

District of Ontario
Division No. 9 - Toronto
Court File No: 31-2010608
Estate File No. 31-2010608

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SHERSON GROUP INC.**

MOTION RECORD
(Returnable June 29, 2015)

June 29, 2015

AIRD & BERLIS LLP
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, ON M5J 2T9

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Lawyers for Sherson Marketing Corporation

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Tab Document

1. Notice of Motion returnable June 29, 2015
 - (a) Draft Order
2. Affidavit of Stephen Applebaum sworn June 29, 2015

Tab 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SHERSON GROUP INC.**

NOTICE OF MOTION

Sherson Group Inc. (“**Sherson**”) will make a motion to a judge presiding over the Commercial List on Tuesday, June 30, 2015 at 10 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

1. **THE MOTION IS FOR** an Order, substantially in the form attached hereto as **Schedule “A”**:
 - (a) authorizing and empowering Richter Advisory Group Inc., in its capacity as proposal trustee (the “**Proposal Trustee**”) in Sherson’s *Bankruptcy and Insolvency Act* (“**BIA**”) proposal proceedings (the “**Proposal Proceedings**”) to act as a foreign representative of Sherson and the Proposal Proceedings (the “**Foreign Representative**”) for the purpose of having the Proposal Proceedings recognized in a jurisdiction outside of Canada; and
 - (b) authorizing and empowering the Proposal Trustee, as Foreign Representative, to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended (the

“*United States Bankruptcy Code*”) and any other provision of the *United States Bankruptcy Code*, and

such further and other relief as counsel may advise and this Court may permit.

2. **THE GROUNDS FOR THE MOTION ARE:**

- (a) Sherson is the Canadian wholesale and retail licensee of the “Nine West” brand, operates 48 retail stores across Canada and acts as wholesaler to all other Canadian retailers carrying Nine West products;
- (b) Sherson operates under a license (the “**License**”) from its U.S. licensors (collectively, the “**NW Group**”) who supply almost all of Sherson’s products;
- (c) Sherson is in default of certain payment obligations under the License which default permits the NW Group to terminate the License at any time;
- (d) Sherson does not have the cash or credit necessary to cure its payment defaults under the License;
- (e) Sherson has attempted to reach an arrangement with NW Group over the arrears, without success;
- (f) termination of the License would destroy Sherson’s business;
- (g) Sherson filed a Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the BIA on June 29, 2015 because of the risk of termination of the License and because Sherson needs to rationalize and restructure its business in other ways;
- (h) Sherson will seek an order appointing the Proposal Trustee as the Foreign Representative of the Proposal Proceedings for the purpose of commencing proceedings under Chapter 15 of the *United States Bankruptcy Code* to recognize and enforce the Proposal Proceedings in the U.S.;

- (i) the Chapter 15 relief is necessary as there is a material risk that the NW Group will terminate the License.
- (j) the Proposal Trustee is the person best suited to act in the role as Foreign Representative because of its knowledge of Sherson's business, its role as officer of the Court and its restructuring expertise;
- (k) the Proposal Trustee has consented to acting as Foreign Representative;
- (l) the other grounds set out in the Affidavit of Stephen Applebaum sworn June 19, 2015;
- (m) section 279 of the BIA;
- (n) rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (o) such further and other grounds as counsel may advise and this Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Affidavit of Stephen Applebaum sworn June 19, 2015;
- (b) such further and other material as counsel may submit and this Court may permit.

Date: June 29, 2015

AIRD & BERLIS LLP
Brookfield Place
181 Bay Street, Suite 1800
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Lawyers for Sherson Group Inc.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SHERSON GROUP INC.

