

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

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

**MOTION RECORD
(Returnable July 29, 2024)**

July 17, 2024

AIRD & BERLIS LLP
Barristers and Solicitors
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)
Tel: (416) 865-3406
Email: kplunkett@airdberlis.com

Samantha Hans (LSO# 84737H)
Tel: (437) 880-6105
Email: shans@airdberlis.com

Lawyers for the Receiver

TO: SERVICE LIST

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

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

INDEX

Tab	Description
1	Notice of Motion dated July 17, 2024
2	Draft Distribution and Discharge Order
3	Blackline of Draft Distribution and Discharge Order to Model Discharge Order
4	Second Report of the Receiver dated July 17, 2024
A	Amended and Restated Order dated October 21, 2022
B	Arlen AVO dated November 23, 2022
C	3305 Deziel AVO dated November 23, 2022
D	Ancillary Relief Order dated November 23, 2022
E	First Report dated November 14, 2022 (without appendices)
F	CEPS Sale Agreement Receiver's Certificate dated November 25, 2022
G	SGM Sale Agreement Receiver's Certificate dated November 25, 2022

H	Interim Report dated May 13, 2024
I	Shareholder Loan Agreements
J	Receiver's Final SRD
K	Affidavit of Joe Albert sworn July 15, 2024
L	Affidavit of Samantha Hans sworn July 16, 2024
5	Service List

TAB 1

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

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

**NOTICE OF MOTION
(Returnable July 29, 2024)**

Albert Gelman Inc. (“**AGI**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”), without security, of the assets, undertakings and property of each of Cutting Edge Precision Services ULC (“**CEPS**”), Proper Windsor Holdings ULC (“**PWH**”) and SGM Real Estate Holdings ULC (“**SGM**” and collectively with CEPS and PWH, the “**Debtors**”), including the real property known municipally as 3230 Moynahan Street, Oldcastle, Ontario (the “**Real Property**”), and all proceeds thereof (together with the Real Property, the “**Property**”), will make a motion to a Judge of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on the 29th day of July, 2024 at 12:00 PM, or as soon after that time as the motion can be heard, via a Zoom link to be provided by the Court.

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

- in writing under subrule 37.12.1 (1);
- in writing as an opposed motion under subrule 37.12.1 (4);
- in person;
- by telephone conference;
- by video conference.

THE MOTION IS FOR:

1. An order, substantially in the form contained in the motion record, *inter alia*:
 - a. abridging the time for service, filing and confirmation of the Notice of Motion and the Motion Record, if necessary, so that this motion is properly returnable, and dispensing with further service and confirmation hereof;
 - b. approving the Receiver's Second Report to the Court dated July 17, 2024 (the "**Second Report**") and the activities and conduct of the Receiver as detailed therein;
 - c. approving the fees and Estimated Fee Accruals of the Receiver and its counsel (as defined and detailed in the Second Report), and authorizing payment of same;
 - d. approving the Receiver's final statement of receipts and disbursements as detailed in the Second Report;

- e. authorizing and directing the Receiver to make the SGM Final Distributions (as defined and detailed in the Second Report);
 - f. discharging AGI as the Receiver on the filing of the Certificate of Completion as provided for in the Second Report, and releasing the Receiver from liability for its actions while acting in such capacity, save and except for the Receiver's gross negligence or willful misconduct; and,
2. Such further and other relief as counsel may request and this honourable court may permit.

THE GROUNDS FOR THE MOTION ARE:

Background

1. Pursuant to an order of the Court dated October 21, 2022 (the "**Appointment Order**"), AGI was appointed as the Receiver, without security, of the Property.
2. The applicant creditor, The Toronto-Dominion Bank ("**TD**") is a secured creditor of the Debtors, and the Debtors were indebted to TD in the approximate sum of CDN\$3.6 million and US\$265,000 at or around the date of the application, pursuant to certain financing provided by TD to the Debtors.
3. Since the Appointment Order, the following orders have also been granted by the Court (collectively, the "**November 2022 Orders**"):

- a. an approval and vesting order dated November 23, 2022, approving, among other things, the sale transaction contemplated by an agreement of purchase and sale (the “**CEPS Sale Agreement**”) between the Receiver, as seller, and each of 3305 Deziel Inc. and Arlen Tool Co. Ltd (“**Arlen Tool**”), as purchaser, dated November 4, 2022 and vesting in Arlen Tool all of CEPS’s right, title and interest in and to the Purchased Assets (as defined in the CEPS Sale Agreement);
- b. an approval and vesting order dated November 23, 2022, approving, among other things, the sale transaction contemplated by an agreement of purchase and sale (the “**SGM Sale Agreement**” and the with CEPS Sale Agreement, the “**Sale Agreements**”) between the Receiver, as seller, and 3305 Deziel Inc. (“**3305 Deziel**”), as purchaser, dated November 4, 2022 and vesting in 3305 Deziel all of SGM’s right, title and interest in and to the Real Property; and
- c. an ancillary relief order dated November 23, 2022 (the “**Ancillary Relief Order**”), authorizing, among other things, the Receiver to make interim distributions to each of TD, Business Development Bank of Canada, CWB National Leasing Inc. and Canada Revenue Agency (“**CRA**”).

Actions of the Receiver Since the First Report

4. The Receiver has previously issued a report in these proceedings dated November 14, 2022 (the “**First Report**”) setting forth its actions to that date, which were approved by this Court on November 23, 2022, and which detailed Sale Agreements and the transactions pursuant thereto.

5. The Receiver has since closed each of the sale transactions contemplated by the Sale Agreements and has issued Receiver's Certificates in relation to same.
6. The Receiver has undertaken a number of other actions in furtherance of its mandate under the Appointment Order and the November 2022 Orders, as described in the Second Report. These actions include:
 - a. repaying the Receiver's borrowings to TD in respect of a Borrowing Certificate issued by the Receiver to TD dated October 21, 2022;
 - b. making certain interim distributions as authorized by the Ancillary Relief Order;
 - c. preparing and filing an interim report pursuant to subsection 246(2) of the *Bankruptcy And Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the "BIA") dated May 13, 2024;
 - d. filing corporate income tax and HST returns for CEPS and SGM for the year ended December 31, 2022;
 - e. communicating with CRA regarding the HST examination and reassessment of CEPS;
 - f. completing the administration of the Wage Earner Protection Program; and
 - g. acting as bankruptcy trustee of CEPS pursuant to an order of the Ontario Superior Court of Justice (Bankruptcy and Insolvency) dated April 5, 2023.

Approval of Fees and Estimated Fee Accrual

7. The Appointment Order requires the Receiver and its legal counsel to pass its accounts from time to time.
8. The Receiver and its counsel have each properly incurred fees and disbursements (the “**Fees**”) as detailed in the Second Report.
9. The Fees incurred by the Receiver for services provided by its legal counsel, Aird & Berlis LLP (“**A&B**”), are detailed in the Second Report.
10. The Receiver is also seeking the approval of its Estimated Fee Accruals, which shall include the estimated fees and administrative disbursements of the Receiver and A&B required to complete the Receiver’s mandate, including the Remaining Activities (as defined in the Second Report).

Proposed Distribution

11. The proceeds from the sale transactions pursuant to the Sale Agreements were sufficient to repay all secured creditors of the Debtors in full.
12. As detailed in the Second Report, the Receiver understands that the only remaining liabilities are those of SGM, which total \$36,167.00 and include liabilities owing to CRA (\$6,130.00) (the “**CRA Liability**”) and two shareholder loan balances (\$30,037.00).

13. The two shareholder loan balances are owing to Sean O’Neil and Canadian Real Estate Group, Inc. in the amounts of \$10,012.00 and \$20,025.00, respectively (the “**SGM Shareholder Claims**”).
14. The Receiver is seeking approval of the Court to pay the SGM Shareholder Claims on a *pari passu* pro-rata basis to the extent that funds are available after payment of the Fees, Estimated Fee Accruals and the CRA Liability.

Discharge

15. The Remaining Activities of the Receiver are as follows:
 - a. payment of the Fees and the Estimated Fee Accruals;
 - b. payment of the SGM Final Distributions; and
 - c. undertake such other administrative activities as may be required to complete its mandate.
16. Following the completion of the Remaining Activities, and the filing of a certificate by the Receiver certifying that all outstanding matters to be attended to in connection with the receivership have been completed to the satisfaction of the Receiver, the Receiver will have completed the administration of the estate of the Debtors, and as such, requests its discharge as Receiver.
17. Section 243 of the BIA, as amended.

18. Rules 1.04, 2.01, 2.03, 3.02, 16, 37 and 41 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.
19. The grounds as detailed in the Second Report.
20. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Second Report of the Receiver and the appendices thereto;
2. Such materials as counsel may advise and this Honourable Court may permit.

July 17, 2024

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

Kyle Plunkett (LSO # 61044N)
Tel: (416) 865-3406
Email: kplunkett@airdberlis.com

Samantha Hans (LSO # 84737H)
Tel: (437) 880-6105
Email: shans@airdberlis.com

*Lawyers for Albert Gelman Inc.,
in its capacity as Receiver*

TO: SERVICE LIST

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF MOTION

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) MONDAY, THE 29th
)
JUSTICE STEELE) DAY OF JULY, 2024
)

B E T W E E N:

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985 c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

DISTRIBUTION AND DISCHARGE ORDER

THIS MOTION, made by Albert Gelman Inc. (“AGI”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”) without security, of all the assets, undertakings and properties (collectively, the “**Property**”) of each of Cutting Edge Services ULC, Proper Windsor Holdings ULC, and SGM Real Estate Holdings ULC (collectively, the “**Debtors**”), for an order, among other things:

- (a) approving the Second Report of the Receiver dated July 17, 2024 (the “**Second Report**”) and the activities and conduct of the Receiver set out therein, including the Remaining Activities (as defined in the Second Report);
- (b) approving the fees of the Receiver and its counsel, Aird & Berlis LLP (“**A&B**”), and the Estimated Fee Accruals (as defined and detailed in the Second Report), and payment thereof;
- (c) approving the Receiver’s Final Statement of Receipts and Disbursements appended to the Second Report (the “**Final SRD**”);
- (d) authorizing and directing the Receiver to make the SGM Final Distributions (as defined and detailed in the Second Report);
- (e) discharging AGI as the Receiver of the assets, undertakings and properties of the Debtors effective upon the filing of a certificate by the Receiver certifying that all matters to be attended to in connection with the receivership of the Debtors have been completed to the satisfaction of the Receiver, in substantially the form attached hereto as Schedule “A” (the “**Discharge Certificate**”); and
- (f) releasing AGI from any and all liability, as set out in paragraph 8 of this Order,

was heard this day by way of judicial teleconference via Zoom.

ON READING the Receiver’s Motion Record dated July 17, 2024, including the Second Report and all appendices thereto, the fee affidavits provided on behalf of the Receiver and its counsel (together, the “**Fee Affidavits**”), and on hearing the submissions of counsel for the Receiver and such other counsel as was present, no one appearing for any other person on the service list, although served as evidenced by the Affidavit of Service of Samantha Hans, as filed;

1. **THIS COURT ORDERS** that the time for service and filing of the Receiver’s notice of motion and the Receiver’s corresponding motion record 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 Second Report, and the activities and conduct of the Receiver as set forth therein, be and are hereby approved and that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the Second Report, as detailed herein.

3. **THIS COURT ORDERS** that the Final SRD be and is hereby approved.

4. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, A&B, as described in the Second Report and as set out in the Fee Affidavits, be and are hereby approved.

5. **THIS COURT ORDERS** that the Estimated Fee Accruals, as described at Section IX of the Second Report, be and are hereby approved.

6. **THIS COURT ORDERS** that, after payment of the fees and disbursements herein approved by paragraphs 4 and 5 of this Order, the Receiver be and is hereby authorized and directed to make the following distributions:

- (a) \$6,130.00 to Canada Revenue Agency in respect of HST, plus any accrued or accruing interest thereon; and
- (b) an amount up to \$12,619.00 in respect of the SGM Shareholder Claims (as defined in the Second Report) on a pro-rata basis, from any remaining funds held in the Receiver's estate trust account after payment of the items set out in paragraphs 4, 5 and 6(a) of this Order.

7. **THIS COURT ORDERS** that, upon the Receiver filing the Discharge Certificate, the Receiver shall be discharged as Receiver of the assets, undertakings and properties of the Debtors, 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, including the Remaining Activities; 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 AGI, in its capacity as the Receiver.

8. **THIS COURT ORDERS AND DECLARES** that, upon the Receiver filing the Discharge Certificate, AGI is hereby released and discharged from any and all liability that AGI now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of AGI while acting in its capacity as the Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, AGI 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.

9. **THIS COURT ORDERS** that this Order and all of its provisions are effective and enforceable as of 12:01a.m. on the date of this Order without the need for entry or filing.

**SCHEDULE “A”
CERTIFICATE OF COMPLETION**

Court File No. CV-22-00688427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

RECEIVER’S DISCHARGE CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated October 21, 2022 (the “**Appointment Order**”), Albert Gelman Inc. was appointed as receiver (the “**Receiver**”) of the Property (as defined in the Appointment Order) of the Respondents, Cutting Edge Services ULC, Proper Windsor Holdings ULC, and SGM Real Estate Holdings ULC (collectively the “**Debtors**”).
- B. Pursuant to an Order of the Court made July 29, 2024 (the “**Distribution and Discharge Order**”), AGI was discharged as the Receiver of all of the assets, undertakings and properties of the Debtors to be effective upon the filing by the Receiver with the Court of a certificate confirming that all matters to be attended to in connection with the receivership

of the Debtors, including certain final activities (the “**Remaining Activities**”) that were outlined in the Second Report of the Receiver dated July 17, 2024 (the “**Second Report**”), have been completed to the satisfaction of the Receiver, provided, however, that notwithstanding its discharge: (a) the Receiver will remain the Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership; and (b) the Receiver will 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 AGI, in its capacity as the Receiver.

THE RECEIVER HEREBY CERTIFIES the following:

1. All matters to be attended to in connection with the receivership of the Debtors, including the Remaining Activities in accordance with the terms of the Second Report, have been completed to the satisfaction of the Receiver.
2. This Certificate was filed by the Receiver with the Court on the ____ day of _____, 202__.
3. The Receiver has completed the administration of the Debtors’ estate in accordance with the terms of the Second Report and the Distribution and Discharge Order, such that the discharge and release of the Receiver should now be effective.

DATED at Toronto, Ontario this ____ day of _____, 2024.

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of all the assets, undertakings and properties Cutting Edge Services ULC, Proper Windsor Holdings ULC, and SGM Real Estate Holdings ULC, and not in its corporate, personal or any other capacity

Per: _____

Name:

Title:

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(DISTRIBUTION AND DISCHARGE)

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

TAB 3

THIS MOTION, made by ~~[RECEIVER'S NAME]~~Albert Gelman Inc. (“AGI”), in its capacity as the Court-appointed receiver (in such capacity, the “Receiver”) without security, of all the ~~undertaking, property and~~ assets of ~~[DEBTOR]~~ (undertakings and properties (collectively, the “Property”) of each of Cutting Edge Services ULC, Proper Windsor Holdings ULC, and SGM Real Estate Holdings ULC (collectively, the ~~“Debtor”~~“Debtors”), for an order, among other things:

- (a) ~~1.~~ approving the Second Report of the Receiver dated July 17, 2024 (the “Second Report”) and the activities and conduct of the Receiver as set out in the report of the Receiver dated [DATE] (the “therein, including the Remaining Activities (as defined in the Second Report”);
- (b) ~~2.~~ approving the fees and disbursements of the Receiver and its counsel, Aird & Berlis LLP (“A&B”), and the Estimated Fee Accruals (as defined and detailed in the Second Report), and payment thereof;
- (c) ~~3.~~ approving the ~~distribution of the remaining proceeds available in the estate of the Debtor; [and]~~ Receiver’s Final Statement of Receipts and Disbursements appended to the Second Report (the “Final SRD”);
- (d) authorizing and directing the Receiver to make the SGM Final Distributions (as defined and detailed in the Second Report);
- (e) ~~4.~~ discharging ~~[RECEIVER'S NAME]~~AGI as the Receiver of the ~~undertaking, property and~~ assets, undertakings and properties of the ~~Debtor~~Debtors effective upon the filing of a certificate by the Receiver certifying that all matters to be attended to in connection with the receivership of the Debtors have been completed to the satisfaction of the Receiver, in substantially the form attached hereto as Schedule “A” (the “Discharge Certificate”); and

(f) ~~5.~~ releasing ~~[RECEIVER'S NAME]~~AGI from any and all liability, as set out in paragraph ~~58~~ of this Order¹;

was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ by way of judicial teleconference via Zoom.

ON READING the Receiver's Motion Record dated July 17, 2024, including the Second Report and all appendices thereto, the fee affidavits provided on behalf of the Receiver and its counsel ~~as to fees (together, the "Fee Affidavits")~~, and on hearing the submissions of counsel for the Receiver and such other counsel as was present, no one ~~else~~ appearing for any other person on the service list, although served as evidenced by the Affidavit of ~~[NAME]~~ ~~sworn~~ ~~[DATE]~~ Service of Samantha Hans, as filed²;

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

2. ~~1.~~ **THIS COURT ORDERS** that the Second Report, and the activities and conduct of the Receiver, as set ~~out in the Report,~~ forth therein, be and are hereby approved and that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the Second Report, as detailed herein.

3. ~~2.~~ **THIS COURT ORDERS** that the Final SRD be and is hereby approved.

4. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, A&B, as set out described in the Second Report and as set out in the Fee Affidavits, be and are hereby approved.

¹ ~~If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.~~

² ~~This model order assumes that the time for service does not need to be abridged.~~

5. THIS COURT ORDERS that the Estimated Fee Accruals, as described at Section IX of the Second Report, be and are hereby approved.

