VISA	PO BOX 4595, STN A TORONTO ON M5W 4X9	30,332.68	0.00	30,332.68
16	CORPORATION SUN MEDIA	100-298, RUE DE MARTIGNY O. SAINT-JEROME QC J7Y 4C9	9,833.61	0.00	9,833.61
17	CSST	1 COMPLEXE DES JARDINS TOUR SUD, 3E ETAGE Montréal QC H5B 1H1	2,500.00	0.00	2,500.00
18	DOYON IZZI NIVOIX AVOCATS	501-6455, JEAN-TALON EST MONTREAL QC H1S 3E8	6,480.51	0.00	6,480.51
19	ECO ENTREPRISES QUEBEC	600-1600, BOUL.RENE-LEVESQUE O. MONTREAL QC H3H 1P9	15,233.74	0.00	15,233.74
20	EMBALLAGES CIRCO INC	4215, BOUL. POIRIER ST-LAURENT QC H4R 2A4	555.73	0.00	555.73
21	ENCRE ET CIE LAURENTIDES INC.	695 E. CHEMIN AVILA PIEDMONT QC J0R 1R3	2,251.76	0.00	2,251.76

06-Nov-2014

Date


 Marc André Létourneau

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

FORM 78 – Continued

List "A"
 Unsecured Creditors

Accessoires La Brea International Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
22	FEDERAL EXPRESS CDA LTEE	P.O. BOX 4626 STN A TORONTO ON M5W 5B4	181.78	0.00	181.78
23	FOURNITURES DE BUREAU DENIS	2990 BOUL. LE CORBUSIER LAVAL QC H7L 3M2	938.13	0.00	938.13
24	GLAMOUR STEEL HK	NO. 1112 MANHATTAN CENTRE, NO.8 KWAI / CHEONG RD / KWAI CHUNG KOWLOON HONG KONG	4,414.62	0.00	4,414.62
25	GOLD WHITE	16F, FLAT E1, STAGE 1, TUNG CHUN IND. 9-11 CHEUNG WING ROAD KWAI CHUNG, NT HONG KONG	23,984.58	0.00	23,984.58
26	GOOD YEAR MFG	YUEN SHING INDUSTRIAL BUILDING 901-1033 YEE KUK WEST STREET KOWLOON HONG KONG	7,748.37	0.00	7,748.37
27	GROUPE AST (1993) INC.	CASE POSTALE 11417 SUCCURSALE CENTRE-VILLE MONTREAL QC H3C 5H1	574.88	0.00	574.88
28	GUANGZHOU YAZHIQI JEWELLERY CO.	INN BLDG / SME INN. & TECHN. ZONE 104-105, LIWAN RD, ROOM 401-403 GUANGZHOU 510173 CHINA	12,974.77	0.00	12,974.77
29	GUARD-X INC.	10600 PARKWAY MONTREAL QC H1J 1R6	945.52	0.00	945.52
30	HEBEST TECHN. (SHENZHEN) CO., LTD	XINHU ROAD. 82 DISTRICT BAO'AN 641640,638, UNIT A HUAMEIJU BUS. CTR SHENZHEN CHINA	16,033.34	0.00	16,033.34
31	HUNT PERSONNEL	1801666 RUE SHERBROOKE O. MONTREAL QC H3A 1E7	14,744.30	0.00	14,744.30
32	HYDRO-QUEBEC	CP 11022, CENTRE-VILLE MONTREAL QC H3C 4V6	921.53	0.00	921.53
33	INCOTEL-GH IP SOLUTIONS	2397 RUE GUENETTE ST-LAURENT QC H4R 2E9	65.54	0.00	65.54
34	LA GREAT WEST	GESTION DE VERS.COLLECTIVE C.P. 1053 WINNIPEG MB R3C 2X4	1,969.02	0.00	1,969.02
35	LES MESSAGERIES SPEEDO	C.P. 234 SUCC. PLACE D'ARMES MONTREAL QC H2Y 3G7	152.25	0.00	152.25
36	LIFESTYLE	ERFURTER STRASSE 3 ECHING 85386 GERMANY	100.21	0.00	100.21
37	LOGICIEL FISCAL VL INC.	950 MICHELIN LAVAL QC H7L 5C1	525.09	0.00	525.09
38	LONGUE POINTE CHRYSLER	6200 BOUL. METROPOLITAIN EST MONTREAL QC H1S 1A9	3,272.76	0.00	3,272.76
39	MAGNET INTELL INC.	2110 DRUMMOND MONTREAL QC H3G 1X1	1,895.43	0.00	1,895.43
40	MARC-ANDRE LETOURNEAU	689 AV BLOOMFIELD OUTREMONT QC H2V 3S2	1,261,917.61	545,309.15	1,807,226.76
41	MEDIAS TRANSCONT. S.E.N.C.	107-710, RUE BOUVIER QUEBEC QC G2J 1C2	2,874.38	0.00	2,874.38
42	MEDIAS TRANSCONT. S.E.N.C.	SERV. DE L'APPL. DES PAIEMENTS 400 AVE. SAINTE CROIX, BUR.EST ST-LAURENT QC H4N 3L4	1,187.00	0.00	1,187.00

