

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**MOTION RECORD  
(Distribution and Discharge Order)  
(Returnable March 18, 2016)**

March 10, 2016

**GOWLING WLG (CANADA) LLP**  
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Solicitors for Richter Advisory Group Inc., in  
its capacity as Receiver of Daco Manufacturing  
Ltd.

TO: SERVICE LIST

## SERVICE LIST

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<p><b>AND HER MAJESTY THE QUEEN IN TO: RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE</b> (Income Tax, PST) PO Box 620 33 King Street West, 6<sup>th</sup> Floor Oshawa, Ontario L1H 8E9</p> <p>Attention: Kevin J. O'Hara</p> <p>Telephone: (905) 433-6934 Facsimile: (905) 436-4510 Email: <a href="mailto:kevin.ohara@ontario.ca">kevin.ohara@ontario.ca</a></p> <p>Lawyers for the <b>Ontario Government</b></p>	<p><b>AND DEPARTMENT OF JUSTICE</b> TO: The Exchange Tower 130 King Street West Suite 3400, P.O. Box 36 Toronto, Ontario M5X 1K6</p> <p>Attention:</p> <p>Diane Winters <a href="mailto:diane.winters@justice.gc.ca">diane.winters@justice.gc.ca</a> Edward Park <a href="mailto:edward.park@justice.gc.ca">edward.park@justice.gc.ca</a></p> <p>Telephone: (416) 973-3746 Facsimile: (416) 973-0810</p> <p>Lawyers for <b>Canada Revenue Agency</b></p>
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**MOTION RECORD  
(Distribution and Discharge Order)  
(Returnable March 18, 2016)  
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# **TAB 1**

Court File No. 31-1995891

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**NOTICE OF MOTION  
(Distribution and Discharge Order)  
(Returnable March 18, 2016)**

**RICHTER ADVISORY GROUP INC.** (“**Richter**”), in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets (the “**Property**”) of Daco Manufacturing Ltd. (“**Daco**” or the “**Company**”), will make a motion to a judge presiding over the Ontario Superior Court of Justice (Commercial List) on March 18, 2016 at 10:00 a.m., or as soon after that time as the motion may be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order substantially in the form attached hereto as **Schedule “A”**:
  - (a) approving the Second Report of the Receiver to the Court dated March 10, 2016 (the “**Second Report**”), and the actions, activities and conduct of the Receiver set out therein;



- (b) approving the distributions made to date by the Receiver to two secured creditors, Meridian Credit Union Limited (“**Meridian**”) and Roynat Capital Inc. (“**Roynat**”);
- (c) approving the Receivers’ statement of receipts and disbursements from July 17, 2015 to March 7, 2016 (the “**R&D**”);
- (d) authorizing the Receiver to pay the Outstanding Disbursements (as defined below) from the available cash on hand remaining with the Receiver, and any subsequent cash receipts, without further approval of this Court;
- (e) authorizing and directing the Receiver to make a payment to the Receiver General for Canada in the amount of \$6,149.33 and take such steps as necessary to settle the Deemed Trust Claim (as defined below);
- (f) approving the accounts of the Receiver and its counsel, including the Receiver’s estimate of professional fees and disbursements required to complete the administration of these receivership proceedings (the “**Remaining Fees and Disbursements**”);
- (g) discharging the Receiver upon completion of the Remaining Matters (as defined below), and authorizing the Receiver to distribute any residual amounts remaining in its possession to the Trustee (as defined below) after the payment of the Outstanding Disbursements, subject to the Receiver filing a certificate evidencing the same with the Court;

- (h) ordering and declaring that effective upon its discharge as Receiver, Richter is released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of Richter; and
- (i) for such further relief as may be required in the circumstances this Honourable Court deems just and equitable.

### **THE GROUNDS FOR THE MOTION ARE:**

#### **Background**

- 2. Daco carried on business primarily as a wholesaler (with limited manufacturing activities) of both costume and fashion jewellery. Daco's products were sold through an extensive retail network in Canada, including significant national retail chains such as Shoppers Drug Mart, Wal-Mart Canada, Rexall, The Bargain Shop, Loblaw Companies Limited and Winners.
- 3. Daco operated from owned premises located at 401 Vaughan Valley Blvd. (the **"Premises"**). Although Daco held bare legal title to the Premises, beneficial ownership of the Premises was held by Daco Canada Real Estate Holdings Ltd. (**"Daco Real Estate"**), a related party.
- 4. On July 17, 2015, the Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the **"Court"**) appointed (the **"Appointment Order"**)

the Receiver, pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.

5. Prior to the Receiver's appointment, on May 19, 2015, Daco filed a Notice of Intention to Make a Proposal ("**NOI**"), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Ontario), R.S.C. 1985, c. B.-3, as amended (the "**BIA**") and Richter was named as trustee under the NOI. The primary objective of the NOI was to identify one or more parties interested in investing in and/or acquiring the Company's business and assets.
6. Unfortunately, the sales process undertaken by the Company as part of its NOI proceedings did not result in any offers that would support a distribution to the Company's unsecured creditors. As there was no prospect that the Company could present a viable proposal to its unsecured creditors, Daco informed the proposal trustee that it would not be seeking an extension of the stay of proceedings triggered upon the filing of the NOI. As a result, and as there remained a need for a process to both wind down the Company's operations and realize on the Property, on July 17, 2015, the Company sought an order of the Court that both deemed Daco bankrupt and appointed a Receiver to realize on the Property for the benefit of the Company's stakeholders. Richter was also appointed as trustee (the "**Trustee**") of Daco's bankrupt estate.
7. On September 24, 2015, the Court issued an order (the "**Approval and Vesting Order**") approving the sale transaction (the "**Sale Transaction**") contemplated by the asset purchase agreement dated September 18, 2015 (the "**APA**") between the Receiver and

2380775 Ontario Ltd. (the “**Purchaser**”), and vesting in the Purchaser certain personal property located on the Premises described as in the APA (the “**Purchased Assets**”).

### **Creditors**

8. Meridian and Roynat each hold valid and enforceable security interests over the Property. Pursuant to various inter-creditor agreements between Daco USA Inc. (“**Daco USA**”), Meridian and Roynat, Meridian had first-ranking security and Roynat had second-ranking security over the Property. Based on the order of registrations under the Personal Property Security Act (Ontario), Daco USA had third ranking security over the Property.

### **Completion of Sale Transaction and Distribution of Proceeds**

9. On September 18, 2015, the Receiver and the Purchaser executed the APA in respect of the Purchased Assets. On September 24, 2015, the Court approved the Sale Transaction.
10. The Sale Transaction closed on October 2, 2015 and the Receiver’s certificate attesting to the waiver or satisfaction of the conditions precedent was issued to the Purchaser’s counsel and filed with the Court. The total cash proceeds from the Sale Transaction were \$825,003 (excluding sales taxes).
11. In addition to the Sale Transaction, and pursuant to the authority provided by paragraph 8(k) of the Appointment Order, the Receiver completed several other sales of the Company’s assets (consisting of limited quantities of the Company’s costume and fashion jewellery).

12. Pursuant to paragraph 6 of the Appointment Order, on October 7, 2015, the Receiver made a distribution in the amount of \$698,623.47 to Meridian as repayment, in full, of the outstanding secured indebtedness owed to Meridian by Daco.
13. On November 4, 2015, the Receiver distributed \$150,000 from cash on hand to Roynat, which distribution reduced the outstanding secured indebtedness owing to Roynat by Daco to approximately \$1.5 million.
14. The same day, the Purchaser completed the removal of the Purchased Assets from the Premises and the Receiver vacated the Premises.

#### **Sale of the Premises and Distribution of Proceeds**

15. Daco Real Estate received a conditional offer on the Premises, which had been listed for sale by CBRE Limited. On November 4, 2015, the sale of the Premises closed and a portion of the proceeds of the sale were used by Daco Real Estate to satisfy all outstanding secured indebtedness (after application of the amounts referred to above) owed to Roynat by the Company.
16. Any surplus from the sale of the Premises is held for the benefit of Daco Real Estate and not available to the Company or its other creditors.

#### **Outstanding Disbursements**

17. The Receiver does not expect any further material realizations and currently holds cash on hand of \$70,405 as at March 7, 2016.
18. The Receiver is aware of the following outstanding or anticipated liabilities:

- (a) \$6,149.33 owing to Canada Revenue Agency in respect of source deductions (the “**Deemed Trust Claim**”);
- (b) approximately \$5,000 owing in unpaid obligations, net of the Deemed Trust Claim, as of March 7, 2016 (the “**Accrued Obligations**”); and
- (c) approximately \$30,000 in Remaining Fees and Disbursements (together with the Accrued Obligations, the “**Outstanding Disbursements**”).

### **Remaining Matters and Discharge**

19. The following matters have not yet been completed in these receivership proceedings (collectively, the “**Remaining Matters**”):
- (a) Settle the Deemed Trust Claim;
  - (b) Pay the Outstanding Disbursements;
  - (c) Pursue the potential recovery of any unclaimed HST input tax credits paid during these proceedings; and
  - (d) Complete other administrative matters incidental to these proceedings such as filing the Receiver’s report pursuant to section 246(3) of the BIA.
20. Upon the completion of the Remaining Matters, the Receiver will have realized on the Property and completed its statutory duties as well as those duties set out in the Appointment Order. Accordingly, the Receiver seeks an order of the Court discharging the Receiver upon the filing of a certificate with this Court certifying that all of the Remaining Matters have been completed.

21. Sections 243(1),(6), 246(3) of the *BIA*.
22. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY ADVISE WILL BE USED AT THE HEARING OF THE APPLICATION:**

1. The Second Report of the Receiver dated March 10<sup>th</sup>, 2016; and
2. Such further and other material as counsel may advise and this Honourable Court may permit.

Date: March 10, 2016

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Lawyers for the Receiver

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF DACO MANUFACTURING LTD. OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
**(BANKRUPTCY AND INSOLVENCY)**

(PROCEEDING COMMENCED AT TORONTO, ONTARIO)

**NOTICE OF MOTION**  
**(Recognition of Sale Approval and Vesting Order)**  
**(Returnable March 18, 2016)**

**GOWLING LAFLEUR HENDERSON LLP**

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Lawyers for the Receiver



# TAB “A”

Court File No. 31-1995891

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	FRIDAY, THE 18TH
	)	
JUSTICE	)	DAY OF MARCH, 2016

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**DISCHARGE ORDER**

THIS MOTION, made by Richter Advisory Group Inc. ("Richter") in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Daco Manufacturing Ltd. (the "Debtor"), for an order substantially in the form attached at Tab 1A to the Motion Record of the Receiver providing for the discharge of the Receiver and for related relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report of the Receiver to the Court dated March 10, 2016 (the "Report") the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing although served as evidenced by the Affidavit of [NAME] sworn [DATE], filed;

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Motion Record and the Report is hereby abridged and validated so that this Motion is properly returnable today, and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the activities of the Receiver, as set out in the Report, are hereby approved.

3. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Report and the Fee Affidavits, including the Receiver's estimate of professional fees and disbursements required to complete the administration of these receivership proceedings (the "Remaining Fees and Distributions") are hereby approved.

4. THIS COURT ORDERS that the distributions of the proceeds from the sale of the Debtor's property to Meridian Credit Union Limited and Roynat Capital Inc. on account of their outstanding secured indebtedness are hereby approved.

5. THIS COURT ORDERS that the Receivers statement of receipts and disbursements from July 17, 2015 to March 7, 2016, are hereby approved.

6. THIS COURT ORDERS that the Receiver is authorized and directed to:

- (a) make a payment to the Receiver General in the amount of \$6,149.33 and take such steps as necessary to settle any claim by Canada Revenue Agency ("CRA") in respect of source deductions;
- (b) make a payment of any Accrued Obligations as described in the paragraph 25 of the Report; and
- (c) make payments to the Receiver and its counsel in respect of any Remaining Fees and Distributions.

7. THIS COURT ORDERS that, after payment of the amounts set out in paragraphs 5 the Receiver shall pay the monies remaining in its hands to Richter in its capacity as Trustee in Bankruptcy of the Debtor.

8. THIS COURT ORDERS that upon payment of the amounts set out in paragraph 5 and 6 hereof and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report (the "Certificate"), the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this

proceeding, including all approvals, protections and stays of proceedings in favour of Richter in its capacity as Receiver.

9. THIS COURT ORDERS AND DECLARES that upon the Receiver filing the Certificate Richter is hereby released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

## **TAB 2**

**DACO MANUFACTURING LTD.**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS RECEIVER OF  
DACO MANUFACTURING LTD.**

**MARCH 10, 2015**

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Court File No. 31-1995891

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD. OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE RECEIVERSHIP OF  
DACO MANUFACTURING LTD.**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF THE  
PROPERTIES, ASSETS AND UNDERTAKING OF  
DACO MANUFACTURING LTD.**

**MARCH 10, 2015**

**INTRODUCTION**

1. By order (the “**Appointment Order**”) of the Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 17, 2015 (the “**Date of Appointment**”), Richter Advisory Group Inc. (“**Richter**”) was appointed receiver (the “**Receiver**”) of all of the property, assets and undertakings (the “**Property**”) of Daco Manufacturing Ltd. (“**Daco**” or the “**Company**”), pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended. A copy of the Appointment Order is attached hereto as **Exhibit “A”**.
2. On the same day, the Company was deemed to have made an assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (“**BIA**”) as a consequence of not filing a proposal with the proposal trustee within the time period granted by the Court pursuant to section 50.4(8) of the BIA. Richter was also appointed as trustee (the “**Trustee**”) of Daco’s bankrupt estate.



3. On September 24, 2015, the Court issued an order approving the sale transaction (the “**Sale Transaction**”) contemplated by the asset purchase agreement dated September 18, 2015 (the “**APA**”) between the Receiver and 2380775 Ontario Ltd. (the “**Purchaser**”), and vesting in the Purchaser the Purchased Assets as defined in the APA.
4. This report is the Receiver’s second report (the “**Second Report**”) to this Court. The Receiver’s first report dated September 21, 2015 (the “**First Report**”) outlined, among other things, events leading up to the appointment of the Receiver, the activities of the Receiver since the Appointment Order, the results of the marketing and sales process undertaken by the Company, the Sale Transaction, and the Receiver’s interim statement of receipts and disbursements. A copy of the First Report (without attachments) is attached hereto as **Exhibit “B”**.

#### **PURPOSE OF THE REPORT**

5. The purpose of this Second Report is to provide this Court with information pertaining to:
  - (a) the activities of the Receiver since the First Report;
  - (b) the Receivers’ statement of receipts and disbursements from the Date of Appointment to March 7, 2016 (the “**R&D**”);
  - (c) payments made by the Receiver to Meridian Credit Union Limited (“**Meridian**”) and Roynat Capital Inc. (“**Roynat**”) on account of the outstanding secured indebtedness owed by the Company to each of Meridian and Roynat;
  - (d) the deemed trust claim asserted by the Canada Revenue Agency (“**CRA**”) for pre-appointment source deductions owed by the Company (the “**Deemed Trust Claim**”);
  - (e) the Receiver’s estimate of accrued and unpaid obligations as of the date of this Second Report (the “**Accrued Obligations**”) and the Receiver’s estimate of professional fees and disbursements, including those of its counsel, required to complete the administration of these receivership proceedings (the “**Remaining Fees and Disbursements**”); and
  - (f) to seek an order of the Court;
    - (i) approving this Second Report, and the actions, activities and conduct of the Receiver set out therein;
    - (ii) approving the distributions made to date by the Receiver to Meridian and Roynat;

- (iii) approving the R&D;
- (iv) authorizing the Receiver to pay the Accrued Obligations and the Remaining Fees and Disbursements (collectively, the “**Outstanding Disbursements**”) from the available cash on hand remaining with the Receiver, and any subsequent cash receipts, without further approval of this Court;
- (v) authorizing and directing the Receiver to make a payment to the Receiver General for Canada in the amount of \$6,149.33 and take such steps as necessary to settle the Deemed Trust Claim;
- (vi) approving the accounts of the Receiver and its counsel, including the Remaining Fees and Disbursements, as set out in this Second Report;
- (vii) discharging the Receiver upon completion of the Remaining Matters (as defined herein), and authorizing the Receiver to distribute any residual amounts remaining in its possession to the Trustee after the payment of the Outstanding Disbursements, subject to the Receiver filing a certificate evidencing the same with the Court; and
- (viii) ordering and declaring that effective upon its discharge as Receiver, Richter is released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of Richter.

## QUALIFICATIONS

- 6. In preparing this Second Report, the Receiver has relied upon unaudited financial information prepared by the Company, the Company's books and records, and discussions with the Company's representatives. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information.
- 7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Appointment Order.

## ACTIVITIES OF THE RECEIVER

8. Since the date of the First Report, the Receiver's activities have included:

- (a) closing the Sale Transaction with the Purchaser;
- (b) working with the Purchaser to remove the Purchased Assets from the Company's offices located at 401 Vaughan Valley Blvd. in Woodbridge, Ontario (the "**Premises**");
- (c) arranging for payment of continuing services, including utilities, contractors, etc. for the Premises;
- (d) determining the amounts owed to former Daco employees pursuant to the *Wage Earner Protection Program Act* ("**WEPPA**") and liaising with Service Canada in connection with the administration thereof;
- (e) corresponding with former employees of the Company regarding the status of claims and payments under WEPPA;
- (f) corresponding with requests from the Ontario Ministry of Labour regarding the status of these proceedings and potential amounts to former Daco employees;
- (g) corresponding with CRA in connection with its audit on the Company's payroll remittance account, and in respect of the Company's sales tax account;
- (h) communicating with Daco Canada Real Estate Holdings Ltd. ("**Daco Real Estate**"), and its advisors, in connection with the sale of the Premises;
- (i) terminating Daco's insurance policies in respect of the Property and the Premises;
- (j) responding to calls and enquiries from the Company's creditors, including former employees, suppliers and other stakeholders regarding the receivership proceedings; and
- (k) communicating with each of Meridian, Roynat and Daco USA Inc. ("**Daco USA**"), and their respective advisors, in connection with various aspects of the receivership.

9. To the best of its knowledge and belief, the Receiver has complied with all of its statutory duties and obligations pursuant to the BIA as at the date of this Second Report. Prior to filing its Certificate of Discharge (as defined herein), the Receiver will complete its statutory duties, including preparing and filing its final report pursuant to section 246(3) of the BIA.