6. ~~3.~~ **THIS COURT ORDERS** that, after payment of the fees and disbursements herein approved by paragraphs 4 and 5 of this Order, the Receiver ~~shall pay the monies~~ be and is hereby authorized and directed to make the following distributions:

(a) \$6,130.00 to Canada Revenue Agency in respect of HST, plus any accrued or accruing interest thereon; and

(b) an amount up to \$12,619.00 in respect of the SGM Shareholder Claims (as defined in the Second Report) on a pro-rata basis, from any remaining funds held in its hands to [NAME OF PARTY]³.

~~4.~~ ~~THIS COURT ORDERS that upon~~ the Receiver's estate trust account after payment of the amounts ~~items~~ set out in paragraph 3 hereof [and paragraphs 4, 5 and 6(a) of this Order.

7. THIS COURT ORDERS that, upon the Receiver filing ~~a certificate certifying that it has completed the other activities described in the Report]~~ the Discharge Certificate, the Receiver shall be discharged as Receiver of the ~~undertaking, property and~~ assets, undertakings and properties of the ~~Debtor~~ Debtors, 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, including the Remaining Activities; 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 ~~[RECEIVER'S NAME]~~ AGI, in its capacity as the Receiver.

8. ~~5.~~ **THIS COURT ORDERS AND DECLARES** that ~~[RECEIVER'S NAME]~~, upon the Receiver filing the Discharge Certificate, AGI is hereby released and discharged from any and all liability that ~~[RECEIVER'S NAME]~~ AGI now has or may hereafter have by reason of, or

³ ~~This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.~~

in any way arising out of, the acts or omissions of ~~[RECEIVER'S NAME]~~AGI while acting in its capacity as the Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, ~~[RECEIVER'S NAME]~~AGI 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.⁴

9. THIS COURT ORDERS that this Order and all of its provisions are effective and enforceable as of 12:01a.m. on the date of this Order without the need for entry or filing.

⁴~~The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.~~

SCHEDULE “A”
CERTIFICATE OF COMPLETION

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

THE TORONTO-DOMINION BANK

Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC

Respondents

RECEIVER’S DISCHARGE CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated October 21, 2022 (the “Appointment Order”), Albert Gelman Inc. was appointed as receiver (the “Receiver”) of the Property (as defined in the Appointment Order) of the Respondents, Cutting Edge Services ULC, Proper Windsor Holdings ULC, and SGM Real Estate Holdings ULC (collectively the “Debtors”).
- B. Pursuant to an Order of the Court made July 29, 2024 (the “Distribution and Discharge Order”), AGI was discharged as the Receiver of all of the assets, undertakings and properties of the Debtors to be effective upon the filing by the Receiver with the Court of

a certificate confirming that all matters to be attended to in connection with the receivership of the Debtors, including certain final activities (the “Remaining Activities”) that were outlined in the Second Report of the Receiver dated July 17, 2024 (the “Second Report”), have been completed to the satisfaction of the Receiver, provided, however, that notwithstanding its discharge: (a) the Receiver will remain the Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership; and (b) the Receiver will 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 AGI, in its capacity as the Receiver.

THE RECEIVER HEREBY CERTIFIES the following:

1. All matters to be attended to in connection with the receivership of the Debtors, including the Remaining Activities in accordance with the terms of the Second Report, have been completed to the satisfaction of the Receiver.
2. This Certificate was filed by the Receiver with the Court on the _____ day of _____, 2024.
3. The Receiver has completed the administration of the Debtors’ estate in accordance with the terms of the Second Report and the Distribution and Discharge Order, such that the discharge and release of the Receiver should now be effective.

DATED at Toronto, Ontario this _____ day of _____, 2024.

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of all the assets, undertakings and properties Cutting Edge Services ULC, Proper Windsor Holdings ULC, and SGM Real Estate Holdings ULC, and not in its corporate, personal or any other capacity

Per: _____

Name:

Title:

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(DISTRIBUTION AND DISCHARGE)

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

TAB 4

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

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985 c. B-3, AS AMENDED, AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

SECOND REPORT OF THE RECEIVER

(Dated July 17, 2024)

I. INTRODUCTION

1. This second report ("**Second Report**") is filed by Albert Gelman Inc. ("**AGI**"), in its capacity as receiver (in such capacity, the "**Receiver**"), of all of the assets, undertakings and properties (together, the "**Property**") of each of Cutting Edge Precision Services ULC ("**CEPS**"), Proper Windsor Holdings ULC ("**PWH**") and SGM Real Estate Holdings ULC ("**SGM**" and, together with CEPS and PWH, the "**Companies**").

2. AGI was appointed as Receiver of the Companies on October 21, 2022, by an Amended and Restated Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") (the "**Amended Appointment Order**"). The application was commenced by The Toronto-Dominion Bank ("**TD Bank**"), a

secured creditor of the Companies. A copy of the Amended Appointment Order is attached hereto as **Appendix “A”**.

3. On November 23, 2022 (the “**November 23 Motion**”), the Court issued three orders as set out below:
 - a. the first approval and vesting order (the “**Arlen AVO**”) which approved, among other things, the sale transaction contemplated by an agreement of purchase and sale (the “**CEPS Sale Agreement**”) between the Receiver, as seller, and each of 3305 Deziel Inc. and Arlen Tool Co. Ltd (“**Arlen Tool**”), as purchaser, dated November 4, 2022 and vesting in Arlen Tool all of CEPS’s right, title and interest in and to the Purchased Assets (as defined in the CEPS Sale Agreement). A copy of the Arlen AVO is attached hereto as **Appendix “B”**;
 - b. the second approval and vesting order (the “**3305 Deziel AVO**”) which approved, among other things, the sale transaction contemplated by an agreement of purchase and sale (the “**SGM Sale Agreement**”) between the Receiver, as seller, and 3305 Deziel Inc. (“**3305 Deziel**”), as purchaser, dated November 4, 2022 and vesting in 3305 Deziel all of SGM’s right, title and interest in and to the real property municipally known as 3230 Moynahan Street, Oldcastle, Ontario (the “**Real Property**”). A copy of the Deziel AVO is attached hereto as **Appendix “C”** ; and
 - c. the ancillary relief order (the “**Ancillary Relief Order**”) which approved, among other things, the Receiver making interim distributions to each of TD Bank, Business Development Bank of Canada (“**BDC**”), CWB National Leasing Inc. (“**CWB**”) and Canada Revenue Agency (“**CRA**”). A copy of the Ancillary Relief Order and related Endorsement are attached collectively hereto as **Appendix “D”**;

4. The Receiver filed its first report to Court dated November 14, 2022 (the “**First Report**”) in support of the Receiver’s November 23 Motion. Attached hereto as **Appendix “E”** is a copy of the First Report, without appendices.

5. Further background information pertaining to the Companies, including the circumstances leading to the appointment of the Receiver, are contained in the Court materials previously filed in the proceedings, including the affidavit of Kathryn Furfaro sworn October 7, 2022, which was filed in support of TD Bank’s application, copies of which can be found on the Receiver’s case website at: <https://www.albertgelman.com/corporate-solutions/other-engagements/> (the “**Case Website**”). The Case Website will remain available on the website for a period of at least six (6) months following the Receiver’s discharge.

II. PURPOSE OF THIS REPORT

6. The purpose of the Receiver’s Second Report is to:
 - a. Update the Court with respect to these receivership proceedings and report on the Receiver’s activities since the date of the First Report; and,

- b. provide support for the Receiver's request for an order, among other things:
- i. approving this Second Report and the actions and activities of the Receiver and its legal counsel described herein;
 - ii. approving the Receiver's final statement of receipts and disbursements as of July 16, 2024 (the "**Final SRD**"), including the estimated fee accruals to complete its mandate as set out on the Final SRD (defined below as the Estimated Fee Accruals);
 - iii. approving the professional fees and disbursements of the Receiver and its legal counsel, Aird & Berlis LLP ("**A&B**"), as outlined herein and detailed in the supporting fee affidavits appended hereto, including anticipated costs to be incurred to the conclusion of the receivership proceedings;
 - iv. authorizing and directing the Receiver to make the SGM Final Distributions (defined below);
 - v. discharging AGI as Receiver and releasing AGI from all liability upon the Receiver filing with the Court of the discharge certificate (the "**Discharge Certificate**") included as Schedule "A" to the draft form of Order which is contained in the Receiver's motion record, and which certificate shall be filed subsequent to the Receiver completing the Remaining Activities (defined below) as set out below; and,
 - vi. such further and other relief that counsel may advise and that this Court may permit.

III. SCOPE AND TERMS OF REFERENCE

7. In preparing this Second Report, the Receiver has obtained and relied upon certain unaudited financial information and records of the Companies and has had discussions with the Companies' former external accountants. In addition, the Receiver has had ongoing discussions with representatives of TD Bank and its legal counsel and relied on certain loan information provided by them.

8. While the Receiver has reviewed the various documents provided, such review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises ("**ASPE**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Receiver expresses no opinion or other form of assurance pursuant to ASPE or IFRS or otherwise with respect to such information except as expressly stated herein.

9. This Second Report has been prepared for the purposes described above. Accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose.

10. Unless otherwise noted, all monetary amounts referenced herein are expressed in Canadian dollars.

11. Capitalized terms not otherwise defined in this Second Report shall have the meanings ascribed to them in the First Report.

12. All Court materials and orders issued and filed in these receivership proceedings are available on the Case Website.

IV. BACKGROUND INFORMATION

13. CEPS is a British Columbia unlimited liability company which operated from the Real Property, which it leased from SGM, and which previously carried on business manufacturing tooling moulds and dies as well as providing sub-contract machining services. It is a wholly-owned subsidiary of PWH.

14. PWH is a British Columbia unlimited liability company with its registered office in Vancouver, British Columbia. It is a holding company whose only material asset is its 100% ownership interest in CEPS.

15. SGM is a British Columbia unlimited liability company with its registered office in Vancouver, British Columbia. SGM is a holding company and was the registered owner of the Real Property.

V. ACTIONS AND ACTIVITIES OF THE RECEIVER

16. Since the date of the First Report the Receiver undertook, *inter alia*, the actions and activities set out below:

- a. completed the sale transaction of the Purchased Assets in accordance with the CEPS Sale Agreement as authorized in the Arlen AVO and issued the Receiver's Certificate confirming the closing of the transaction on November 25, 2022. A copy of the Receiver's Certificate is attached hereto as **Appendix "F"**.
- b. completed the sale transaction of the Real Property in accordance with the SGM Sale Agreement as authorized in the 3305 Deziel AVO and issued the Receiver's Certificate confirming the closing of the transaction on November 25, 2022. A copy of the Receiver's Certificate is attached hereto as **Appendix "G"**.
- c. repaid the Receiver's borrowings to TD Bank in respect of a Borrowing Certificate issued by the Receiver to TD Bank dated October 21, 2022 in the total amount of \$200,000;
- d. made interim distributions as authorized pursuant to the Ancillary Relief Order as follows:
 - i. to BDC in the amount of \$3,132,101 in respect of the CEPS BDC Debt and BDC's Secured Mortgage;
 - ii. to TD Bank in the amount of \$4,068,988 in respect of the TD Bank Debt;
 - iii. to CWB in the amount of \$215,383; and,
 - iv. to CRA in the amount of \$54,559 in respect of HST owing by SGM.

- e. prepared and filed an interim report pursuant to subsection 246(2) of the BIA dated May 13, 2024, a copy of which is attached hereto as **Appendix “H”**;
- f. completed and filed corporate income tax returns for each of CEPS and SGM for the year ended December 31, 2022;
- g. completed and filed HST returns on behalf of CEPS and SGM and recovered HST refunds totalling \$84,617 for the post-receivership period;
- h. responded to the request for records from CRA in relation to its examination of the pre-receivership HST account of CEPS;
- i. responded to CRA's proposed re-assessment totalling \$619,121, arising substantially from the non-payment by CEPS to suppliers owed a total of \$5,280,595. The Receiver communicated with representatives of CEPS throughout the CRA examination process. CRA ultimately issued an HST reassessment to CEPS in the amount of \$515,153;
- j. completed the administration of the Wage Earner Protection Program and distributed \$3,393.67 to Service Canada in respect of its subrogated priority claim over CEPS current assets; and,
- k. prepared the Second Report and related appendices.

VI. REMAINING ASSETS AND LIABILITIES

Assets

17. Substantially all of the assets of CEPS and SGM (including the Real Property) were sold pursuant to the Sale Agreements. The only remaining asset are the funds held in the Receiver's trust account totalling \$52,649 as of the date of this Second Report. As these remaining funds relate to the sale of the Real Property previously owned by SGM, the Receiver considers these funds to be the property of SGM. No substantive consolidation was sought and, accordingly, the net proceeds currently held by the Receiver after deducting costs of the Receiver shall be distributed to any remaining priority claims including SGM's remaining creditors, as further discussed below.

Secured Liabilities

18. The proceeds from the sale of the Purchased Assets and Real Property were sufficient to repay the secured indebtedness to BDC, CWB and TD Bank in full.

Liabilities of SGM

19. The Receiver engaged KPMG to complete the financial statements and corporate income tax returns of both CEPS and SGM for the year ended December 31, 2022. Based upon these financial statements, the tax assessments and other financial records available to the Receiver, the Receiver understands that the remaining liabilities of SGM total \$36,167 as summarized below:

CRA for HST	6,130
Shareholder Loan – Sean O’Neil	10,012
Shareholder Loan – Canadian Real Estate Group, Inc.	<u>20,025</u>
Total	<u>\$36,167</u>

CRA - HST

20. The amount owing for HST is as follows and subject to continuing interest charges:

Sept 30 2022 return balance	\$1,919
Oct 21 2022 return balance	3,450
Dec 31 2022 return assessment	<u>761</u>
	<u>\$6,130</u>

21. The HST liability represents a trust claim in favour of CRA and the Receiver intends to pay the HST balance from the funds in its estate trust account.

Shareholder Loans

22. Counsel to SGM provided the Receiver with loan and security agreements in favour of each of Sean O’Neil and Canadian Real Estate Group, Inc. (collectively the “**Shareholder Loan Agreements**”). Each of the Shareholder Loan Agreements were executed on July 15, 2016, with maturity dates of July 15, 2021. Each of the Shareholder Loan Agreements purport to grant a security interest in favour of the shareholder lenders but such security was not registered under the PPSA in Ontario [or in British Columbia].¹

23. The Shareholder Loan Agreements provided by counsel to SGM indicate that the loan amounts total \$59,814.90 owing to Sean O’Neil and \$152,429.80 owing to Canadian Real Estate Group, Inc. as of July 15, 2021. Copies of the Shareholder Loan Agreements are attached hereto at **Appendix “I”**.

24. Based on a review of the books and records of SGM, the Receiver has been able to determine that the loan balances owing to Sean O’Neil and Canadian Real Estate Group, Inc. are \$10,012 and \$20,025, respectively (as set out in the schedule above), (the “**SGM Shareholder Claims**”). The SGM Shareholder Claims are based upon the accounting records of SGM as at December 31, 2022. The Receiver understands that these balances represent the amounts that remain unpaid.

¹ The Receiver has not requested that its counsel, Aird & Berlis LLP, undertake the cost and expense of providing an opinion on the security contemplated under the Shareholder Loan Agreements as the Receiver is not aware of any other creditors of SGM and, accordingly, it makes no difference as to whether such claims are classified as secured or unsecured.

25. As set out on the Final SRD there are insufficient funds to pay the balance of the SGM Shareholder Claims. The Receiver is seeking approval from the Court to pay the SGM Shareholder Claims on a *pari passu* pro-rata basis to the extent that funds are available after payment of the Receiver's fees and disbursements and CRA's claim for unpaid HST.

VII. BANKRUPTCY OF CEPS

26. On April 5, 2023 a Bankruptcy Order was issued against CEPS naming Albert Gelman Inc. as trustee of the estate, upon the application of TD Bank. As a result of the bankruptcy, the claim of CRA resulting from the HST reassessment (discussed earlier in this Second Report) is an unsecured claim in the bankruptcy. As at the date of this Second Report CRA has not filed a proof of claim for HST in the bankruptcy administration.

VIII. RECEIVER'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

27. Attached hereto at **Appendix "J"** is the Receiver's Final SRD, which reflects the Receiver's receipts and disbursements to July 16, 2024. As set out on the Final SRD, the Receiver is currently holding funds in the amount of \$52,649.

IX. RECEIVER'S AND ITS COUNSEL'S ACCOUNTS

28. Pursuant to paragraph 19 of the Amended Appointment Order, any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of the Receiver's legal counsel, A&B, constitute part of the "Receiver's Charge". The fees and disbursements of the Receiver for the period from November 9, 2022 to July 12, 2024 are detailed in the affidavit of Joe Albert, a copy of which is attached as **Appendix "K"**. The fees and disbursements of A&B for the period from October 18, 2022 to July 15, 2024 are detailed in the affidavit of Samantha Hans, a copy of which is attached as **Appendix "L"**.

29. The Receiver and its counsel have maintained detailed records of their professional fees and time incurred.

30. The Receiver's fees encompass 333.7 hours at an average hourly rate of approximately \$401.65 for a total of \$134,031.50 and applicable taxes. The Receiver is therefore requesting that this Court approve total fees inclusive of applicable taxes in the amount of \$151,455.60.

31. A&B's fees encompass 138.2 hours at an average hourly rate of approximately \$455.14 for a total of \$62,900.00 prior to disbursements and applicable taxes. The Receiver is therefore requesting that this Court approve A&B's total fees and disbursements inclusive of applicable taxes in the amount of \$71,537.50.

32. The Receiver is of the view that the hourly rates charged by A&B are consistent with the rates charged by corporate law firms practising in the area of insolvency in the Toronto market and that the fees charged are reasonable and appropriate in the circumstances.