06-Nov-2014

Date


 Marc André Létourneau

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

FORM 78 -- Continued

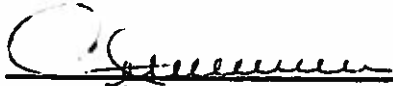
List "A"
 Unsecured Creditors

Accessoires La Brea International Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
43	MICHEL COURNOYER CPA INC.	202-601 RUE ADONCOUR LONGUEUIL QC J4G 2M6	13,797.00	0.00	13,797.00
44	OGILVY & OGILVY	550-4150 RUE STE-CATHERINE O. WESTMOUNT QC H3Z 2Y5	1,390.09	0.00	1,390.09
45	POSTES CANADA	2701 PROMENADE RIVERSIDE OTTAWA ON K1A 1L7	3,649.51	0.00	3,649.51
46	PRESTIGE & FANCY	8424 DE L'ESPLANADE AVE MONTREAL QC H2P 2R7	1,286.29	0.00	1,286.29
47	PRO SERI INC.	310 - 2050 DANDURAND MONTREAL QC H2G 1Y9	172.47	0.00	172.47
48	REVENU QUEBEC	SECTEUR R23CPF, 3E ETAGE 1600, BOUL. RENE-LEVESQUE O MONTREAL QC H3H 2V2	15,426.77	0.00	15,426.77
49	ROGERS	333 BLOOR STREET EAST TORONTO ON M4W 1G9	104.68	0.00	104.68
50	SHUI RUN INDUSTRIAL LTD	FLAT D & E 13/F, 17-21 KUNG YIP ST KWAI CHUNG N.T. HONG KONG	2,553.38	0.00	2,553.38
51	SODA JEWELLERY CO., LTD	F, TUNG NAM FACTORY BLDG 40 MA TAU KOK RD, UNIT 107,8 TOKWAWAN HONG KONG	5,793.99	0.00	5,793.99
52	SOLISCO IMPRIMEURS-PRINTERS	120, 10E RUE SCOTT QUEBEC QC G0S 3G0	111,178.18	0.00	111,178.18
53	STS MAINTENANCE	401-2121 RUE CRESCENT MONTREAL QC H3G 2C1	824.26	0.00	824.26
54	TECSYS INC.	501-15 ALLSTATE PARKWAY MARKHAM ON L3R 5B4	4,806.30	0.00	4,806.30
55	TRANSPORT FRONTIERE	C.P. BOX 1056 HEMMINGFORD QC J0L 1H0	1,182.17	0.00	1,182.17
56	TRIMEX WAREHOUSING & DIST.	PO BOX 219 2330 STATE RT. 11 MOOERS NY 12958 USA	4,025.50	0.00	4,025.50
57	TUTIMA (GERMANY)	POSTFACH 1153, D-27770 GANDERKESEE GERMANY	3,472.34	0.00	3,472.34
58	TUTIMA (H.K.) LTD	14F FEDERAL CENTRE, 77 SHEUNG ON ST CHAI WAN HONG KONG	34,526.40	0.00	34,526.40
59	UNITED ART METALS FACTORY LTD	UNIT D, 6/F., MAI TAK IND. BLDG 221 WAI YIP STREET, KWUN TONG KOWLOON HONG KONG	10,080.88	0.00	10,080.88
60	UPS	P.O. BOX 7247-0244 PHILADELPHIA PA 19170-0001 USA	995.48	0.00	995.48
61	UPS SCS Inc.	PO BOX 689 STATION ST-LAURENT ST-LAURENT QC H4L 4V9	1,450.02	0.00	1,450.02
62	UPS SUPPLY CHAIN SOL., INC.	28013 NETWORK PLACE CHICAGO IL 60673-1280 USA	41.86	0.00	41.86
63	V. BOUTIN EXPRESS INC.	1397, SAVOIE PLESSISVILLE QC G9L 1J8	364.10	0.00	364.10
Total:			2,047,348.91	545,309.15	2,592,658.06

