

# WILLIAM HARVEY JONES

B A R R I S T E R & S O L I C I T O R

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September 15, 2017

Chaitons LLP  
Barristers & Solicitors  
5000 Yonge Street, 10<sup>th</sup>. floor  
Toronto Ontario  
MM2N 7E9  
Attention: Maya Poliak

And to the attached service list

Dear Sirs and Mesdames

**RE: In the matter of the Notice of intention to Make a Proposal of Forte EPS Solutions Inc.**

Please find attached hereto the Supplementary Motion Record of the Debtor in respect of the Motion returnable September 18, 2017.

Yours very truly



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William Harvey Jones

Court File No. 31-2253654

Estate File No. 31-2253654

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FORTE EPS SOLUTIONS INC., A CORPORATION WITH A HEAD OFFICE IN THE  
TOWN OF MIDLAND IN THE PROVINCE OF ONTARIO**

Applicant

**SUPPLEMENTARY MOTION RECORD**  
**(Motion returnable September 18, 2017)**

Date September 15, 2017

William Harvey Jones  
Barrister & Solicitor  
Suite 2702 – 401 Bay Street  
Toronto, Ontario M5H 2Y4  
Law Society # 38733J  
Tel: (416) 596-8876  
Fax: (416) 596-0907

## **Service List**

Business Development Bank of Canada

Care of Chaitons LLP.

5000 Yonge Street

Toronto, Ontario

M2N 7E7

Email: [maya@chaitons.com](mailto:maya@chaitons.com)

Department of Justice (Canada)

The Exchange Tower

130 King Street West, Suite 3400

P.O. Box: 36

Toronto, Ontario

M5X 1K6

Email: [diane.winners@justice.gc.ca](mailto:diane.winners@justice.gc.ca)

Ministry of Finance Legal Services Branch

Michael Starr Building

33 King Street West. 6<sup>th</sup>/ Floor

P.O. Box 627, Station A

Oshawa, Ontario

L1H 8H5

Email: [kevin.ohara@ontario.ca](mailto:kevin.ohara@ontario.ca)

Pacific High Tech Ltd

Care of Folger Rubinoff LLP

77 King Street West, Suite 3000

Toronto, Ontario

M5K 1G8

Attention: W. Ross MacDougall

Email: [rmacdougall@foglars.com](mailto:rmacdougall@foglars.com)

Travelers Leasing Ltd.

500-4180 Lougheed Highway

Burnaby, BC V 5C 6A7

Email: [AFisher@travelersfinancial.com](mailto:AFisher@travelersfinancial.com)

First Source Mortgage Corporation  
1 Valley Brook Drive, Suite 100  
Tonto, Ontario  
M3B 2S7

Email: [jeff.larry@paliareroland.com](mailto:jeff.larry@paliareroland.com)

Western Ontario Mortgage Community Futures Development Corporation  
330 West Street, Unit 10,  
Brantford, Ontario  
N3R 7V5  
Attention: David Penton

Email: [david@wocfdca.com](mailto:david@wocfdca.com)

Email: [a.DAsciano@AdvocatesLLP.com](mailto:a.DAsciano@AdvocatesLLP.com)

North Simcoe Community Futures Development Corporation  
P.O. Box 8, 355 Cranston Crescent  
Midland Ontario  
L4R 4K6

Email: [admin@nscfcd.on.ca](mailto:admin@nscfcd.on.ca)

2306732 Ontario Inc.  
Care of Angelo Mancini  
Barrister & Solicitor  
505 -7050m Weston Road  
Woodbridge, Ontario  
L4L 8G7

Emil: [acm@manciniassociates.com](mailto:acm@manciniassociates.com)

Court File No. 31-2253654

Estate File No. 31-2253654

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FORTE EPS SOLUTIONS INC., A CORPORATION WITH A HEAD OFFICE IN THE  
TOWN OF MIDLAND IN THE PROVINCE OF ONTARIO**

Applicant

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- 1. Revised Draft Order;**
- 2. Supplementary Affidavit of John Cipressi sworn September 15, 2017**
  - a. Exhibit "A" – Finalized cash flow by the Debtor and the Proposal Trustee dated September 15, 2017;**
  - b. Exhibit "B" – Email dated September 13, 2017 from Roy Wise, Esq., counsel to Bronte Construction Ltd. supporting the grant of the extension.**