33. Set out on the Final SRD are the Receiver's estimated fee and disbursement accruals required to complete its mandate, which accruals include its estimated fees, the estimated fees of A&B as well as the estimated administrative disbursements of the Receiver (the "**Estimated Fee Accruals**"). The Receiver is of the view that the Estimated Fee Accruals are reasonable in the circumstances and is requesting that this Honourable Court approve same.

X. PROPOSED DISTRIBUTION

34. As mentioned above, the Final SRD shows that funds are available for distribution from the SGM estate realization in the amount of \$18,749. The Receiver proposes to distribute these funds as follows:

- a. The amount of \$6,130 to CRA on account of HST; and,
- b. The balance in respect of the SGM Shareholder Claims on a *pari passu* pro-rata basis, to the extent that funds are available.

(collectively, the "**SGM Final Distributions**")

XI. REMAINING ACTIVITIES OF THE RECEIVER

35. In order to complete its mandate, the following matters or actions in the receivership remain outstanding, which, in the Receiver's opinion, are largely administrative in nature and should not delay the Receiver's discharge:

- a. pay the final fees of the Receiver and counsel to the Receiver as set out in the Estimated Fee Accruals (defined below);
- b. make the SGM Final Distributions; and,
- c. undertake such other administrative activities as may be required to complete its mandate.

(collectively, the "**Remaining Activities**").

36. Upon the Receiver completing the Remaining Activities set out above it shall file with the Court the Discharge Certificate in order to effect its discharge as Receiver of the Companies.

XII. RECEIVER'S DISCHARGE

37. As summarized above, and subject to the completion of the Remaining Activities, the Receiver has completed its statutory duties as well as those duties as set out in the Appointment Order. Upon completion of the Remaining Activities the Receiver intends to file the Discharge Certificate with the Court.

38. The Receiver therefore requests that the Court issue an order discharging AGI as Receiver of the Companies and releasing it from any and all liability that AGI now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of AGI while acting in its capacity as Receiver in these

receivership proceedings, except for any gross negligence or willful misconduct on the part of AGI, and that such discharge shall apply once the Receiver performs its obligations with respect to the Remaining Activities, and files the Discharge Certificate with the Court.

XIII. RECEIVER'S RECOMMENDATION

39. The Receiver respectfully requests an Order of this Honourable Court providing for the relief set out in paragraph 6 of this Second Report.

All of which is respectfully submitted this 17th day of July 2024

**ALBERT GELMAN INC., solely in its
capacity as Court-Appointed Receiver
of each of the Companies, and not in
any other capacity**



Per:

Joe Albert, CPA, CIRP, LIT

APPENDIX A

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

THE HONOURABLE MADAM) FRIDAY, THE 21st
)
JUSTICE KIMMEL) DAY OF OCTOBER, 2022
)

B E T W E E N:

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**AMENDED AND RESTATED ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Albert Gelman Inc. as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of the Respondents (collectively, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including the real property municipally known as 3230

Moynahan Street Oldcastle, Ontario (the “**Real Property**”) was heard this day at 330 University Avenue, Toronto, via videoconference.

ON READING the affidavit of Kathryn Furfaro sworn October 7, 2022 and the Exhibits thereto on hearing the submissions of counsel for the Applicant, the Respondents, Business Development Bank of Canada and the other parties listed on the Counsel Slip, no one else appearing, and on reading the consent of Albert Gelman Inc. to act as the Receiver,

AMENDED AND RESTATED ORDER

1. **THIS COURT ORDERS** that this Amended and Restated Order amends and restates the Order of this Court made in these proceedings on October 12, 2022.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

3. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Albert Gelman Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including the Real Property, and all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

4. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, 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 Debtors, 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 Debtors;
- (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 Debtors or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (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 Debtors, 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 Debtors, 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 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;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (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 \$500,000; 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;

save and except any part or parts of the Property in which Business Development Bank of Canada (“**BDC**”) has a security interest or charge in priority to any security interest or charge of the Applicant (a “**BDC Prior Charge**”) unless either, (i) BDC has provided its written consent to such sale, transfer, lease or assignment, or (ii) all amounts owing to BDC and secured under the BDC Prior Charge would be paid in full from the proceeds of such sale, transfer, lease or assignment, 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;

- (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, save and except any part or parts of the Property subject to a BDC Prior Charge unless either, (i) BDC has provided its written consent to the making of the vesting order, or (ii) all amounts owing to BDC and secured under the BDC Prior Charge would be paid in full from the proceeds of such conveyance;
- (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, licences, 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 Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. **THIS COURT ORDERS** that (i) the Debtors, (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.

6. **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 Debtors, 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 5 or in paragraph 6 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.

7. **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.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. **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 DEBTORS OR THE PROPERTY

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors 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 Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that all rights and remedies against the Debtors, 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 Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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

12. **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 Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors 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 Debtors 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 Debtors' 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 Debtors 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

14. **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

15. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the

employment of such employees. 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*.

PIPEDA

16. **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 Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **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

18. **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 *Wage Earner Protection Program Act*. 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

19. **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, but subordinate in priority to the BDC Prior Charge and subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. **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.

21. **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 standard 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.

FUNDING OF THE RECEIVERSHIP

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow 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 \$500,000 (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 BDC Prior Charge, 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.

23. **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.

24. **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.

25. **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

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for

substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL <https://www.albertgelman.com/corporate-solutions/other-engagements/>.

27. **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 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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.

28. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

29. **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.

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

31. **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.

32. **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.

33. **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 Applicant from the Debtors' estate with such priority and at such time as this Court may determine.

34. **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.

35. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order and is enforceable without the need for entry or filing.



Digitally signed by Jessica
Kimmel
Date: 2022.10.21 11:57:58 -04'00'

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Albert Gelman Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC (collectively, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including the real property municipally known as 3230 Moynahan Street, Oldcastle, Ontario, and all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 21st day of October, 2022 (the "**Order**") made in an application having Court file number CV-22-00688427-00CL, 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 [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

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 _____, 202__.

ALBERT GELMAN INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____
Name:
Title:

THE TORONTO-DOMINION BANK
Applicant

-and-

CUTTING EDGE PRECISION SERVICES ULC *et al*
Respondents

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER
(appointing Receiver)

KESTENBERG SIEGAL LIPKUS LLP
65 Granby Street
Toronto Ontario M5B 1H8

Thomas M. Slahta (LSO #32464U)
Tel: (416) 597-0000 (ext. 105)
E-mail: tslahta@ksllaw.com

Lawyers for The Toronto-Dominion Bank

APPENDIX B

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 23RD
)
JUSTICE CAVANAGH) DAY OF NOVEMBER, 2022

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by Albert Gelman Inc., in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of each of Cutting Edge Precision Services ULC (“**Cutting Edge**”), Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC, for an order approving the sale and transfer (the “**Transaction**”) of the Purchased Assets (other than the Real Property) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver, as seller, and each of 3305 Deziel Inc. and Arlen Tool Co. Ltd. (the “**Purchaser**”), as purchasers, dated November 4, 2022 and appended to the First Report of the Receiver dated November 14, 2022 (the “**First Report**”), and vesting in the Purchaser, all of Cutting Edge’s right, title and interest in and to all of the Purchased Assets (as defined in the Sale Agreement), excluding the Real Property (the “**Purchased Assets**”), was

heard this day at 330 University Avenue, Toronto, Ontario via videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of the Receiver, including the First Report, and on hearing the submissions of counsel for the Receiver, and all other parties listed on the Counsel Slip, and no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Samantha Hans sworn November 14, 2022, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service 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.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Sale Agreement.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchasers substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of Cutting Edge's right, title and interest in and to the Purchased Assets (other than the Real Property) shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected,

registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of The Honourable Justice Kimmel dated October 21, 2022; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule B hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule C hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver’s Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in respect of the Employees (as defined in the Sale Agreement). The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by Cutting Edge.

7. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) in respect of Cutting Edge and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Cutting Edge;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of Cutting Edge and shall not be void or voidable by creditors of Cutting Edge, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **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.

9. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01a.m. on the date of this Order and is enforceable without the need for entry or filing.



Digitally signed by
Mr. Justice Cavanagh

Schedule A – Form of Receiver’s Certificate

Court File No. CV-22-00688427-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Kimmel of the Ontario Superior Court of Justice (the “**Court**”) dated October 21, 2022, Albert Gelman Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of each of Cutting Edge Precision Services ULC (“**Cutting Edge**”), Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC (collectively, the “**Debtors**”).

B. Pursuant to an Order of the Court dated November 23, 2022, the Court approved the agreement of purchase and sale as of November 4, 2022 (the “**Sale Agreement**”) between the Receiver, 3305 Deziel Inc., and Arlen Tool Co. Ltd. (the “**Purchaser**”), and provided for the vesting in the Purchaser of Cutting Edge’s right, title and interest in and to the Purchased Assets

(other than the Real Property), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchasers of the Purchase Price for the Purchased Assets; (ii) the Debtors have obtained an Order of the Court approving the balance of transactions contemplated by the Sale Agreement and vesting in 3305 Deziel Inc., SGM Real Estate Holdings ULC's right, title and interest in and to the Real Property (as defined in the Sale Agreement); (iii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iv) that the Transactions (as defined in the Sale Agreement) have been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchasers have paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers;
3. The Transactions have been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

Albert Gelman Inc., in its capacity as Receiver of the undertaking, property and assets of the Debtors, and not in its personal capacity

Per: _____
Name:
Title:

Schedule B – Claims to be deleted and expunged from title to the Purchased Assets

None.

**Schedule C – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Purchased Assets**

(unaffected by the Vesting Order)

None.

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Jonathan Yantzi (LSO# 77533A)

Tel: (416) 865-4733

Email: jyantzi@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

APPENDIX C

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 23RD
)
JUSTICE CAVANAGH) DAY OF NOVEMBER, 2022
)

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by Albert Gelman Inc., in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of each of Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC (“**SGM**”) for an order approving the sale and transfer (the “**Transaction**”) of the real property municipally known as 3230 Moynahan Street, Oldcastle, Ontario and legally described in Schedule B hereto (the “**Real Property**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver, as seller, and, *inter alios*, 3305 Deziel Inc. (the “**Purchaser**”), a purchaser, dated November 4, 2022 and appended to the First Report of the Receiver dated November 14, 2022 (the “**First Report**”), and vesting in the Purchaser, SGM’s right, title and interest in and to the Real Property, was heard this day at 330 University Avenue, Toronto, Ontario via videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of the Receiver, including the First Report, and on hearing the submissions of counsel for the Receiver and all other parties listed on the Counsel Slip, and no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Samantha Hans sworn November 14, 2022, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service 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.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Sale Agreement.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Real Property to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), SGM's right, title and interest in and to the Real Property described on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of The Honourable Justice Kimmel dated October 21, 2022; (ii) all charges,

security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Real Property are hereby expunged and discharged as against the Real Property.

5. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Essex (No. 12) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the Real Property identified in Schedule B hereto in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Real Property shall stand in the place and stead of the Real Property, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Real Property with the same priority as they had with respect to the Real Property immediately prior to the sale, as if the Real Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver’s Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;


(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada)(the “**BIA**”) in respect of SGM and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of SGM;

the vesting of the Real Property in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of SGM and shall not be void or voidable by creditors of SGM, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **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.

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01a.m. on the date of this Order and is enforceable without the need for entry or filing.

 Digitally signed by
Mr. Justice
Cavanagh

Schedule A – Form of Receiver’s Certificate

Court File No. CV-22-00688427-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Kimmel of the Ontario Superior Court of Justice (the “**Court**”) dated October 21, 2022, Albert Gelman Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC (“**SGM**” and collectively, the “**Debtors**”).

B. Pursuant to an Order of the Court dated November 23, 2022, the Court approved the agreement of purchase and sale made as of November 4, 2022 (the “**Sale Agreement**”) between the Receiver, Arlen Tool Co. Ltd. and 3305 Deziel Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser, SGM’s right, title and interest in and to the Real Property, which

vesting is to be effective with respect to the Real Property upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Real Property; (ii) the Debtors have obtained an Order of the Court approving the balance of transactions contemplated by the Sale Agreement and vesting in Arlen Tool Co. Inc., Cutting Edge Precision Services ULC's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement but excluding the Real Property); (iii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iv) the Transactions (as defined in the Sale Agreement) have been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchasers have paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers;
3. The Transactions have been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE] .

Albert Gelman Inc., in its capacity as Receiver of the undertaking, property and assets of the Debtors, and not in its personal capacity

Per: _____

Name:

Title:

Schedule B – Real Property

The property municipally known as 3230 Moynahan Street, Oldcastle, Ontario and being legally described as PT LT 12 CON 7 SANDWICH EAST PT 1 & 2 12R3585; S/T R694390; TECUMSEH (being all of PIN 75234-0119 (LT)) (the “**Real Property**”).

Schedule C – Claims to be deleted and expunged from title to the Real Property

1. Charge registered as Instrument No. CE965703 on September 28, 2020 from SGM Real Estate Holdings ULC in favour of Business Development Bank of Canada securing the sum of \$2,500,000.
2. Notice of Assignment of Rents General registered as Instrument No. CE965710 on September 28, 2020 from SGM Real Estate Holdings ULC in favour of Business Development Bank of Canada related to Charge No. CE965703;
3. Notice registered as Instrument No. CE1054405 on January 7, 2022 by The Toronto-Dominion Bank;
4. Charge registered as Instrument No. CE1099384 on September 1, 2022 from SGM Real Estate Holdings ULC in favour of The Toronto-Dominion Bank securing the sum of \$2,500,000;
5. Notice of Assignment of Rents General registered as Instrument No. CE1099385 on September 1, 2022 from SGM Real Estate Holdings ULC in favour of The Toronto-Dominion Bank related to Charge No. CE1099384; and
6. Notice of Lease registered as Instrument No. CE646098 on January 30, 2015 between Proper Windsor Holdings ULC and Cutting-Edge Technologies Ltd.

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

A. General

1. All existing any work orders, deficiency notices, notices of violation or other similar communication from any municipal or governmental authority, board of insurance underwriters, regulatory authority or otherwise that is outstanding requiring or recommending that work or repairs in connection with the Real Property or any part of the Real Property is required.
2. Any municipal agreements and agreements with publicly regulated utilities.
3. Subdivision agreements, site plan control agreements, servicing or industrial agreements, utility agreements, airport zoning regulations and other similar agreements with Government Authorities or private or public utilities affecting the development or use of the Real Property.
4. Any easements for the supply of domestic utility or telephone services to the Real Property or adjacent properties.
5. Encumbrances respecting minor encroachments by the Real Property over neighbouring lands and/or permitted under agreements with the owners of such other lands and minor encroachments over the Lands by improvements of abutting land owners.
6. Title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use or marketability of the Real Property for the purposes for which it is presently used or proposed to be used.
7. Any easements or rights of way in favour of any Governmental Authority, any private or public utility, any railway company or any adjoining owner, including easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the present use of the Real Property.
8. Any unregistered liens, or other encumbrances of any nature claimed by or held by His Majesty the King in the Right of Canada or the Province of Ontario or any agency or authority under or pursuant to any applicable legislation, statute or regulation.

9. All reservation, limitations, provisos, and conditions expressed in the original grant of title of the lands and premises comprising the Property from the Crown.

B. Specific

10. Notice registered as Instrument No. R459284 on January 7, 1970 to the Department of Transport;

11. Reference Plan registered as Instrument No. 12R1158 on November 6, 1973;

12. Reference Plan registered as Instrument No. 12R3585 on April 20, 1977;

13. Transfer Easement registered as Instrument No. R694390 on April 22, 1977 in favour of Corporation of The Township of Sandwich South;

14. Notice registered as Instrument No. R844423 on October 27, 1981 to the Department of Transport;

15. Notice registered as Instrument No. R844424 on October 27, 1981 to the Department of Transport;

16. Notice of Lease registered as Instrument No. CE513664 on April 11, 2012 between Mikkon Machine Tools Ltd. and Solar Power Network Inc.;

17. Notice of Assignment of Lessee Interest In Lease registered as Instrument No. CE531683 on August 13, 2012 between Solar Power Network Inc. and Solar Power Network 002 Inc.;

18. Notice of Assignment of Lessee Interest in Lease registered as Instrument No. CE617768 on July 11, 2014 between Solar Power Network 002 Inc. and Powerstream Inc.; and

19. Application to Change Name Instrument registered as Instrument No. CE646813 on February 6, 2015 related to Instrument No. CE646098.

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

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

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Jonathan Yantzi (LSO# 77533A)

Tel: (416) 865-4733

Email: jyantzi@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

APPENDIX D

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 23RD
)
JUSTICE CAVANAGH) DAY OF NOVEMBER, 2022

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

APPLICATION UNDER
Subsection 243(1) of the Bankruptcy And Insolvency Act, R.S.C. 1985, c. B-3, as amended,
and Section 101 of the Courts Of Justice Act, R.S.O. 1990, c. C.43, as amended

ORDER
(Ancillary Relief)

THIS MOTION, made by Albert Gelman Inc., in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of each of Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC (collectively, the “**Debtors**”) for an order, in substance, (i) approving the First Report of the Receiver dated 14, 2022 (the “**First Report**”) and the actions of the Receiver described therein; (ii) approving the fees and disbursements of the Receiver and its counsel to and including November 9, 2022; and (iii) authorizing and directing the Receiver to make certain distributions from the sale proceeds of the sale Transaction (as defined in the First Report), was heard this day

at 330 University Avenue, Toronto, Ontario via videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of the Receiver and the First Report, including, without limitation, the fee affidavits appended thereto in support of the fees and disbursements of the Receiver and its counsel, and on hearing the submissions of counsel for the Receiver, and all other parties listed on the Counsel Slip, and no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Samantha Hans sworn November 14, 2022, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service 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.