06-Nov-2014

Date


 Marc André Létourneau

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

FORM 78 – Continued

List "B"
 Secured Creditors

Accessoires La Brea International 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	AGENCE DU REVENU DU CANADA	305, BOUL RENE-LEVESQUE O MONTREAL QC H2Z 1A8	17,502.87	Business Assets - Stock In Trade - Jewelry Cash on Hand - Chequing Debts Due - Business - Account receivable Motor Vehicles - Automobile - 2011- Chrysler - Dodge		0.00 17,502.87 0.00 0.00		
2	BANQUE ROYALE DU CANADA	UNITE 02231 CP 11444, STATION CENTRE-VILLE MONTREAL QC H3C 5J4	3,087.00	Motor Vehicles - Automobile - 2011- Chrysler - Dodge		3,087.00		
3	MARC-ANDRE LETOURNEAU	689 AV BLOOMFIELD OUTREMONT QC H2V 3S2	610,644.00	Business Assets - Stock In Trade - Jewelry Cash on Hand - Chequing Debts Due - Business - Account receivable Motor Vehicles - Automobile - 2011- Chrysler - Dodge		10,000.00 0.00 43,571.85 11,763.00		545,309.15
4	REVENU QUEBEC	SECTEUR R23CPF,3E ETAGE 1600, BOUL RENE-LEVESQUE O MONTREAL QC H3H 2V2	28,498.28	Business Assets - Stock In Trade - Jewelry Cash on Hand - Chequing Debts Due - Business - Account receivable Motor Vehicles - Automobile - 2011- Chrysler - Dodge		0.00 11,307.13 17,191.15 0.00		
Total:			659,732.15			114,423.00	0.00	545,309.15

06-Nov-2014

Date


 Marc André Léboimeau

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 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.

T. 514.934.3400
F. 514.934.8603
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:

In the Matter of the Proposal of Accessoires La Brea International 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 November 6, 2014, 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
F. 514.934.8603
claims@richter.ca

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 **Accessoires La Brea International 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.: 500-11-046776-148
Estate No.: 41-1929950

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
Accessoires La Brea International 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 **Accessoires La Brea
International Inc.** to record my vote _____ (for or against) the acceptance of the proposal as made on
November 6, 2014.

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)

RICHTER

SELECTION OF THE TYPE OF DIVIDEND PARTICIPATION In the Matter of the Proposal of Accessoires La Brea International Inc.

As stated in the Proposal, the affected Creditors have the following dividend distribution option:

Option A

- Any Ordinary Creditor may elect in writing to receive the lesser of \$500.00 or the amount of its Ordinary Claim or to irrevocably and unconditionally reduce such Ordinary Claim to \$500.00. The Creditors exercising this choice are designated as "Electing Creditors" in the Proposal.

Option B

- Any Ordinary Creditor may choose to share, on a pro rata basis.

In order to make this choice, a creditor must notify the Trustee in writing, by submitting the "**Selection of the type of Dividend Participation**" at any time prior to the 15th day immediately following Approval.

The creditors who do not file the "**Selection of the type of Dividend Participation**" form will be deemed to have selected Option B.

I, _____
(name of creditor)
of _____
(address, city, province)
(or I, _____, of _____
(name of the creditor's representative) (name of the city)

(title and function) (signature of the creditor)

Do hereby choose:

- Option A:** A one-time payment corresponding to the lesser of five hundred dollars (\$500.00) or the amount of the Ordinary Claim.