## COMPLETION OF THE SALE TRANSACTION

10. On September 18, 2015, the Receiver and the Purchaser executed the APA in respect of the Purchased Assets. On September 24, 2015, the Court approved the Sale Transaction.
11. Pursuant to the terms of the APA, the Sale Transaction was to close within seven business days following the satisfaction and/or waiver of all conditions to the APA. The Sale Transaction closed on October 2, 2015 and the Receiver's certificate attesting to the waiver or satisfaction of the conditions precedent was issued to the Purchaser's counsel and filed with the Court.
12. The total cash proceeds from the Sale Transaction was \$825,003 (excluding sales taxes), including the \$50,000 deposit paid to the Receiver by the Purchaser on September 8, 2015.
13. Since October 2, 2015, the Receiver and/or its representative worked with the Purchaser to allow access to the Premises to enable the removal of the Purchased Assets. On November 4, 2015, the Purchaser completed this process and the Receiver vacated the Premises on the same day.

## DISTRIBUTIONS

14. As noted in the First Report, Gowling Lafleur Henderson LLP ("**Gowlings**") previously provided an independent legal opinion to Richter, in its capacity as trustee in respect of Daco's NOI proceedings, with respect to the validity and enforceability of the security granted by Daco in favour of each of Meridian and Roynat. Subject to the customary qualifications and limitations included therein, it was Gowlings' opinion that the security granted by Daco in favour of each of Meridian and Roynat was valid and enforceable against all of the Property. Pursuant to various inter-creditor agreements between Daco USA, Meridian and Roynat, Meridian had first-ranking security and Roynat had second-ranking security over the Property. Based on the order of registrations under the *Personal Property Security Act* (Ontario), Daco USA had third ranking security over the Property.
15. Subsequent to the closing of the Sale Transaction and in accordance with the authority granted in paragraph 6 of the Appointment Order, on October 7, 2015, the Receiver made a distribution in the amount of \$698,623.47 to Meridian as repayment, in full, of the outstanding secured indebtedness owed to Meridian by Daco, including interest and costs.
16. On or about October 20, 2015, Roynat provided the Receiver with a copy of its payout statement in connection with the outstanding secured indebtedness owed to Roynat by the Company. As set out in its payout statement, Roynat was owed approximately \$1.63 million (net of accrued interest, costs and other expenses) as at the statement date.

17. After taking into account the estimated costs needed to complete its administration, on November 4, 2015, the Receiver distributed \$150,000 from cash on hand to Roynat, which distribution reduced the outstanding indebtedness owing to Roynat by Daco to approximately \$1.5 million.

#### **SALE OF THE PREMISES**

18. The Receiver understands that Daco had granted charges against title to the Premises in favour of both Roynat (first ranking) and Meridian (second ranking) as additional security for the Company's obligations to each of Roynat and Meridian. Although Daco held bare legal title to the Premises, beneficial ownership of the Premises was held by Daco Real Estate. Consequently, any surplus from the sale of the Premises (after satisfaction of any residual amounts owed to Meridian and Roynat from the sale of the Property) would be for the benefit of Daco Real Estate and not available to the Company or its other creditors.
19. As noted in the First Report, Daco Real Estate had received a conditional offer on the Premises, which had been listed for sale with CBRE Limited. In connection with the foregoing, the Receiver understands that all conditions in respect of the offer were satisfied and/or waived on or about October 16, 2015, and that the sale of the Premises closed on November 4, 2015.
20. The Receiver understands a portion of the proceeds from the sale of the Premises were used by Daco Real Estate to repay the outstanding balance owed to Roynat by the Company. As such, the Receiver understands that no further amounts are or will be owed by Daco to Roynat.

#### **RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS**

21. The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to March 7, 2016 is summarized as follows:

Daco Manufacturing Ltd. Statement of receipts and disbursements For the period July 17, 2015 to March 7, 2016			
Receipts			Notes
Receiver's borrowings	\$	50,000	
Proceeds from the Sale Transaction		825,003	
Asset realizations		370,068	1
Refunds re prepaids		38,792	
Accounts receivable collection		278	
HST collected		133,656	
Pre-filing HST refunds		28,529	
Post-filing HST refunds		10,288	
Other receipts		1,144	
<b>Total Receipts</b>	<b>\$</b>	<b>1,457,758</b>	
<b>Disbursements</b>			
Repayment of Receiver's borrowings		50,411	
Professional fees (NOI proceedings)		70,149	2
Professional fees (Receivership proceedings)		165,233	3
Pre-filing wages and vacation pay		4,020	4
Contract services		37,492	5
Operating expenses		25,124	
Property taxes		39,580	
HST remittances		111,830	
GST/QST/HST paid on disbursements		34,289	
Bank charges / other fees		601	
<b>Total disbursements</b>	<b>\$</b>	<b>538,729</b>	
<b>Excess Receipts over Disbursements</b>	<b>\$</b>	<b>919,029</b>	
Repayments to Meridian		698,623	
Repayments to Roynat		150,000	
<b>Cash on hand</b>	<b>\$</b>	<b>70,405</b>	
<b>Notes:</b>			
1 Proceeds collected by the Receiver in connection with the sale of certain inventory and equipment.			
2. Outstanding fees of the Proposal Trustee (\$54k), its counsel (\$6k) and counsel to the Company (\$10k) paid by the Receiver pursuant to paragraph 26 of the Appointment Order.			
3. Fees of the Receiver (\$145k) and its counsel (\$20k) incurred during these proceedings.			
4. Payment of outstanding wages and vacation pay owed to former Daco employees for pay period ending July 17, 2015.			
5. The Receiver engaged certain former Daco employees as independent contractors to assist with the Receivership.			

22. As detailed in the table above, the Receiver had total receipts of approximately \$1.4 million between the Date of Appointment and March 7, 2016, the majority of which relate to proceeds received from the Sale Transaction with the Purchaser. Total disbursements over the same period were approximately \$0.5 million, primarily consisting of professional fees and operating costs related to these receivership proceedings.
23. As previously noted, payments to Meridian and Roynat were made on account of their outstanding secured indebtedness owed by the Company. To date, approximately \$0.7 million and \$0.15 million has been

distributed by the Receiver to Meridian and Roynat, respectively. As at March 7, 2016, cash on hand was \$70,405.

24. As at the date of this Second Report, the Receiver does not anticipate any additional material realizations, other than those detailed in the Remaining Matters.
25. After payment of the Deemed Trust Claim, the Receiver estimates there remains approximately \$5,000 in Accrued Obligations relating primarily to certain operating expenses related to the Receiver's occupation of the Premises. In addition, the Receiver estimates Remaining Fees and Disbursements in the amount of approximately \$30,000, exclusive of HST.
26. The Receiver seeks authority to pay the Outstanding Disbursements from cash on hand without further order of this Court. Accordingly, upon satisfying the Remaining Matters, the Receiver shall distribute any residual amounts remaining in its possession, or subsequently collected by the Receiver, to the Trustee without further order of this Court.

#### **PRIORITY CLAIMS**

27. The security granted by Daco in favour of each of Meridian and Roynat is subject to prior charges and security interests or claims in respect of the Property, which include:
  - (a) The Receiver's Charge;
  - (b) The Receiver's Borrowing Charge;
  - (c) The Administration Charge;
  - (d) The Deemed Trust Claim; and
  - (e) Statutory claims pursuant to the BIA (the "**BIA Claims**").

#### **Receiver's Charge**

28. As noted above, the fees and disbursements of the Receiver and its legal counsel, Gowlings, that have been paid up to March 7, 2016 total approximately \$165,000, exclusive of HST. In addition, the Receiver has estimated Remaining Fees and Disbursements in the amount of \$30,000. The Receiver is of the view that the cash on hand as at the date of this Second Report is sufficient to provide for the Remaining Fees and Disbursements, after taking into account the Accrued Obligations and the Deemed Trust Claim.

**Receiver's Borrowing Charge**

29. Pursuant to paragraph 27 of the Appointment Order, the Receiver was authorized to borrow up to \$75,000 from Meridian, as it considered necessary or desirable. As of the date of this Second Report, no borrowings are outstanding.

**Administration Charge**

30. Pursuant to paragraph 26 of the Appointment Order, the Administration Charge, as defined and provided by the order of the Court made on June 8, 2015 as part of the Company's proposal proceedings, continued to apply and encumber the Property and any proceeds thereof. As of the date of this Second Report, outstanding amounts owing pursuant to the Administration Charge have been repaid in full.

**Deemed Trust Claim**

31. By letter dated September 24, 2015, CRA advised the Receiver that Daco was indebted to CRA in respect of unremitted source deductions amounting to \$6,928.26, of which \$6,149.33 was held in trust and did not form part of the property, business or estate of the Company. A copy of the CRA letter is attached hereto as **Exhibit "C"**.
32. The Receiver understands that the amount claimed by CRA is consistent with the Company's books and records, and the results of the payroll field audit conducted by CRA on September 11, 2015. Accordingly, the Receiver is seeking this Court's approval to pay the Deemed Trust Claim from funds currently held by the Receiver.

**BIA Claims**

33. Based on the Receiver's review of the Company's books and records, there were no outstanding amounts owed to the Company's former employees in respect of wages and/or vacation pay as at the date of this Second Report. Accordingly, the Receiver is not aware of any amounts that could be owing pursuant to section 81.4 of the BIA.
34. The Receiver understands that the Company did not provide a registered pension plan for its employees. Accordingly, the Receiver is not aware of any amounts that could be owing pursuant to section 81.6 of the BIA.
35. As at the date of this Second Report, the Receiver is not aware of any claims, other than those noted above, that rank in priority to the claims of Meridian or Roynat as against the Property, or the proceeds therefrom.



**REMAINING MATTERS TO BE COMPLETED IN THESE PROCEEDINGS**

36. If this Court grants the order requested herein, the Receiver will have completed its statutory duties, except for the following (the **"Remaining Matters"**):
- (a) Settling the Deemed Trust Claim, as outlined in this Second Report;
  - (b) Paying the Outstanding Disbursements;
  - (c) Pursuing the potential recovery of any unclaimed HST input tax credits paid during these proceedings;
  - (d) Attending to other administrative matters incidental to these proceedings such as filing the Receiver's report pursuant to section 246(3) of the BIA.
37. Upon the completion of the Remaining Matters, the Receiver will have realized on the Property and completed its statutory duties as well as those duties set out in the Appointment Order. Accordingly, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver upon the filing of a certificate (the **"Certificate of Discharge"**) with this Court certifying that all of the Remaining Matters have been completed.

**REQUEST FOR APPROVAL OF FEES**

38. The Receiver and its counsel, Gowlings, have maintained detailed records of their professional time and disbursements since the Date of Appointment.
39. In accordance with the Appointment Order, the Receiver has been authorized to periodically pay its fees and disbursements, and that of its counsel, subject to approval by the Court.
40. The Receiver's professional fees incurred for services rendered from the Date of Appointment to January 31, 2016 amount to \$144,230.25, plus disbursements in the amount of \$448.24 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Receiver's professionals is described in the affidavit of Pritesh Patel attached hereto as **Exhibit "D"**.
41. The fees of the Receiver's counsel, Gowlings, for services rendered from the Date of Appointment to October 21, 2015 total \$42,598.00, plus disbursements in the amount of \$1,669.01 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Gowlings' professionals is described in the affidavit of Clifton Prophet attached hereto as **Exhibit "E"**.

42. The Receiver has reviewed Gowlings' accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.
43. In addition to the fees paid as of March 7, 2016, and on the assumption that there are no delays, disputes or unforeseen developments in connection with these proceedings, including the within motion, and the performance of the Remaining Matters, the Receiver has estimated Remaining Fees and Disbursements in the amount of \$30,000 (excluding HST). This estimate represents the Receiver's best estimate of the reasonable professional and legal fees required to complete the administration of these proceedings up to the effective date of discharge.

#### **CONCLUSION AND RECOMMENDATION**

44. To the best of the Receiver's knowledge and belief, all duties of the Receiver, as set out in the Appointment Order and subsequent orders of this Court, will be completed upon payment of the Deemed Trust Claim, the Outstanding Disbursements, and completion of the Remaining Matters.
45. Accordingly, the Receiver seeks an order of the Court:
- (a) approving the Second Report, and the actions, activities and conduct of the Receiver set out therein;
  - (b) approving the distributions made to date by the Receiver to Meridian and Roynat;
  - (c) approving the R&D;
  - (d) authorizing the Receiver to pay the Outstanding Disbursements, without further approval of this Court;
  - (e) authorizing and directing the Receiver to make payment in respect of the Deemed Trust Claim;
  - (f) approving the accounts of the Receiver and its counsel, including the Remaining Fees and Disbursements, as set out in this Second Report;
  - (g) discharging the Receiver upon completion of the Remaining Matters, and authorizing the Receiver to distribute any residual amounts remaining in its possession to the Trustee after the payment of the Outstanding Disbursements, subject to the Receiver filing a Certificate of Discharge with this Court; and
  - (h) ordering and declaring that effective upon its discharge as Receiver, Richter is released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any

way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of Richter.

All of which is respectfully submitted this 10<sup>th</sup> day of March, 2016.

**Richter Advisory Group Inc.**  
**in its capacity as Receiver of**  
**Daco Manufacturing Ltd.**  
**and not in its personal capacity**



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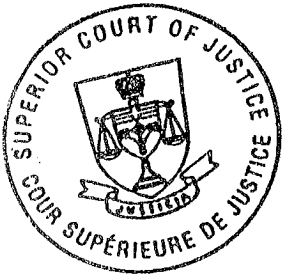
**Adam Sherman, MBA, CIRP**  
Senior Vice-President



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**Pritesh Patel, CIRP, CFA, MBA**  
Vice-President

## **EXHIBIT A**



Court File No. 31-1995891

Estate No. 31-1995891

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.

)

FRIDAY, THE 17<sup>TH</sup>

)

JUSTICE WILTON-SIEGEL

)

DAY OF JULY, 2015

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD. OF THE CITY OF TORONTO IN THE PROVINCE  
OF ONTARIO**

**ORDER**

**(appointing Receiver)**

THIS MOTION made by the Applicant, Daco Manufacturing Ltd. (the "**Company**" or the "**Debtor**"), for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Richter Advisory Group Inc. ("**Richter**") as Receiver (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Matthew Lunetta sworn on July 14, 2015 and the Exhibits thereto and the Second Report of Richter in its capacity as Proposal Trustee dated July 14, 2015 (the "**Second Report**") and on hearing the submissions of counsel for the Company, Meridian Credit Union Limited ("**Meridian**") and Roynat Inc. ("**Roynat**") and those other parties as appearing on the Counsel Slip, and on reading the consent of Richter to act as the Receiver.

**LIFTING OF STAY OF PROCEEDINGS**

1. THIS COURT ORDERS that, to the extent necessary, the stay of proceedings pursuant to section 69(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985. c.B-3, as amended (the "**BIA**") shall be and are hereby lifted to allow this Motion to be brought.

**SERVICE**

2. THIS COURT ORDERS that the time for service of the Notice of Motion, the Second Report and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

**TERMINATION OF PROPOSAL PROCEEDINGS**

3. THIS COURT ORDERS that the time within which a proposal must be filed pursuant to the terms of the BIA is hereby terminated, and that the Debtor is hereby deemed to have made an assignment into bankruptcy.

**AMENDING TITLE OF PROCEEDINGS**

4. THIS COURT ORDERS that the title of the within proceedings be amended, effective as of the date of this Order, to read as follows:

Court File No. 31-1995891

Estate No. 31-1995891

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD. OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE RECEIVERSHIP OF  
DACO MANUFACTURING LTD.**

**APPOINTMENT**

5. THIS COURT ORDERS that pursuant to section 101 of the CJA, Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the

Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

## **DISTRIBUTION**

6. THIS COURT ORDERS that Richter is hereby authorized and directed to distribute to Meridian the amount of approximately \$700,000.00, without further Order of this Court, which funds are currently held by Richter for distribution to Meridian pursuant to the letter agreement dated June 5, 2015 amongst the Debtor, Daco Canada Real Estate Holdings Ltd. ("**Daco Real Estate**"), Daco (USA) Inc., Meridian, Roynat and Richter (the "**June Agreement**").

7. THIS COURT ORDERS that the Receiver be and is hereby authorized and directed to make further distributions to Meridian, without further Order of this Court, on account of the balance of the Debtor's secured indebtedness owing to Meridian for principal, interest and costs, after accounting for the distribution provided by paragraph 6 of this Order, up to the amount of the Debtor's secured indebtedness owing to Meridian.

## **RECEIVER'S POWERS**

8. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, subject to paragraphs 6 and 7 of this Order, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers and accepting or negotiating any offers or proposals made by any person or persons pursuant to the Bid Process approved by this Court on June 8, 2015 (the "**Bid Process**"), in respect of the Property or any part or parts thereof and negotiating



such terms and conditions of sale as the Receiver in its discretion may deem appropriate, with a view to completing the sale of the Property as efficiently and expediently as possible;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, including completing the sale or other monetization of any such Property to any person or persons pursuant to the Bid Process

(i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the *Ontario Personal Property Security Act*, or section 31 of the *Ontario Mortgages Act*, as the case may be, shall not be required, and in each case the *Ontario Bulk Sales Act* shall not apply;

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (o) to apply for any permits, licenses, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (r) to execute any documents or instruments or take such other steps as may be required to convey the Debtor's bare legal title to the Premises (as defined below) to any purchaser thereof; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

9. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

10. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting

records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

11. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. THIS COURT ORDERS that the Receiver shall provide Daco Real Estate, Meridian and Roynat with notice of the Receiver's intention to remove any fixtures from the premises at 401 Vaughan Valley Road in Woodbridge, Ontario (the "**Premises**") at least seven (7) days prior to the date of the intended removal. Daco Real Estate, Meridian and Roynat shall be entitled to have a representative present in the Premises to observe such removal and, if Daco Real Estate, Meridian or Roynat dispute the Receiver's entitlement to remove any such fixture, such fixture shall remain on the Premises and shall be dealt with as agreed between any applicable secured

creditors, Daco Real Estate and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) business days' notice to Daco Real Estate and any such secured creditors. For greater certainty, the Property does not include the Premises, which are beneficially owned by Daco Real Estate. In addition to the foregoing, the Receiver shall provide Daco Real Estate, Meridian, Roynat or their representatives with such information as they may reasonably request from time to time in respect of the Property, any sales thereof and/or the Receivership, within two business days of receiving any such request.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

13. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

14. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, that Roynat is at liberty to make demand upon the Debtor for payment of the outstanding indebtedness and obligations owed by it to Roynat and is also at liberty to issue Notice pursuant to section 244 of the BIA with respect to the security held by Roynat that which secures payment of such indebtedness and obligations, provided that Roynat shall take no further step or action against the Debtor or the Property without the prior written consent of the Receiver or leave of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

15. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from

compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

16. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

17. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### **RECEIVER TO HOLD FUNDS**

18. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided

for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

### **EMPLOYEES**

19. THIS COURT ORDERS that all employees of the Debtor are deemed to have been terminated as at the date of this Order prior to the appointment of the Receiver and that the Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act* ("WEPPA").