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

Proceedings commenced at Toronto

NOTICE OF MOTION

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Tab 1(a)

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE)
)
JUSTICE) TUESDAY, THE 30TH DAY
) OF JUNE, 2015

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SHERSON GROUP INC.**

ORDER

THIS MOTION, made by Sherson Group Inc. (“**Sherson**”) for an Order, *inter alia*:

- (a) abridging the time for service of Sherson’s Notice of Motion so that the motion is properly returnable on June 30, 2015;
- (b) authorizing and empowering Richter Advisory Group Inc., in its capacity as proposal trustee (the “**Proposal Trustee**”) in Sherson’s *Bankruptcy and Insolvency Act* proposal proceedings (the “**Proposal Proceedings**”) to act as a foreign representative of Sherson and the Proposal Proceedings (the “**Foreign Representative**”) for the purpose of having the Proposal Proceedings recognized in a jurisdiction outside of Canada; and
- (c) authorizing and empowering the Proposal Trustee, as Foreign Representative, to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended (the “*United States Bankruptcy Code*”) and any other provision of the *United States Bankruptcy Code*,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of Sherson, including the Affidavit of Stephen Applebaum sworn June 29, 2015 and the exhibits thereto, and on hearing the submissions of counsel for Sherson,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

FOREIGN REPRESENTATIVE

2. **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 Sherson, the Proposal Trustee and their respective 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 provide such assistance to Sherson and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist Sherson and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

3. **THIS COURT ORDERS** that the Proposal Trustee 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 the Proposal Proceedings for assistance in carrying out the terms of this Order, and the Proposal Trustee is authorized and empowered to act as a representative in respect of the Proposal Proceedings for the purpose of having the Proposal Proceedings recognized in a jurisdiction outside of Canada.

4. **THIS COURT ORDERS** that the Proposal Trustee is authorized and empowered, as a foreign representative of Sherson and the Proposal Proceedings, to apply to the United States

Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, and any other provisions of the *United States Bankruptcy Code*.

GENERAL

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

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SHERSON GROUP INC.

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**ONTARIO
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ORDER

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Tab 2

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF SHERSON GROUP INC.**

AFFIDAVIT OF STEPHEN APPLEBAUM
(sworn June 29, 2015)

I, STEPHEN APPLEBAUM, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Chairman and Chief Executive Officer of Sherson Group Inc. (“**Sherson**”) and, as such, I have knowledge of the matters to which I hereinafter depose. Where information contained in this affidavit is based on information I have received from other sources, I have stated the source of that information, and in all such cases I believe that information to be true.
2. On June 29, 2015, Sherson filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). Richter Advisory Group Inc. (“**Richter**”) was appointed as Sherson’s proposal trustee (in such capacity, the “**Proposal Trustee**”). A Copy of the NOI is attached hereto and marked as **Exhibit “A”**.
3. This affidavit is made in a support of a motion by Sherson for an order, among other things:

Proceedings) pursuant to the BIA (the **“Foreign Representative”**) for the purpose of having the Proposal Proceedings recognized in a jurisdiction outside of Canada; and

- (b) authorizing the Proposal Trustee, as Foreign Representative, to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*.

BACKGROUND ON SHERSON

4. Sherson is an Ontario corporation with head office at 1446 Don Mills Road, North York, Ontario.

5. Sherson has been the Canadian wholesale and retail licensee of the “Nine West” brand for almost 30 years. Sherson operates 48 retail stores across Canada and acts as wholesaler to all other Canadian retailers carrying Nine West products.

6. Sherson operates under a license (the **“License”**) from its U.S. licensors, Jones Investment Co. Inc., Nine West Development Corporation and JAG Footwear, Accessories and Retail Corporation (collectively, the **“NW Group”**). Almost all of Sherson’s products are supplied by the NW Group.

7. Sherson’s secured lenders are Bank of Montreal (**“BMO”**) and Business Development Bank of Canada (**“BDC”**).

FINANCIAL DIFFICULTY AND FILING

8. Sherson is in default of certain payment obligations under the License which default permits the NW Group to terminate the License at any time. Sherson does not have the cash or credit necessary to cure its payment defaults under the License. Sherson has attempted to reach an arrangement with NW Group over the arrears, without success. Termination of the License would destroy Sherson’s business.

9. Sherson filed the NOI because of the risk of termination of the License and because Sherson needs to rationalize and restructure its business in other ways. BMO and BDC were given advance notice of the filing.