In the case where the amount of the Ordinary Claim is greater than \$500.00, I understand that the amount of the Ordinary Claim shall be deemed to have been irrevocably and unconditionally reduced to \$500.00 and that I, or the creditor I represent, will be deemed to have irrevocably and unconditionally waived and renounced to any rights to file any other proof of claim or to participate in any further dividends in connection with the Ordinary Claim.

- OR -

- Option B** Pro rata share of dividends in accordance with the Proposal.

Dated at _____ this ____ day of _____ 201 ____.

Witness

Signature of individual creditor

- OR -

Name of corporate creditor

Witness

Signature of signing officer

Name and title of signing officer

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF QUÉBEC
DIVISION NO.: 01-MONTREAL
COURT NO.: 500-11-046776-148
ESTATE NO.: 41-1929950

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

Accessoires La Brea International Inc.
a legal person duly constituted, having its
registered office at 5800 rue St-Denis, Suite 1206
Montreal QC H2S 3L5

Debtor

- and -

Richter Advisory Group Inc.

Trustee

**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

On November 6, 2014, Accessoires La Brea International Inc. (hereinafter "La Brea", the "Debtor" or the "Company") 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 November 25, 2014, an application will be made to the Québec Superior Court, judicial district of Montréal, 1 Notre-Dame Street E., Room 16.10, Montréal, QC, H2Y 1B6 on December 3, 2014, at 9 o'clock to approve the proposal of the Debtor.

II. OVERVIEW OF THE COMPANY

La Brea is an importer and wholesale distributor of jewellery, watches and accessories. In May 2014, the Company sold its "Steelx Watches & Jewellery" trademark ("Steelx") and related inventory excluding inventory on consignment at The Bay locations and Wal-Mart stores located in Canada. The details of the transaction are further described below.

The Debtor's current operations are limited to the ongoing sale of its remaining Steelx inventory at five The Bay locations (Downtown Montreal, Carrefour Laval, Les Galeries de La Capitale, Promenades St-Bruno and Place Rosemère) as well as residual inventory at Wal-Mart and various independent jewelers. The Debtor is no longer operating out of its office at 5800 St-Denis Street. Mr. Marc-André Létourneau is currently assisted by a part-time operations staff and a part-time accounting staff.

III. CAUSES OF INSOLVENCY AND RECENT DEVELOPMENTS

After experiencing cash flow issues in 2013 as a result of decreased sales, the Debtor initiated a liquidation plan which involved transferring inventory to heavier traffic The Bay locations, offering 50%-90% discounts on merchandise at these stores and increasing advertising. The Company also offered independent jewellers discounted lots of merchandise and extended its business hours at the 5800 St-Denis store (this location also being the Company's head office).

As the liquidation plan proved unsuccessful, the Debtor embarked on the sale process of its Steelx product line and remaining inventory in March 2014. The Company, with the assistance of Richter, actively searched for, identified and contacted 56 potential buyers to determine the level of interest in the marketplace. As a result of these efforts, La Brea received two offers from interested parties, one from Prime Art and Jewel ("PAJ") for the Steelx brand and remaining related inventory, and one from a liquidator for all the inventory on-hand. La Brea deemed the liquidator's offer insufficient and accepted the PAJ offer.

IV. TRANSACTION

PAJ Canada Company (the "Purchaser"), the Canadian division of PAJ, and the Debtor executed an Asset Purchase Agreement ("APA") on May 29, 2014. Pursuant to the terms of the APA, the Purchaser acquired the "Steelx Watches & Jewellery" trademark and Steelx inventory excluding inventory on consignment at The Bay locations and Wal-Mart stores ("Purchased Assets").