### **PIPEDA**

20. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

21. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release

or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

22. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the WEPPA. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS AND COSTS OF PROPOSAL PROCEEDING**

23. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, unless otherwise ordered by the Court on the passing of accounts and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, provided that:

- (a) Only \$150,000 of the Receiver's Charge shall be in priority to the security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of Meridian, and
- (b) The entire amount of the Receiver's Charge shall be subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

25. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

26. THIS COURT ORDERS that the Receiver is authorized and directed to pay any outstanding and accrued fees and costs of the Proposal Trustee and its counsel and counsel to the Company, as at the date of this Order in respect of the Company's proceeding to file a proposal (the "**Proposal Proceeding**"). For greater certainty, the Administration Charge, as defined and provided by the Order of the Honourable Justice Conway made June 8, 2015, in the Proposal Proceeding shall continue to apply to and encumber the Property and any proceeds thereof until such amounts are paid but shall not apply in respect of any amounts incurred after the date of this Order.

#### **FUNDING OF THE RECEIVERSHIP**

27. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow from Meridian by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$75,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the



Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

28. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

29. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

30. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **SERVICE AND NOTICE**

31. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (found on the Commercial List website at [http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/#Commercial\\_List](http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/#Commercial_List)) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.richter.ca/en/folder/insolvency-cases/d/daco-manufacturing-ltd>.

32. THIS COURT ORDERS that the E-Service List Keeper (as defined in the Protocol) for the purpose of this proceeding shall be the Receiver.

33. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

#### **GENERAL**

34. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

35. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

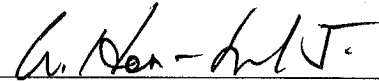
36. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

37. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within

proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

38. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor' estate with such priority and at such time as this Court may determine.

39. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



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**SCHEDULE "A"****RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Richter Advisory Group Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties Daco Manufacturing Ltd. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 17<sup>th</sup> day of July, 2015 (the "**Order**") made in an action having Court file number 31-1995891, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the last day of each month after the date hereof at a notional rate per annum equal to the rate of 10 per cent.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**RICHTER ADVISORY GROUP INC.**, solely  
in its capacity as Receiver of the Property, and  
not in its personal capacity

Per: \_\_\_\_\_

Name:

Title:

Court File No. 31-1995891  
Estate No. 31-1995891

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF DACO MANUFACTURING LTD. OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

**ORDER**

**BENNETT JONES LLP**  
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Toronto, ON M5X 1A4  
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Lawyers for the Applicant,  
Daco Manufacturing Ltd.

## **EXHIBIT B**

**DACO MANUFACTURING LTD.**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS RECEIVER OF  
DACO MANUFACTURING LTD.**

**SEPTEMBER 21, 2015**



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Court File No. 31-1995891

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD. OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO

AND IN THE MATTER OF THE RECEIVERSHIP OF  
DACO MANUFACTURING LTD.

FIRST REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF THE  
PROPERTIES, ASSETS AND UNDERTAKING OF  
DACO MANUFACTURING LTD.

SEPTEMBER 21, 2015

**Introduction**

1. This report is filed by Richter Advisory Group Inc. ("**Richter**"), in its capacity as receiver (the "**Receiver**") of all of the property, assets and undertakings (the "**Property**") of Daco Manufacturing Ltd. ("**Daco**" or the "**Company**").
2. By order (the "**Appointment Order**") of the Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated July 17, 2015 (the "**Date of Appointment**"), Richter Advisory Group Inc. ("**Richter**") was appointed Receiver of Daco, pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43, as amended. A copy of the Appointment Order is attached hereto as **Exhibit "A"**.

### Background and Events Leading to the Appointment of the Receiver

3. Daco operated primarily as a wholesaler (with limited manufacturing activities) of both costume and fashion jewellery. Daco's products were sold through an extensive retail network in Canada, including significant national retail chains such as Shoppers Drug Mart, Wal-Mart Canada, Rexall, The Bargain Shop, Loblaws Companies Limited and Winners. Daco operated from owned premises located at 401 Vaughan Valley Blvd. (the "**Premises**"). Although Daco holds bare legal title to the Premises, beneficial ownership of the Premises is held by Daco Canada Real Estate Holdings Ltd. ("**Daco Real Estate**"), a related party.
4. As a result of a number of factors, including declining sales and sustained operating losses, on May 19, 2015, Daco filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B.-3, as amended (the "**BIA**"). Richter was appointed as Trustee in Daco's NOI/Proposal proceedings (the "**Proposal Trustee**"). The primary objectives of the Company's NOI were to (i) ensure that Daco had the necessary working capital funds to maximize the Company's ongoing business for the benefit of its stakeholders, (ii) restructure the Company's operations; and (iii) identify one or more parties interested in purchasing Daco's business or assets.
5. On June 8, 2015, the Court made an order, *inter alia*, approving a sale process (the "**Bid Process**") the Company intended to carry out under the supervision of, and with the assistance of, the Proposal Trustee as well as extending the stay of proceedings and the time for Daco to file a Proposal to July 17, 2015 (the "**Stay Period**").
6. Unfortunately, the Bid Process did not result in any offers that would support a distribution to Daco's unsecured creditors. As there was no prospect that the Company could present a viable proposal to its unsecured creditors (because the anticipated realizations from the Property would not satisfy the amounts owed to Daco's secured creditors or support a distribution to Daco's unsecured creditors), the Proposal Trustee informed the Company that it could not support a further extension of the Stay Period.
7. As there remained a need for a process to both wind down Daco's operations and realize on the Company's assets, on July 17, 2015, the Company sought and obtained the Appointment Order which, *inter alia*, terminated the Stay Period effectively deeming the Company to have made an assignment in bankruptcy and appointed Richter as Receiver to pursue one or more of the transactions identified through the Bid Process or otherwise monetize the Company's assets for the benefit of the Company's stakeholders. As a result of Daco's deemed bankruptcy, Richter was also appointed as Trustee (the "**Trustee**") of Daco's bankrupt estate.

**Creditors**

8. According to the Company's books and records, Meridian Credit Union Limited ("**Meridian**"), Roynat Capital Inc. ("**Roynat**") and Daco USA Inc. ("**Daco USA**") and together with Meridian and Roynat, the "**Secured Lenders**") are secured creditors of the Company that are presently owed approximately \$0.78 million (net of accrued interest, costs and other expenses), \$1.5 million (net of accrued interest, costs and other expenses) and \$2.7 million respectively. It should be noted that, pursuant to the Appointment Order, Richter has already distributed approximately \$700,000 that it was holding, in trust, in its capacity as Proposal Trustee, to Meridian, which distribution reduced the indebtedness owing to Meridian to the present \$0.78 million (net of accrued interest, costs and other expenses). The Receiver intends to pay the balance owing to Meridian from the realization of the Property, as authorized by the Appointment Order.
9. Pursuant to various inter-creditor agreements between Daco, Meridian and Roynat, Meridian has first-ranking security and Roynat has second-ranking security over the Property. Based on the order of registrations under the *Personal Property Security Act* (Ontario) (the "**PPSA**"), Daco USA has third ranking security over the Property.
10. The Receiver also understands that Daco has granted charges against title to the Premises in favour of both Roynat (first ranking) and Meridian (second ranking) as additional security for the Company's obligations to each of Roynat and Meridian. As noted in paragraph 3 above, although Daco holds bare legal title to the Premises, beneficial ownership of the Premises is held by Daco Real Estate. Consequently, any surplus from the sale of the Premises (after satisfaction of any residual amounts owed to Meridian and Roynat from the sale of the Property) would be for the benefit of Daco Real Estate and not available to the Company or its other creditors. In connection with the foregoing, the Receiver understands that the Premises, which were listed for sale with CBRE Limited, have been sold (subject to the satisfaction and/or waiver of certain conditions for the benefit of the purchaser) with an anticipated closing on or about October 26, 2015.
11. In addition to Meridian, Roynat and Daco USA, the Trustee is aware that CBSC Capital Inc. ("**CBSC**") has also registered security interests against Daco under the PPSA. CBSC has two (2) registrations under the PPSA in respect of certain leased equipment.
12. The Proposal Trustee previously obtained an independent, written legal opinion (the "**Security Opinion**") from Gowling Lafleur Henderson LLP ("**Gowlings**") with respect to the validity and enforceability of the security granted in favour of each of Meridian and Roynat. Subject to the customary qualifications and limitations included therein, it is Gowlings' opinion that the security granted by Daco in favour of each of Meridian and Roynat is valid and enforceable against all of the Property.

13. Given the estimated recoveries (as discussed below), the Receiver has not requested that Gowlings provide an opinion as to the validity and enforceability of the security granted in favour of Daco USA (Daco USA has also not provided the Receiver with a copy of its security documents).
14. As at the Date of Appointment, the Company owed its unsecured creditors, including trade creditors, approximately \$1.1 million.

### **Purpose of Report**

15. This is the first report of the Receiver (the **"First Report"**), the purpose of which is to provide this Court with information pertaining to:
  - (i) the activities of the Receiver since the Date of Appointment;
  - (ii) the Receivers' statement of receipts and disbursements from the Date of Appointment to September 16, 2015 (the **"Interim R&D"**);
  - (iii) the claims asserted by various parties for the repossession of property in the Company's possession;
  - (iv) the results of the sales process undertaken by the Company and the Receiver and, ultimately, the sale by the Receiver of certain of the Property (the **"Purchased Assets"**) to 2380775 Ontario Ltd. (**"238"** or the **"Purchaser"**), subject to this Honourable Court's approval;
  - (v) the terms of a Purchase and Sale Agreement (the **"Purchase Agreement"**) dated September 18, 2015 between the Receiver and 238 for the sale of the Purchased Assets (the **"Transaction"**);
  - (vi) the reasons why the Receiver believes that the Purchase Agreement and Transaction should be approved by this Court; and
  - (vii) the Receiver's recommendation that this Court make an order(s);
    - (a) approving the Purchase Agreement and the Transaction and authorizing and directing the Receiver to complete the Transaction;
    - (b) approving the Interim R&D;

- (c) vesting, upon the closing of the Transaction, the Company's right, title and interest in and to the Purchased Assets to 238 free and clear of all liens, charges, security interests and other encumbrances (the "**Approval and Vesting Order**");
  - (d) sealing the Offer Summary (as hereinafter defined) and the unredacted version of the Purchase Agreement until the closing of the Transaction or upon further order of the Court; and
  - (e) approving this First Report, and the actions, activities and conduct of the Receiver set out therein.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Appointment Order.
17. In preparing this First Report, the Receiver has relied upon unaudited financial information prepared by the Company, the Company's books and records, and discussions with the Company's representatives. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information.

#### **The Receiver's Activities**

18. Since the Date of Appointment, the Receiver's activities have included:
- (i) taking possession of and securing the Premises;
  - (ii) negotiating the terms of and entering into an Occupation Agreement with the Trustee granting the Receiver access to the Premises to realize on the Property;
  - (iii) freezing the Company's bank account with Meridian and opening up new bank accounts in the name of the Receiver;
  - (iv) arranging for borrowings from Meridian in the amount of \$50,000 to fund the Receiver's activities, as provided for pursuant to paragraph 27 of the Appointment Order;

- (v) contacting the Company's alarm service provider to both delete existing alarm codes and set up new alarm codes for the Receiver;
- (vi) contacting Canada Revenue Agency ("**CRA**") to set up new accounts (source deductions and HST) in the name of the Receiver;
- (vii) contacting CRA and requesting that it conduct an audit on the Company's payroll remittance accounts;
- (viii) reviewing Daco's existing insurance coverage and contacting the Company's insurance broker to request that the Receiver be listed as named insured and loss payee on the Company's insurance policies;
- (ix) taking possession of and reviewing the Company's books and records to obtain a better understanding of the Company's financial position and the Property;
- (x) undertaking a review of the Company's inventory, equipment and other assets, including the identification of property that may be subject to property claims pursuant to section 81(1) of the BIA (the "**Section 81(1) Claims**");
- (xi) arranging for the continuation of all essential services, including utilities for the Premises;
- (xii) meeting with the Company's former employees to advise of, among other things, the Company's bankruptcy, the Receiver's appointment and the termination of their employment, as provided for in the Appointment Order. The Receiver also informed Daco's former employees of their rights and entitlements under the provisions of the *Wage Earner Protection Program Act* ("**WEPPA**") and the limited priority granted to employee claims for wage arrears in accordance with sections 81.3 or 81.4 of the BIA. It should be noted that following its appointment the Receiver paid all outstanding wages and vacation pay to which the Company's former employees were entitled as at the Date of Appointment. Accordingly, there are no amounts owing to the Company's employees that would have priority over the Secured Lenders, in respect of the statutory charges pursuant to sections 81.3 or 81.4 of the BIA;

- (xiii) retaining certain of Daco's former employees, on a temporary basis, to help complete various receivership activities, including assisting the Receiver realize on the Property;
- (xiv) contacting prospective purchasers regarding their interest in the Company's assets and assisting in their due diligence efforts;
- (xv) mailing, on July 27, 2015, notice of the Receiver's appointment as well as a copy of the Receiver's report pursuant to section 246(1) of the BIA to the Office of the Superintendent of Bankruptcy and the Trustee;
- (xvi) responding to calls and enquiries from the Company's creditors, including former employees, suppliers and other stakeholders regarding the receivership proceedings;
- (xvii) communicating with each of Meridian, Roynat and Daco USA (as well as their respective counsel) in connection with various aspects of the receivership; and
- (xviii) establishing a website at [www.richter.ca/en/insolvency-cases/d/daco-manufacturing-ltd](http://www.richter.ca/en/insolvency-cases/d/daco-manufacturing-ltd), where all materials filed with the Official Receiver and the Court in connection with the receivership proceedings are available in electronic format.

#### **Section 81(1) Claims**

19. The Receiver has received and reviewed the following Section 81(1) Claims:
  - (i) a claim by Sheila Vanderkam ("**Vanderkam**") for the return of certain personal property located at the Premises, including a desk, painting and other office furnishings; and
  - (ii) a claim by CBSC for the return of four (4) photocopiers used by Daco and located at the Premises.
20. The Receiver has completed its review of the Section 81(1) Claims filed by both Vanderkam and CBSC and has accepted those claims, as filed. The Receiver has released the property subject to the Vanderkam and CBSC Section 81(1) Claims to the respective claimants.



### Receiver's Interim Statement of Receipts and Disbursements

21. The Receiver's interim statement of receipts and disbursements for the period from the Date of Appointment to September 16, 2015 is summarized as follows:

Daco Manufacturing Ltd. Statement of receipts and disbursements For the period July 17 to September 16, 2015		
Receipts		Notes
Receiver's borrowings	\$ 50,000	
Deposit re Transaction	50,000	1
Asset realizations	367,797	2
Refunds re prepaids	481	
Accounts receivable collection	278	
HST collected	26,406	
Pre-filing HST refunds	28,529	
Other receipts	260	
<b>Total Receipts</b>	<b>\$ 523,751</b>	
Disbursements		
Repayment of Receiver's borrowings	50,411	
Professional fees (NOI proceedings)	70,149	3
Contract services	27,742	4
Operating expenses	12,754	
Property taxes	13,193	
HST remittances	25,253	
GST/QST/HST paid on disbursements	10,066	
Bank charges / other fees	189	
<b>Total disbursements</b>	<b>\$ 209,757</b>	
<b>Excess Receipts over Disbursements</b>	<b>\$ 313,994</b>	
<b>Notes:</b>		
1. Deposit provided by the Purchaser to the Receiver pursuant to the Purchase Agreement.		
2. Proceeds collected by the Receiver in connection with the sale of certain inventory and equipment.		
3. Outstanding fees of the Proposal Trustee (\$54k), its counsel (\$6k) and counsel to the Company (\$10k) paid by the Receiver pursuant to paragraph 26 of the Appointment Order.		
4. The Receiver engaged certain former Daco employees as independent contractors to assist with the Receivership.		

22. The Receiver notes the following in connection with the Interim R&D:

- (i) the Receiver has realized approximately \$370,000 in asset sales since the Date of Appointment. The Receiver completed these sales (discussed further below) pursuant to the authority granted by paragraph 8(k) of the Appointment Order; and
- (ii) after consideration of all of the Receiver's receipts and disbursements, as at September 16, 2015, the Receiver was holding approximately \$315,000 in its trust account.