APPROVAL OF THE FIRST REPORT, FEES AND DISBURSEMENTS

2. **THIS COURT ORDERS** that the First Report and the actions and activities of the Receiver and its counsel described therein be and are hereby approved.

3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel to and including November 9, 2022, as described in the First Report and supported by the fee affidavits, be and are hereby approved.

DISTRIBUTIONS TO SECURED CREDITORS

4. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make distributions to the Business Development Bank of Canada (“**BDC**”) in the amount of its secured indebtedness, and without further Order of this Court, on account of the Debtors’ secured indebtedness owing to BDC for principal, interest and costs.

5. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make distributions to the Toronto-Dominion Bank (“**TD Bank**”) up to the amount of its secured indebtedness, and without further Order of this Court, on account of the Debtors’ secured indebtedness owing to TD Bank for principal, interest and costs.

6. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make distributions to CWB National Leasing Inc. (“**CWB**”) in the amount of US\$182,994.82 plus accruing interest, in the Canadian dollar equivalent, as outlined in the First Report, and without further Order of this Court, on account of the Debtors’ secured indebtedness owing to CWB for principal, interest and costs.

7. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make distributions to Canada Revenue Agency (the “**CRA**”) in the amount of \$54,558.57, as outlined in the First Report, and without further Order of this Court, on account of the Debtors’ indebtedness owing to the CRA in respect of Harmonized Sales Tax.

GENERAL

8. **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.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any other Canadian and foreign court, tribunal, regulatory or administrative body (“**Judicial Bodies**”) to give effect to this Order and to assist the Receiver and its respective agents in carrying out the terms of this Order. All Judicial 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, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its respective agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01a.m. on the date of this Order and is enforceable without the need for entry or filing.

 Digitally signed by
Mr. Justice
Cavanagh

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ANCILLARY ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Jonathan Yantzi (LSO# 77533A)

Tel: (416) 865-4733

Email: jyantzi@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

COURT FILE NO.: CV-22-00688427-00CL DATE: November 23, 2022

NO. ON LIST: 3

TITLE OF PROCEEDING: THE TD BANK V CUTTING EDGE

BEFORE JUSTICE: CAVANAGH, J

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Michael Kestenber	The Toronto -Dominion Bank	mrk@ksllaw.com

For Defendant, Respondent, Responding Party, Defense:

Name of Person Appearing	Name of Party	Contact Info

For Other:

Name of Person Appearing	Name of Party	Contact Info
Tony Van Klink	Business Development Bank of Canada	tvanklink@millerthomson.com
Joe Albert	Receiver	jalbert@albertgelman.com
Tom McElroy	Receiver	tmcelroy@albertgelman.com
Kyle Plunkett	Receiver	kplunkett@airdberlis.com
Jonathan Yantzi	Receiver	jyantzi@airdberlis.com

Julia Brennan – Articling Student		Jbrennan@airdberlis.com

ENDORSEMENT OF JUSTICE CAVANAGH:

Albert Gelman Inc. in its capacity as the Court-appointed receiver (the “Receiver”) of Cutting Edge Precision Services ULC (“CEPS”), Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC brings this motion for three orders:

(a) an Approval and Vesting Order approving the sale of real property as contemplated by an agreement of purchase and sale dated November 4, 2022 (the “APS”) and authorizing the Receiver to complete the transaction contemplated thereby;

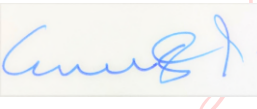
(b) an Approval and Vesting Order approving the sale of all assets of CEPS as contemplated by the APS and authorizing the Receiver to complete the transaction contemplated thereby, and

(c) an Ancillary Order (i) approving the First Report of the Receiver and the activities of the Receiver and its counsel set out therein, (ii) approving the fees and disbursements of the Receiver and its counsel to and including November 9, 2022, (iii) authorizing the Receiver to make distributions to each of The Toronto-Dominion Bank, Business Development Bank of Canada and CWB National Leasing Inc. on account of the receivership Respondents’ secured indebtedness owing to each of the secured parties for principal, interest and costs, and (iv) authorizing the Receiver to make a distribution to Canada Revenue Agency on account of accrued and unpaid HST.

The Receiver’s motion is unopposed.

I have reviewed the motion materials including the First Report of the Receiver. In respect of the proposed sales, I am satisfied that the *Soundair* principles have been satisfied and that the transactions contemplated are commercially reasonable under the circumstances. In this regard, I accept the recommendation of the Receiver.

Orders to issue in form of Orders signed by me today.

 Digitally signed
by Mr. Justice
Cavanagh

APPENDIX E

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

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

FIRST REPORT OF THE RECEIVER

(Dated November 14, 2022)

I. INTRODUCTION

1. This first report ("**First Report**") is filed by Albert Gelman Inc. ("**AGI**"), in its capacity as receiver (in such capacity, the "**Receiver**") appointed, without security, over all of the assets, undertakings and properties (together, the "**Property**") of Cutting Edge Precision Services ULC ("**CEPS**"), Proper Windsor Holdings ULC ("**PWH**") and SGM Real Estate Holdings ULC ("**SGM**" and, together with CEPS and PWH, the "**Companies**") by an Amended and Restated Order of the Ontario Superior Court of Justice, Commercial List (the "**Court**"), dated October 21, 2022 (the "**Amended Appointment Order**"), made pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended ("**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O 1990, c. 43, as amended. The application was commenced by The Toronto-Dominion Bank ("**TD Bank**"). A copy of the Amended Appointment Order is attached hereto as **Appendix "A"**.

2. On October 12, 2022, prior to the issuance of the Amended Appointment Order, AGI was appointed by the Court as a receiver over the Companies with restricted powers (“**Interim Appointment Order**”). A copy of the Interim Appointment Order is attached hereto as **Appendix “B”**.

3. Among other differences between the Amended Appointment Order and Interim Appointment Order, paragraph 4 of the Interim Appointment Order stated that the Receiver was not to operate the Companies’ business or take possession or control of the Companies’ Property pending further Order of the Court.

4. The Amended Appointment Order empowered and authorized, but did not obligate the Receiver to, among other things, (i) take possession and control of the Property (as defined in the Amended Appointment Order) and any and all proceeds and receipts arising therefrom; (ii) manage, operate and carry on the business or to cease operations; and (ii) market and sell any or all of the Property, subject to Court approval if any sale exceeded certain thresholds established in the Amended Appointment Order.

5. Following truncated negotiations, and with the support of the Companies primary secured creditors, the Receiver entered into the Purchase Agreement (as defined below) and is now seeking, among other things, Court approval of the Transaction (as defined below) contemplated by the Purchase Agreement, as more particularly set out below.

II. PURPOSE OF THIS REPORT

6. This constitutes the Receiver’s first report to the Court (the “**First Report**”) in this matter and it is filed to:

- a. report on the Receiver’s activities in these receivership proceedings since the issuance of the Interim Appointment Order;
- b. request an Order, *inter alia*:
 - i. approving the First Report and the actions and activities of the Receiver described herein;
 - ii. approving and authorizing the Receiver to enter into and carry out the terms of the sale transaction (the “**Transaction**”) contemplated by an Agreement of Purchase and Sale dated November 4, 2022, together with any further amendments thereto deemed necessary by the Receiver in its sole discretion (collectively, the “**Purchase Agreement**”), entered into between the Receiver, as seller, and each of Arlen Tool Co. Ltd. (“**Arlen**”) and 3305 Deziel Inc. (“**Deziel**”) and, together with “Arlen”, the “**Purchasers**”), as purchasers, and vesting in the Purchasers, the Companies’ right, title and interest in and to the following:
 - i. to Deziel, the real property municipally known as 3230 Moynahan Street, Oldcastle, Ontario and legally described as PT LT 12 CON 7 SANDWICH EAST

PT 1 & 2 12R3585; S/T R694390; TECUMSEH in PIN 75234-0119 (LT) (the “**Real Property**”); and,

- ii. to Arlen, the business assets of CEPS including its accounts receivable, inventory and work-in-process, motor vehicles, chattels, office furniture, equipment, contracts, client files and goodwill (collectively, the “**Business Assets**” and, together with the Real Property, the “**Purchased Assets**”);
- iii. approving the fees and disbursements of the Receiver and its legal counsel, Aird & Berlis LLP (“**A&B**”), as outlined herein and detailed in the supporting fee affidavits appended hereto;
- iv. approving the Interim Distributions (as defined below) to each of the Business Development Bank of Canada (“**BDC**”), TD Bank, CWB (as defined below) and the Canada Revenue Agency (“**CRA**”) as outlined below; and
- v. such further and other relief as this Honourable Court may deem just.

III. SCOPE AND TERMS OF REFERENCE

7. In preparing this First Report, the Receiver has obtained and relied upon certain unaudited financial information and records of the Companies, had ongoing discussions with Sean O’Neil and Geoff O’Brien (collectively referred to as the “**Shareholders**”) and the bookkeeper of the Companies (who, together with the Shareholders, are the “**Management**”). In addition, the Receiver has had ongoing discussions with representatives of both BDC and TD Bank and their respective legal counsel and relied on certain loan information provided by them.

8. While the Receiver has reviewed the various documents provided, such review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles (“**GAAP**”) or International Financial Reporting Standards (“**IFRS**”). Accordingly, the Receiver expresses no opinion or other form of assurance pursuant to GAAP or IFRS or otherwise with respect to such information except as expressly stated herein.

9. This First Report has been prepared for the purposes described above. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose.

10. Unless otherwise noted, all monetary amounts referenced herein are expressed in Canadian dollars.

11. This First Report, and all other court materials and orders issued and filed in these receivership proceedings are available on the Receiver’s website at: <https://www.albertgelman.com/corporate-solutions/other-engagements/> (the “**Case Website**”) and will remain available on the website for a period of six (6) months following the Receiver’s discharge.

IV. BACKGROUND INFORMATION

12. CEPS is a British Columbia unlimited liability company which operates from the Real Property, which it leases from SGM, and carries on business as a manufacturer of tooling moulds and dies as well as providing sub-contract machining services. It is a wholly-owned subsidiary of PWH.
13. PWH is a British Columbia unlimited liability company with its registered office in Vancouver, British Columbia. It is a holding company whose only material asset is its 100% ownership interest in CEPS.
14. SGM is a British Columbia unlimited liability company with its registered office in Vancouver, British Columbia. SGM is a holding company that is the registered owner of the Real Property.
15. The Companies are indirect subsidiaries of Proper Group International, LLC ("**Proper Group**"). Proper Group and its US subsidiaries (collectively referred to as the "**Proper Group of Companies**") carry on business as a manufacturer of injection moulds, primarily in the United States, and as a manufacturer of premium injection moulded parts. The Proper Group of Companies are headquartered in Warren, Michigan.
16. Substantially all of CEPS' manufacturing of tooling moulds is in respect of purchase orders received from the Proper Group of Companies. Of CEPS total revenues of \$24.9 million in 2021, \$17.4 million were generated from the Proper Group of Companies.
17. The Proper Group of Companies have been in a "work-out" position with their US lenders since 2017 and are in default of a number lending covenants. Riveron Consulting LLC ("**Riveron**"), a US consulting firm that specializes in restructuring, turnaround and divestitures, was retained as a monitor of the Proper Group of Companies for the US lenders. Riveron has also been engaged since February 2022 to assist with marketing for sale the Proper Group of Companies for the purpose of repaying the US lenders (the "**Proper Sales Process**"), which included the interest in the Companies.
18. Based on the books and records of CEPS, it is owed approximately \$5.7 million on account of receivables from the Proper Group of Companies. Eighty percent of this amount is aged 120 days or more. CEPS has stopped substantially all work for the Proper Group of Companies due to the significant unpaid arrears.
19. Prior to the Amended Appointment Order, the Proper Group of Companies were making limited payments to CEPS in amounts only sufficient to fund CEPS' payroll, loan payments and critical overhead expenses. This has resulted in CEPS being unable to pay its trade suppliers, all of which are substantially overdue. Riveron has advised the Receiver that it is only approving payment by the Proper Group of Companies amounts it considers critical to their continuing operations during the Proper Sales Process. The Proper Group of Companies have not paid any amount towards the \$5.7 million it owes CEPS since the date of the Amended Appointment Order.
20. The Shareholders are of the opinion that the overdue amounts owing by the Proper Group of Companies is the single greatest cause of CEPS' liquidity constraints and ultimate insolvency.

21. CEPS currently employs approximately 50 full-time employees. None of the employees are unionized. CEPS placed 20 employees on temporary layoff just prior to the issuance of the Interim Appointment Order.

22. Set out below is a chart of salient financial information from CEPS annual financial statements for the years 2019 through 2021:

	Year ended December 31		
	2021	2020	2019
Machining and Tooling Sales	\$ 24,911,016	16,438,420	12,836,609
Gross Profit	\$ 2,785,624	1,142,262	1,236,390
Government grants - CEWS	\$ -	933,536	-
Income/(Loss) before Income Taxes	\$ 692,117	162,453	(170,618)

23. As indicated above, CEPS earned a profit in 2020 and 2021. It should be noted, however, that the profit of \$162,453 for 2020 includes income from government grants received in relation to the Covid-19 pandemic of \$933,536. Accordingly, it would have incurred a loss in that year without those grants.

24. TD Bank moved to appoint the Receiver, on consent of the Companies, following the termination of the forbearance arrangement with TD Bank.

25. Further details about the Companies and the events leading up to the appointment of the Receiver can be found in the Affidavit of Kathryn Furfaro sworn October 7, 2022, which was filed in support of TD Bank's application.

V. ACTIONS AND ACTIVITIES OF THE RECEIVER

Interim Appointment Order

26. As noted above, on October 12, 2022, AGI was appointed by the Court, on a limited basis, as a Receiver over the Companies with restricted powers pursuant to the Interim Appointment Order. Upon its appointment the Receiver undertook, *inter alia*, the actions and activities set out below:

- a. representatives of the Receiver attended the Real Property on October 13, 2022 to meet with Sean O'Neil (one of the two Shareholders and a key member of Management) to, among other things, discuss the Receiver's appointment, review the assets and ongoing business operations of CEPS and to tour the Real Property;
- b. reviewed and assessed the accounts receivable due from both arm's length and non-arm's length companies, including amounts due from the Proper Group of Companies;

- c. discussed with Management the work-in-progress and status of any scheduled sales and purchase orders;
- d. reviewed and assessed the accounts payable, historical financial statements and other financial information;
- e. reviewed, assessed and discussed with Management it's 12-week cash flow forecast;
- f. conducted an analysis of the security positions of both TD Bank and BDC;
- g. held discussions with the Shareholders regarding any known potential purchasers of the Companies.
- h. began populating a virtual data-room with financial documents and records;
- i. commenced preparation of an interim report to Court in anticipation of the Court hearing scheduled for October 21, 2022;
- j. set up procedures with Management for monitoring the business operations, including daily cash receipts and disbursements of CEPS;
- k. retained Asset Services Inc. to conduct an appraisal, on both a forced liquidation value ("**FLV**") basis and fair market value basis, each of the vehicles and machinery and equipment of CEPS (the "**Equipment Appraisal**")¹;
- l. retained S. Derochie & Associates Inc. to provide a "forced sale" value appraisal of the Real Property (the "**Real Property Appraisal**") together with the Equipment Appraisal, the "**Appraisals**")²;
- m. in accordance with paragraph 20 of the Interim Appointment Order, the Receiver established the Case Website which it maintains and populates with the required documents with respect to these receivership proceedings; and

¹ A copy of the Equipment Appraisal can be provided to the Court upon request.

² A copy of the Real Property Appraisal can be provided to the Court upon request.

n. retained A&B to act as its independent legal counsel.

27. For reasons discussed later, the Receiver was preparing for a wind down and liquidation of the Companies' assets, once appointed over the Property.

Expression of Interest

28. On October 19, 2022, the Receiver was introduced by Management to, and began communicating with, representatives of the Purchasers regarding their potential interest in acquiring the business and assets of CEPS and SMG, as a going concern.

29. The Purchasers indicated to the Receiver that they were motivated to close quickly and were generally familiar with CEPS business and operations. The Purchasers also indicated that they would be interested in offering employment to most, if not all, the employees of CEPS.

30. The Purchasers also indicated that they would be prepared to pay \$8.6 million for the Real Property and assets and business of CEPS, which, based upon the Appraisals and the Receiver's analysis of the accounts receivable and other assets, represented a good purchase price for the subject assets. More importantly, a going concern business would preserve jobs, provide for ongoing supplier relationships, ensure completion of customer contracts and generate a higher recovery for the Companies' stakeholders than a forced liquidation.

31. On October 27, 2022, the Receiver and the Purchasers executed a non-binding letter of intent (the "LOI") following approximately one week of negotiations. Attached hereto as **Appendix "C"** is a copy of the LOI.

32. On November 4, 2022, with the support of TD Bank and BDC, the Receiver and the Purchasers executed the Purchase Agreement following extensive discussions and negotiations between the Receiver and the Purchasers and their respective legal counsel. A summary of the key terms of the Transaction are set out below.