APPOINTMENT OF FOREIGN REPRESENTATIVE

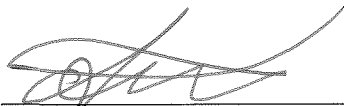
10. Sherson will seek an order appointing the Proposal Trustee as the Foreign Representative of the Proposal Proceedings for the purpose of commencing proceedings under Chapter 15 of the *United States Bankruptcy Code* to recognize and enforce the Proposal Proceedings in the U.S. This relief is necessary as there is a material risk that the NW Group will terminate the License.

11. The Proposal Trustee is the person best suited to act in the role as Foreign Representative because of its knowledge of Sherson’s business, its role as officer of the Court and its restructuring expertise.

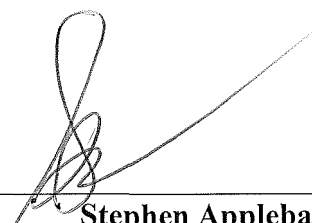
12. The Proposal Trustee has consented to acting as Foreign Representative.

13. I swear this affidavit in support of Sherson’s motion for the relief set out in paragraph 3 of this Affidavit and for no other or improper purpose.

SWORN BEFORE ME in the City of)
Toronto, Province of Ontario,)
This 29th day of June, 2015.)



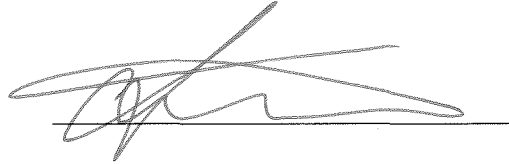
A Commissioner, etc.



Stephen Applebaum

ANDREEA ANDREI, a
Commissioner, etc., Province of Ontario
Student-at-Law.
Expires May 1, 2017

Attached is Exhibit "A" Referred to in the
AFFIDAVIT OF STEPHEN APPLEBAUM
Sworn before me this 29th day of June, 2015

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above a solid horizontal line.

A Commissioner, etc.

23213019.1

23213019.1

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

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Sherson Group Inc.
Of the City of Toronto
In the Province of Ontario

Take notice that:

1. I, Sherson Group Inc, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Richter Advisory Group Inc. of 181 Bay Street, 33rd Floor, Toronto, ON, M5J 2T3, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 29th day of June 2015.



Sherson Group Inc
Insolvent Person

To be completed by Official Receiver:

Filing Date _____

Official Receiver

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
A LA CARTE AT THE GARDINER	43-2 THORNCLIFFE PARK DRIVE TORONTO ON M4H 1H2		6,615.04
ABS INFORMATION SYSTEMS INC.	307 LESMILL ROAD NORTH YORK ON M3B 2V1		21,187.50
ACCOMTEMP	A ROBERT HALF COMPANY P.O. BOX 57349, STATION A TORONTO ON M5W 5M5		1,498.30
ALLIANCE AIR SYSTEMS WEST INC.	1431 BRIDGE ROAD OAKVILLE ON L6L 2C9		3,439.13
AMEX BANK OF CANADA	AGINCOURT PO STN #4500 SCARBOROUGH ON M1S 4B1		44,971.98
BANK OF MONTREAL (REVOLVER ACCT.)	CORPORATE FINANCE DIVISION 100 KING STREET WEST, 11TH FLOOR TORONTO ON M5X 1A1		3,923,157.25
BANK OF MONTREAL (TERM LOAN)	CORPORATE FINANCE DIVISION 100 KING STREET WEST, 11TH FLOOR TORONTO ON M5X 1A1		777,784.00
BDC CAPITAL	1200-121 KING STREET WEST TORONTO ON M5H 3T9		10,941.44
BELL CANADA	STN DON MILLS P.O. BOX 9000 NORTH YORK ON M3C 2X7		3,724.64
BLDG. NO.4 MARKETING INC	474 ADELAIDE STREET EAST TORONTO ON M5A 1N6		62,833.65
CANADA POST CORPORATION	PAYMENT PROCESSING 2701 RIVERSIDE DR OTTAWA ON K1A 1L7		2,540.89
CANADIAN SPRINGS	A DIV. OF AQUATERRA CORP. LTD. PO BOX 4514 STN A TORONTO ON M5W 4L7		315.40
CINTAS CANADA LTD #827	ACT: 25421 / 34761 1110 FLINT ROAD TORONTO ON M3J 2J5		404.06
CLEAN SHINE	P.O. BOX 58130 3089 DUFFERIN STREET TORONTO ON M6A 3C8		2,477.75
COMCO SYSTEMS	4-7179 201 ST. LANGLEY BC V2Y 2Y9		399.00
CROWN FIRE 1704222 ONTARIO INC	140 WEST STREET BRANTFORD ON N3T 3G3		384.60