Date September 15, 2017

William Harvey Jones  
Barrister & Solicitor  
Suite 2702 – 401 Bay Street  
Toronto, Ontario M5H 2Y4  
Law Society # 38733J  
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TAB 1

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

THE HONOURABLE  
JUSTICE

MONDAY, THE 18<sup>th</sup>.  
DAY OF SEPTEMBER, 2017

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
FORTE EPS SOLUTIONS INC., A CORPORATION WITH A HEAD OFFICE IN THE  
TOWN OF MIDLAND IN THE PROVINCE OF ONTARIO**

**ORDER**

**THIS MOTION**, made by Forte EPS Solutions Inc. (the “**Debtor**”) was heard on this 18th , day of September, 2017 at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of John Cipressi sworn September 11, 2017 and filed, (the “**Cipressi Affidavit**”), and the Supplementary Affidavit of John Cipressi sworn September 15, 2017 (the “**Supplementary Cipressi Affidavit**”), the third report of Albert Gelman Inc., in its capacity as a proposal trustee (the “**Proposal Trustee**”) dated September 14, 2017, (the “**Third Report**”) and on hearing submissions by counsel for the Debtor and counsel for the Proposal Trustee, and all others present, no others appearing although duly served as evidenced by the affidavits of William Harvey Jones, sworn September 11, 2017, and September 15, 2017 and filed.

1. **THIS COURT ORDERS** that, if necessary, the time for service of the Notice of Motion, the Motion Record and the Third Report are 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 Third Report and the activities of the Proposal Trustee and its counsel as described therein be and are hereby approved.

3. **THIS COURT ORDERS** that the time for the Debtor to file its proposal to its creditors be and the same is hereby extended to November 2, 2017.

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(Signature of Judge)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF FORTE EPS SOLUTIONS INC.**

Court file no. 31-2253654  
Estate File no. 31-2253654

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

**ORDER**

William Harvey Jones  
Barrister and Solicitor  
Suite 2702 – 401 Bay Street  
Toronto, Ontario  
M5H 2Y4  
LSUC # 38733J

(416) 596-8876  
Fax: (416) 596-0907

Solicitor for the Debtor

TAB 2

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Court File No. 31-2253654

Estate File No. 31-2253654

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**IN BANKRUPTCY AND INSOLVENCY**  
**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**FORTE EPS SOLUTIONS INC., A CORPORATION WITH A HEAD OFFICE IN THE**  
**TOWN OF MIDLAND IN THE PROVINCE OF ONTARIO**

Applicant

**SUPPLEMENTARY AFFIDAVIT OF JOHN CIPRESSI**

**SWORN SEPTEMBER 15, 2017**

I, John Cipressi, businessman, of the City of Mississauga, Province of Ontario, make oath and say as follows:

1. I am a shareholder, director and the vice president and chief executive officer of Forte EPS Solutions Inc. the applicant herein (hereinafter the “Debtor”) and as such I have personal knowledge of the facts and matters hereinafter deposed to except where such facts and matters are stated to be based upon information and belief and where so stated I verily believe the same to be true.

**The Delay in the Advance of the DIP Loan and Settlement of Obligations**

2. As reflected in my affidavit of September 11, 2017, because of our failure to advance the debtor in possession financing as soon as we had wished, the Debtor experienced cash flow difficulties, as described in the material adverse change report of the Proposal Trustee issued September 1, 2017 (the “Material Adverse Change Report”).

3. As a result of the advance of \$160,000.00 and as reflected in paragraph 31 of the Third Report of the Proposal Trustee filed herewith, the Debtor has now settled the obligations that had concerned the Proposal Trustee including obligations owing to suppliers as described in my affidavit of September 11, 2017, and all employee withholding obligations accrued to date.

4. Specifically, the Debtor has paid the obligations totalling approximately CDN \$91,000.00 to Flint Hills Resources LP., a supplier of expandable polymeric beads.

5. In addition, all post NOI employee withholding obligations including those accrued up to today have been paid in full.

**Revised Cash Flow Forecast for the Eight Weeks ended November 5, 2017**

6. As described in the Third Report of the Proposal Trustee filed herein, and in particular paragraph 34 and 35 thereof, Debtor had been not at the date of that Third Report completed a full cash flow forecast. However, management of the Debtor including Dominic Zita and I have now prepared a satisfactory cash flow report. Annexed hereto and marked as Exhibit "A" to this affidavit is a true copy of the "Statement of Forecasted Cash Flows for the Eight Weeks Ended November 5, 2017" (the "Cash Flow Forecast") as approved by the Debtor and the Proposal Trustee on September 15, 2017.