Amended Appointment Order

33. Upon its appointment as Receiver pursuant to the Amended Appointment Order, the Receiver undertook, *inter alia*, the actions and activities set out below:

Possession and Ongoing Operations

- a. the Receiver attended the Real Property and immediately took possession of the assets of the Companies on October 24, 2022;
- b. the Receiver permitted the business operations of CEPS to continue in the ordinary course under the Receiver's supervision and control;

- c. the Receiver met with Management and certain key and other employees to advise them of the Amended Appointment Order and of the intention of the Receiver to continue operations while the Receiver advanced discussions with the Purchasers in hopes of completing a sale transaction in the short term;
- d. the Receiver approved for Sean O'Neil to also advise all employees of the receivership and the intention to continue operations and to also hold further meetings with all employees to keep them informed of the status and progress of the receivership;
- e. the Receiver arranged for an advance in the amount of \$200,000 from TD Bank pursuant to the Receiver's Borrowing Charge;
- f. the Receiver developed and communicated its supervision and control procedures to Management;
- g. the Receiver retained a locksmith to change all the exterior locks to the Real Property;
- h. based on consultation with Management, the Receiver provided eight employees with keys to the Real Property to facilitate the operations and daily opening and closing of the Real Property;
- i. the Receiver paid, in the ordinary course, ongoing payroll other post-appointment operating and administrative expenses;
- j. the Receiver arranged for ongoing utility services;
- k. the Receiver changed the signing authority for the TD Bank accounts to representatives of the Receiver;

Insurance

- l. the Receiver reviewed the existing insurance coverage for adequacy and confirmed renewal of the insurance, which was otherwise scheduled to expire on October 31, 2022;

Other Actions of the Receiver

- m. based on the books and records of the Companies, the Receiver prepared and issued the prescribed notices (together, the “**Receiver’s Notices**”) pursuant to Section 245(1) and 246(1) of the BIA on or about October 31, 2022. Copies of the Receiver’s Notices are attached hereto as **Appendices “D”, “E” and “F”**, respectively;
- n. the Receiver communicated with Export Development Canada (“**EDC**”) to confirm coverage under the export receivables policy;
- o. the Receiver contacted the CRA to confirm the amounts owing by the Companies to the CRA. Further details about the Companies’ indebtedness to the CRA is discussed below.
- p. the Receiver obtained the necessary information from Management to be able to administer the Wage Earner Protection Program in the event that some or all of the employees of CEPS are permanently terminated;
- q. the Receiver provided regular updates to TD Bank and BDC with respect to the administration of the receivership and its discussions with the Purchasers; and
- r. the Receiver responded to the enquiries from various stakeholders.

VI. ASSETS AND LIABILITIES

Assets

CEPS

34. The material assets of CEPS include its accounts receivable, work-in-process (“**WIP**”) inventory, shop supplies, tools, machinery, equipment and vehicles. The Receiver estimates that in the event of an immediate shut down and forced liquidation it will realize approximately \$3.5 million, before the costs of realization. The Receiver’s calculation is set out below:

Cutting Edge Precision Services ULC	Book	Estimated
Estimated FLV of Assets (before realization costs)	Value	FLV
	(rounded)	
Accounts receivable - Canada	350,000	262,500
Accounts receivable - US (in CDN \$)		
Proper Group of Companies (non-arm's length)	5,600,000 *	NIL
US Receivables (arm's length)	3,200,000 *	875,000
Accounts receivable - Proper Windsor Holdings ULC	1,000,000	NIL
Unbilled work-in-process inventory	550,000	NIL
Machinery, Tools, Supplies and Vehicles	3,200,000	2,419,700
Total Estimated FLV		<u>\$ 3,557,200</u>
* Converted to CDN using exchange rate of 1.35.		

35. The Receiver's comments with respect to its estimate of the FLV of CEPS assets are as follows:

a. Canadian Accounts Receivable

- i. These receivables are substantially under 60 days and are mostly for sub-contract machining services; and
- ii. The Receiver has estimated that seventy-five (75%) percent of these receivables will be collected in a forced liquidation scenario.

b. US Non-Arm's Length Accounts Receivable – Proper Group of Companies

- i. As set out earlier in this First Report, the Proper Group of Companies have been in a "work-out" program with their US based lenders since 2017 and are currently being marketed for sale for the purpose of repaying their lenders;
- ii. The Shareholders advise that the collectability of these receivables is highly doubtful and point out that their non-payment is the single greatest cause of the insolvency of CEPS, and their inability to fund working capital requirements;
- iii. These receivables are not eligible for EDC insurance coverage since they are non-arm's length; and
- iv. For the purpose of this First Report, the Receiver has assumed that these receivables will not realize any amount in the event of a forced liquidation.

c. US Accounts Receivable – Arm's Length Customers

- i. Approximately \$2,700,000 of these receivables are from customers who also have contracts in progress with CEPS that will not be completed in the event of a forced liquidation. The Receiver has estimated these receivables will not realize any amount in a forced liquidation scenario due to offsetting claims for damages resulting from the incomplete contracts.
 - ii. The Receiver has collected approximately \$625,000 as at the date of this First Report, which is included in the Receiver's estimated FLV.
 - iii. The balance of the accounts receivable total approximately \$500,000 and are due from customers who do not have any contracts in process. The Receiver has estimated that these accounts will realize approximately fifty (50%) percent of book value or approximately \$250,000.
- d. Related Party Accounts Receivable - Proper Windsor Holdings
 - i. PWH is the parent of CEPS and is subject to these receivership proceedings. PWH's only material asset is its investment in CEPS and, accordingly, this receivable is estimated to have no realizable value.
- e. Unbilled Work-in-Process Inventories
 - i. The book value of the unbilled work in process is based upon a schedule provided by Management setting out the unbilled direct costs incurred for labour and materials on a contract by contract basis. The Receiver has estimated that no amount will be realizable from the WIP inventory in the event of a forced liquidation since the contracts will not be completed.
- f. Machinery, Tools, Supplies and Vehicles
 - i. The Receiver's estimated FLV is based upon the Equipment Appraisal received from Asset Services Inc.

SGM

36. Based upon the Receiver's review of SGM's books and records, its only material asset is the Real Property and the rent payments it receives from CEPS. CEPS operates from the Real Property in accordance with a commercial property lease agreement between SGM and CEPS.

37. As mentioned above, the Receiver obtained the Real Property Appraisal which indicates that the current FLV for the Real Property is around \$3.5 million. The Receiver understands that there is currently demand for properties of this nature and, accordingly, the aforementioned valuation is reasonable.

PWH

38. Based upon the Receiver’s review of PWH’s books and records, its only asset is its investment in CEPS, a company which is subject to these receivership proceedings.

Secured Liabilities

CEPS

39. Pursuant to a search under the *Personal Property Security Act* (Ontario) and *Personal Property Security Act* (British Columbia) (together, the “**CEPS PPSAs**”) conducted by the Receiver on October 17, 2022, the following creditors have registered financing statements against CEPS:

Ontario

Registration Date	Creditor	Collateral Classification
January 28, 2015	The Toronto-Dominion Bank	Inventory, Equipment, Accounts, Other, Motor Vehicle
January 28, 2015	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
January 28, 2015	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
January 28, 2015	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
July 28, 2015	The Toronto-Dominion Bank	Equipment, Other
July 6, 2016	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
February 6, 2020	TD Equipment Finance Canada Inc.	Equipment
November 18, 2020	CWB National Leasing Inc.	Equipment
May 25, 2021	North American Lighting, Inc.	Equipment, Accounts, Other
January 24, 2022	Meridian Onecap Credit Corp	Equipment, Other

British Columbia

Registration Date	Creditor	Collateral Classification
February 2, 2015	Business Development Bank of Canada	All of the present and after-acquired personal property of the debtor.
July 7, 2016	Business Development Bank of Canada	All of the present and after-acquired personal property of the debtor.
December 20, 2021	The Toronto-Dominion Bank	All of the present and after-acquired personal property of the debtor.

40. Copies of the CEPS PPSAs searches are attached hereto as **Appendices “G”** and **“H”**, respectively.

41. The Companies have no operations and connection to British Columbia other than being the jurisdiction of formation for each.

The Toronto-Dominion Bank

42. TD Bank is CEPS senior secured creditor and has provided CEPS with a revolving line of credit, term loans on specific pieces of equipment and various credit card facilities. The Receiver has been advised by TD Bank that the amounts owing to TD Bank as of November 10, 2022 were \$3,841,406.42 and US\$248,056.72 plus accruing interest for a total of \$4,176,282.99CDN (the “**TD Bank Debt**”). This amount includes legal fees of \$41,281.77. CEPS provided a general security agreement in favour of TD Bank as

security for the TD Bank Debt. Both SGM and PWH guaranteed the TD Bank Debt and, as security for the guarantee, provided general security agreements in favour of TD Bank. SGM also granted a charge/mortgage in favour of TD Bank, registered on title to the Real Property in the principal amount of \$2,500,000 on September 1, 2022 under Instrument Number CE1099384. This charge/mortgage is subordinate to BDC's Secured Mortgage (as defined below).

43. The Receiver engaged its independent legal counsel, A&B, to provide an independent legal opinion in respect of the validity and enforceability of TD Bank's security in respect of the Companies (the "**TD Security Opinion**"). Subject to the standard assumptions and qualifications contained in the opinion, A&B is of the opinion that TD Bank's security is valid and enforceable in accordance with its terms as against (i) the personal property of the Companies in Ontario and (ii) the Real Property.³

Business Development Bank of Canada

44. BDC provided CEPS with several term facilities. The Receiver has been advised by counsel for BDC that the amount owing to BDC as of November 14, 2022 was \$1,327,104.61 plus accruing interest (the "**CEPS BDC Debt**"). The CEPS BDC Debt is secured by a general security agreement in favour of BDC. SGM guaranteed certain loans in connection with the CEPS BDC Debt, which guarantees are secured by a general security agreement in favour of BDC. SGM also granted a charge/mortgage in favour of BDC, registered on title to the Real Property in the principal amount of \$2,500,000 on September 28, 2020 under Instrument Number CE965703 ("**BDC's Secured Mortgage**"). BDC's Secured Mortgage is registered first on the Real Property.

45. As noted above, the Receiver engaged A&B to provide an independent legal opinion in respect of the validity and enforceability of BDC's security in respect of the Companies (the "**BDC Security Opinion**"). Subject to the standard assumptions and qualifications contained in the opinion, A&B is of the opinion that BDC's security is valid and enforceable in accordance with its terms as against (i) the personal property of the Companies in Ontario and (ii) the Real Property.⁴

46. TD Bank and BDC are also parties to a priority agreement dated January 30, 2015 (the "**Priority Agreement**") pursuant to which BDC has subordinated its security interest over CEPS inventory, accounts receivable and certain PMSI equipment. TD Bank has subordinated its security in favour of BDC over all of CEPS other personal property.

Other Secured Creditors

47. As set out in the chart above, there are a few other secured creditors, other than TD Bank and BDC, who have registered financing statements.

³ A copy of the TD Security Opinion in respect of TD Bank's security is available to the Court upon request.

⁴ A copy of the BDC Security Opinion in respect of BDC's security is available to the Court upon request.

48. CWB National Leasing Inc. (“**CWB**”) has provided CEPS with a capital lease in respect of a piece of equipment which CEPS uses in its ongoing operations (the “**CWB Equipment**”). The Receiver understands, based on A&B’s review, that CWB has a properly perfected purchase-money security interest in respect of the CWB Equipment. CWB have advised that the buy-out amount is US\$182,994.82, including HST, as of November 10, 2022. The Equipment Appraisal estimated a range of values of \$200,000 to \$240,000CDN with respect to the CWB Equipment.

49. The CWB Equipment will be included in the Business Assets. Accordingly, as part of the Transaction the Receiver will payout the balance owing to CWB and the CWB Equipment will be vested to the Purchasers.

50. North American Lighting, Inc. (“**NAL**”) is a customer of the Proper Group of Companies. CEPS machined tools and moulds for NAL on behalf of the Proper Group of Companies. Management has advised the Receiver that NAL registered under the PPSA to ensure that it would have security over any tools or moulds being manufactured for them on behalf of the Proper Group of Companies. CEPS is not currently producing any tools or moulds for NAL and accordingly no amount is owing under NAL’s security.

51. Meridian Onecap Credit Corp. (“**Meridian**”) financed CEPS acquisition of its product design and manufacturing software (the “**Software**”). The Receiver understands the balance owing by CEPS to Meridian under its financing contract is approximately \$90,000. The Software is an excluded asset under the Purchase Agreement and, therefore, the Receiver will be returning the Software equipment to Meridian upon the completion of the Transaction.

SGM

52. Pursuant to a search under the *Personal Property Security Act* (Ontario) and *Personal Property Security Act* (British Columbia) (together, the “**SGM PPSAs**”) conducted by the Receiver on October 17, 2022, the following creditors have registered financing statements against CEPS:

Ontario

Registration Date	Creditor	Collateral Classification
July 6, 2016	Business Development Bank of Canada	Accounts, Other
July 6, 2016	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
November 3, 2016	The Toronto-Dominion Bank	Inventory, Equipment, Accounts, Other, Motor Vehicle
July 19, 2022	The Toronto-Dominion Bank	Accounts, Other

British Columbia

Registration Date	Creditor	Collateral Classification
July 7, 2016	The Toronto-Dominion Bank	All of the present and after-acquired personal property of the debtor.
December 20, 2021	Business Development Bank of Canada	All of the present and after-acquired personal property of the debtor.

53. Copies of the SGM PPSAs searches are attached hereto as **Appendices “I”** and **“J”**, respectively.

The Toronto-Dominion Bank

54. As noted above, SGM guaranteed the TD Bank Debt of CEPS and, as security for the guarantee, provided a general security agreement in favour of TD Bank as well as a mortgage in the amount of \$2,500,000 on the Real Property. The PPSA registrations were made in connection with TD Bank's security interest.

Business Development Bank of Canada

55. BDC provided SGM with several term facilities. The Receiver has been advised by counsel for BDC that the amount owing to BDC as of November 14, 2022 was \$1,747,570.75 plus accruing interest (the "**SGM BDC Debt**"). The SGM BDC Debt is secured by a general security agreement in favour of BDC. Both CEPS and PWH guaranteed certain loans in connection with the SGM BDC Debt, which guarantees are secured by general security agreements in favour of BDC. As noted above, SGM also granted BDC's Secured Mortgage which constitutes a first ranking charge on the Real Property.

PWH

56. Pursuant to a search under the *Personal Property Security Act* (Ontario) and *Personal Property Security Act* (British Columbia) (together, the "**PWH PPSAs**") conducted by the Receiver on October 17, 2022, the following creditors have registered financing statements against CEPS:

Ontario

Registration Date	Creditor	Collateral Classification
January 28, 2015	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
January 28, 2015	Business Development Bank of Canada	Accounts, Other
January 28, 2015	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
January 28, 2015	Business Development Bank of Canada	Inventory, Equipment, Accounts, Other, Motor Vehicle
January 28, 2015	The Toronto-Dominion Bank	Inventory, Equipment, Accounts, Other, Motor Vehicle

British Columbia

Registration Date	Creditor	Collateral Classification
December 30, 2021	The Toronto-Dominion Bank	All of the present and after-acquired personal property of the debtor.
January 30, 2015	Business Development Bank of Canada	All of the present and after-acquired personal property of the debtor.

57. Copies of the PWH PPSAs searches are attached hereto as **Appendices "K"** and **"L"**, respectively.

The Toronto-Dominion Bank

58. As noted above, PWH guaranteed the TD Bank Debt of CEPS and, as security for the guarantee, provided a general security agreement in favour of TD Bank. Accordingly, TD Bank perfected its security interest by registering under the PPSAs.

Business Development Bank of Canada

59. As noted above, PWH guaranteed certain loans in connection with the SGM BDC Debt, which guarantee is secured by a general security agreement in favour of BDC. Accordingly, BDC perfected its security interest by registering under the PPSAs.

Canada Revenue Agency

CEPS

60. CEPS is indebted to the CRA in the amount of \$125,803.15 as of November 3, 2022 in respect of unpaid corporate income tax. This debt is unsecured.

SGM

61. SGM is indebted to the CRA in the amount of \$56,900.77 as of November 3, 2022 in respect of Harmonized Sales Tax (“HST”), of which \$54,558.57 represents a deemed trust that ranks in priority to the claims, secured or otherwise, of all creditors.

PWH

62. It is the Receiver’s understanding that PWH is not indebted to the CRA.

Unsecured Liabilities

63. CEPS unsecured creditors are owed approximately \$5.3 million. Management has advised the Receiver that CEPS has not been making payments towards its outstanding accounts payable due to the lack of available cash flow from operations and the non-collection of the large accounts receivable owing by the Proper Group of Companies.

64. The Receiver is not aware of any material unsecured creditors for SGM or PWH.

VII. ESTIMATED SECURITY DEFICIENCY OF SECURED CREDITORS IN A FORCED LIQUIDATION

CEPS

65. Set out below is the Receiver’s estimate of the security deficiency of the secured creditors against the assets of CEPS, calculated on the assumption of an immediate shut down of the business and forced liquidation:

Estimated Security Deficiency of Secured Creditors	
Total Estimated FLV of Assets (see schedule above)	\$ 3,557,200
Less: Deemed Trusts and Secured Claims	
Deemed Trust - Employee Wages (BIA s. 81.4)	(140,000) *
TD Bank indebtedness	(4,176,283)
BDC Indebtedness	(1,327,105)
CWB National Leasing indebtedness	(247,043) **
CRA Deemed Trust	nil
Estimated Security Deficiency of Secured Creditors	\$ (2,333,231)
* Estimated Deemed Trust amount based on assumption of 70 terminated employees at \$2,000 per employee.	
** Converted to CDN using exchange rate of 1.35.	

SGM

66. Set out below is the Receiver's estimate of the security deficiency of the secured creditors as against the Real Property owned by SGM, calculated based on the 'forced sales value' set out in the Real Property Appraisal:

SGM Real Estate Holdings ULC Estimated Security Deficiency of Secured Creditors	
Appraised value of Premises	\$ 3,500,000
Less: Disposition costs (estimated at 6% of FLV)	(210,000)
Estimated net FLV	<u>3,290,000</u>
Less: Deemed Trusts and Secured Claims	
Realty Tax Arrears	(10,943)
BDC Indebtedness	(1,747,571)
Estimated Security Deficiency - CEPS (see schedule above)	(2,333,231)
CRA Deemed Trust - HST	(54,559)
Estimated Security Deficiency of Secured Creditors	\$ (856,303)

PWH

67. As set out above, both TD Bank and BDC have valid and enforceable security over the assets of PWH. The only material asset of PWH is its ownership interest in CEPS. Therefore, PWH has no realizable assets.