## Sales Process

23. Prior to the appointment of the Receiver, and as a part of the Company's NOI proceedings, Daco, in consultation with the Proposal Trustee, developed a sales process (the "**Bid Process**") as a means of testing the market, gauging interest in the Company and/or its assets, and determining whether a transaction that would result in greater than liquidation value was available.
24. The purpose of the Bid Process was to identify one or more purchasers for the Company's business and/or assets. The key aspects of the Bid Process and its results are summarized as follows:
  - (i) the Company, in consultation with the Proposal Trustee, assembled a list of potential interested parties, which included strategic purchasers (competitors, companies operating in complementary businesses, etc.), financial buyers and liquidators (collectively, the "**Prospective Purchasers**"). The Prospective Purchasers included parties who regularly liquidate merchandise in insolvency proceedings;
  - (ii) on or about June 9, 2015, the Proposal Trustee distributed a teaser document, which had been prepared by the Proposal Trustee in consultation with the Company, to the Prospective Purchasers detailing the opportunity to purchase the Company's business and/or assets. In total, the Proposal Trustee contacted 30 parties to advise of the opportunity to acquire the assets and/or the operations of the Company;
  - (iii) Prospective Purchasers interested in obtaining additional information regarding the Company's business were required to execute a confidentiality agreement ("**CA**") in order to obtain access to a data room where information/documentation in connection with the Company's assets was made available. A total of fourteen (14) parties executed the CA and were provided with data room access;
  - (iv) the Proposal Trustee, with the assistance of the Company, facilitated due diligence efforts by, among other things, coordinating meetings between Prospective Purchasers and the Company and/or scheduling site visits to view and inspect the Company's assets/inventory. The Proposal Trustee also regularly updated the data room with current financial and other information, as it became available;

- (v) Prospective Purchasers were required to submit offers for the Company's business and/or assets on or before 12:00 p.m. (Eastern Standard Time) on July 9, 2015 (the "**Bid Deadline**");
  - (vi) seven (7) offers (the "**Offers**") to purchase and/or auction all or a portion of the Company's assets were received prior to the Bid Deadline; and
  - (vii) based on the Offers, the anticipated net realizations from the Company's assets, including any surplus cash flows, (after payment of professional fees and other transaction costs), would be substantially less than the amounts owed to the Secured Lenders. Furthermore, it appeared unlikely that there would be sufficient realizations from the Company's assets to support a distribution to any of the Company's creditors other than Meridian in respect of its first-ranking security.
25. As noted previously in this First Report, based on the estimated realizations from the Offers, there was no prospect that the Company could present a viable proposal to its creditors. Consequently, the Company informed the Proposal Trustee that it would not be seeking a further extension of the Stay Period. Rather, the Company sought and obtained the appointment of a Receiver to pursue one or more of the transactions identified through the Bid Process or otherwise monetize the Property for the benefit of the Company's stakeholders.

### **Receiver Sales**

26. Taking into consideration the Receiver's view that there is a limited market for the Company's assets, which had just been fully canvassed, the Receiver did not consider it necessary to further market the Company's business and/or its assets. Instead, the Receiver considered it both prudent and cost effective to realize on the Company's assets based on the Bid Process undertaken by the Company, with the assistance of the Proposal Trustee, outlined above.
27. Following the Receiver's appointment, the Receiver contacted certain of the Offerors and other Prospective Purchasers as well as a few additional potentially interested parties to both advise of the Receiver's appointment and pursue transactions for the Company's assets.

28. As a result of the Receiver's efforts, and pursuant to the authority provided by paragraph 8(k) of the Appointment Order, the following transactions for certain of the Company's assets have been completed:

Purchaser	Assets Purchased	Amount (pre-tax)	Date Completed
Mercury Jewellery Inc.	Gold jewellery	\$ 194,000	29-Jul-15
Mike Terzis	Equipment (rolling mill)	250	29-Jul-15
Umicore Precious Metals Canada Inc.	Proceeds from silver inventory smelting	111,305	05-Aug-15
Directions East	Certain fashion jewellery	8,870	20-Aug-15
Umicore Precious Metals Canada Inc.	Proceeds from gold inventory smelting	53,372	14-Aug-15
<b>Total</b>		<b>\$ 367,797</b>	

29. Given the value of the transactions with Mercury Jewellery Inc. and Umicore Precious Metals Canada Inc., the Receiver consulted with and obtained the approval of the Secured Lenders prior to concluding these transactions.

#### The Transaction

30. The Purchaser was one of the parties contacted by the Receiver subsequent to its appointment.
31. The Receiver is of the view that the Transaction provides the best recovery to the Company's stakeholders from the Property. Consequently, after consulting with the Secured Lenders, the Receiver contacted the Purchaser on or about September 8, 2015 to advise that the Receiver wished to proceed with the Transaction and commenced discussions with the Purchaser (and its counsel) to negotiate a definitive Purchase Agreement.
32. On September 18, 2015, the Receiver and the Purchaser executed the Purchase Agreement in respect of the Purchased Assets. A redacted copy of the Purchase Agreement is attached hereto as **Exhibit "B"**.
33. Key elements of the Transaction are as follows:
- (i) the Purchaser is acquiring, on an "as is, where is" basis, substantially all of Daco's remaining business and assets, including inventory, furniture and fixtures, computer systems, machinery and equipment, trademarks, and accounts receivable. It should be noted that the fixtures included in the Transaction are limited to those items not considered part of the Premises or otherwise included in the sale of the Premises;

- (ii) the Purchaser was required to pay a deposit in the amount of \$50,000 (which amount has been received) to be held, in trust, by the Receiver pending the closing of the Transaction;
  - (iii) the Transaction is conditional on the Court issuing an order approving the Purchase Agreement and the Transaction and, upon closing, vesting free and clear title in and to the Purchased Assets in favour of the Purchaser;
  - (iv) the Transaction is scheduled to close seven (7) business days following the satisfaction and/or waiver of all conditions to the Purchase Agreement or such other date as may be agreed to by each of the Receiver and Purchaser, in writing, provided that the closing date shall not be after October 2, 2015;
34. Upon the waiver or satisfaction of the conditions precedent, the Receiver will file a certificate with the Court attesting that the Transaction has been completed to the satisfaction of the Receiver and confirming the closing of the sale for the Purchased Assets.
35. The Receiver has prepared a schedule summarizing/comparing the Offers obtained through both the Bid Process or subsequently by the Receiver (the “**Offer Summary**”). In the event that the Court approves the Transaction and the Purchase Agreement, but the Transaction does not close, the Receiver is of the view that efforts to remarket the Company’s assets may be impaired if the Offer Summary or the unredacted Purchase Agreement, which have been filed separately with the Court as Confidential **Exhibits “1” and “2”**, respectively, are made public at this time. In the circumstances, the Receiver believes that it is appropriate for the Offer Summary and the unredacted Purchase Agreement to be filed with the Court on a confidential basis and sealed until the closing of the Transaction or upon further order of this Court.

### **Conclusion and Recommendation**

36. The Receiver is of the view that the Transaction represents the best recovery for the Purchased Assets in the circumstances and recommends that this Court issue an order approving the Purchase Agreement and the Transaction for the following reasons:
- (i) the Company was not operating as a going concern as at the Date of Appointment. Accordingly, liquidation was the only viable option available to the Receiver to realize on the Company’s assets;
  - (ii) the Bid Process undertaken by the Company (with the assistance of the Proposal Trustee) and the activities undertaken by the Receiver leading to the Transaction were designed to solicit interest from *bona fide* parties that would be familiar with the nature of the Company’s assets;

- (iii) there is a limited market for the Purchased Assets. This market has been extensively canvassed in the process leading up to the Transaction and all likely bidders have already been provided with an opportunity to bid on the Company's assets;
- (iv) the further marketing of the Purchased Assets would, in the Receiver's view, not likely result in greater realizations and may put the Transaction at risk impairing recoveries;
- (v) the Transaction represents the best and highest offer received for the Purchased Assets, and provides greater value than what would be realized by liquidating the Purchased Assets ; and
- (vi) based on the estimated realizations from the Property, the Secured Lenders (and more particularly Meridian and Roynat) are the only creditors with an economic interest in the Property, and both Meridian and Roynat support the Transaction.

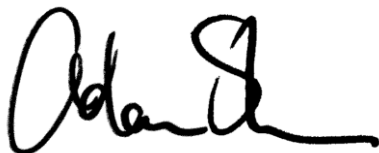
37. The Receiver respectfully recommends that the Court issue an order(s):

- (i) approving the Transaction and, upon closing, vesting the Company's right, title and interest in and to the Purchased Assets in the Purchaser free and clear of all liens and encumbrances;
- (ii) approving the Interim R&D;
- (iii) sealing the Offer Summary and the unredacted version of the Purchase Agreement pending the closing of the Transaction or upon further order of the Court; and
- (iv) approving the First Report and the actions, activities and conduct of the Receiver as set out therein.

All of which is respectfully submitted this 21<sup>st</sup> day of September, 2015.

**Richter Advisory Group Inc.**  
**in its capacity as Receiver of**  
**Daco Manufacturing Ltd.**

Per:



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Adam Sherman, MBA, CIRP

## **EXHIBIT C**



Canada Revenue Agency  
Agence du revenu  
du Canada

Tax Centre  
Toronto ON M5J 2X6

September 24, 2015

ADAM SHERMAN  
RICHTER ADVISORY GROUP INC  
2345 YONGE STREET  
SUITE 300  
TORONTO ON M4P 2E5

Dear Sir:

Re: DACO MANUFACTURING LTD.  
Account number: 88973 7557 RP0001

We have been advised that you have been appointed as receiver for the above-named. At present, there is indebtedness to Canada Revenue Agency (CRA) for source deductions amounting to \$6,928.26.

Particulars of this liability are as follows:

Date of assessment (DD/MM/YYYY)	18/09/2015
Tax deductions:	\$5,370.41
CPP:	\$1,557.85
Penalties and interest:	\$NIL
Total:	\$6,928.26

Grand total:	\$6,928.26
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Pursuant to the provisions of subsection 227(4) of the Income Tax Act (ITA), subsection 23(3) of the Canada Pension Plan (CPP), subsection 57(2) of the Unemployment Insurance Act (UIA), subsection 86(2) of the Employment Insurance Act (EIA), the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of DACO MANUFACTURING LTD. in receivership.

Federal income tax:	\$4,007.78
Provincial income tax:	\$1,362.63
CPP employee portion:	\$ 778.92
Total:	\$6,149.33

Grand total:	\$6,149.33
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.../2

Canada

Northern Ontario Regional  
Bankruptcy and Insolvency Unit  
1 Front St. W. Suite 100  
Toronto ON M5J 2X6

Local : 416-954-8203  
Fax : 416-954-6411  
Web site : www.cra.gc.ca



- 2 -

Payment for the total amount of this trust, namely \$6,149.33 should be made to the Receiver General out of the realization of any property that is subject to these statutory trusts in priority to all other creditors. Please forward payment by return mail. In the event this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$778.93 plus interest up to the date of payment will be forthcoming. Your attention is drawn to section 159 of the ITA, subsection 23(5) of the CPP, subsection 57(4.1) of the UIA and subsection 86(4) of the EIA.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the ITA for periods prior or subsequent to your appointment, tax deductions must be withheld and remitted in accordance with this subsection and Income Tax Regulations 101 and 108. Your attention is also directed to section 3 of the Unemployment Insurance (Collection of Premiums) Regulations, section 5 of the EIA and section 8 of the Canada Pension Plan Regulations.

If you require further information, please contact the undersigned at 416-954-8203.

Yours truly,



Jude Dias  
Insolvency Officer

## **EXHIBIT D**

Court File No. 31-1995891

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD. OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE RECEIVERSHIP OF  
DACO MANUFACTURING LTD.**



**AFFIDAVIT OF PRITESH PATEL**

I, **PRITESH PATEL**, of the city of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Vice President of Richter Advisory Group Inc. ("**Richter**") and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. By order (the "**Appointment Order**") of the Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated July 17, 2015 (the "**Date of Appointment**"), Richter Advisory Group Inc. ("**Richter**") was appointed receiver (the "**Receiver**") of all of the property, assets and undertakings (the "**Property**") of Daco Manufacturing Ltd. ("**Daco**" or the "**Company**"), pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.
3. Pursuant to the Appointment Order, the Receiver has provided services and incurred disbursements, in the amount of \$144,230.25 and \$448.24 (all excluding HST), respectively, in the period from the Date of Appointment to January 31, 2016 (the "**Period**") with respect to services provided. Attached hereto and marked as Exhibit "A" to this my Affidavit is a summary of all invoices rendered by the Receiver on a periodic basis during the Period (the "**Accounts**").
4. True copies of the Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Receiver, are attached as Exhibit "B" to this my Affidavit.

5. Richter, in its capacity as Receiver, has previously filed one report with the Court (the "First Report"). In addition, and contemporaneously with the filing of this Affidavit the Receiver is filing its second report to the Court (the "Second Report"). Details of the activities undertaken and services provided by the Receiver in connection with the administration of the receivership proceedings are described in the First Report and the Second Report.
6. In the course of performing its duties pursuant to the Appointment Order, the Receiver's staff has expended a total of 317.35 hours during the Period. Attached as Exhibit "C" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the receivership and the hours and applicable rates claimed by the Receiver for the Period. The average hourly rate billed by the Receiver during the Period is \$454.48.
7. The Receiver requests that this Court approve its Accounts for the Period, in the total amount of \$144,678.49 (excluding HST) for services rendered and recorded during the Period.
8. Gowling Lafleur Henderson LLP ("Gowlings"), as independent legal counsel to the Receiver, have provided legal services to the Receiver, rendered services throughout these proceedings in a manner consistent with the instructions of the Receiver and have prepared an affidavit with respect to the services rendered during the Period. The Receiver has reviewed the invoices rendered by Gowlings during the Period.
9. The Receiver's fees and disbursements for the period from February 1, 2016 to the completion of all work relating to the receivership proceedings will be calculated and billed at the standard rates currently in effect. Barring unforeseen circumstances, I estimate that those fees and disbursements will not exceed \$30,000 (excluding HST), including the fees and disbursements of legal counsel.
10. To the best of my knowledge, the rates charged by the Receiver and Gowlings are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
11. I verily believe that the fees and disbursements incurred by the Receiver and Gowlings are fair and reasonable in the circumstances.
12. This Affidavit is sworn in connection with a motion for an Order of this Court to, among other things, approve the fees and disbursements of the Receiver and those of its legal counsel and for no improper purpose.

SWORN BEFORE ME at the City of )  
 Toronto, in the Province of Ontario, )  
 This 9<sup>th</sup> day of March, 2016 )

  
 Commissioner for Taking Affidavits, etc )  
  
 Pritesh Patel )

For Patrick Stitt,  
 Commissioner, etc., Province of Ontario,  
 while a Student-at-Law.  
 Expires April 4, 2017.

This is Exhibit "A" referred to in the Affidavit of  
Pritesh Patel, sworn before me this  
9<sup>th</sup> day of March, 2016

  
\_\_\_\_\_  
Commissioner for Taking Affidavits, etc

Evan Patrick Stitt,  
a Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 4, 2017.

**Richter Advisory Group Inc.**  
**In its capacity as Receiver of**  
**Daco Manufacturing Ltd.**  
**Statement of accounts**

**Exhibit A**

<b>Invoice #</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Sub total</b>	<b>HST</b>	<b>Total</b>
20400242	July 16, 2015 to September 25, 2015	101,258.50	192.65	101,451.15	13,188.65	114,639.80
20400303	September 28, 2015 to October 16, 2015	8,648.75	122.06	8,770.81	1,140.21	9,911.02
20400353	October 19, 2015 to November 13, 2015	17,748.50	133.53	17,882.03	2,324.66	20,206.69
20400650	November 17, 2015 to January 31, 2016	16,574.50	-	16,574.50	2,154.69	18,729.19
<b>Total</b>		<b>144,230.25</b>	<b>448.24</b>	<b>144,678.49</b>	<b>18,808.21</b>	<b>163,486.70</b>

This is Exhibit "B" referred to in the Affidavit of  
Pritesh Patel, sworn before me this  
9<sup>th</sup> day of March, 2016



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Commissioner for Taking Affidavits, etc

Evan Patrick Stitt,  
a Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 4, 2017.



# RICHTER

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3

Date: 10/06/2015  
Invoice No.: 20400242  
Engagement No.: 2020286  
Payment Terms: Net 30 Days

Fees			\$ 101,258.50
Disbursements			192.65
	<b>Sub-Total</b>		101,451.15
	GST/HST #885435842 RT0001		13,188.65
	<b>Total Due</b>	CAD	<b>\$ 114,639.80</b>

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
www.richter.ca

Toronto, Montreal





Invoice No.: 20400242  
Date: 10/06/2015

**Fees**

Name	Hours	Rate	Amount
Adam Sherman	36.60	\$ 495.00	\$ 18,117.00
Ann Stremski	12.10	185.00	2,238.50
Anthony Dalfio	25.70	425.00	10,922.50
Carol O'Donnell	8.30	250.00	2,075.00
Pascale Lareau	0.20	185.00	37.00
Paul Van Eyk	3.00	600.00	1,800.00
Pritesh Patel	132.50	495.00	65,587.50
Soazig Bourguine	2.60	185.00	481.00
	<b>221.00</b>		<b>\$ 101,258.50</b>

**Disbursements**

Adam Sherman	\$ 49.50
Pritesh Patel	143.15
	<b>\$ 192.65</b>

Invoice No.: 20400242  
 Date: 10/06/2015



#### Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
07/16/2015	Anthony Dalfio Call with Reliable Lock & Safe. Call with Patrolman security. Review and revise release for personal property re S. Vanderkam.	1.10	\$ 425.00	\$ 467.50
07/17/2015	Anthony Dalfio Attendance at Daco, including meetings with M. Lunetta, M. Ramnaraine and Patrolman security to secure premises including vault. Take possession of property and secure front door, vault and master keys from Daco personnel. Call Reliable Lock & Safe.	3.70	425.00	1,572.50
07/17/2015	Anthony Dalfio Various discussions with C. Petrou re Receiver activities, employees, utilities and service providers. Various calls with Tyco re changing passwords to alarm system. Call with A. Sherman re status. Walk through premises with Patrolman.	4.80	425.00	2,040.00
07/20/2015	Carol O'Donnell Open new client code.	0.20	250.00	50.00
07/20/2015	Adam Sherman Calls with creditors re update. Emails/discussions with P. Patel and A. Dalfio. Finalize release, including email to S. Vanderkam re same. Email from M. Lunetta attaching BCA. Emails with CBRE.	1.50	495.00	742.50
07/20/2015	Pritesh Patel Meeting with A. Sherman and A. Dalfio to discuss next steps. Call with Meridian counsel to discuss proposed realization plan. Discussions with Umicore re gold smelting and email to Meridian on same. Calls with prospective purchasers re gold inventory.	4.00	495.00	1,980.00
07/20/2015	Anthony Dalfio Discussion with A. Sherman and P. Patel re various matters. Review and update contractor services letter. Calls with various former Daco employees re retention as contractor. Calls with C. Petrou, M. Ramnaraine re staffing, inventory.	3.50	425.00	1,487.50
07/21/2015	Carol O'Donnell Discussions with A. Sherman. Open new bank account, includign emails to bank.	0.30	250.00	75.00
07/21/2015	Adam Sherman	0.50	495.00	247.50