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
DAMA CONSTRUCTION	117 AVENUE LINDSAY DORVAL QC H9P 2S6		111,896.61
DELMAR INTERNATIONAL INC.*	2580 MATHESON BLVD. E. NORTH YORK ON L4W 4J1		5,325.90
DELTA B ELECTRIC INC.	15-30 TITAN ROAD ETOBICOKE ON M8Z 5Y2		1,556.38
DHL GLOBAL FORWARDING (CANADA) *	100-6200 EDWARDS BLVD. MISSISSAUGA ON L5T 2V7		336,232.16
DOVERCO INC.	3245 J. B. DESCHAMPS BLVD. MONTREAL QC H8T 3E4		6,246.41
ECO ART LIMITED *	RM C, 2/F, MEE WAH FACTORY BLD 1 TSAT PO STREET, SAN PO KONG, HONG KONG HK HONG KONG		50,322.99
ERNST & YOUNG ORENDA	CORPORATE FINANCE INC. PO BOX 57104 POSTAL STATION A TORONTO ON M5W 5M5		8,068.20
FEDERAL EXPRESS CANADA LTD.	TORONTO STN A P.O. BOX 4626 TORONTO ON M5W 5B4		4,822.50
FORWARD SIGNS INC	60 EMBLEM COURT SCARBOROUGH ON M1S 1B1		3,966.30
G.L. SMITH PLAN. & DESIGN INC.	229 SHEPPARD AVE WEST TORONTO ON M2N 1N2		8,701.00
GARDA WORLD/G4S CASH SOL.(CDA) LTD	1390 BARRE STREET MONTREAL QU H3C 1N4		1,030.43
GARFINKLE, BIDERMAN LLP	DUNDEE PLACE 801-1 ADELAIDE STREET EAST TORONTO ON M5C 2V9		9,306.22
GOODBYE GRAFFITI	395 RUE NORMAN LACHINE QC H8R 1A3		341.48
GUNNEBO CANADA INC	9 VAN DER GRAAF COURT BRAMPTON ON L6T 5E5		728.62
GXS CANADA INC	PO BOX 8912, STATION A TORONTO ON M5W 2C5		849.08
IMPERIAL OIL	P.O# B0X 1700 DON MILLS ON M3C 4J4		3,311.04
JOHNSTON EQUIPMENT	5990 AVEBURY ROAD MISSISSAUGA ON L5R 3R2		1,560.02