VIII. CASH FLOW FORECAST

68. Prior to the issuance of the Amended Appointment Order, Management prepared, at the Receiver's request, a cash flow forecast on a weekly basis for a period of 12 weeks (the "**Cash Flow Forecast**"), a copy of which has been reformatted by the Receiver and is attached hereto as **Appendix "M"**. The purpose of the Cash Flow Forecast was to assist the Receiver in determining if it might continue the operations of CEPS.

69. The Receiver has the following comments and observations in relation to the Cash Flow Forecast:

- a. Accounts receivable collections are forecast at approximately \$1.9 million over the 12-week period from pre-receivership receivables. The Receiver cautions that it is unlikely Management's forecast would be achieved because customers were likely to suspend payments as they became aware of the receivership.
- b. Post-receivership invoicing is forecast to be immaterial. No collections were anticipated from any post-receivership invoicing during the Cash Flow Forecast period.
- c. Expenses are forecast at approximately \$1.2 million over the 12-week period or roughly \$100,000 per week, the majority of which is payroll and related benefits. As the post receivership invoicing is forecast to be immaterial, the security position of TD Bank over the accounts receivable is forecast to decrease by approximately \$1.2 million over the 12-week forecast period.
- d. The cash balance at the end of the 12-week period was forecasted to increase to \$523,666. The Receiver cautions that it was unlikely Management's forecasted cash balance would be achieved for the reasons already indicated.

70. Accordingly, and particularly with consideration to the forecast decrease in the security position of TD Bank, the Receiver was preparing for a wind down and liquidation of the Companies' assets prior to entering into negotiations with the Purchasers.

IX. FORCED LIQUIDATION VS. SALE AS GOING CONCERN CONSIDERATIONS

71. Prior to the date of the Amended Appointment Order, the Receiver considered whether, upon the issuance of the Amended Appointment Order, it would shut down the business operations of CEPS or whether it would continue operations to preserve any potential goodwill value.

72. In consultation with TD Bank and BDC, the Receiver decided to continue to operate the business of CEPS in the ordinary course subsequent to the date of the Amended Appointment Order on a week-to-week basis. Its reasons for doing so are set out below:

- a. As mentioned above, the Receiver was in the process of negotiating and finalizing a sale transaction with the Purchasers who, in the Receiver's opinion, were proceeding with their negotiations and due diligence in good faith. The Purchasers advised that their interest was conditional on the business remaining operational and completing the execution of a purchase

agreement forthwith. The Purchasers were also familiar with Management and CEPS operations. Accordingly, the Receiver was confident that negotiations would be completed in a short period of time;

- b. As a term of the LOI, the Purchasers were required to pay to the Receiver, in advance, a reimbursement deposit in the amount of \$110,000, representing one week of operating costs, to provide the Purchasers with a week to complete their due diligence. The Receiver was entitled to keep this reimbursement deposit in the event the Receiver and Purchasers did not execute a purchase agreement;
- c. The Purchasers advised the Receiver that they required the operations to continue as a condition to the Purchase Agreement;
- d. The purchase price being negotiated with the Purchasers was substantially higher than the FLV for the Property;
- e. TD Bank agreed to provide \$200,000 of funding under the Receiver's Borrowing Charge so that the Receiver could continue the operations of CEPS while it advanced negotiations with the Purchasers to formalize the Transaction; and
- f. BDC was supportive of the Receiver advancing discussions with the Purchasers as the anticipated purchase price would result in the payment in full of the BDC Debt.

73. Had it not been for the matters set out above, the Receiver would have shut down the operations of CEPS immediately upon its appointment under the Amended Appointment Order and proceeded with a forced liquidation.

X. PRE-APPOINTMENT SALES PROCESS:

74. The Receiver has been advised by the Shareholders that prior to the Interim Appointment Order, the Proper Group of Companies, including CEPS had been marketed for sale with the assistance of Riveron since February 2022. The Shareholders had advised the Receiver that seven offers were presented to the management of the Proper Group of Companies and the US lenders. These offers ranged from the entire Proper Group of Companies, including CEPS, to only one of the US manufacturing plants. No offers were received for CEPS on a standalone basis. A letter of intent was signed with one prospect in July 2022 that included CEPS. In September 2022, this prospect confirmed that they were no longer interested in the entire Proper Group of Companies and instead interested in only one US manufacturing plant.

75. Following this, the Shareholders began marketing CEPS on a standalone basis. The Shareholders advised that discussions were held with seven prospects, including the Purchasers. All prospects signed non-disclosure agreements, inspected the assets and the Real Property, and were provided access to a virtual data room which contained operational and financial information.

76. The Shareholders advised the Receiver that only two of these prospects expressed continuing interest in CEPS, one being the Purchasers and the other being a US based prospect.

77. The Receiver held a telephone call with the US based prospect on October 19, 2022. The Receiver requested that they provide a letter of intent forthwith since the Receiver would be making a decision to carry on or terminate the business operations within the next few days. This prospect did not communicate any further interest with the Receiver.

78. In the Receiver's opinion, the option to continue the business in the ordinary course and run an open-ended sales process, which would likely last for between 45 and 60 days, was not feasible with consideration to the earlier discussion of the Cash Flow Forecast.

XI. PROPOSED SALE TRANSACTION

Terms of the Purchase Agreement

79. The salient terms of the Purchase Agreement are set out below:

- a. The purchase price is \$8.6 million and will be paid in cash on closing;
- b. The Purchasers have provided the Receiver with a cash deposit of \$1.3 million;
- c. Purchased Assets (as defined in the Purchase Agreement) include, among other things, CEPS accounts receivable, WIP inventory, shop tools, vehicles, machinery and equipment as well as the Real Property;
- d. The purchase price will be adjusted downward dollar-for-dollar for any accounts receivable collected by either CEPS or the Receiver from October 16, 2022 to the closing of the Transaction;
- e. The purchase price will be adjusted upward dollar-for-dollar for any invoices issued by CEPS from October 16, 2022 to the closing of the Transaction;
- f. The Purchasers are purchasing the Purchased Assets on an "as is, where is" basis and the Receiver is providing no representations or warranties in respect of these assets, as is typical for transactions of this nature; and
- g. The Purchase Agreement is conditional only upon this Court approving the Transaction and vesting in the Purchasers each of CEPS and SGM's right, title and interest in and to the applicable Purchased Assets free and clear of any and all encumbrances on or prior to November 25, 2022.

80. A copy of the Purchase Agreement is attached hereto as **Appendix "N"**.

Court Approval

81. In accordance with paragraph 4(k) of the Amended Appointment Order, the Receiver is not permitted to sell any of the Property if the aggregate consideration exceeds \$500,000. Accordingly, the Receiver requires Court approval to complete the Transaction.

82. The Receiver believes that the Transaction contemplated by the Purchase Agreement is fair and reasonable for the following reasons:

- a. The quantum of the purchase price is significantly higher than the FLV of the Property as a whole;
- b. The Purchased Assets had been actively marketed through the Proper Sales Process which did not yield any material interest from prospective purchasers in the Companies. The Receiver does not believe that a further marketing process would result in a transaction more beneficial to the stakeholders than the one contemplated by the Purchase Agreement;
- c. In the event of a shut down and forced liquidation, significant disposition costs, including selling commission, would be incurred further decreasing the realizable value of the Property. There are no selling costs or expenses reducing the purchase price set out in the Purchase Agreement;
- d. The Purchasers have provided a non-refundable deposit to the Receiver in the amount of approximately 15% of the purchase price;
- e. The Purchase Agreement is conditional only upon the Court's approval of the Transaction and vesting in the Purchasers the Purchased Assets free and clear of any and all encumbrances;
- f. The Purchasers intend to complete the existing work-in-process thereby mitigating potential damages to customers;
- g. The Purchasers intend to continue to employ the majority of CEPS existing employees. In a shut down and forced liquidation scenario, these employees would be terminated;
- h. The Purchase Agreement contemplates that the Purchasers shall purchase the Purchased Assets on an "as is, where is" basis and that the Receiver is providing no representations or warranties in respect of the Purchased Assets;
- i. Subject to obtaining Court approval, the Receiver anticipates closing the Transaction forthwith after Court approval, which reduces the inherent risks associated with remaining in possession and control of the Property; and
- j. The sale proceeds generated from the Transaction will likely result in a full payout of the secured claims of BDC, since its security ranks in priority to TD Bank over the Real Property. It is not possible at this time to determine if TD Bank is likely to be paid in full, largely due to the

uncertainty as to the final operating costs and other matters to be determined following closing of the Transaction.

83. For the reasons stated above, the Receiver believes that the Transaction, as contemplated in the Purchase Agreement, is fair and reasonable and represents the highest and best realization for the Purchased Assets in the circumstances.

84. The Receiver has discussed the terms of the Transaction with the Companies largest secured creditors, TD Bank and BDC, and has been advised by both that they support the Receiver's recommendation with respect to completing the Transaction.

85. Accordingly, the Receiver recommends that this Court approve the Transaction as contemplated by the Purchase Agreement, authorize completion of the Transaction, and grant an Order vesting title of the Purchased Assets in and to the Purchasers.

XII. FUNDING OF THE RECEIVERSHIP

86. In accordance with paragraph 22 of the Amended Appointment Order, the Receiver is at liberty and empowered to borrow by way of revolving credit facilities or otherwise such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal does not exceed \$500,000. Any such borrowings are to be secured by way of the Receiver's Borrowings Charge (as defined in the Amended Appointment Order). The Receiver's Borrowings Charge ranks ahead of all other interests in favour of any other Person other than the BDC Security and the Receiver's Borrowings Charge.

87. To date, the Receiver has borrowed \$200,000 from TD Bank under a Receiver's Certificate (as defined in the Amended Appointment Order) to fund certain costs and expenses of the receivership administration. Attached hereto as **Appendix "O"** is a copy of the Receiver's Certificate issued to TD Bank dated October 21, 2022.

XIII. RECEIVER'S AND ITS COUNSEL'S ACCOUNTS

88. Pursuant to paragraph 19 of the Amended Appointment Order, any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of the Receiver's legal counsel, A&B, constitute part of the "Receiver's Charge". The fees and disbursements of the Receiver for the period to November 9, 2022 are detailed in the affidavit of Joe Albert, a copy of which is attached as **Appendix "P"**. The fees and disbursements of A&B for the period to November 9, 2022 are detailed in the affidavit of Jonathan Yantzi, a copy of which is attached as **Appendix "Q"**.

89. The Receiver's fees encompass 375.1 hours at an average hourly rate of approximately \$389.28 for a total of \$146,017.50 and applicable taxes. The Receiver is therefore requesting that this Court approve total fees inclusive of applicable taxes in the amount of \$164,999.79.

90. A&B's fees encompass 139.6 hours at an average hourly rate of approximately \$443.79 for a total of \$61,953.00 prior to disbursements of \$693.25 and applicable taxes. The Receiver is therefore requesting that this Court approve A&B's total fees and disbursements inclusive of applicable taxes in the amount of \$70,758.35.

91. The Receiver is of the view that the hourly rates charged by A&B are consistent with the rates charged by corporate law firms practising in the area of insolvency in the Toronto market and that the fees charged are reasonable and appropriate in the circumstances.

XIV. RECEIVER'S PROPOSED DISTRIBUTION

92. The Receiver proposes the following distribution of the sale proceeds from the Transaction:

- a. Payment of the amount due on closing for any realty taxes owing on the Real Property as at the closing date;
- b. Payment of the charges due under the Amended Appointment Order as follows:
 - i. the amount of \$200,000 due under Receiver's Certificate to TD Bank plus accrued interest; and
 - ii. the unpaid fees of the Receiver and its counsel, A&B, as approved by this Court.
- c. Payment of the sums due to the CRA in priority as follows (the "**CRA Trust Payment**"):
 - i. SGM: HST deemed trust in the sum of \$54,558.57 as of November 3, 2022.
- d. Payment of the amounts due to the Companies' secured creditors as follows (collectively with the CRA Trust Payment, the "**Interim Distributions**"):
 - i. BDC in an amount up to \$1,327,104.61 on account of the CEPS BDC Debt and \$1,747,570.75 on account of the SGM BDC Debt and \$48,151.97 on account of legal fees, plus accruing interest, and which amounts may be adjusted at the Receiver's discretion on receiving updated loan amounts from BDC;
 - ii. TD Bank in an amount up to \$3,841,406.42 and US\$248,056.72 respectively, plus accruing interest, and which amounts may be adjusted at the Receiver's discretion on receiving updated loan amounts from TD Bank; and
 - iii. CWB in the amount of US\$182,994.82 plus accruing interest, and which amount may be adjusted at the Receiver's discretion on receiving updated loan amounts from CWB.

XV. RECEIVER'S CONCLUSION AND RECOMMENDATION

93. Based on the foregoing, the Receiver respectfully submits this First Report to the Court in support of the Receiver's motion for an Order:

- a. approving this First Report and the Receiver's activities as outlined herein;
- b. authorizing and directing the Receiver to complete the Transaction as contemplated by the Purchase Agreement, with such minor amendments as the Receiver may deem necessary or appropriate;
- c. vesting the Purchased Assets in the Purchasers free and clear of all encumbrances pursuant to approval and vesting orders in a form consistent with the one approved by the Commercial List User's Committee of the Ontario Superior Court of Justice, to be effective upon the Receiver filing the Receiver's Certificate attached thereto;
- d. distributing the amounts as proposed in this First Report following the closing of the Transaction; and
- e. approving the fees and disbursements of the Receiver and its counsel, A&B, as outlined herein.

All of which is respectfully submitted this 14th day of November 2022

**ALBERT GELMAN INC., solely in its
capacity as Court-Appointed Receiver
of each of the Companies, and not in
any other capacity**



Per: _____

Joe Albert, CPA, CIRP, LIT

APPENDIX F

Schedule A – Form of Receiver’s Certificate

Court File No. CV-22-00688427-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Kimmel of the Ontario Superior Court of Justice (the “**Court**”) dated October 21, 2022, Albert Gelman Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of each of Cutting Edge Precision Services ULC (“**Cutting Edge**”), Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC (collectively, the “**Debtors**”).

B. Pursuant to an Order of the Court dated November 23, 2022, the Court approved the agreement of purchase and sale as of November 4, 2022 (the “**Sale Agreement**”) between the Receiver, 3305 Deziel Inc., and Arlen Tool Co. Ltd. (the “**Purchaser**”), and provided for the vesting in the Purchaser of Cutting Edge’s right, title and interest in and to the Purchased Assets

(other than the Real Property), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchasers of the Purchase Price for the Purchased Assets; (ii) the Debtors have obtained an Order of the Court approving the balance of transactions contemplated by the Sale Agreement and vesting in 3305 Deziel Inc., SGM Real Estate Holdings ULC's right, title and interest in and to the Real Property (as defined in the Sale Agreement); (iii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iv) that the Transactions (as defined in the Sale Agreement) have been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchasers have paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers;
3. The Transactions have been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at 3:10 PM [TIME] on November 25, 2022 [DATE].

Albert Gelman Inc., in its capacity as Receiver of the undertaking, property and assets of the Debtors, and not in its personal capacity

Per: _____

Name: Joe Albert

Title: Authorized Signing Officer

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

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

Proceedings commenced at Toronto

RECEIVER'S CERTIFICATE

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Jonathan Yantzi (LSO# 77533A)

Tel: (416) 865-4733

Email: jyantzi@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

APPENDIX G

Schedule A – Form of Receiver’s Certificate

Court File No. CV-22-00688427-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N :

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Kimmel of the Ontario Superior Court of Justice (the “**Court**”) dated October 21, 2022, Albert Gelman Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC (“**SGM**” and collectively, the “**Debtors**”).

B. Pursuant to an Order of the Court dated November 23, 2022, the Court approved the agreement of purchase and sale made as of November 4, 2022 (the “**Sale Agreement**”) between the Receiver, Arlen Tool Co. Ltd. and 3305 Deziel Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser, SGM’s right, title and interest in and to the Real Property, which

vesting is to be effective with respect to the Real Property upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Real Property; (ii) the Debtors have obtained an Order of the Court approving the balance of transactions contemplated by the Sale Agreement and vesting in Arlen Tool Co. Inc., Cutting Edge Precision Services ULC's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement but excluding the Real Property); (iii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iv) the Transactions (as defined in the Sale Agreement) have been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchasers have paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers;
3. The Transactions have been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at 3:10 PM [TIME] on November 25, 2022 [DATE].

Albert Gelman Inc., in its capacity as Receiver of the undertaking, property and assets of the Debtors, and not in its personal capacity

Per: _____

Name: Soe Albert

Title: Authorized Signing Officer

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

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

Proceedings commenced at Toronto

RECEIVER'S CERTIFICATE

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Jonathan Yantzi (LSO# 77533A)

Tel: (416) 865-4733

Email: jyantzi@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

APPENDIX H

**In the Matter of the Receivership of
Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC**

Receiver's Interim Report
(Subsection 246(2) of the Act)

The Receiver reports as follows in accordance with subsection 246(2) of the Bankruptcy and Insolvency Act:

1. On November 23, 2022, the Ontario Superior Court of Justice ("**Court**") issued orders as follows:
 - a) approving the First Report and the actions and activities of the Receiver described in the First Report;
 - b) approving and authorizing the Receiver to carry out the terms of a sale transaction (the "**Transaction**") contemplated by an Agreement of Purchase and Sale dated November 4, 2022 and vesting in the purchasers, the right, title and interest in and to the following:
 - i. the real property municipally known as 3230 Moynahan Street, Oldcastle, Ontario owned by SGM Real Estate Holdings ULC; and,
 - ii. the business assets of Cutting Edge Precision Services ULC, including its accounts receivable, inventory and work-in-process, motor vehicles, chattels, office furniture, equipment, contracts, client files and goodwill;
 - c) approving the fees and disbursements of the Receiver and its legal counsel, Aird & Berlis LLP; and
 - d) approving the interim distributions to each of the Business Development Bank of Canada, Toronto Dominion Bank, CWB National Leasing Inc and the Canada Revenue Agency.
2. On April 5, 2023 the Court issued a Bankruptcy Order against Cutting Edge Precision Services ULC appointing Albert Gelman Inc. as trustee of the estate.
3. As set out above, the Receiver has realized upon all of the realizable assets of the Companies. The Receiver anticipates that it will obtain its discharge from the Court within the next six to twelve months.
4. Attached hereto as **Exhibit "A"** is the Receiver's interim statement of receipts and disbursements as of May 10, 2024.