Invoice No.: 20400242  
 Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
	Correspondence from/to S. Vanderkam re signed release. Email from Bennett Jones re final account. Discussions with P. Patel re transfer of funds to Meridian, Bill of Sale and other matters.			
07/21/2015	Pritesh Patel Meeting with contractors to discuss go forward plan and responsibilities. Call with Meridian and its counsel to discuss realization plans. Meetings with prospective purchasers to discuss offers on gold inventory.	6.00	495.00	2,970.00
07/21/2015	Anthony Dalfio Attendance at Daco. Discussions with P. Patel and M. Ramnaraine and walk through facility, including inspection of inventory. Update contractor services letters, includign email to P. Patel re same. Call with Patrolman re security. Review bank statement.	2.40	425.00	1,020.00
07/21/2015	Anthony Dalfio Call with former employee. Calls to Enbridge, Powerstream, Wasteco and Hub re Receivership. Various calls with Tyco re alarm access. Call with P. Patel re update.	3.80	425.00	1,615.00
07/22/2015	Adam Sherman Discussions and emails with P. Patel re Receiver's Certificate. Sign Receiver's Certificate re Meridian loan. Emails with S. Vankderkam. Letter from Roynat re occupation rent, including emails with C. Prophet re same. Telephone calls with creditors.	1.30	495.00	643.50
07/22/2015	Pritesh Patel Call with Bell to discuss service requirements. Prepare draft Bill of Sale for sale of gold inventory. Coordinate payroll funding. Calls with prospective purchasers re silver chain inventory. Update calls with contracted staff re inventory prep.	4.20	495.00	2,079.00
07/22/2015	Anthony Dalfio Meetings with Daco team re status of inventory preparation. Meeting with Patrolman re security. Meetomgs with C. Petrou re payroll and staffing. Call Enbridge re Receivership.	1.30	425.00	552.50
07/22/2015	Anthony Dalfio	2.50	425.00	1,062.50

Invoice No.: 20400242  
Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
	Call Wasteco re Receivership. Email Enbridge re court order. Call with potential alternate security provider. Prepare additional contractor letters, including email to C. Petrou. Review insurance and contract re security. Prepare occupation agreement.			
07/23/2015	Adam Sherman Emails with P. Patel/C. Prophet re occupation rent, status of lease, etc. Conference call with C. Prophet/I. Aversa. Discussion with P. Patel re realization on gold inventory. Letter from C. Prophet to D. Jackson re occupation rent. Calls with creditors.	0.80	495.00	396.00
07/23/2015	Pritesh Patel Calls with prospective purchasers re purchase of remaining inventory.	2.00	495.00	990.00
07/23/2015	Anthony Dalfio Review and revise occupation agreement. Review Patrolman service agreement, including subsequent email to J. Nawaz re amendments to agreement.	1.40	425.00	595.00
07/24/2015	Soazig Bourguine Complete Form 87, including email to A. Sherman re same.	1.00	185.00	185.00
07/24/2015	Adam Sherman Telephone call with M. Lunetta re various matters. Email from S. Bourguine re draft Notice and Statement of Receiver. Discussions with P. Patel.	0.40	495.00	198.00
07/24/2015	Pritesh Patel Call with Bell to discuss pricing and options for continued services. Numerous calls with Umicore re gold shipment. Prepare draft Notice and Statement of Receiver.	1.20	495.00	594.00
07/24/2015	Anthony Dalfio Call with J. Nawaz to discuss the Patrolman service agreement. Prepare additional contractor agreement for former Daco employee.	0.40	425.00	170.00
07/27/2015	Adam Sherman Revise and finalize Notice and Statement of Receiver. Emails and calls with Richter team re various matters.	0.60	495.00	297.00
07/27/2015	Pritesh Patel	5.00	495.00	2,475.00

Invoice No.: 20400242  
Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
	Attendance at Daco to meet with gold purchaser and oversee weight and count verification. Discussion with GWL to advise of receivership. Correspondence with Meridian re land transfer taxes. Preparation of silver shipment. Discussion with A. Sherman.			
07/27/2015	Anthony Dalfio Call with cleaning service provider. Email to P. Patel re update.	0.40	425.00	170.00
07/28/2015	Carol O'Donnell Open bank account in Ascend, enter deposit and wire transfer.	0.80	250.00	200.00
07/28/2015	Soazig Bourguine Follow up on file, including discussions with Richter team.	0.30	185.00	55.50
07/28/2015	Adam Sherman Discussions with P. Patel. Email from P. Patel re proposed smelting of silver inventory, including email from Meridian in connection with same.	0.40	495.00	198.00
07/28/2015	Pritesh Patel Attendance at Daco re gold count and weight verification. Correspondence with potential purchasers re remaining assets. Emails with A. Sherman.	5.00	495.00	2,475.00
07/29/2015	Carol O'Donnell Telephone communication with CRA to obtain HST number. Email to P. Patel. Prepare deposit.	0.80	250.00	200.00
07/29/2015	Adam Sherman Emails and discussions with P. Patel. Email from P. Patel re sale of gold inventory to Mercury.	0.30	495.00	148.50
07/29/2015	Pritesh Patel Attendance at Daco for closing on gold inventory sale. Discussions with on site team re status of silver breakdown and inventory listings. Meetings with liquidators re interest in remaining assets and inventory. Emails with A. Sherman.	4.00	495.00	1,980.00
07/29/2015	Anthony Dalfio Call with P. Patel re updates on various matters.	0.20	425.00	85.00
07/30/2015	Adam Sherman	0.60	495.00	297.00

Invoice No.: 20400242  
 Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
	Email from the OSB re confirmation of Receivership, including email to C. O'Donnell re same. Emails with P. Viele. Discussions with P. Patel. Discussions with Powerstream and Tyco re post-filing services.			
07/30/2015	Pritesh Patel Calls with creditors re status of proceedings, continuation of services, etc. Discussions with A. Sherman.	1.50	495.00	742.50
07/31/2015	Soazig Bourguine Posting of Receivership Order and other documents on website.	0.20	185.00	37.00
07/31/2015	Adam Sherman Email from P. Viele attaching marketing report re 401 Vaughan Valley Blvd.	0.20	495.00	99.00
07/31/2015	Pritesh Patel Attendance at Daco for meeting with liquidator to tour facility and inspect inventory. Preparation of detailed inventory listing by category for same. Sale of misc equipment. Deposit to account.	4.00	495.00	1,980.00
08/03/2015	Pritesh Patel Attendance at Daco for meeting and tours with prospective purchasers to inspect remaining assets. Investigation into security alarm situation.	2.00	495.00	990.00
08/04/2015	Adam Sherman Emails with CBRE re property listing. Emails from/to C. Prophet re response to Roynat enquiries re property expenses, etc. Discussions and emails with P. Patel.	0.60	495.00	297.00
08/04/2015	Pritesh Patel Discussion with Enbridge. Preparation of inventory listing for prospective purchaser re boxed sets. Correspondence with Umicore re smelting timng proceeds. Review of invoices/preparation of cheque requisitions re contractors. Emails/calls with A. Sherman.	2.70	495.00	1,336.50
08/04/2015	Anthony Dalfio Call with Tyco to verify and change personnel to call after alarm.	0.10	425.00	42.50
08/05/2015	Pritesh Patel Discussion with Mohan re status of silver de-carding. Numerous calls with potential purchasers re inventory and scheduling site visits.	2.80	495.00	1,386.00
08/06/2015	Adam Sherman	0.50	495.00	247.50

Invoice No.: 20400242  
Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
08/06/2015	Email from C. Prophet to Roynat. Telephone call with S. Marsili of Roynat re various matters in connection with the Receivership. Telephone call with S. Vanderkam. Discussions with P. Patel. Pritesh Patel Attendance at Daco to meet with prospective purchaser to tour facility and inspect assets. Discussion with contracted employee re status of statutory filings for Daco. Discussions with A. Sherman.	3.00	495.00	1,485.00
08/06/2015	Anthony Dalfio Email to Hub re insurance.	0.10	425.00	42.50
08/07/2015	Pritesh Patel Calls with prospective purchasers re remaining inventory. Calls with Mohan to coordinate site visits.	2.20	495.00	1,089.00
08/10/2015	Pritesh Patel Attendance at Daco to meet with prospective purchaser to tour facility and inspect assets. Responding to creditor inquiries re status of proceedings. Calls with staffing agencies re temporary labour. Correspondence with CBRE re site tours.	3.75	495.00	1,856.25
08/11/2015	Pritesh Patel Attendance at Daco to coordinate records packing, meeting with prospective purchaser to inspect inventory. Complete employee profile and calculation of entitlements under WEPP.	3.50	495.00	1,732.50
08/12/2015	Carol O'Donnell Prepare cheques, enter wire transfers, emails with P Patel.	0.30	250.00	75.00
08/12/2015	Pritesh Patel Attendance at Daco to meet with potential purchaser to tour facility and inspect assets.	2.50	495.00	1,237.50
08/13/2015	Carol O'Donnell Prepare cheques.	0.40	250.00	100.00
08/13/2015	Pritesh Patel Correspondence with Umicore re silver settlement. Preparation of disbursement requests. Correspondence with potential purchaser re inventory and pricing. Coordinate banking transfer with Meridian.	2.00	495.00	990.00
08/14/2015	Pritesh Patel	3.20	495.00	1,584.00



Invoice No.: 20400242  
 Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
	Meeting with prospective purchaser re purchase of inventory. Directions to team re silver verification. Review and approve contractor invoices. Calls with interested parties on inventory and equipment.			
08/17/2015	Adam Sherman Telephone call with third party re interest in Daco inventory, including discussion with P. Patel re same.	0.20	495.00	99.00
08/17/2015	Pritesh Patel Attendance at Daco to finalize sale with purchaser for certain inventory. Review of LOI received for all assets. Discussion with A. Sherman.	4.25	495.00	2,103.75
08/18/2015	Carol O'Donnell Prepare cheques. Prepare stop payment. Scanning of cheques and invoices, save and mail.	0.80	250.00	200.00
08/18/2015	Pritesh Patel Correspondence with potential purchaser for all remaining assets. Discussions with Daco team re status of silver verification.	2.00	495.00	990.00
08/19/2015	Pritesh Patel Attendance at Daco to meet with potential purchasers for inventory. Review results of silver verification.	2.50	495.00	1,237.50
08/20/2015	Carol O'Donnell Prepare cheques, deposit and wire transfer.	0.70	250.00	175.00
08/20/2015	Ann Stremski Administration regarding wire transfer; communications with Toronto and BMO bank; prepare entries.	0.40	185.00	74.00
08/20/2015	Pritesh Patel Coordinate repayment of Receiver's borrowings. Correspondence with CBSC re 81(1) claim. Respond to creditor enquiries.	2.00	495.00	990.00
08/21/2015	Ann Stremski Bank reconciliation.	0.20	185.00	37.00
08/21/2015	Paul Van Eyk Meeting onsite with prospective buyers. Administration re trust accounts.	3.00	600.00	1,800.00
08/21/2015	Pritesh Patel Meeting with prospective purchasers re purchase of costume inventory. Walk through of building with interested parties.	2.50	495.00	1,237.50
08/24/2015	Carol O'Donnell	0.70	250.00	175.00

Invoice No.: 20400242  
 Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
	Prepare HST declaration and cheque. Scan and send to CRA.			
08/24/2015	Ann Stremski Administration of file.	0.10	185.00	18.50
08/24/2015	Ann Stremski Enter employee information on Service Canada site, including communications with P. Patel.	4.00	185.00	740.00
08/24/2015	Adam Sherman Emails with P. van Eyk and P. Patel re property sale and other matters in connection with same.	0.30	495.00	148.50
08/24/2015	Pritesh Patel Review of offers on real estate. Discussion with M. Lunetta and CBRE on same. Calls with interested parties re purchase of inventory and fixed assets. Emails with A. Sherman.	2.50	495.00	1,237.50
08/25/2015	Ann Stremski Administration of file. Prepare Proof of Claim form for employees and send to Richter team re WEPP; Begin drafting documents re WEPP mailing.	1.50	185.00	277.50
08/25/2015	Pritesh Patel Negotiations with potential purchaser re LOI. Review and analysis of LOI received.	1.50	495.00	742.50
08/26/2015	Ann Stremski Prepare notice, information sheet, Proof of Claim form and labels. Communication with P. Patel	2.00	185.00	370.00
08/26/2015	Adam Sherman Emails and telephone calls with P. Patel re Express Gold LOI and other matters in connection with same.	0.50	495.00	247.50
08/26/2015	Pritesh Patel Negotiations with prospective purchaser on LOI. Numerous discussions and review of LOI updates. Finalize LOI analysis. Emails/calls to lenders re LOI and analysis. Discussion with counsel on LOI and changes thereto. Emails/discussions with A. Sherman.	7.00	495.00	3,465.00
08/27/2015	Carol O'Donnell Scan and send HST payment to bank.	0.10	250.00	25.00
08/27/2015	Pritesh Patel Attendance on site for day 1 of inventory count and weight verification with potential purchaser.	7.50	495.00	3,712.50

Invoice No.: 20400242  
 Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
08/28/2015	Pritesh Patel Attendance on site for day 2 of inventory count and weight verification with potential purchaser.	7.00	495.00	3,465.00
08/31/2015	Carol O'Donnell Review WEPPA.	0.20	250.00	50.00
08/31/2015	Ann Stremski Communications with P. Patel. Review and update WEPP notice. Prepare WEPP mailing. Begin drafting affidavit of mailing.	1.50	185.00	277.50
08/31/2015	Adam Sherman Review and sign off on employee notice re WEPP, including emails with A. Stremski re same. Email from and telephone call with P. Patel re purchaser waiver of LOI conditions and other matters. Email from C. Prophet re draft APA.	0.50	495.00	247.50
08/31/2015	Pritesh Patel On site at Daco to observe day 3 of inventory verification with prospective purchaser. Work with prospective purchaser and security team to secure silver inventory contents. Emails/calls with A. Sherman.	6.00	495.00	2,970.00
09/01/2015	Ann Stremski Administration of file re WEPP notice.	1.00	185.00	185.00
09/01/2015	Adam Sherman Discussions with P. Patel. Review files and begin drafting Receiver's first report.	5.00	495.00	2,475.00
09/01/2015	Pritesh Patel Review of invoices and preparation of disbursement request. Discussions with prospective purchaser re next steps and timing. Discussions with A. Sherman.	1.00	495.00	495.00
09/02/2015	Carol O'Donnell Prepare cheques, scan and mail.	0.80	250.00	200.00
09/02/2015	Adam Sherman Review files and continue drafting Receiver's first report.	4.00	495.00	1,980.00
09/02/2015	Pritesh Patel Discussions and correspondence with Canon re 81(1) claim. Respond to inquiries from former employees re WEPP.	0.50	495.00	247.50
09/03/2015	Pritesh Patel Review and edits to draft APA. Discussion with counsel on same.	0.75	495.00	371.25
09/04/2015	Ann Stremski	0.40	185.00	74.00

Invoice No.: 20400242  
 Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
09/04/2015	Communications with former employee re WEPP, including follow up with A. Sherman. Adam Sherman Review files and continue drafting Receiver's first report.	3.50	495.00	1,732.50
09/08/2015	Pritesh Patel Numerous discussions with prospective purchaser re assignment of LOI. Revisions to LOI and APA for assignee. Discussions and meeting with assignee re LOI and security deposit.	3.20	495.00	1,584.00
09/09/2015	Pritesh Patel Discussion with CBRE re real estate. Correspondence with Purolator re return of security deposit. Calls with purchaser re next steps.	0.75	495.00	371.25
09/10/2015	Pritesh Patel Respond to creditor inquiries. Numerous calls with purchaser re APA. Discussions with A.Sherman on same. Prepare disbursement request.	1.25	495.00	618.75
09/11/2015	Pascale Lareau Bank reconciliation.	0.20	185.00	37.00
09/11/2015	Carol O'Donnell Prepare cheques.	0.50	250.00	125.00
09/11/2015	Adam Sherman Review files. Continue drafting Receiver's report.	3.00	495.00	1,485.00
09/11/2015	Pritesh Patel Attendance at Daco for CRA payroll audit. Meeting with prospective purchaser to review comments on APA.	6.00	495.00	2,970.00
09/14/2015	Adam Sherman Emails from Gowlings re scheduling of court approval motion. Email from H. Murray to purchaser's counsel attaching the revised APA in a form acceptable to the Receiver.	0.20	495.00	99.00
09/14/2015	Pritesh Patel Edits to APA based on comments from purchaser. Call with counsel to discuss status. Preparation of disbursement request. Correspondence with Umicore re gold paste smelting.	1.10	495.00	544.50
09/15/2015	Ann Stremski Prepare schedule for WEPP payments. Respond to former employee enquiry re WEPP and documents received from Receiver.	0.40	185.00	74.00

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Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
09/16/2015	Pritesh Patel Discussion with Powerstream re invoicing and water arrears. Discussions with purchaser re APA. Review of bank reconciliation for August. Discussion with IT consultant re Daco backup.	1.00	495.00	495.00
09/17/2015	Carol O'Donnell Prepare interim R&D, including reallocation of certain expenses. Email interim R&D to P Patel. Prepare deposit.	0.90	250.00	225.00
09/17/2015	Adam Sherman Review and revise Receiver's report. Emails and discussions with P. Patel re Receiver's report. Emails and calls with C. Prophet re Receiver's report.	2.50	495.00	1,237.50
09/17/2015	Pritesh Patel Review and edits to Receiver's report. Numerous discussions with counsel and purchaser re APA. Review and updates to interim R&D for report.	2.10	495.00	1,039.50
09/18/2015	Adam Sherman Further updates to Receiver's report. Email from H. Murray attaching draft notice of motion/order, including comments on same.	2.00	495.00	990.00
09/18/2015	Pritesh Patel Finalize interim R&D. Preparation of offer summary as confidential exhibit.	0.80	495.00	396.00
09/20/2015	Adam Sherman Emails to counsel for Meridian and Roynat attaching Receiver's report re motion returnable September 24, 2015. Emails to Gowlings re revised Receiver's report, comments on motion record and other matters.	1.00	495.00	495.00
09/21/2015	Ann Stremski Update WEPP schedule with payments.	0.60	185.00	111.00
09/21/2015	Soazig Bourguine Motion Record posted on website and faxed to OSB.	0.50	185.00	92.50
09/21/2015	Adam Sherman Emails and telephone calls with various parties re Receiver's report. Revise, finalize and sign Receiver's report, including email to Gowlings re same. Emails with P. Patel re various matters.	3.50	495.00	1,732.50
09/22/2015	Carol O'Donnell Prepare deposit and cheque. Email with P. Patel re HST.	0.30	250.00	75.00