The APA provides for the Purchaser to use commercially reasonable efforts to sell the Purchased Assets at prices mutually agreed to by both the Purchaser and the Debtor. As per the APA, the Purchaser will pay the Debtor an amount equal to sixty percent (60%) of the total collected net sales revenue (defined as gross sales revenues from the sale of the inventory after the date of the agreement less any discounts, rebates, chargebacks and returns) from sales of the Purchased Assets (up to December 30, 2019) until La Brea has received the lesser amount of: i) La Brea's documented inventory cost (amount estimated at \$714,840) or ii) \$600,000. Any remaining inventory as at December 31, 2019, will terminate the obligation to pay the purchase price. The Purchased Asset consideration is payable on a monthly basis. At closing, La Brea received a deposit of \$100,000 from the Purchaser for the inventory and \$50,000 for the trademark. These amounts were remitted to CIBC to pay down a portion of the Debtor's outstanding secured loan.

In addition, the APA provides for Mr. Létourneau's continual involvement with the brand on a consulting basis.

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)

Accessoires La Brea International Inc. Statement of Earnings			
	F2014 Unaudited (6 months ended Dec. 31, 2013)	F2013 Unaudited (May 31, 2013)	F2012 Unaudited (May 31, 2012)
Revenue	\$ 1,993,675	\$ 3,119,669	\$ 3,161,464
Cost of Goods Sold	1,123,773	1,493,832	1,579,824
Gross Margin	869,902	1,625,837	1,581,641
Salaries and Benefits (Operations)	288,651	535,446	510,844
Salaries and Benefits (Administration)	88,315	174,461	214,525
Subcontractor	25,228	23,404	43,303
Advertising and Promotions	2,029	116,593	232,635
Bad Debts	73	29,901	13,472
Commissions	106,496	156,023	190,761
Interest and Bank Fees	22,341	35,623	36,708
Interest on Line of Credit	51,174	75,315	59,515
Interest on Long term Debt	5,772	13,095	21,475
Office Supplies	69,377	118,961	119,804
Professional Fees	80,344	27,520	33,741
Rent	50,647	86,568	87,578
Membership Dues	2,990	30,750	17,769
Taxes and Permits	10,508	81	1,996
Insurance	15,462	33,831	36,935
Travel and Sales Representative	42,912	126,170	152,544
Electricity	4,375	6,833	6,860
Depreciation	25,616	53,749	60,844
General and Administrative Expenses	892,309	1,644,325	1,841,310
Earnings Before Taxes	(22,407)	(18,488)	(259,669)
Taxes	-	(2,394)	(34,788)
Net Earnings (Deficit)	\$ (22,407)	\$ (16,094)	\$ (224,881)

As shown in the above table, for the 6-month period ended December 31, 2013 (the latest information available), the Debtor reported revenues of \$1,993,675 and a net loss of \$22,407. It is important to note that consignment inventory shipped to The Bay and Wal-Mart is included in the revenue amount therefore, distorting the actual sales amount for the period. The Company obtains sales reports from Wal-Mart and The Bay in order to track its consignment sales. **Management estimates that, for the 6-month period ended December 31, 2013, actual sales represented approximately \$550K of the \$1,993,675.**

B) Historical Balance Sheet

Accessoires La Brea International Inc. Balance Sheet			
	As at Dec. 31, 2013 Unaudited	As at May 31, 2013 Unaudited	As at May 31, 2012 Unaudited
Assets			
Cash	\$ -	\$ -	\$ -
Accounts Receivable (Note 1)	2,120,717	1,351,188	1,342,268
Prepaid Expenses	39,641	40,737	43,289
Inventory	1,353,775	1,892,977	2,111,687
Certificate of Deposit (USD)	2,606	2,481	2,426
	<u>3,516,740</u>	<u>3,287,382</u>	<u>3,499,670</u>
Deferred Charges	370,364	350,295	256,653
Property, Plant and Equipment	258,652	283,928	323,160
	<u>\$ 4,145,755</u>	<u>\$ 3,921,605</u>	<u>\$ 4,079,483</u>
Liabilities			
Bank indebtedness	\$ 1,321,603	\$ 1,739,956	\$ 1,775,425
Trade Accounts Payable	480,377	252,784	260,683
Other Accounts Payable & Accrued Liabilities	217,663	80,348	97,929
	<u>2,019,643</u>	<u>2,073,089</u>	<u>2,134,036</u>
Due to Marc Létoimeau	1,041,004	621,335	587,691
Long-term debt	151,730	190,072	306,094
	<u>3,212,377</u>	<u>2,884,495</u>	<u>3,027,821</u>
Shareholder's Equity			
Capital Stock	50,210	50,210	50,210
Retained Earnings	883,168	986,900	1,001,452
	<u>\$ 4,145,755</u>	<u>\$ 3,921,605</u>	<u>\$ 4,079,483</u>

Note 1: Management estimates the value of the Accounts Receivable balance related to consignment inventory shipped to The Bay and Wal-Mart stores but not yet sold to be \$1.3 million.