Dated at Toronto, this 13th day of May 2024.

**Albert Gelman Inc., solely in its capacity as Receiver of
Cutting Edge Precision Services ULC and not in its personal capacity**

Per:



Joe Albert, CPA, DIFA, LIT

Exhibit "A"

**In the Matter of the Receivership of Cutting Edge Precision Services ULC ("CEPS"),
 Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 Receiver's Interim Statement of Receipts and Disbursements
 As at May 10, 2024**

Receipts

Sale of assets	\$ 8,033,417.47
Transferred from CEPS Bank Accounts	189,718.19
HST Refunds	84,460.43
Interest earned	37,121.04

Total Receipts \$ 8,344,717.13 *A*

Disbursements

Interim Distribution to Toronto Dominion Bank	\$ 3,960,000.00
Distribution to Business Development Bank	3,132,101.17
Receiver's fees	256,188.00
Repayment of Receiver's Borrowings	200,000.00
Buy out of CWB National Leasing Equipment	215,383.29
Legal fees of Aird & Berlis LLP	113,077.80
HST paid on disbursements	81,454.74
Deemed Trust Claim (HST)	54,558.57
Transfer to bankruptcy estate of CEPS	25,642.71
Utilities	16,867.14
Travel Costs	14,012.33
Accounting services	13,910.00
Appraisal fees	10,478.00
Payroll services	4,812.97
Other misc disbursements	4,240.22
Insurance	4,091.00
Wage Earner Protection Plan (super priority)	3,393.67
Operating Purchases	3,010.14
Interest on Receiver's Borrowings	1,335.89
Change of locks	910.40
Promeric License Fee	275.00
Filing Fees - Official Receiver	218.46

Total Disbursements \$ 8,115,961.50 *B*

Excess of Receipts over Disbursements \$ 228,755.63 *A - B*

**In the Matter of the Receivership of Cutting Edge Precision Services ULC,
Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
Consolidated Summary of Receiver's Operations through CEPS's Bank Accounts
For the Period October 21, 2022 to January 10, 2023**

Opening Bank Balances \$ 6,290.30

Add: Receipts

Collection of accounts receivable \$ 477,568.82
Other miscellaneous receipts 46.99
Transfer from CEPS USD account 7317640 -
Net transfers (to) / from TD Bank Line of Credit 35,000.00
Advance from Proper Group 33,653.07
Receiver's borrowings - TD Bank 200,000.00

Total Receipts \$ 746,268.88

Less: Disbursements

Telephones 2,961.38
TD line of credit interest payment 9,952.94
Net transfers to Receiver's Trust Account 185,870.30
Payments to TD Visa 14,039.97
Employee wages 468,348.95
BDC Lease payments 11,176.57
CWB National lease payment 7,222.80
Insurance 3,915.35
Employee benefits 44,598.94
Utilities (net refunds) - 894.31
Bank charges 522.20
Closing Bank Balances Transferred to Receiver's Trust Account 3,495.84
Miscellaneous disbursements 1,348.24

Total Disbursements \$ 752,559.18

Closing Balance Balances 0.00

APPENDIX I

SECURITY AGREEMENT

Preamble

This Security Agreement (this "Agreement") is made on or as of JULY 15, 2016 (the "Loan Closing Date"), by and between SGM REAL ESTATE HOLDINGS, ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO, N0R 1L0 (the Borrower's "Premises"), and CANADIAN REALTY GROUP, INC. (the "Lender"), whose address is 13870 E 11 MILE ROAD, WARREN MICHIGAN 48089.

Introduction

- A. On or as of the Loan Closing Date, Borrower is seeking to induce Lender to loan money and extend credit (the "Loan") to Borrower under and pursuant to Promissory Note in the principal amount of FORTY TWO THOUSAND ONE HUNDRED SIXTY FOUR DOLLARS AND FORTY CENTS (\$42,164.40 CAD) (the "Note"). Borrower has agreed to enter into one or more security instruments (collectively, the "Security Documents"), including, without limitation, this Agreement. The Note, this Agreement, all other Security Documents, and all other agreements, certificates and instruments executed by Borrower or any other obligor of the Indebtedness of Borrower to Lender pursuant thereto, or otherwise evidencing the Indebtedness of Borrower to Lender, are collectively referred to as the "Loan Documents".
- B. In order to induce Lender to make the Loan to Borrower, and to secure the payment and performance of the Loan, other Indebtedness and Borrower's obligations under the Loan Documents, the Borrower desires to enter into this Agreement.

Therefore, Borrower and Lender agree as follows:

1. Grant of Security Interest. Borrower hereby grants to Lender a continuing security interest in and to the Collateral in order to secure the prompt, punctual and full payment and performance of the Borrower's debts and obligations to Lender under the Note, including, without limitation, all principal, interest, and other charges owing thereunder, (collectively, the "Indebtedness"), without regard to the amount of such Indebtedness, whether such Indebtedness is now owing or later incurred.
2. Collateral. The Borrower's "Collateral" is and consists of all of the Borrower's tangible and intangible personal properties and assets, whether now owned or hereafter acquired, or in which the Borrower now has or may hereafter acquire an interest, including, without limitation, all of the following:
 - (1) all of Borrower's accounts, accounts receivable, notes receivable and other rights of Borrower in and to payments due for goods sold or services rendered;
 - (2) all present and future inventory in which Borrower has an interest, including, without limitation, goods intended for sale, lease or other disposition, or to be furnished under a contract of service, and all present and future raw materials, work in process, finished goods, goods consigned to Borrower to the extent of Borrower's interest therein as a consignee, materials and supplies which are incorporated within the foregoing, and all documents of title, records and files with respect to the foregoing;
 - (3) all of Borrower's furniture, fixtures, computers, machinery, equipment, tools, leasehold improvements, vehicles, together with all other tangible personal property;
 - (4) all cash, cash on hand, letters of credit and cash equivalents;
 - (5) all contracts and contract rights;
 - (6) all rights to any refund of any taxes assessed against or paid by Borrower;
 - (7) all rights under express or implied warranties from suppliers, manufacturers and others;
 - (8) all insurance premium refunds, unearned premiums, insurance proceeds, and rebates;
 - (9) all claims, demands, causes of action and lawsuits, rights of recovery and rights of setoff;
 - (10) all security deposits and other prepaid deposits and prepaid assets;

- (11) all goodwill and going concern value;
- (12) all rights inuring to the benefit of or otherwise enforceable by the Borrower under any covenants not to compete, confidentiality agreements or other restrictive covenants;
- (13) all trademarks and tradenames, service marks and service names, patents, copyrights, slogans, inventions, discoveries, improvements, designs, prototypes, drawings, specifications, formula, all confidential and proprietary information, trade secrets, knowhow, technology, and other intellectual property and property rights, whether or not registered, and all applications for any of the foregoing;
- (14) all business telephone numbers and lines, whether used for telephone communications or computer or facsimile transmissions;
- (15) all computer software and software codes, whether developed by or on behalf of Borrower or others to the extent of Borrower's interest therein;
- (16) all securities held by or issued to Borrower, including, without limitation, all shares of stock, warrants, options, and debentures;
- (17) all instruments, documents of title, policies and certificates of insurance, bank deposits, deposit accounts, checking accounts and cash;
- (18) all files and records, including, without limitation, all employment and personnel records and files, employment and operations manuals and handbooks, promotional and advertising materials and catalogues, business forms, corporate minute book records, stock ledgers, and tax returns and bank records; and
- (19) any and all proceeds (of sale, insurance, or otherwise), replacements, substitutions, additions, improvements, products and accessions to, for or of the foregoing.

3. Perfection of Security Interest. Borrower authorizes Lender to prepare and file now and at any time or times hereafter financing statements, continuation financing statements, assignments, certificates of title, affidavits, reports, notices, schedules of accounts, designations of inventory, letters of authority and all other documents that Lender may determine in a form satisfactory to Lender to perfect and consummate all of the transactions contemplated by this Agreement. If requested by Lender, Borrower shall promptly execute and deliver all of the same to Lender. Borrower shall pay the cost of filing or recording all of the same in all public offices deemed necessary by Lender. Borrower shall make appropriate entries on its books and records, and if requested by Lender will prominently mark the Collateral, to properly disclose Lender's security interests in the Collateral. Borrower hereby grants Lender an irrevocable power of attorney, coupled with an interest, to sign Borrower's name and otherwise execute on behalf of Borrower any financing statements or other documents reasonably required by Lender to perfect Lender's interests under this Agreement.

4. Waivers

4.1 Borrower hereby waives to the full extent permitted under applicable law: the absence of, or failure of Lender to seek or enforce, any action, lawsuit, or other proceeding, whether in law or in equity; any failure or delay in the enforcement of Note, Indebtedness or Loan Documents; diligence, demand for payment, protest and notice; any requirement of an independent investigation or due diligence conducted by Lender or knowledge of Lender relating to the business and affairs of Borrower and/or to the Collateral; and/or any defense of usury.

4.2 Borrower agrees that no security now or subsequently held by Lender for the payment of the Indebtedness, whether in the nature of a security interest, pledge, lien, assignment, setoff, surety, guaranty, indemnity, insurance or otherwise, and no act, omission or other conduct of Lender in respect of such security shall affect in any manner whatsoever the unconditional obligation of this Agreement. Lender in its sole discretion and without notice to Borrower, may release, exchange, enforce, apply the proceeds of and otherwise deal with any such security without affecting in any manner the unconditional obligation of this Agreement.

4.3 Without limiting the generality of the foregoing, the Borrower's obligations under this Agreement and the rights of the Lender to enforce the same shall not be in any way affected by either: the insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding up or other proceeding involving or affecting

Borrower or others; any change of ownership of Borrower or any others; and/or the death of any individual obligor liable for payment of the Indebtedness.

4.4 Lender, in its discretion, may extend, in whole or in part, by renewal or otherwise, the time of payment of any Indebtedness, and/or extend, in whole or in part, the time permitted for Borrower or others to perform any act or acts as may seem advisable to Lender at any time and from time to time, and/or permit Borrower to incur additional indebtedness to Lender; provided, in no event, shall any of the foregoing terminate, affect, or impair the validity or enforceability of this Agreement or the obligations of Borrower hereunder.

5. Covenants, Representations and Warranties of Borrower. Borrower covenants, represents and warrants to Lender, and agrees, as follows:

5.1 Borrower is, and with respect to any after-acquired property, will be, the sole owner and holder of good and marketable title to all of the Collateral, free and clear of all mortgages, pledges, assignments, liens, charges, encumbrances or security interests of any kind, or the interest of a vendor or lessor under any conditional sale or lease agreement, or other title retention, (collectively, "Liens"), other than the following Liens (the "Permitted Liens"):

- (a) an unrecorded Lien arising by operation of law for the payment of taxes not yet due or which are being contested in good faith by appropriate proceedings;
- (b) a Lien in favor of the Lender under this Agreement or the other Loan Documents;
- (c) a Lien which is junior to and subordinated to the rights of Lender under a written subordination agreement permitted and accepted by Lender in writing within the sole discretion of Lender; and/or
- (d) a Lien securing the payment and performance of the Borrower's debts and obligations to The Huntington National Bank (the "Senior Lender"), or otherwise permitted by the Senior Lender.

5.2 Borrower is authorized and empowered to enter into this Agreement, and to grant a security interest to Lender in and to the Collateral in accordance with the terms and conditions of this Agreement.

5.3 The execution and delivery of and performance by Borrower of this Agreement will not violate or breach any provision of (1) applicable law, (2) any order, judgment, ruling or declaration of any court, arbitrator or alternative dispute resolution moderator, adjudicator, panel, tribunal, or governmental authority to which the Borrower or its properties is a party or subject, or (3) any indenture, agreement, note, mortgage or instrument to which the Borrower is a party or subject, with or without notice, with or without the lapse of time.

5.4 This Agreement is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

6. Affirmative Covenants. So long as the Indebtedness remain outstanding, unless the Lender has given its consent in writing on a case by case basis:

6.1 Borrower shall at all times maintain the Collateral in good and working condition and repair, fit for its intended purposes.

6.2 Borrower's current name and principal office mailing address are correctly set forth above in the Preamble to this Agreement, and Borrower has not conducted (and does not now) business in or under any other names except as may be set forth by Borrower on the Signature Page to this Agreement. The correct address of the Premises is set forth in Section 1 to this Agreement. Borrower shall give the Lender immediate and prior notice of any change in the address of Borrower, change of location of any Collateral (from the Premises), any change in the name of Borrower, or any sale or purchase of the Borrower's assets outside the ordinary course. All Collateral is and at all times shall be located at the Premises.

7. Insurance. Borrower shall at its own expense, insure the replacement cost of all of the Collateral against hazards and liabilities, with limits, coverage, and with such underwriter as is reasonably satisfactory to Lender.

8. Remedies Upon Occurrence of Event of Default

8.1 In addition to any remedies arising under the Note and/or the other Loan Documents, and the imposition of any late fees and default interest thereunder, upon the occurrence of any breach or violation of this Agreement and/or any breach, violation or default of the Note and/or other Loan Documents, whether by Borrower or any guarantor or obligor for payment or performance of the Indebtedness (an "Event of Default"), following notice from Lender to the extent expressly required in the Note, and following the expiration of any cure periods expressly set forth in the Note without cure, Lender shall have each and every one of the following remedies, which remedies shall be cumulative, such that Lender may exercise one or more or all of such remedies until the entire Indebtedness is satisfied:

- (a) the entire Indebtedness shall automatically be due and payable, without notice, presentment and/or demand;
- (b) Lender may take immediate possession of the Collateral without process of law (to the fullest extent permitted under applicable law) and with the use of such reasonable force as may be necessary and permissible under applicable law, for any length of time that Lender determines and without any liability to Borrower for any diminution in value, in which case Borrower shall assemble, at its expense, all of the Collateral on the Borrower's Premises or deliver the same to such locations as Lender shall designate;
- (c) Lender may sell, transfer, or otherwise dispose of all or any part of the Collateral, at private or public sale, at such prices and in such manner and to such purchaser, which purchaser may include Lender, as Lender shall determine; it being understood that the proceeds thereof shall be applied to the Indebtedness and the expenses of sale, and that Borrower shall remain liable for any and all deficiencies;
- (d) Lender may enter the Premises and operate the Borrower's business, for any length of time that Lender determines and without any liability to Borrower for any diminution in value; in which event, any expenses incurred in connection therewith will be added to the Indebtedness and any revenues derived therefrom will be applied toward payment of the Indebtedness;
- (e) Lender may cause a receiver to be appointed for all or any portion of the Collateral, in which case all expenses of the receiver will be paid by Borrower; and/or
- (f) Lender may exercise any and all other rights and remedies available under applicable law.

8.2 Borrower agrees, upon request of Lender, to assemble the Collateral and all related records and make it available to Lender at any place which is reasonably convenient for Lender. Borrower grants Lender permission to enter upon any premises owned or occupied by Borrower for the purpose of taking possession of the Collateral. Borrower agrees to notify all persons obligated under any of the Collateral to make all payments to Lender and Borrower waives any right to recover from any other party liable for the Indebtedness (by subrogation, indemnity, or otherwise) any amount Borrower pays or Lender recovers under this Agreement.

8.3 All remedies provided for under this Agreement shall be available to the extent not prohibited by law. Each remedy shall be cumulative and additional to any other remedy of Lender at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of, or acquiescence in, any such default or Event of Default.

8.4 Lender has no obligation to marshal any collateral security or other assurances of payment in favor of Borrower or to resort to any collateral security or assurances of payment in any order.

8.5 To the extent that Lender must exercise remedies in a commercially reasonable manner, Borrower agrees that it is not commercially unreasonable if Lender does not (a) incur expense Lender deems significant or unreasonable to prepare or process Collateral before disposition, (b) exercise collection remedies against or compromise or settle claims with account debtors or other persons obligated on any Collateral, (c) advertise Collateral dispositions in any particular media, (d) use professional auctioneers or internet auction sites for Collateral disposition, (e) dispose of Collateral in wholesale rather than retail markets, or (f) disclaim warranties on disposition.

8.6 Subject to applicable law, any cash proceeds received by Lender from the exercise of its remedies shall be applied as follows: first, to pay all costs and expenses incidental to retaking and disposition of the Collateral, including, without limitation, reasonable attorneys fees, and any taxes, assessments, liens and encumbrances prior to the lien of this Agreement; second, to the payment of the Indebtedness in the following order: (i) Lender's expenses made to

perform Borrower's obligations, (ii) late charges and interest accrued and unpaid, (iii) any prepayment premiums, (iv) unpaid fees and other charges, and (v) the outstanding principal balance of the Indebtedness; and third, any surplus remaining shall be paid to whomsoever may be lawfully entitled, and then to Borrower. Borrower and any other person obligated on the Indebtedness shall remain liable for any deficiency after application of proceeds.