Invoice No.: 20400242  
 Date: 10/06/2015



Date	Name and Description	Hours	Rate	Amount
09/22/2015	Adam Sherman Emails from/to Roynat re sale approval motion and other matters in connection with same. Email from D. Jackson.	0.50	495.00	247.50
09/22/2015	Pritesh Patel Calls with purchaser re status of APA approval, timeline for closing, payment, etc. Deposit of proceeds from Umicore. Review of HST reconciliation for August 2015.	1.00	495.00	495.00
09/23/2015	Pritesh Patel Call with M. Lunetta re status of Receivership proceedings, update on real estate and estimated proceeds. Review and reconciliation of estate GL. Call with CBRE re real estate. Review of materials in advance of September 24 motion.	1.20	495.00	594.00
09/24/2015	Carol O'Donnell Discussion with P. Patel re distruction and storage of books and records and review HST reallocations. Prepare reallocations.	0.50	250.00	125.00
09/24/2015	Soazig Bourguine Email to ASherman.	0.10	185.00	18.50
09/24/2015	Adam Sherman Attendance in Court re sale approval motion, including discussion with counsel in attendance. Emails with I. Aversa re sale approval motion. Emails with Gowlings. Correspondence from CRA re trust exam (source ded'n and HST). Emails with P. Patel.	2.00	495.00	990.00
09/24/2015	Pritesh Patel Attendance in Court re sale approval motion. Discussions with purchaser on next steps. File outstanding HST returns for July for RT001 account.	1.80	495.00	891.00
09/25/2015	Soazig Bourguine Post and efile Court order/endorsement with the OSB.	0.50	185.00	92.50
09/25/2015	Adam Sherman Email from Gowlings attaching sale approval order and associated endorsement, including email to S. Bourguine re same.	0.20	495.00	99.00
09/25/2015	Pritesh Patel Review and reconcile claim from CRA on source deductions.	0.75	495.00	371.25
<b>Fees Total</b>		<b>221.00</b>		<b>\$ 101,258.50</b>



Invoice No.: 20400242  
Date: 10/06/2015

Date	Name and Description	Hours	Rate	Amount
<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
08/21/2015	Pritesh Patel 08/21/2015: Mileage for August			\$ 92.03
08/21/2015	Pritesh Patel 08/21/2015: Mileage for July			51.12
08/31/2015	Adam Sherman 08/31/2015: Postage : Notice of Wage Earner Protection Program Act (WEPPA)			49.50
<b>Disbursements Total</b>				<b>\$ 192.65</b>

Invoice No.: 20400242  
Date: 10/06/2015



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**Remittance Form**

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3

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**Invoice Summary**

<b>Invoice Total</b>		<b>\$ 101,451.15</b>
GST/HST #885435842 RT0001		13,188.65
<b>Total Due</b>	<b>CAD</b>	<b>\$ 114,639.80</b>

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**Payment Options****Electronic**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR  
Email payment details, including invoice number  
and amount paid to: CustomerService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail CustomerService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
www.richter.ca

Toronto, Montreal



# RICHTER

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3

Date:	10/22/2015
Invoice No.:	20400303
Engagement No.:	2020286
Payment Terms:	Net 30 Days

Professional services rendered for the period ended October 16, 2015	\$ 8,648.75
Disbursements	122.06

<b>Sub-Total</b>	8,770.81
GST/HST #885435842 RT0001	1,140.21
<b>Total Due</b>	<b>CAD \$ 9,911.02</b>

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
www.richter.ca

Toronto, Montreal





Invoice No.: 20400303  
Date: 10/22/2015

Fees			
Name	Hours	Rate	Amount
Adam Sherman	3.30	\$ 495.00	\$ 1,633.50
Ann Stremski	0.70	185.00	129.50
Carol O'Donnell	2.10	250.00	525.00
Pritesh Patel	12.85	495.00	6,360.75
	18.95		\$ 8,648.75
Disbursements			
Disbursements			\$ 122.06
			\$ 122.06

Invoice No.: 20400303  
 Date: 10/22/2015




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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
09/28/2015	Carol O'Donnell Reallocate HST. Email to P. Patel re August HST.	0.50	\$ 250.00	\$ 125.00
09/28/2015	Ann Stremski Prepare entries and transfer re internet banking.	0.20	185.00	37.00
09/28/2015	Ann Stremski Update weppa payment schedule; administration of file.	0.50	185.00	92.50
09/28/2015	Pritesh Patel Reconcile Receiver's bank account, discussions with Carol re HST return for August. Call with Coca-Cola re equipment pickup. Calls with Wasteco for garbage and recycling pickup.	1.50	495.00	742.50
09/29/2015	Carol O'Donnell Prepare cheques. Prepare HST for August 2015 online, scan and save.	0.20	250.00	50.00
09/29/2015	Pritesh Patel Review of estimated premiums refunds on insurance.	0.60	495.00	297.00
09/30/2015	Pritesh Patel Meeting with purchaser re payment of purchase price. Deposit to Receiver's account.	0.50	495.00	247.50
10/01/2015	Carol O'Donnell Emails from P. Patel, verify with bank to confirm wire transfer. Enter wire transfer.	0.20	250.00	50.00
10/01/2015	Pritesh Patel Review of Bill of Sale and Receiver's Certificate and discuss with counsel on same. Call with purchaser re closing.	0.50	495.00	247.50
10/02/2015	Adam Sherman Emails from P. Patel confirming receipt of sale proceeds and closing of transaction. Emails from the purchaser's counsel re various closing matters. Email from S. Vanderkam.	0.30	495.00	148.50
10/02/2015	Pritesh Patel Attendance at Daco for IT system back. Meeting with purchaser for closing. Compiling remaining documents for shipment to S.Vanderkam.	5.00	495.00	2,475.00
10/05/2015	Carol O'Donnell Review emails, prepare deposit.	0.10	250.00	25.00
10/05/2015	Adam Sherman	0.50	495.00	247.50

Invoice No.: 20400303  
Date: 10/22/2015



Date	Name and Description	Hours	Rate	Amount
10/05/2015	Voicemails from/to M. Laugesen. Emails from Aird & Berlis attaching Meridian payout letter. Discussions with P. Patel re Meridian payout and other matters. Pritesh Patel Review of Meridian payout statement and call with its counsel on same. Preparation of disbursement request. Review of Receiver's GL and cash on hand position.	0.80	495.00	396.00
10/06/2015	Carol O'Donnell Telephone conv. with P. Patel regarding changes to GL. Prepare reallocations. prepare wire transfer, fax to bank, telephone conv. with bank. Prepare cheque.	1.00	250.00	250.00
10/06/2015	Adam Sherman Emails with M. Laugesen re sale of property, Roynat prepayment penalty, etc. Email from C. Prophet re sale of property. Finalize invoice, including emails with C. O'Donnell re same. Discussions with P. Patel. Email from P. Viele re access to property.	1.30	495.00	643.50
10/06/2015	Pritesh Patel Discussion with Meridian re LOC balances on payout statement and review of supporting documentation on same. Call with M.Lunetta re Meridian payout. Discussions with A.Sherman re real property sale.	1.40	495.00	693.00
10/07/2015	Carol O'Donnell Prepare wire transfer.	0.10	250.00	25.00
10/07/2015	Adam Sherman Email from Meridian confirming receipt of payout funds. Emails between M. Laugesen and I. Aversa re discharge of Meridian security. Email from P. Patel to I. Aversa attaching signed payout letter.	0.60	495.00	297.00
10/07/2015	Pritesh Patel Correspondence with Meridian re revised payout amount.	0.50	495.00	247.50
10/08/2015	Adam Sherman Email from Roynat attaching payout statement. Discussions with P. Patel re Roynat prepayment penalty, etc. Email from M. Lunetta.	0.40	495.00	198.00
10/08/2015	Pritesh Patel Review payout statement from Roynat, discussions with A.Sherman on same. Update Receiver's CF and estimates for closing.	0.80	495.00	396.00

Invoice No.: 20400303  
 Date: 10/22/2015



Date	Name and Description	Hours	Rate	Amount
10/13/2015	Adam Sherman Email from Aird & Berlis re termination of Meridian charges.	0.10	495.00	49.50
10/14/2015	Adam Sherman Email from M. Laugesen re Roynat payout letter.	0.10	495.00	49.50
10/15/2015	Pritesh Patel Call with Roynat and M.Lunetta re payout statement. Call with M.Lunetta on status of real estate closing and other issues.	0.75	495.00	371.25
10/16/2015	Pritesh Patel Call with Roynat re payout and prepayment penalty.	0.50	495.00	247.50
<b>Fees Total</b>		<b>18.95</b>		<b>\$ 8,648.75</b>
<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
	Disbursements Transportation, postage, etc.			\$ 122.06

Invoice No.: 20400303  
Date: 10/22/2015



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**Remittance Form**

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3

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**Invoice Summary**

<b>Invoice Total</b>		<b>\$ 8,770.81</b>
GST/HST #885435842 RT0001		1,140.21
<b>Total Due</b>	<b>CAD</b>	<b>\$ 9,911.02</b>

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**Payment Options****Electronic**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR  
Email payment details, including invoice number  
and amount paid to: CustomerService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail CustomerService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
www.richter.ca

Toronto, Montreal

# RICHTER

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3

Date:	11/19/2015
Invoice No.:	20400353
Engagement No.:	2020286
Payment Terms:	Net 30 Days

Professional services rendered for the period ended November 13, 2015	\$ 17,748.50
Disbursements	133.53

<b>Sub-Total</b>	17,882.03
GST/HST #885435842 RT0001	2,324.66
<b>Total Due</b>	<b>CAD \$ 20,206.69</b>

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
www.richter.ca

Toronto, Montreal





Invoice No.: 20400353  
Date: 11/19/2015

**Fees**

Name	Hours	Rate	Amount
Adam Sherman	3.60	\$ 495.00	\$ 1,782.00
Ann Stremski	1.70	185.00	314.50
Carol O'Donnell	4.10	250.00	1,025.00
Pascale Lareau	0.40	185.00	74.00
Pritesh Patel	29.40	495.00	14,553.00
	<b>39.20</b>		<b>\$ 17,748.50</b>

**Disbursements**

Disbursements	\$ 133.53
	<b>\$ 133.53</b>



Invoice No.: 20400353  
 Date: 11/19/2015




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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
10/13/2015	Carol O'Donnell Prepare cheques and deposit. Update GL, verify balances with bank.	0.90	\$ 250.00	\$ 225.00
10/19/2015	Carol O'Donnell Prepare cheques, filing.	0.50	250.00	125.00
10/19/2015	Adam Sherman Emails with C. Garbe of Bennett Jones re property sale.	0.30	495.00	148.50
10/19/2015	Pritesh Patel Call with Roynat and M.Lunetta re prepayment penalty. Discussions with purchaser re status of asset removal.	0.50	495.00	247.50
10/20/2015	Pascale Lareau Bookkeeping	0.20	185.00	37.00
10/20/2015	Adam Sherman Email from P. Patel to S. Vanderkam re Roynat payout statement, etc. Discussions with P. Patel.	0.30	495.00	148.50
10/20/2015	Pritesh Patel Correspondence with HUB re cancellation of contents policies. Review of revised Roynat payout statement and email to group on same.	0.50	495.00	247.50
10/21/2015	Carol O'Donnell Prepare disbursements, scan and save.	0.30	250.00	75.00
10/21/2015	Adam Sherman Emails from/to C. Prophet. Emails and discussions with P. Patel.	0.40	495.00	198.00
10/21/2015	Pritesh Patel Attendance at Daco to meet with asset purchaser to walk through site, organize books and records per S.Vanderkam direction.	3.00	495.00	1,485.00
10/22/2015	Pritesh Patel Preparation of disbursement request. Update Receiver's CF.	0.40	495.00	198.00
10/23/2015	Carol O'Donnell Prepare cheques, deposit, scan and save.	0.60	250.00	150.00
10/23/2015	Adam Sherman Emails from/to Gowlings. Emails with P. Patel. Emails from P. Viele re access to property.	0.40	495.00	198.00
10/23/2015	Pritesh Patel Updates to Receiver's CF, forecast for costs to complete administration.	0.50	495.00	247.50

Invoice No.: 20400353  
 Date: 11/19/2015



Date	Name and Description	Hours	Rate	Amount
10/26/2015	Adam Sherman Email from S. Vanderkam confirming agreement with Roynat payout statement. Emails with C. Garbe re sale/transfer of real property.	0.30	495.00	148.50
10/26/2015	Pritesh Patel Attendance at site for buliding walkthrough and cleanup. Calls/correspondence with M.Lunetta re storage of records and receivership status.	1.50	495.00	742.50
10/27/2015	Adam Sherman Emails with C. Garbe re sale/transfer of real property.	0.20	495.00	99.00
10/28/2015	Carol O'Donnell Prepare cheques. Scan and save.	0.30	250.00	75.00
10/28/2015	Ann Stremski Prepare cheques; communication with P. Patel; verify internet banking; bank reconciliation; call from Service Canada.	1.00	185.00	185.00
10/28/2015	Adam Sherman Emails and telephone calls with C. Garbe re sale/transfer of real property. Telephone call with and email to C. Prophet re sale of real property.	1.00	495.00	495.00
10/28/2015	Pritesh Patel Preparation of disbursement request. Update receiver's CF and reconcile GL. Finalize inventory of books and records for S.Vanderkam.	1.00	495.00	495.00
10/29/2015	Ann Stremski Communication with P. Patel; prepare reallocation entries.	0.70	185.00	129.50
10/29/2015	Adam Sherman Email from C. Garbe re real property sale/transfer.	0.20	495.00	99.00
10/29/2015	Pritesh Patel Correspondence with CBRE re building walkthrough. Numerous discussions with Mohan re status of building cleanup. Finalize Receiver's CF and estimate of distribution to Roynat and discussion with A.Sherman on same.	2.10	495.00	1,039.50
10/30/2015	Adam Sherman Email from C. Prophet re sale/transfer of real property. Telephone call with and email from C. Garbe re sale/transfer of real property.	0.40	495.00	198.00
10/30/2015	Pritesh Patel	4.00	495.00	1,980.00

Invoice No.: 20400353  
 Date: 11/19/2015



Date	Name and Description	Hours	Rate	Amount
	Attendance at Daco to supervise building cleanup. Calls with vendors re garbage, cleaning, repairs, etc. Call with M.Lunetta re proposed Roynat distribution.			
11/02/2015	Carol O'Donnell Prepare wire transfer.	0.20	250.00	50.00
11/02/2015	Pritesh Patel Attendance at Daco to supervise building cleanup. Meeting with P.Viele and building purchasers for final walk through.	5.20	495.00	2,574.00
11/03/2015	Pritesh Patel Coordinate wire to Roynat. Discussion with M.Lunetta on same. Prepare disbursement request. Contact vendors/utilities to terminate services and arrange for equipment pickup.	1.50	495.00	742.50
11/04/2015	Pritesh Patel Attendance on site at Daco for final clean-up, return of equipment to vendors, etc. Return of keys to Bennett Jones.	4.00	495.00	1,980.00
11/05/2015	Carol O'Donnell File HST online for September. Verify July filing with CRA, Prepare cheques.	0.60	250.00	150.00
11/05/2015	Pritesh Patel Prepare disbursement request. Calls with Tyco re termination of monitoring service. Correspondance with HUB re termination of insurance coverage.	0.70	495.00	346.50
11/06/2015	Carol O'Donnell Prepare cheques, scan and save.	0.40	250.00	100.00
11/06/2015	Pritesh Patel Drafting Receiver's second report.	1.00	495.00	495.00
11/09/2015	Carol O'Donnell Telephone conversation with A. Sherman and P. Patel. verify if locksmith invoice has been paid. Enter wire transfer.	0.30	250.00	75.00
11/09/2015	Pritesh Patel Roll-forward R&D for Receiver's second report. Drafting report.	1.50	495.00	742.50
11/10/2015	Pritesh Patel Drafting Receiver's Second Report.	2.00	495.00	990.00
11/12/2015	Adam Sherman Emails from/to P. Viele.	0.10	495.00	49.50
11/13/2015	Pascale Lareau Bank reconciliation.	0.20	185.00	37.00

Invoice No.: 20400353  
Date: 11/19/2015



Date	Name and Description	Hours	Rate	Amount
Fees Total		39.20		\$ 17,748.50
Date	Name and Description	Hours	Rate	Amount
10/30/2015	Disbursements			\$ 133.53
Disbursements Total				\$ 133.53

Invoice No.: 20400353  
 Date: 11/19/2015




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### Remittance Form

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
 181 Bay Street, 33rd Floor  
 Toronto, ON M5J 2T3

### Invoice Summary

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<b>Invoice Total</b>		<b>\$ 17,882.03</b>
GST/HST #885435842 RT0001		2,324.66
<b>Total Due</b>	<b>CAD</b>	<b>\$ 20,206.69</b>

### Payment Options

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#### Electronic

Toronto Dominion Bank  
 Commercial Banking Center  
 525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
 CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
 USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR  
 Email payment details, including invoice number  
 and amount paid to: CustomerService@richter.ca

#### Cheques

Payable to: Richter Advisory Group Inc.  
 Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail CustomerService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
 181 Bay St., Suite 3320  
 Bay Wellington Tower  
 Toronto, ON M5J 2T3  
 www.richter.ca

Toronto, Montreal

# RICHTER

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
 181 Bay Street, 33rd Floor  
 Toronto, ON M5J 2T3

Date: 03/04/2016  
 Invoice No.: 20400650  
 Engagement No.: 2020286  
 Payment Terms: Due on Receipt

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Professional services rendered to January 31, 2016 \$ 16,574.50

**Sub-Total** 16,574.50

GST/HST #885435842 RT0001 2,154.69

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**Total Due** CAD **\$ 18,729.19**

T. 416.488.2345

Richter Advisory Group Inc.  
 181 Bay St., Suite 3320  
 Bay Wellington Tower  
 Toronto, ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

Toronto, Montreal





Invoice No.: 20400650  
Date: 03/04/2016

**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Adam Sherman	5.10	\$ 495.00	\$ 2,524.50
Ann Stremski	2.50	185.00	462.50
Carol O'Donnell	5.10	250.00	1,275.00
Pascale Lareau	0.40	185.00	74.00
Pritesh Patel	24.50	495.00	12,127.50
Soazig Bourgine	0.60	185.00	111.00
	<b>38.20</b>		<b>\$ 16,574.50</b>