7. The Cash Flow Forecast indicates that approximately \$35,000.00 of additional funds may be required by the Debtor during the relevant period to meet its operational requirements. I am prepared to advance those funds as they are required to ensure that the Debtor's operations continue without prejudice to the creditors.

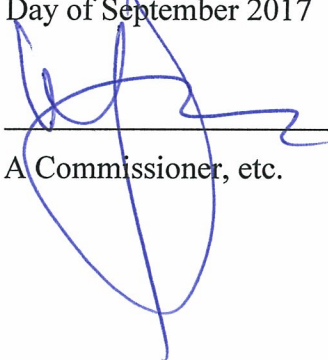
**Support of a Major Customer**

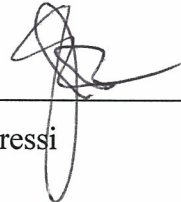
8. In addition to suppliers, the Debtor has advised major customers of its status under the *Bankruptcy and Insolvency Act* as a result of the filing of the Notice of Intention to File a Proposal (the "N.O.I"). As reflected in the Third Report of the Proposal Trustee at paragraph 41, a major customer, Bronte Construction Ltd., through its counsel Roy Wise, Esq., has indicated its support of the Debtor and the Debtor's motion for the further extension of the stay until November 2, 2017. Annexed hereto and marked as Exhibit "B" to this affidavit is a copy of the email from Roy Wise, counsel to Bronte Construction Ltd. indicating his client's support for the further extension of the time within which the Debtor may file its proposal until November 2, 2017.

9. I swear this affidavit in support of an order:

- (a) Approving an extension of time for the Debtor to file its proposal until November 2, 2017;
- (b) Approving the third report and activities of the Proposal Trustee and its counsel as described therein; and
- (c) Such further and other relief as counsel may advise and the court may approve.

SWORN BEFORE ME at the )  
 City of Toronto, in the )  
 Province of Ontario this 15 )  
 Day of September 2017 )

  
 \_\_\_\_\_  
 A Commissioner, etc.

  
 \_\_\_\_\_  
 John Cipressi

TAB A

Exhibit 'A' to the affidavit  
of JOHN CIPRESSI  
sworn the 15 day of Sept, 2017.

  
\_\_\_\_\_  
Commissioner, etc.

**FORTE EPS SOLUTIONS INC.  
STATEMENT OF FORECASTED CASH FLOWS  
FOR THE 8 WEEKS ENDED NOVEMBER 5, 2017**

	Forecast							
	17-Sep-17	24-Sep-17	1-Oct-17	8-Oct-17	15-Oct-17	22-Oct-17	29-Oct-17	5-Nov-17
<b>Cash balance - beginning of period</b>	\$ 20,592	19,385	164	61,436	24,306	87,141	65,243	305,720
<i>Cash receipts (includes HST)</i>								
Collection of AR	10,000	17,475	23,809	26,611				
Receipts from new projects	2,850	33,212	101,012	2,850	80,142	18,031	291,940	18,031
	12,850	50,687	124,821	29,461	80,142	18,031	291,940	18,031
<i>Less: Costs of sales</i>								
Product costs	-	45,300	-	45,300	-	-	45,300	-
Labour costs	1,075	6,575	2,500	3,000	6,038	3,500	538	-
Transport	800	3,200	3,525	3,525	5,050	4,650	400	-
	1,875	55,075	6,025	51,825	11,088	8,150	46,238	-
<b>Net receipts after cost of goods sold</b>	10,975	(4,388)	118,796	(22,364)	69,055	9,881	245,703	18,031
<i>Disbursements (all applicable expenses include HST)</i>								
Rent and occupancy costs	520	10,950	30,789	150	4,000	700	31,189	250
Equipment repairs and maintenance	1,010	740	550	900	550	900	550	900
Insurance	-	3,940	-	329	-	3,659	281	-
Office & General	1,450	3,646	771	380	1,450	1,115	102	80
Interest and bank charges	100	100	400	100	100	100	100	-
Management salaries	-	5,000	-	5,000	-	5,000	-	5,000
Professional fees	9,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Chemicals	-	400	-	400	-	-	400	-
Office salaries	-	4,610	-	4,610	6,000	4,610	-	4,610
Marketing	75	75	488	75	75	225	75	263
Vehicle expense	150	779	150	629	300	629	150	150
Provision for HST payable to CRA	1,076	(1,682)	(7,623)	194	(8,256)	(1,434)	(29,621)	(1,655)
	13,381	30,558	27,524	14,767	6,219	17,504	5,226	11,597
<b>Net Cash-flow from operations</b>	(2,406)	(34,946)	91,272	(37,131)	62,836	(7,623)	240,477	6,434
<b>Payments to secured creditors</b>								
Business Development Bank of Canada		(14,275)				(14,275)		
<b>Advances from shareholders</b>		30,000	(30,000)					
<b>Debtor-in-possession financing</b>	1,200							
<b>Cash balance - end of period</b>	\$ 19,385	164	61,436	24,306	87,141	65,243	305,720	312,154