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
JONES JEWELRY GROUP INC *	NINE WEST VICTORIA 385 FIFTH AVE. NEW YORK NY 10016 USA		6,381.63
LE BOOTIQUE INC	26 PAGEAN DRIVE RICHMOND HILL ON L4E 4R8		2,440.80
MAPUCHES CANADA INC	21 HILLDALE RD TORONTO ON M6N 3Y1		1,412.50
METRO PALLET INC.	19 MARCHINGTON CIRCLE SCARBOROUGH ON M1R 3M6		1,977.50
MINISTER OF FINANCE	EHT PAYABLE PO BOX 9417, STN PROV. GOVT VICTORIA BC V8W 9V1		29,130.08
MINISTERE DU REVENU DU QUEBEC	QC SOURCE DEDUCTIONS-PAYROLL C.P 5500, SUCC.DESJARDINS MONTREAL QC H5B 1A8		33,298.01
MULTIDEV TECHNOLOGIES INC	1100-999 DE MAISONNEUVE W MONTREAL QC H3A 3L4		9,638.90
NATIONAL SHOE SPECIALTIES	UNIT 16-18 3015 KENNEDY ROAD SCARBOROUGH ON M1V 1E7		6,432.06
NINE WEST GROUP INC *	180 RITTENHOUSE CIRCLE BRISTOL PA 19007 USA		19,134,511.10
NORTHWEST ATLANTIC	864 YORK MILLS ROAD TORONTO ON M3B 1Y4		9,040.00
OMNI VENTILATION INC.	2775 DE MINIAC ST-LAURENT QC H4S 1E5		465.65
OMNITRANS INC	4300 JEAN-TALON O. MONTREAL ON H4P 1W3		2,923.17
ONT. SHOE TRAVELLERS ASSOC.	349-8171 YONGE ST. THORNHILL ON L3T 2C6		18,554.60
OP TRUST RETAIL INC	C/O BENTALL RETAIL SERVICES LP 785 WONDERLAND ROAD SOUTH LONDON ON N6K 1M6		687.55
ORKIN CANADA CORPORATION	5840 FALBOURNE STREET MISSISSAUGA ON L5R 4B5		454.73
OTTAWA POLICE SERVICE	ALARM MANAGEMENT PO/CP 9634, STATION T OTTAWA ON K1G 6H5		405.00
PHYNIX INC.	23-1200 AEROWOOD DRIVE MISSISSAUGA ON L4W 2S7		2,300.68

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
PRIMARIS MGNT INC. (LUNDY'S LANE PORT.)	C/O STONE ROAD MALL MANAGEMENT 204-435 STONE ROAD WEST GUELPH ON N1G 2X6		3,140.52
PROFORMA	P.O. BOX 57558, STATION A TORONTO ON M5W 5M5		10,988.57
PUROLATOR COURIER LTD.	P.O. BOX 7006 31 ADELAIDE ST. E TORONTO ON M5C 3E2		119,762.39
RECEIVER GENERAL, CANADA CUSTOMS & REVENUE AGENCY	DUTY & GST 1 FRONT ST. W TORONTO ON M5J 2X6		506,840.41
REMCO FORWARDING LIMITED	5101 ORBITOR DRIVE MISSISSAUGA ON L4W 5R8		3,580.91
RICHTER ADVISORY GROUP INC.	1981 MCGILL COLLEGE MONTREAL QC H3A 0G6		64,094.84
RIOCAN HOLDINGS (QUEBEC) INC.	CENTRE CARNAVAL - LASALLE 500-7475, NEWMAN BLVD. LASALLE QC H8N 1X4		6,718.37
ROGERS PAYMENT CENTRE	P.O. BOX 4100 DON MILLS ON M3C 3N9		464.49
STAPLES ADVANTAGE	PO BOX 4446, POSTAL STATION A TORONTO ON M5W 4A2		6,090.04
STINGRAY360	730 WELLINGTON MONTREAL QC H3C 1T4		5,438.24
SUNLEY FASHIONS S.A *	EAST BAY STREET, SUITE 1000 NASSAU -- THE BAHAMAS		516.60
SUNRAY ELECTRONICS	41 CLARKSON AVENUE TORONTO ON M6E 2T5		4,222.61
TARGET PRINT INC.	323 DON PARK ROAD MARKHAM ON L3R 1C2		728.85
TYCO INTEGRATED FIRE & SECURITY CDA INC.	40 SHEPPARD AVENUE WEST TORONTO ON M2N 6K9		1,105.80
UPS CANADA	PO BOX 4900, STATION A TORONTO ON M5W 0A7		451.67
WASTE MANAGEMENT OF CANADA	PO BOX 4205 STATION A TORONTO ON M5W 5L4		3,162.53
WSIB	P.O. BOX 4115, STN A TORONTO ON M5W 2V3		10,846.33
Total			25,425,147.10

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