C) Debtor's Statement of Affairs - Assets

Based on the Debtor's Statement of Affairs as of November 6, 2014, and certain additional information provided by Management, the Debtor's assets can be summarized as follows:

Accessoires La Brea International Inc. Assets	
Cash in Bank	\$ 28,810
Accounts Receivable - Collectible	
Accounts Receivable - Total	\$ 1,272,833
Accounts Receivable - Bad	(1,157,009)
Accounts Receivable - Doubtful	<u>(55,061)</u>
Van - Dodge Caravan 2011	14,850
Inventory (estimate)	10,000
	<u>\$ 114,423</u>

Estimated gross realization amount is prior to consideration of the payment of post-filing obligations as well as professional fees.

Of the remaining \$1,273K of receivables currently on the books, \$1,157K of receivables are considered uncollectible based on the age of the accounts (approximately \$700K relate to goods on consignment at full wholesale value), and \$55K are considered doubtful. The Debtor estimates the recoverable accounts receivable balance at approximately \$61K. This balance is due from two department stores and approximately 30 independent jewelers.

The Company currently leases a 2011 Chrysler Dodge Caravan used for merchandise delivery. As per the Canadian Black Book of car values, the average asking price is \$14,850 for this model. Actual asking price can vary to reflect the vehicle's individual characteristics.

The Company estimates that the liquidation value of the remaining inventory held by La Brea is \$10,000 based on the expressions of interest and offers received during the sale process. Management plans on selling this merchandise at The Bay locations over the next few months (consignment sales).

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, the Statement of Affairs as of November 6, 2014, Management's representations as well as information provided by certain creditors.

Accessoires La Brea International Inc. Liabilities	
Secured Creditors	
Related Party (Mr. Létourneau)	\$ 610,644
Unrelated Creditors	-
Crown Claims and Preferred Creditors	46,001
Unsecured Creditors	
Related Party (Mr. Létourneau)	1,261,918
Unrelated Creditors	788,518
	<u>\$ 2,707,081</u>

In August 2014, Mr. Létourneau purchased the CIBC debt (\$610,644) and security and therefore, Mr. Létourneau has a first ranking secured claim against all the assets of the Debtor. The Crown Claims and Preferred Creditors balance of \$46,001 pertains to the employee portion of outstanding federal and provincial deductions at sources. In addition, Mr. Létourneau has advanced funds to the Debtor totaling \$1.3 million.

We caution that these amounts may change as proofs of claim are received.

VI. PROPOSAL

A) Summary

As noted above, the Debtor's current operations are limited to the ongoing sale of its remaining Steelx inventory at five The Bay locations, residual inventory at various independent jewelers as well as collection from the PAJ transaction. The Debtor is no longer operating out of its office at 5800 St-Denis Street. Mr. Létourneau is currently assisted by a part-time operations staff and a part-time accounting staff to assist the Debtor in collecting the remaining trade receivables.

The terms of the Proposal provide that a payment of \$100K less payment of Crown Claims, Employee Claims and Preferred Claims be remitted by the Debtor to the Trustee within 90 days following approval of the Proposal for distribution to Ordinary Creditors. Subject to the approval of the Proposal, the payment of the Dividend is guaranteed by the Guarantor, Mr. Létourneau.