**NOTICE TO READER:**

*This statement of projected cash-flow of the Company is prepared in accordance with the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report On Cash-Flow Statement and the Report On Cash-Flow Statement By The Person Making The Proposal.*

Forte EPS Solutions Inc.

**Albert Gelman Inc.,**  
solely in its capacity as  
Trustee in re the  
Proposal of Forte EPS  
Solutions Inc. and not  
in its personal or any  
other capacity

Per: John Cipressi  
September 15, 2017

Per: Tom McElroy  
September 15, 2017

**TAB B**

Exhibit "B" to the affidavit  
of Jonas C. Alessi  
sworn the 15 day of Sept, 2017.

  
\_\_\_\_\_  
Commissioner, etc.

## William Jones

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**From:** Roy Wise <roy.wise@wiseandassociates.com>  
**Sent:** September 13, 2017 5:08 PM  
**To:** William Jones  
**Subject:** Bronte Construction & Forte EPS Solutions Inc. :

Mr. Jones,

Please excuse the response by e-mail rather than by letter but I will be out of the office tomorrow and Friday and wished to place my client's position on record as quickly as possible. I act for Bronte Construction a creditor of Forte. My client supports the 45 day extension you are seeking for a number of reasons not all of which I refer to. First the extension will allow the company to carry on and presumably generate profit which will reduce the claim of creditors. Secondly by carrying on the company presents a more attractive acquisition than the sale of equipment and inventory which is again to the benefit of the creditors. Finally in the case of my client and other creditors and/or customers a refusal to grant an extension will mean that Bronte and other customers will need to find alternative suppliers for the materials purchased from Forte. This will result in an inevitable delay in the completion of such contracts to the financial detriment of Bronte and probably the other customers who like Bronte will face unrecoverable damages due to down time waiting for the material as well as possible penalty clauses all of which will also increase claims against the estate.

You have my authority to place this e-mail before the Court and the Receiver.

Yours,

**Roy Wise** B.Sc., LL.B.



WISE & ASSOCIATES PC.  
T 416.866.4144 ext 226 F 416.866.7946 : [roy.wise@wiseandassociates.com](mailto:roy.wise@wiseandassociates.com)  
80 Bloor Street West, Suite 602, Toronto, Ontario, M5S 2V1

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**From:** William Jones [<mailto:whjones@williamjones.ca>]  
**Sent:** Wednesday, September 13, 2017 2:46 PM  
**To:** Roy Wise  
**Subject:** FW:

Your server is not accepting tis email due to its size

I have deleted the orders

---

**From:** William Jones [<mailto:whjones@williamjones.ca>]  
**Sent:** September 13, 2017 12:45 PM  
**To:** 'Roy Wise' <[roy.wise@wiseandassociates.com](mailto:roy.wise@wiseandassociates.com)>  
**Cc:** 'Tom McElroy' <[tmcelroy@albertgelman.com](mailto:tmcelroy@albertgelman.com)>; 'Dom' <[dominic.z@forteeps.com](mailto:dominic.z@forteeps.com)>; 'jpcontactdirect@yahoo.ca' <[jpcontactdirect@yahoo.ca](mailto:jpcontactdirect@yahoo.ca)>; 'Domenico Magisano' <[dmagisano@lernalers.ca](mailto:dmagisano@lernalers.ca)>  
**Subject:**