Invoice No.: 20400650  
 Date: 03/04/2016



#### Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
11/17/2015	Pritesh Patel Edits to report, review of CRA correspondence, and reconciliation of R&D.	2.10	\$ 495.00	\$ 1,039.50
11/18/2015	Pascale Lareau Bank reconciliation November 13, 2015.	0.20	185.00	37.00
11/18/2015	Ann Stremski Communication with Service Canada.	0.20	185.00	37.00
11/19/2015	Ann Stremski Communications with Service Canada and P. Patel; send cheque and administration of file.	0.40	185.00	74.00
11/19/2015	Pritesh Patel Update R&D for report. Review of letter from City re water arrears and call on same. Email from counsel re water arrears. Call with Service Canada re WEPP claim and faxing of supporting documentation on same.	1.50	495.00	742.50
11/20/2015	Carol O'Donnell Prepare cheques, scan and save. Update deposit, scan and save.	0.60	250.00	150.00
11/20/2015	Pritesh Patel Prepare disbursement request. Finalize draft of Receiver's second report. Roll forward R&D. Deposit of insurance refunds to Receiver's account.	2.00	495.00	990.00
11/23/2015	Carol O'Donnell Review GL, send email to P. Patel to confirm HST.	0.20	250.00	50.00
11/23/2015	Pritesh Patel Edits to report. Preparation of fee affidavit. HST reconciliation and preparation of disbursement request.	1.00	495.00	495.00
11/24/2015	Carol O'Donnell Communications with CRA regarding Daco's final HST return. Telephone communications with P. Patel. Verify if any invoices paid in November were dated October 2015.	0.60	250.00	150.00
11/24/2015	Carol O'Donnell Review bank reconciliations for September and October and email to P. Patel.	0.20	250.00	50.00
11/24/2015	Ann Stremski Update and verify WEPPA payment schedule.	0.30	185.00	55.50
11/26/2015	Carol O'Donnell Preparation of October HST return. Prepare cheques. Comm. with bank to ensure payment of HST at Bank.	0.90	250.00	225.00



Invoice No.: 20400650  
Date: 03/04/2016



Date	Name and Description	Hours	Rate	Amount
11/26/2015	Adam Sherman Emails/calls with the OSB. Emails with C. O'Donnell re payment of filing fees.	0.40	495.00	198.00
11/27/2015	Adam Sherman Review/revise draft receiver's report.	1.00	495.00	495.00
11/30/2015	Ann Stremski Calls with Service Canada; verify schedules; communication with P. Patel.	0.80	185.00	148.00
12/02/2015	Ann Stremski Communications with A. Sherman regarding director and request from Service Canada.	0.20	185.00	37.00
12/02/2015	Pritesh Patel Discussion with A.Sherman and A.Stremski re WEPP appeal. Call with counsel to former employee re injury claim and call with S.Vanderkam on same.	2.10	495.00	1,039.50
12/03/2015	Carol O'Donnell Prepare cheques, print GL email to P. Patel.	0.40	250.00	100.00
12/03/2015	Adam Sherman Emails/calls with A. Stremski re WEPPA. Discussions with P. Patel.	0.20	495.00	99.00
12/03/2015	Pritesh Patel Call with Service Canada re WEPP appeal. Discussion with A.Sherman on same.	1.00	495.00	495.00
12/04/2015	Carol O'Donnell Prepare cheques, email with GL to P. Patel.	0.20	250.00	50.00
12/04/2015	Adam Sherman Review and comment on Receiver's draft report, including discussion with P. Patel.	3.00	495.00	1,485.00
12/04/2015	Pritesh Patel Preparation of disbursement request. Responding to inquiries from creditors re status of proceedings. Discussion with A.Sherman re edits to Receiver's report. Update to Receiver's CF and R&D.	1.10	495.00	544.50
12/07/2015	Ann Stremski Communication with P. Patel re former director and WEPP claim; communication with Service Canada for breakdown.	0.30	185.00	55.50
12/07/2015	Pritesh Patel Call with Service Canada re WEPP appeal. Review of letter from Ministry of Labour and preparing response on same.	1.20	495.00	594.00
12/08/2015	Pritesh Patel	2.10	495.00	1,039.50

Invoice No.: 20400650  
Date: 03/04/2016



Date	Name and Description	Hours	Rate	Amount
	Update and edits to report based on comments from A.Sherman. Preparation of updated WEPP reconciliation and call with MOL on same.			
12/10/2015	Pritesh Patel Call with Service Canada on WEPP appeal. Finalize draft Receiver's Report and circulate to counsel for comments.	2.00	495.00	990.00
12/11/2015	Pritesh Patel Call with MOL re calculation of termination pay. Follow-up with Service Canada re WEPP appeal.	0.50	495.00	247.50
12/16/2015	Pritesh Patel Call with Service Canada re WEPP appeal and next steps.	0.50	495.00	247.50
12/21/2015	Ann Stremski Verify breakdown received from Service Canada; communication with P. Patel.	0.30	185.00	55.50
12/21/2015	Pritesh Patel Review WEPP breakdown from Service Canada.	0.20	495.00	99.00
01/04/2016	Pritesh Patel Responding to email from creditors re status of proceedings.	0.30	495.00	148.50
01/11/2016	Pritesh Patel Call with CIRA re transfer of daco domain to Purchaser. Drafting email to CIRA on same.	0.50	495.00	247.50
01/12/2016	Pascale Lareau Bank reconciliation.	0.20	185.00	37.00
01/12/2016	Carol O'Donnell Review bank reconciliations for November and December. Email to P. Patel.	0.20	250.00	50.00
01/12/2016	Soazig Bourguine Email to Pritesh Patel re. First Interim Report of the Receiver.	0.10	185.00	18.50
01/12/2016	Pritesh Patel Call with 407ETR re refund. Follow-up fax on same.	0.30	495.00	148.50
01/13/2016	Carol O'Donnell Reconcile HST, prepare HST for November and December online with CRA. scan and save.	0.80	250.00	200.00
01/14/2016	Pritesh Patel Drafting First Interim Report of Receiver. Update and roll foward R&D. Review and reconcile bank recs for November and December.	5.00	495.00	2,475.00

Invoice No.: 20400650  
 Date: 03/04/2016



Date	Name and Description	Hours	Rate	Amount
01/18/2016	Carol O'Donnell Read Receiver's Interim Report.	0.30	250.00	75.00
01/18/2016	Soazig Bourguine First Report of the Receiver faxed to BSF, posted to website.	0.50	185.00	92.50
01/18/2016	Adam Sherman Review and provide comments on draft 246(2) report. Discussions with P. Patel and C. O'Donnell. Finalize and sign 246(2) report, including email to C. O'Donnell re same.	0.50	495.00	247.50
01/26/2016	Carol O'Donnell Telephone conversation with CRA regarding August 2015 refund. Email with P. Patel.	0.50	250.00	125.00
01/27/2016	Carol O'Donnell Update deposit.	0.20	250.00	50.00
01/27/2016	Pritesh Patel Deposit HST refunds and update R&D. Review of correspondence and call with Blaney McMurty.	1.10	495.00	544.50
<b>Fees Total</b>		<b>38.20</b>		<b>\$ 16,574.50</b>

Invoice No.: 20400650  
Date: 03/04/2016



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**Remittance Form**

Richter Advisory Group Inc. Receiver re: Daco Manufacturing Ltd.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3

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**Invoice Summary**

<b>Invoice Total</b>		<b>\$ 16,574.50</b>
GST/HST #885435842 RT0001		2,154.69
<b>Total Due</b>	<b>CAD</b>	<b>\$ 18,729.19</b>

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**Payment Options****Electronic**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR  
Email payment details, including invoice number  
and amount paid to: CustomerService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail CustomerService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
www.richter.ca

Toronto, Montreal

This is Exhibit "C" referred to in the Affidavit of  
Pritesh Patel, sworn before me this  
9<sup>th</sup> day of March, 2016

  
\_\_\_\_\_  
Commissioner for Taking Affidavits, etc

Evan Patrick Stitt,  
a Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires April 4, 2017.

**Richter Advisory Group Inc.  
in its capacity as Receiver of  
Daco Manufacturing Ltd.  
Statement of accounts**

**Exhibit C**

<b>Staff member</b>	<b>Number of hours</b>	<b>Hourly rate</b>	<b>Amount</b>
<b>Senior Vice President</b>			
P.van Eyk	3.00	600	1,800.00
<b>Vice President</b>			
A.Sherman	48.60	495	24,057.00
P.Patel	199.25	495	98,628.75
A.Dalfio	25.70	425	10,922.50
<b>Administration</b>			
S.Bourginé	3.20	185	592.00
P.Lareau	1.00	185	185.00
C.O'Donnell	19.60	250	4,900.00
A.Stremski	17.00	185	3,145.00
<b>Total</b>	<b>317.35</b>		<b>144,230.25</b>
<b>Blended average hourly rate:</b>	<b>454.48</b>		

## **EXHIBIT E**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF  
DACO MANUFACTURING LTD.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

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**AFFIDAVIT OF CLIFTON PROPHET  
(sworn February 25, 2016)**

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**I, Clifton Prophet**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Partner at the law firm of Gowling WLG (Canada) LLP ("**Gowling WLG**"), formerly Gowling Lafleur Henderson LLP. Gowling WLG is counsel to Richter Advisory Group Inc., in its capacity as receiver (the "**Receiver**") of all of the assets, undertakings and properties of Daco Manufacturing Ltd. ("**Daco**" or the "**Company**"), and as such I have personal knowledge of the matters herein deposed.
2. Gowlings has provided services as counsel to the Receiver and incurred disbursements thereon as described in the detailed invoices dated June 24, 2015, July 10, 2015, July 24, 2015, and October 21, 2015 attached hereto and marked as **Exhibit "A-D"** (the "**Accounts**").
3. The Accounts are a fair and accurate description of the services provided and the amounts charged by Gowling WLG. Gowling WLG professional fees were calculated based on




the standard hourly rates of the professionals that incurred time in connection with the receivership.

4. Annexed hereto and marked as **Exhibit “E”** to this my affidavit is the timekeepers’ summary of the partners, associates and staff whose time are recorded on the Accounts, including the hourly rates, hours billed and total fees (the “**Summary of Accounts**”).
5. During the relevant period for the Accounts, Gowling WLG expended approximately 70 hours, for total fees of \$42,598.00 plus HST, based on Gowling WLG’s standard hourly billing rate in effect from time to time during the relevant period, as more particularly described in the Summary of Accounts. The hourly rates charged in the Accounts are the normal hourly rates charged by Gowling WLG for services rendered in respect of similar proceedings. The average hourly rate for the Gowling WLG’s professionals was \$608.54.
6. The disbursements listed in the Summary of Accounts are all *bona fides* disbursements incurred by Gowling WLG in providing legal services to the Receiver during the receivership proceedings.
7. Gowling WLG is requesting that its fees and disbursements be approved in the amount of \$50,014.62, inclusive of HST.

8. I swear this affidavit in support of the Receiver's motion for, among other things, for the approval of the fees and disbursements of Gowling WLG as detailed in the Accounts and for no other or improper purpose.

**SWORN** before me at the City of Toronto,  
in the Province of Ontario,  
this 25<sup>th</sup> day of February, 2016.

  
\_\_\_\_\_  
A Commissioner for Taking Affidavits, etc.  
Thomas Gertner

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**CLIFTON PROPHET**

**THIS IS EXHIBIT "A"**  
**TO THE AFFIDAVIT OF CLIFTON PROPHET**  
**SWORN BEFORE ME**  
**ON FEBRUARY 25<sup>th</sup>, 2016**



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A Commissioner for Taking Oaths

Thomas Gerard



montréal · ottawa · toronto · hamilton · waterloo region · calgary · vancouver · beijing · moscow · london

Richter Advisory Group Inc.  
ATTN: Paul van Eyk  
CPA, IFA, CIRP, Fellow of INSOL  
181 Bay Street, Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

June 24, 2015  
INVOICE: 18234227

Our Matter: T996727 / 212859  
RE: Daco Manufacturing Limited

**TO OUR FEE:**

Fees for Professional Services	\$10,758.00
HST on Fees	1,398.54
<b>Total Fees and Taxes</b>	<b>12,156.54</b>

**DISBURSEMENTS:**

Disbursements (Taxable)	831.74
Disbursements (Non-Taxable)	8.00
HST on Disbursements	108.13
<b>Total Disbursements and Taxes</b>	<b>947.87</b>

**TOTAL INVOICE BALANCE:**

Total for this Invoice	13,104.41
[ Total HST: \$1,506.67 ]	
<b>Please remit total invoice balance due:</b>	<b>In Canadian Dollars</b>
	<b><u>\$13,104.41</u></b>

**GOWLING LAFLEUR HENDERSON LLP**

PER Cliff Prophet

Our services are provided in accordance with our Standard Retainer Terms ([www.gowlings.com/RetainerTerms](http://www.gowlings.com/RetainerTerms)), subject to any other written retainer agreement entered into between the parties.

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded  
GST/HST: 11936 4511 RT

page 1 of 3

June 24, 2015  
INVOICE: 18234227

**Richter Advisory Group Inc.  
Our Matter: T996727  
Daco Manufacturing Limited**

**PROFESSIONAL SERVICES**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
26/05/2015	1.20	Cliff Prophet	Call with A. Sherman re restructuring issues; call to M. Laugesson;
27/05/2015	0.20	Cliff Prophet	E-mails re preparation of Court report for extension of stay, approval of admin charge and bid process;
29/05/2015	0.20	Cliff Prophet	Discussion re accommodation agreement;
01/06/2015	0.20	Cliff Prophet	Review Lunetta affidavit;
02/06/2015	4.20	Cliff Prophet	Review and comment on report and motion materials of debtor; meeting to go over comments on same; begin accommodation discussions with Meridian;
03/06/2015	2.00	Cliff Prophet	Call with M. Laugesson re approach to interim financing; call with client;
04/06/2015	4.30	Cliff Prophet	Multiple telephone calls re accommodation terms; conferences with counsel to Meridian and counsel to RoyNat;
05/06/2015	0.10	Cliff Prophet	Calls re finalization of accommodation agreement;
08/06/2015	0.80	Cliff Prophet	Prepare for and attend court for extension of proposal;

**Total Fees for Professional Services** \$10,758.00

**DISBURSEMENTS**

**Non-Taxable Costs**

Corporate Searches - Agency	\$8.00
<b>Total Non-Taxable Disbursements</b>	<u>\$8.00</u>

**Taxable Costs**

Copying	\$626.75
Scanning Service	\$1.50
Binding	\$147.00
Corporate Searches - Taxable	\$8.50
Courier	\$7.46
Courier - FedEx	\$40.53
<b>Total Taxable Disbursements</b>	<u>\$831.74</u>

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded

June 24, 2015  
INVOICE: 18234227

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
Matter: T996727  
RE: Daco Manufacturing Limited  
Amount Due: \$13,104.41

### PAYMENT BY CHEQUE:

**Please return this page with your payment payable to Gowling Lafleur Henderson LLP**

**Remit to:** Gowling Lafleur Henderson LLP  
PO Box 466, STN D  
Ottawa, ON K1P 1C3  
Canada

### PAYMENT BY WIRE TRANSFER:

**Pay by Swift MT 103 Direct to:**  
SWIFTCODE: CIBCCATT  
  
**BENEFICIARY BANK:** Canadian Imperial Bank of Commerce  
119 Sparks Street, Ottawa, ON K1P 5B5  
  
**TRANSIT NUMBER:** 0010-00006  
  
**BENEFICIARY ACCOUNT NAME:** Gowling Lafleur Henderson LLP  
160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3  
  
**BENEFICIARY ACCOUNT NUMBER(S):** CDN Account: 41-02916  
USD Account: 02-21015

**US Corresponding Bank for US Dollar wires:**  
Well Fargo Bank, N.A. BIC: PNBUS3NNYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments@gowlings.com](mailto:payments@gowlings.com)

**THIS IS EXHIBIT "B"**  
**TO THE AFFIDAVIT OF CLIFTON PROPHET**  
**SWORN BEFORE ME**  
**ON FEBRUARY 25<sup>th</sup>, 2016**



---

A Commissioner for Taking Oaths

Thomas Gertner





montréal · ottawa · toronto · hamilton · waterloo region · calgary · vancouver · beijing · moscow · london

Richter Advisory Group Inc.  
ATTN: Paul van Eyk  
CPA, IFA, CIRP, Fellow of INSOL  
181 Bay Street, Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

July 10, 2015  
INVOICE: 18246381

Our Matter: T996727 / 212859  
RE: Daco Manufacturing Limited

#### TO OUR FEE:

Fees for Professional Services	\$6,335.00
HST on Fees	823.55
<b>Total Fees and Taxes</b>	<b>7,158.55</b>

#### DISBURSEMENTS:

Disbursements (Taxable)	219.46
Disbursements (Non-Taxable)	38.78
HST on Disbursements	28.53
<b>Total Disbursements and Taxes</b>	<b>286.77</b>

#### TOTAL INVOICE BALANCE:

Total for this Invoice	7,445.32
[ Total HST: \$852.08 ]	
<b>Please remit total invoice balance due:</b>	<b>In Canadian Dollars</b>
	<b><u>\$7,445.32</u></b>

#### GOWLING LAFLEUR HENDERSON LLP

PER Cliff Prophet

Our services are provided in accordance with our Standard Retainer Terms ([www.gowlings.com/RetainerTerms](http://www.gowlings.com/RetainerTerms)), subject to any other written retainer agreement entered into between the parties.