Upon acceptance of the Proposal, Mr. Létourneau agrees as follows in respect of funds owing to him as Secured and Unsecured Creditor (the "Létourneau Claims"):

- The Létourneau Claims shall be subordinated and postponed and shall not be entitled to receive any payment from the Debtor of any principal or interest unless and until all the dividend has been fully paid to Ordinary Creditors under the Proposal;
- Mr. Létourneau waives and renounces to any right to prove the whole or any portion of the Létourneau Claim as an ordinary claim 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:

- All Secured Claims other than the Létourneau Secured Claim shall be paid in accordance with existing agreements or as may be otherwise arranged with each of the Secured Creditors;
- Amounts due to Her Majesty the Queen in right of Canada or of any province which are subject to a demand under subsection 224 (1.2) of the *Income Tax Act*, or of any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224 (1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or of any provision of provincial legislation essentially similar to the foregoing provisions as provided in paragraph 60(1.1)(c) of the Act and that

were outstanding at the time of the filing of the Proposal, shall be paid in their entirety, without interest, within sixty (60) days after the approval of the Proposal;

- 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, without interest or penalty, shall be paid in their entirety in priority to Unsecured Claims within sixty (60) days of the approval of the Proposal.

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); or
 - 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, three (3) individuals (the "Committee") designated by the creditors at the Meeting of Creditors. The Committee shall have the following powers:

- to advise the Trustee with respect to the administration of the Proposal;
- to waive any default in the execution of the Proposal;
- to confirm that the Debtor has satisfied all of the terms and conditions of the Proposal; and
- to adjourn the payment of any dividends to Ordinary Creditors provided for in the Proposal.

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 Statement of Affairs, the amount of the Proposal (\$100,000) would be distributed as follows:

Accessoires La Brea International Inc. Proposal			
Proposal Amount		<u>\$ 100,000</u>	
	Estimated Claims	Estimated Distribution	
Crown Claims	\$ 46,001	\$ 46,001	100%
Unsecured Creditors (Note 1)	788,518	53,999	6.8%
		<u>\$ 100,000</u>	
Note 1: Excluding the Létourneau Unsecured Claim.			

B) Bankruptcy

In a bankruptcy scenario, it has been estimated that the net realization value of the assets would be \$127,423 and therefore all proceeds would be for the benefit of the Crown Claims and Secured Creditors.

Accessoires La Brea International Inc. Estimated Distribution - Bankruptcy Scenario			
Net Realization of Assets (estimated)			
Cash on hand		\$ 28,810	
Accounts Receivable		60,763	
Inventory		10,000	
Other Assets (Van)		14,850	
Receipts from PAJ Transaction (2015 Estimate)		63,000	
Professional Fees		(50,000)	
		<u>\$ 127,423</u>	
	Estimated Claims	Estimated Distribution	
Crown Claims	\$ 46,001	\$ 46,001	100.0%
Secured Creditors (Mr. Létourneau)	610,644	81,422	13.3%
Unsecured Creditors	788,518	-	0.0%
Unsecured Creditors (Mr. Létourneau)	1,261,918	-	0.0%
	<u>\$ 2,707,081</u>	<u>\$ 127,423</u>	

The Company obtained a gross sales report from the Purchaser for the four-month period ending September 30, 2014. The report shows gross sales of approximately \$77,000 for the period, therefore, considering the \$100,000 deposit, no amount is receivable from PAJ as at September 30, 2014. Management anticipates the October 2014 to January 2015 sales will cover the remaining deposit balance of \$100,000 at which point the Debtor will begin receiving funds from the collection of sales. The Debtor estimates that beginning in March 2015, it will receive monthly payments of approximately \$7,000 to \$8,000 for the remainder of the year (\$63,000 for the year ended December 31, 2015). It is estimated by Management that proceeds from this transaction beyond December 2015 will be minimal.

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 any distribution will occur at a much later date.
- ii. 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.

Since these remedies would be available in the event of a bankruptcy of the Debtor, we are in the process of performing a summary analysis of various transactions involving the Debtor during the last twelve months and will provide an update at the Meeting of Creditors.

VIII. CONCLUSION & RECOMMENDATION

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 (over \$650,000). It is estimated that the Proposal will provide recovery to the Unsecured Creditors of approximately 7%. **The Trustee therefore recommends to vote in favour of the Proposal.**

Dated at Montreal, Province of Quebec, this 12th day of November 2014.

Richter Advisory Group Inc.
(Trustee)

Benoit Gingues, CPA, CA, CIRP

