

Effigi Inc.

Request for Proposals Intellectual Property

March 26, 2013





Section I

Introduction

Introduction



Richter Advisory Group Inc. (“**Richter**”) in its capacity as court appointed receiver (the “**Receiver**”) of Effigi Inc. (the “**Company**”) is soliciting bids for the purpose of:

- The acquisition of the Company’s intellectual property, namely, trademarks, tradenames, open orders (excluding open orders relating to goods currently stored at the Company’s distribution center, stores, and/or head office) and other intellectual property, the whole as listed in the data room (items 2e and 5)

Through a virtual data room maintained by Richter, each Bidder has already been provided certain select financial information concerning the intellectual property and/or open orders and has had the opportunity to perform the necessary due diligence.

Requests for additional financial information should be directed to Andrew Adessky, (aadessky@richter.ca 514.934.3513) or Gilles Benchaya (gbenchaya@richterconsulting.com 514.934.3496).

PARTICIPATION BY A BIDDER AND SUBMISSION OF A PROPOSAL IN THIS PROPOSAL SOLICITATION PROCESS IS EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS OF THE CONFIDENTIALITY AGREEMENT SIGNED BY SUCH BIDDER AS WELL AS COMPLIANCE WITH THE TERMS AND PROVISIONS OF THIS REQUEST FOR PROPOSALS. THE RECEIVER RESERVE THE RIGHT TO ACCEPT OR REJECT ANY AND ALL PROPOSALS AND EXCLUDE ANY BIDDER FROM ANY FURTHER PARTICIPATION IN THE PROPOSAL SOLICITATION PROCESS.



Section II

Request For Proposals

Request For Proposals



All proposals must: (a) conform to each and every one of the requirements outlined herein (subject to such compliance, as may be determined in the discretion of the Receiver) and (b) be received, in writing by e-mail, no later than 4 p.m. (EST) on Thursday, March 28, 2013 (the "**Proposal Deadline**"). It is the present intention to only consider proposals that arrive on or before the Proposal Deadline, and which conform to the terms and provisions of this proposal solicitation.

Proposals must be marked as "Strictly Confidential" and delivered **by e-mail** on or before the Proposal Deadline as follows:

Richter Advisory Group Inc.

Andrew Adessky, CPA, CA, MBA, CIRP

T.: 514.934.3513

E.: aadessky@richter.ca

F.: 514.934.3504

Gilles Benchaya, CPA, CA

T.: 514.934.3496

E.: gbenchaya@richterconsulting.com

F.: 514.934.3504

Richter shall determine which of the proposals constitutes the highest and best proposal received (the "**Accepted Proposal**"). The Accepted Proposal shall form the basis of an Agency Agreement ("**Agency Agreement**") and/or Asset Purchase Agreement ("**Purchase Agreement**"), both to be negotiated between the Receiver and the Successful Bidder immediately following its acceptance.

Richter reserves the right, in its discretion, to accept or reject all proposals, or any components of a bidder's proposal or to seek clarification or enhancement of a bidder's Proposal.

Section III

Selected Terms and Conditions

On Which Bidders Should Submit Proposals

Selected Terms and Conditions on Which bidders Should Submit Proposals (cont'd)



1. Bids may be submitted either :
 - a) in the form of an outright purchase to be paid in full upon closing; or
 - b) as a purchase with a net minimum guarantee plus a percentage of sales over future periods, both subject to and upon terms and conditions acceptable to the Receiver.
2. The successful acquirer of the Company's IP shall allow for the IP to be used at no cost, for a period of six months to enable the sale of the Company's inventory and the fixed assets.
3. The successful acquirer of the Company's IP shall incur all costs associated with the transfer of the IP to the successful acquirer.
4. All bids must also be made for the benefit of, and be open for acceptance by the Receiver.
5. Any Accepted Proposal, will be subject to the approval of the Company's first ranking secured operating lender and the Court.

AS NOTED ABOVE, RICHTER RESERVES THE RIGHT TO ACCEPT OR REJECT ANY OR ALL PROPOSALS SUBMITTED IN RESPONSE TO THIS REQUEST FOR PROPOSALS

Any requests for additional information or clarification of the matters addressed herein shall be directed to Richter Advisory Group Inc.

Yours truly,

Richter Advisory Group Inc.
Receiver re Effigi Inc.