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded  
GST/HST: 11936 4511 RT

Gowling Lafleur Henderson LLP · Lawyers · Patent and Trade-mark Agents

page 1 of 4

1 First Canadian Place · 100 King Street West · Suite 1600 · Toronto · Ontario · M5X 1G5 · Canada · T 416-862-7525 · F 416-862-7661 · [gowlings.com](http://gowlings.com)



July 10, 2015  
INVOICE: 18246381

**Richter Advisory Group Inc.**  
**Our Matter: T996727**  
**Daco Manufacturing Limited**

**PROFESSIONAL SERVICES**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
19/06/2015	0.30	Cliff Prophet	Call with A. Sherman re issues with secured creditors and listing; call with M. Laugesson re same;
24/06/2015	0.20	Cliff Prophet	Call with A. Sherman re security review;
25/06/2015	0.60	Leila J. Burden Nixon	Reviewed materials; ordered searches against borrower;
26/06/2015	0.20	Leila J. Burden Nixon	Reviewed search results;
26/06/2015	0.40	Mark Emmanuel	Obtaining PPSA, Corporate Profile, Bankruptcy, Insolvency, Bank Act, Litigation and Bulk Sales against Daco Manufacturing Ltd.;
26/06/2015	0.40	Cliff Prophet	Instructions to L. Burden re security review;
26/06/2015	0.40	Lina Santos	Access Teraview to sub search PIN 03317-0239(LT); scan search report to L. Burden Nixon;
26/06/2015	0.40	Lina Santos	Conduct execution search against Daco Manufacturing Ltd.;
30/06/2015	0.20	Leila J. Burden Nixon	Attended to security review;
02/07/2015	0.50	Leila J. Burden Nixon	Reviewed materials for purpose of security review;
03/07/2015	2.50	Leila J. Burden Nixon	Drafted security review;
06/07/2015	0.90	Leila J. Burden Nixon	Drafted security review and provided to C. Prophet for consideration;
08/07/2015	0.20	Leila J. Burden Nixon	Engaged in discussion with C. Prophet re comments to security review;
08/07/2015	1.30	Cliff Prophet	Review and discuss security opinion prepared by L. Burden;
10/07/2015	1.40	Cliff Prophet	Review receivership order and finalize opinion on security;

**Total Fees for Professional Services** \$6,335.00

**DISBURSEMENTS**

**Non-Taxable Costs**

Corporate Searches - Agency \$38.78

**Total Non-Taxable Disbursements** \$38.78

**Taxable Costs**

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded

July 10, 2015  
INVOICE: 18246381

Binding	\$11.10
Corporate Searches - Taxable	\$141.50
Courier - FedEx	\$11.86
TeraView (Ontario) Online Searches & Registration - Taxable	\$55.00
<b>Total Taxable Disbursements</b>	<b><u>\$219.46</u></b>

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded

July 10, 2015  
INVOICE: 18246381

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
Matter: T996727  
RE: Daco Manufacturing Limited  
Amount Due: \$7,445.32

### PAYMENT BY CHEQUE:

**Please return this page with your payment payable to Gowling Lafleur Henderson LLP**

**Remit to:** Gowling Lafleur Henderson LLP  
PO Box 466, STN D  
Ottawa, ON K1P 1C3  
Canada

### PAYMENT BY WIRE TRANSFER:

**Pay by Swift MT 103 Direct to:**  
**SWIFTCODE:** CIBCCATT  
  
**BENEFICIARY BANK:** Canadian Imperial Bank of Commerce  
119 Sparks Street, Ottawa, ON K1P 5B5  
  
**TRANSIT NUMBER:** 0010-00006  
  
**BENEFICIARY ACCOUNT NAME:** Gowling Lafleur Henderson LLP  
160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3  
  
**BENEFICIARY ACCOUNT NUMBER(S):** CDN Account: 41-02916  
USD Account: 02-21015

**US Corresponding Bank for US Dollar wires:**  
Well Fargo Bank, N.A. BIC: PNBUS3NNYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments@gowlings.com](mailto:payments@gowlings.com)

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded

**THIS IS EXHIBIT "C"**  
**TO THE AFFIDAVIT OF CLIFTON PROPHET**  
**SWORN BEFORE ME**  
**ON FEBRUARY 25<sup>th</sup>, 2016**



---

A Commissioner for Taking Oaths

Thomas Gerrard



montréal · ottawa · toronto · hamilton · waterloo region · calgary · vancouver · beijing · moscow · london

Richter Advisory Group Inc.  
ATTN: Paul van Eyk  
CPA, IFA, CIRP, Fellow of INSOL  
181 Bay Street, Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

July 24, 2015  
INVOICE: 18254251

Our Matter: T996727 / 212859  
RE: Daco Manufacturing Limited

#### TO OUR FEE:

Fees for Professional Services	\$5,378.50
HST on Fees	699.21
<b>Total Fees and Taxes</b>	<b>6,077.71</b>

#### DISBURSEMENTS:

Disbursements (Taxable)	142.99
HST on Disbursements	18.59
<b>Total Disbursements and Taxes</b>	<b>161.58</b>

#### TOTAL INVOICE BALANCE:

Total for this Invoice	6,239.29
[ Total HST: \$717.80 ]	
<b>Please remit total invoice balance due:</b>	<b>In Canadian Dollars</b>
	<b><u>\$6,239.29</u></b>

#### GOWLING LAFLEUR HENDERSON LLP

PER Cliff Prophet

Our services are provided in accordance with our Standard Retainer Terms ([www.gowlings.com/RetainerTerms](http://www.gowlings.com/RetainerTerms)), subject to any other written retainer agreement entered into between the parties.

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded  
GST/HST: 11936 4511 RT

page 1 of 3

July 24, 2015  
INVOICE: 18254251

**Richter Advisory Group Inc.**  
**Our Matter: T996727**  
**Daco Manufacturing Limited**

**PROFESSIONAL SERVICES**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
09/07/2015	0.40	Leila J. Burden Nixon	Revised security review as per comments from C. Prophet and forwarded to C. Prophet for approval;
12/07/2015	1.20	Cliff Prophet	Review and comment on report of trustee; review final versions of order; e-mails to A. Sherman and R. Sanji;
13/07/2015	1.30	Cliff Prophet	Review of receivership order and comments to client;
14/07/2015	1.10	Cliff Prophet	Review of e-mails re order comments;
15/07/2015	1.20	Cliff Prophet	Review and comment on proposal trustee report; service of same;
17/07/2015	1.50	Cliff Prophet	Prepare for and attend at motion to appoint receiver;

**Total Fees for Professional Services** \$5,378.50

**DISBURSEMENTS**

**Taxable Costs**

Scanning Service	\$0.25
Binding	\$16.75
Courier - FedEx	\$39.99
TeraView (Ontario) Online Searches & Registration - Taxable	\$6.00
26/06/2015	Process Servers
	VENDOR: Reliable Process Servers Inc.; INVOICE#: 68046;
	DATE: 06/26/2015 - T996727 - Court filing of First Report - C. Prophet

**Total Taxable Disbursements** \$142.99

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded



July 24, 2015  
INVOICE: 18254251

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
Matter: T996727  
RE: Daco Manufacturing Limited  
Amount Due: \$6,239.29

---

### PAYMENT BY CHEQUE:

**Please return this page with your payment payable to Gowling Lafleur Henderson LLP**

**Remit to:** Gowling Lafleur Henderson LLP  
PO Box 466, STN D  
Ottawa, ON K1P 1C3  
Canada


### PAYMENT BY WIRE TRANSFER:

**Pay by Swift MT 103 Direct to:**  
**SWIFTCODE:** CIBCCATT  
  
**BENEFICIARY BANK:** Canadian Imperial Bank of Commerce  
119 Sparks Street, Ottawa, ON K1P 5B5  
  
**TRANSIT NUMBER:** 0010-00006  
  
**BENEFICIARY ACCOUNT NAME:** Gowling Lafleur Henderson LLP  
160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3  
  
**BENEFICIARY ACCOUNT NUMBER(S):** CDN Account: 41-02916  
USD Account: 02-21015

**US Corresponding Bank for US Dollar wires:**  
Well Fargo Bank, N.A. BIC: PNBUS3NNYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments@gowlings.com](mailto:payments@gowlings.com)

**THIS IS EXHIBIT "D"**  
**TO THE AFFIDAVIT OF CLIFTON PROPHET**  
**SWORN BEFORE ME**  
**ON FEBRUARY 25<sup>th</sup>, 2016**

  
\_\_\_\_\_  
A Commissioner for Taking Oaths

Thomas Gerber





montréal · ottawa · toronto · hamilton · waterloo region · calgary · vancouver · beijing · moscow · london

Richter Advisory Group Inc.  
ATTN: Paul van Eyk  
CPA, CA, CIRP  
181 Bay Street, Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

October 21, 2015  
INVOICE: 18309853

Our Matter: T996727 / 212859  
RE: Daco Manufacturing Limited

#### TO OUR FEE:

Fees for Professional Services	\$20,126.50
HST on Fees	2,616.45
<b>Total Fees and Taxes</b>	<b>22,742.95</b>

#### DISBURSEMENTS:

Disbursements (Taxable)	420.04
Disbursements (Non-Taxable)	8.00
HST on Disbursements	54.61
<b>Total Disbursements and Taxes</b>	<b>482.65</b>

#### TOTAL INVOICE BALANCE:

Total for this Invoice	23,225.60
[ Total HST: \$2,671.06 ]	
<b>Please remit total invoice balance due:</b>	<b>In Canadian Dollars</b>
	<b>\$23,225.60</b>

#### GOWLING LAFLEUR HENDERSON LLP

PER Cliff Prophet

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Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded  
GST/HST: 11936 4511 RT

page 1 of 5

October 21, 2015  
INVOICE: 18309853

**Richter Advisory Group Inc.**  
**Our Matter: T996727**  
**Daco Manufacturing Limited**

**PROFESSIONAL SERVICES**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
21/07/2015	0.20	Cliff Prophet	Comment on bill of sale to Mercury;
22/07/2015	0.20	Cliff Prophet	Calls re sale of inventory;
23/07/2015	0.70	Cliff Prophet	Review of issues concerning Roynat claims for occupation rent; responding re same;
04/08/2015	0.60	Cliff Prophet	E-mails re occupation of premises to counsel for Roynat and to client;
06/08/2015	0.30	Cliff Prophet	E-mail to D. Jackson re property tax payments for premises;
18/08/2015	0.20	Cliff Prophet	Call with P. Patel and revisions to draft Express Gold LOI;
26/08/2015	0.90	Cliff Prophet	Review and revise letter of intent re inventory purchase;
02/09/2015	5.50	Haddon Murray	Attendance with C. Prophet re: asset purchase agreement; drafting asset purchase agreement;
02/09/2015	1.60	Cliff Prophet	Instructions to H. Murray to prepare agreement of purchase and sale; revisions to same;
03/09/2015	4.30	Haddon Murray	Email correspondence with C. Prophet; telephone attendance with P. Patel re: Asset purchase agreement; attendance with C. Prophet; revising Asset purchase agreement; email to P. Patel re: Asset purchase agreement; telephone attendance with P. Patel re: asset purchase agreement;
03/09/2015	0.30	Cliff Prophet	Review and further revise APS re Express Gold;
11/09/2015	0.80	Haddon Murray	Received and reviewed e-mail correspondence from C. Prophet and P. Patel; telephone attendance with Commercial List re: dates for motion; drafted scheduling request form;
14/09/2015	0.60	Cliff Prophet	Instructions to H. Murray re preparation of motion materials for approval of transaction and re finalizing APS;
17/09/2015	0.40	Carl Hinzmann	Telephone attendance with C. Prophet and H. Murray regarding HST on sale of assets; review draft purchase agreement; email to H. Murray regarding same;
17/09/2015	7.80	Haddon Murray	Attendance with C. Prophet re: motion; email correspondence with P. Patel re: receiver's report; telephone attendance with S. Belissimo re: asset purchase agreement; telephone attendance with P. Patel and C. Prophet re: HST on transaction, and moving closing date; telephone attendance with C. Hinzman re: HST issue; email to C. Hinzman re: HST issue; email to P. Patel re: HST issue; revised asset purchase agreement; email to S. Belissimo attaching asset purchase agreement; reviewed Receiver's report; drafted notice of motion; drafted order;
18/09/2015	0.20	Mark Emmanuel	Obtaining PPSA against Daco Manufacturing Ltd.;

Terms: due upon receipt  
Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded

October 21, 2015  
INVOICE: 18309853

Date	Hours	Timekeeper	Description
18/09/2015	3.40	Haddon Murray	Revising notice of motion; revising draft order; revising service list; attendance with C. Prophet re: motion materials; reviewed email correspondence with receiver re: report and notice of motion; reviewed Receiver's Report; telephone attendance with S. Belissimo re: executing Asset Purchase Agreement; email correspondence with P. Patel re: signature pages;
18/09/2015	1.10	Cliff Prophet	Review and revise notice of motion and order re asset sale; review and comment on Receiver's Second Report;
20/09/2015	0.50	Haddon Murray	Reviewed email correspondence re: revisions to report; reviewed report;
21/09/2015	3.80	Haddon Murray	Reviewed email correspondence re: finalizing report; redacted asset purchase agreement; finalized motion record for service; reviewed email re: service of motion record; instructions to student re: filing motion record;
21/09/2015	0.80	Cliff Prophet	Instructions to H. Murray re preparation of materials in support of approval and vesting motion for sale of chattels;
22/09/2015	0.10	Haddon Murray	Reviewed email correspondence from D. Jackson re: motion;
23/09/2015	1.30	Haddon Murray	Prepared draft Orders and motion record for hearing; preparation for hearing; attendance with C. Prophet re: hearing;
24/09/2015	2.40	Haddon Murray	Preparation for and attendance before Commercial List to obtain sale approval and vesting order;
25/09/2015	0.20	Haddon Murray	Telephone attendance with P. Patel re: order; instructions to A. Cano re: circulating issued and entered order;
30/09/2015	1.90	Haddon Murray	Telephone attendance with S. Belissimo re: closing; email correspondence with C. Prophet re: closing documents; telephone attendance with P. Patel re: closing; further telephone attendance with S. Belissimo; email to S. Belissimo re: closing; drafting Bill of Sale; finalized Receiver's Certificate;
02/10/2015	0.10	Haddon Murray	Received and reviewed email from P. Patel re: closing;

**Total Fees for Professional Services**

\$20,126.50

**DISBURSEMENTS**

**Non-Taxable Costs**

Corporate Searches - Agency \$8.00

**Total Non-Taxable Disbursements**

\$8.00

**Taxable Costs**

Copying \$112.75

Scanning Service \$55.50

Binding \$21.75

Corporate Searches - Taxable \$12.00

Terms: due upon receipt

Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded

October 21, 2015  
INVOICE: 18309853

Courier - FedEx		\$47.04
TeraView (Ontario) Online Searches & Registration - Taxable		\$6.00
31/07/2015	Process Servers VENDOR: Reliable Process Servers Inc.; INVOICE#: 68571; DATE: 07/31/2015 - T996727 - Commercial List filing of Trustee's Second Report - C. Prophet	\$80.00
26/09/2015	Process Servers VENDOR: Reliable Process Servers Inc.; INVOICE#: 69370; DATE: 09/26/2015 - T996727 - Issued Approval and Vesting Order of Hainey - C. Prophet	\$50.00
26/09/2015	Court Costs - Taxable VENDOR: Reliable Process Servers Inc.; INVOICE#: 69370; DATE: 09/26/2015 - T996727 - Court Costs - C. Prophet	\$35.00
	<b>Total Taxable Disbursements</b>	<b><u>\$420.04</u></b>

Terms: due upon receipt

Interest at the rate of 1.0% per annum will be charged on all amounts not paid within one month from the date of this invoice

Errors and omissions excluded



October 21, 2015  
INVOICE: 18309853

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
Matter: T996727  
RE: Daco Manufacturing Limited  
Amount Due: \$23,225.60

### PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling Lafleur Henderson LLP**

**Remit to:** Gowling Lafleur Henderson LLP  
PO Box 466, STN D  
Ottawa, ON K1P 1C3  
Canada

### PAYMENT BY WIRE TRANSFER:

**Pay by Swift MT 103 Direct to:**  
SWIFTCODE: CIBCCATT

**BENEFICIARY BANK:** Canadian Imperial Bank of Commerce  
119 Sparks Street, Ottawa, ON K1P 5B5

**TRANSIT NUMBER:** 0010-00006

**BENEFICIARY ACCOUNT NAME:** Gowling Lafleur Henderson LLP  
160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

**BENEFICIARY ACCOUNT NUMBER(S):** CDN Account: 41-02916  
USD Account: 02-21015

**US Corresponding Bank for US Dollar wires:**  
Well Fargo Bank, N.A. BIC: PNBUS3NNYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments@gowlings.com](mailto:payments@gowlings.com)

**THIS IS EXHIBIT "E"**  
**TO THE AFFIDAVIT OF CLIFTON PROPHET**  
**SWORN BEFORE ME**  
**ON FEBRUARY 25<sup>th</sup>, 2016**



---

A Commissioner for Taking Oaths

*Thomas Gethner*

SUMMARY OF ACCOUNTS					
No.	Date of Account	Fees	Disbursements	HST	Total
1.	October 21, 2015	\$20,126.50	\$428.04	\$2,671.06	\$23,225.60
2.	July 24, 2015	\$5,378.50	\$142.99	\$717.80	\$6,239.29
3.	July 10, 2015	\$6,335.00	\$258.24	\$852.08	\$7,445.32
4.	June 24, 2015	\$10,758.00	\$839.74	\$1,506.67	\$13,104.41
TOTAL		\$42,598.00	\$1,669.01	\$5,747.61	\$50,014.62
Average Hourly Rate – Before HST		Total fees before HST \$42,598.00 ÷ Total hours of 70 = \$608.54			
TOTAL BILLED		\$50,014.62			

### LEGAL COSTS SUMMARY

LAWYER	YEAR OF CALL	HOURLY RATE	HOURS WORKED 2016
Clifton Prophet	1993	\$815	30.6
Leila Burden-Nixon	2005	\$610	5.5
Haddon Murray	2012	\$430	32.1
Carl Hinzmann	2011	\$465	.4
Lina Santos	Law Clerk	\$300	.8
Mark Emmanuel	Law Clerk	\$125	.6
			<b>TOTAL: 70</b>



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION OF DACO MANUFACTURING LTD. OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
**(BANKRUPTCY AND INSOLVENCY)**

(PROCEEDING COMMENCED AT TORONTO, ONTARIO)

**AFFIDAVIT OF CLIFTON PROPHET**  
**(sworn February 25, 2016)**

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Lawyers for the Receiver

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION OF DACO MANUFACTURING LTD. OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**Proceeding commenced at Toronto, Ontario, Canada**

**MOTION RECORD  
(Distribution and Discharge Order)  
(returnable March 18, 2016)**

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