9. **Enforcement of Remedies.** Lender may proceed, either in its own name or in the name of Borrower, or otherwise, to protect and enforce any or all of its rights under this Agreement by action authorized or permitted under applicable law. Lender shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by Borrower. Each and every remedy of Lender shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity. No waiver or release shall be deemed to have been made by Lender of any of its rights hereunder unless the same shall be in writing and signed by or on behalf of Lender, and any such waiver shall be a waiver or release only with respect to the specific matter involved and shall in no way impair the rights of Lender or the obligations of Borrower under this Agreement in any other respect at any other time. In the event that Borrower fails to pay taxes, maintain insurance or perform any other obligation arising under this Agreement and/or the other Loan Documents, Lender may pay or perform such obligations for the account of Borrower and the same shall be added to the Indebtedness and shall be immediately due and payable together with interest at the highest rate charged by Lender on any of the Indebtedness (but not to exceed the maximum rate permitted by law). Lender shall not be liable for any loss to the Collateral nor shall such loss reduce the amount of the Indebtedness. Lender will use reasonable care in the custody and preservation of any Collateral in Lender's possession, but Lender has no duty to preserve rights against prior parties, and Lender may use or operate any such Collateral to preserve it or its value.

10. **Reinstatement.** Notwithstanding any revocation, termination, surrender or discharge of the Note, this Agreement and/or the other Loan Documents, or of any lien, pledge or security interest securing payment of the Loan, the effectiveness of the Note, this Agreement and/or the other Loan Documents, and of all liens, pledges and security interests securing payment of the Loan, shall automatically continue or be reinstated in the event that any payment received by or credit given to the Lender in respect of the Indebtedness is returned, discharged, disgorged or rescinded under any applicable state or federal law, including, without limitation, laws pertaining to bankruptcy or insolvency, in which case the Note, this Agreement, the other Loan Documents and all liens, pledges and security interest securing payment of the Loan, shall be enforceable against Borrower as if the returned, discharged, disgorged or rescinded payment or credit had not been received by, or given to, the Lender, and whether or not the Borrower relied upon this payment or credit or changed its position as a consequence of it. In the event of the continuation or reinstatement of the Note, this Agreement, the other Loan Documents and the liens, pledges and security interests securing payment of the Loan, Borrower agrees, upon demand by the Lender, to execute and deliver to the Lender those certificates, instruments, agreements and documents which the Lender reasonably determines are appropriate to further evidence in the public records or otherwise this continuation or reinstatement, although the failure of Borrower to do so shall not affect in any way the reinstatement or continuation.

11. **General Terms and Conditions**

11.1 **Notices.** All notices, communications and waivers under this Agreement shall be in writing and shall be either (1) mailed, postage prepaid, either by registered or certified mail, return receipt requested, in which case such notice will be effective on the first to occur of receipt or the third business day following the postmark date, or (2) delivered by personal service or overnight express carrier, marked for overnight delivery and with all overnight delivery charges prepaid, in which case such notice will be effective on the first to occur of receipt or the next business day following the date on which the notice is consigned for delivery. Each notice will be deemed received as and when delivery is refused by the recipient. Notwithstanding the foregoing, all payments to Lender will be deemed received only upon actual receipt by Lender. Borrower assumes all risks of loss of any such payment.

11.2 **Statute of Frauds.** All promises made by Lender related to this Agreement are in this Agreement. This Agreement is the final agreement between Lender and Borrower. It may not be contradicted by prior, contemporaneous, or subsequent oral agreements or representations. All prior and contemporaneous oral agreements and representations, if any, between Lender and Borrower are merged into this Agreement and do not survive this Agreement's execution.

11.3 **Effectiveness.** This Agreement shall become effective only after it has been executed by both Lender and Borrower.

11.4 **No Waiver.** No delay on the part of Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege hereunder shall preclude other or further exercise thereof, or be deemed to establish a custom or course of dealing or performance between the parties hereto, or preclude the exercise of any other right, power or privilege.

11.5 Modification. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing signed by Lender, and then such waiver shall be effective only in the specific instance and for the purpose for which given. An amendment, allonge, extension, modification, renewal, replacement, restatement or supplement to this Agreement will only be effective if consented to in writing by Lender and Borrower. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Agreement may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or waiver by its silence, even if Lender fails, refuses or delays its response to a request for modification or waiver from Borrower.

11.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Borrower and Lender, provided, Borrower shall not have the right to assign this Agreement or any rights or obligations under this Agreement without the prior express written consent of Lender which consent may be withheld or conditioned in the sole and absolute discretion of the Lender. Any purported assignment made in violation hereof shall be void.

11.7 Acknowledgment. Borrower acknowledges and agrees that it has fully read this Agreement; it has been given the opportunity to consult with legal counsel and other advisors; it is entering into this Agreement in its business judgment, knowingly and voluntarily, and without duress, coercion, unlawful restraint, intimidation or compulsion; and it is not relying on the advice or opinions of Lender or Lender's agents. Each party to this Agreement participated in the drafting, preparation and negotiation of this Agreement. Therefore, no one party to this Agreement is or should be considered to be the drafter of this Agreement, and any rule of construction which favors or gives the benefit of any doubt, uncertainty or ambiguity over the interpretation of this Agreement to one party over the other shall not be applicable, even if one party physically reduced this Agreement to writing.

11.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN (UNITED STATES), WITHOUT REGARD TO ANY CONTRARY CONFLICTS OR CHOICE OF LAW REQUIREMENTS OF THE STATE OF MICHIGAN OR ANY OTHER JURISDICTION.

11.9 JURISDICTION AND VENUE. BORROWER CONSENTS THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY BORROWER AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT SHALL BE INSTITUTED BY BORROWER EXCLUSIVELY IN THE COURTS OF WAYNE COUNTY, MICHIGAN. IF LENDER INITIATES ANY ACTION OR PROCEEDING UNDER OR PURSUANT TO THIS AGREEMENT, LENDER SHALL BE PERMITTED TO DO SO IN ANY COURT OF COMPETENT JURISDICTION. BORROWER EXPRESSLY WAIVES ANY DEFENSE OR IMMUNITY BASED ON INCONVENIENCE OF FORUM, LACK OF VENUE, LACK OF RESIDENCE OR OTHER REASONS. BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE BORROWER AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO SECTION 11.1. SHOULD BORROWER, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE MAILING THEREOF, BORROWER SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY LENDER AGAINST BORROWER AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR BORROWER SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY LENDER OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY LENDER OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND BORROWER HEREBY WAIVES THE RIGHT TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

11.10 WAIVER OF RIGHT TO JURY TRIAL. BORROWER AND LENDER UNDERSTAND THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THE SAME MAY BE WAIVED. EACH OF THEM, AFTER CONSULTATION OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN THE EVENT OF ANY LITIGATION OR COURT PROCEEDING REGARDING PERFORMANCE OR ENFORCEMENT OF OR IN ANY WAY RELATED TO THE LOAN, THIS AGREEMENT, THE NOTE, OR ANY OTHER LOAN DOCUMENTS.

11.11 TIME OF ESSENCE. TIME IS OF THE ESSENCE FOR THE PERFORMANCE BY BORROWER OF THE OBLIGATIONS SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.12 Construction

11.12.1 Nouns and Pronouns. Nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person referenced may in the context require.

11.12.2 Descriptive Headings and Captions. The headings and captions to the sections and subsections of this Agreement are inserted for reference only and are not to be either taken as limiting or extending the provisions of this Agreement, or given any effect on the construction or interpretation of this Agreement.

11.12.3 Include or Including. Whenever the words "include", "includes" and "including" are used in this Agreement, such words shall be deemed to be followed by the words "without limitation".

11.12.4 Borrower's Knowledge. Any statements, representations or warranties that are based upon the knowledge of the Borrower shall be deemed to have been made after due inquiry by the Borrower with respect to the matter in question.

11.13 Signatures. This Agreement may be executed in separate counterparts, none of which need contain the signatures of both the Borrower and Lender, and all of which taken together shall constitute one and the same instrument. This Agreement may be signed and delivered electronically, whether by facsimile, an image file attached to email, or other electronic form, in which case each such electronic version will be effective as if an original.

11.14 Relationship Between Lender and Borrower. Neither this Agreement, the making of the Loan nor anything entered into or undertaken pursuant to or in connection with this Agreement by either Lender or Borrower shall create any relationship of agency, partnership, co-venture or joint venture between Lender and Borrower.

11.15 Severability. If any provision of this Agreement is or becomes unenforceable in whole or in part for any reason, the remaining provisions shall continue to be effective, provided, Lender at its option shall have the right to terminate the Loan in which case all amounts due and owing hereunder shall then be immediately due and payable in their entirety, even if before the maturity date of the indebtedness, if Lender determines that it is unable to exercise those rights and remedies otherwise purported to be available to Lender under this Agreement and/or the other Loan Documents which Lender determines to be necessary and material.

12. Subordination. Lender agrees that the priority of its security interest in the Collateral is subordinate to the Senior Lender's security interest in the Collateral.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE
TO
SECURITY AGREEMENT

In the presence of the witnesses whose signatures appear below, Lender and Borrower have caused this Agreement to be duly executed on or as of the Loan Closing Date.

WITNESS

Mark McKeown

LENDER

Mark A. Rusch
(CANADIAN REALTY GROUP, INC.)

WITNESS

Mark McKeown

BORROWER
SGM REAL ESTATE HOLDINGS, ULC.

By Sean O'Neil
SEAN O'NEIL, Its: President

Mark McKeown

By Mark A. Rusch
Mark A. Rusch, Its: Vice President

PROMISSORY NOTE

ORIGINAL PRINCIPAL AMOUNT \$42,164.40 CAD
NOTE DATE 8/3/2016
MATURITY DATE 7/15/2021
OLD CASTLE, ONTARIO

For value received, SGM REAL ESTATE HOLDINGS, ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO N0R 1L0, promises to pay to CANADIAN REALTY GROUP, INC. (the "Lender"), whose address is 13870 E 11 MILE ROAD, WARREN MICHIGAN 48089, in lawful currency and immediately available funds of CANADA, the principal sum of FORTY TWO THOUSAND ONE HUNDRED SIXTY FOUR DOLLARS AND FORTY CENTS (\$42,164.40 CAD), or so much of such sum as is outstanding (the "Debt") from time to time under this Promissory Note (this "Note"), together with interest accruing under this Note.

The Borrower agrees as follows:

1. Interest will accrue on the principal balance of this Note at the fixed rate of THREE percent (3%) per annum (the "Interest Rate"). Borrower shall pay all accrued but unpaid interest owing under this Note quarterly in arrears on each three-month anniversary of the date of this Note. Interest shall accrue at the Interest Rate on the outstanding principal balance commencing on and including the day on which any principal amount is advanced through and including the day on which such amount is repaid. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed. If at any time the Interest Rate is determined to be usurious or otherwise limited by applicable law, the Borrower shall not be bound or obligated to pay any amount in excess of the highest legal rate of interest allowed. If the Lender shall receive a sum in excess of the maximum amount of interest permitted under applicable law, the excess portion shall be applied in reduction of the unpaid balance of the outstanding principal sum of this Note and not to the payment of interest. If any such excess sum exceeds the unpaid balance of the outstanding principal sum of this Note, the difference shall be refunded to the Borrower.

2. On JULY 15, 2021 (the "Maturity Date"), the entire indebtedness owing under this Note, including all principal and interest, shall automatically be due and payable in entirety without notice or demand. Prior to the Maturity Date and at any time or from time to time, Borrower may voluntarily prepay the principal balance of this Note at any time, in whole or in part, without penalty or premium. No payment shall be deemed a prepayment of principal if any interest is due and unpaid; therefore, all payments and prepayments shall be applied first to accrued but unpaid interest, then to the outstanding principal balance of this Note.

3. Borrower waives presentment for payment, demand, notice of demand, protest, notice of protest, notice of default for nonpayment, notice of acceleration or intent to accelerate, and all other notices. Borrower waives diligence in collection or bringing suit.

4. All payments made by the Borrower shall be deemed tendered and received only upon actual receipt at the address of Lender designated for such payment, whether or not Lender has authorized payment by mail or any other manner. Borrower expressly assumes all risk of loss or liability resulting from non-delivery or delay in delivery of any payment transmitted by mail or in any other manner. All payments to Lender shall be made in lawful currency and immediately available funds of the United States of America. In the event that any payments tendered are in funds not available until collected, such payments shall continue to bear interest until collected.

5. All rights and remedies available to the Lender under this Note and under applicable law shall be cumulative. The exercise by Lender of any one or more rights and remedies shall not be an election of remedies, and shall not preclude or restrict the later exercise by Lender of any other rights or remedies. The exercise of any right or remedy by Lender shall not in any way constitute a cure or waiver of a default.

6. Borrower acknowledges and agrees that there are no oral or written understandings or agreements which modify, supplement or explain this Note. Lender has not made any prior representations, promises, warranties or assurances to Borrower, whether orally or in writing, to induce Borrower to sign this Note. No allonge, extension, postponement, renewal, replacement, restatement, waiver, indulgence, supplement, amendment or modification of this Note shall be effective unless in writing, signed by Lender, and then it shall only be effective in the specific instance and for the purpose given. No notice to or demand on Borrower in any one instance shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Note may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or

waiver by its silence, even if Lender fails, refuses or delays its response to a request for such modification or waiver from Borrower.

7. The Borrower is liable for the payment and performance of this Note with full recourse.

8. This Note and the exercise of all rights and remedies under this Note shall be governed by, construed, interpreted, and enforced in accordance with the internal laws of the State of Michigan.

SIGNATURE OF BORROWER

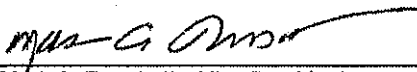
WITNESS

Mark McGowan

Mark McGowan

BORROWER
SGM REAL ESTATE HOLDINGS, ULC.

By 
SEAN O'NEIL, Its: President

By 
Mark A. Rusch, Its: Vice President

SECURITY AGREEMENT

Preamble

This Security Agreement (this "Agreement") is made on or as of JULY 15, 2016 (the "Loan Closing Date"), by and between SGM REAL ESTATE HOLDINGS ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO N0R 1L0 (the Borrower's "Premises"), and CANADIAN REALY GROUP, INC (the "Lender"), whose address is 13870 E 11 MILE ROAD, WARREN, MICHIGAN 48089.

Introduction

- A. On or as of the Loan Closing Date, Borrower is seeking to induce Lender to loan money and extend credit (the "Loan") to Borrower under and pursuant to Promissory Note in the principal amount of SEVENTY SEVEN THOUSAND FOUR HUNDRED SIXTY FIVE CANADIAN DOLLARS AND FORTY CENTS (\$77,465.40 CAD) (the "Note"). Borrower has agreed to enter into one or more security instruments (collectively, the "Security Documents"), including, without limitation, this Agreement. The Note, this Agreement, all other Security Documents, and all other agreements, certificates and instruments executed by Borrower or any other obligor of the Indebtedness of Borrower to Lender pursuant thereto, or otherwise evidencing the Indebtedness of Borrower to Lender, are collectively referred to as the "Loan Documents".
- B. In order to induce Lender to make the Loan to Borrower, and to secure the payment and performance of the Loan, other Indebtedness and Borrower's obligations under the Loan Documents, the Borrower desires to enter into this Agreement.

Therefore, Borrower and Lender agree as follows:

1. Grant of Security Interest. Borrower hereby grants to Lender a continuing security interest in and to the Collateral in order to secure the prompt, punctual and full payment and performance of the Borrower's debts and obligations to Lender under the Note, including, without limitation, all principal, interest, and other charges owing thereunder, (collectively, the "Indebtedness"), without regard to the amount of such Indebtedness, whether such Indebtedness is now owing or later incurred.
2. Collateral. The Borrower's "Collateral" is and consists of all of the Borrower's tangible and intangible personal properties and assets, whether now owned or hereafter acquired, or in which the Borrower now has or may hereafter acquire an interest, including, without limitation, all of the following:
 - (1) all of Borrower's accounts, accounts receivable, notes receivable and other rights of Borrower in and to payments due for goods sold or services rendered;
 - (2) all present and future inventory in which Borrower has an interest, including, without limitation, goods intended for sale, lease or other disposition, or to be furnished under a contract of service, and all present and future raw materials, work in process, finished goods, goods consigned to Borrower to the extent of Borrower's interest therein as a consignee, materials and supplies which are incorporated within the foregoing, and all documents of title, records and files with respect to the foregoing;
 - (3) all of Borrower's furniture, fixtures, computers, machinery, equipment, tools, leasehold improvements, vehicles, together with all other tangible personal property;
 - (4) all cash, cash on hand, letters of credit and cash equivalents;
 - (5) all contracts and contract rights;
 - (6) all rights to any refund of any taxes assessed against or paid by Borrower;
 - (7) all rights under express or implied warranties from suppliers, manufacturers and others;
 - (8) all insurance premium refunds, unearned premiums, insurance proceeds, and rebates;
 - (9) all claims, demands, causes of action and lawsuits, rights of recovery and rights of setoff;
 - (10) all security deposits and other prepaid deposits and prepaid assets;

- (11) all goodwill and going concern value;
- (12) all rights inuring to the benefit of or otherwise enforceable by the Borrower under any covenants not to compete, confidentiality agreements or other restrictive covenants;
- (13) all trademarks and tradenames, service marks and service names, patents, copyrights, slogans, inventions, discoveries, improvements, designs, prototypes, drawings, specifications, formula, all confidential and proprietary information, trade secrets, knowhow, technology, and other intellectual property and property rights, whether or nor registered, and all applications for any of the foregoing;
- (14) all business telephone numbers and lines, whether used for telephone communications or computer or facsimile transmissions;
- (15) all computer software and software codes, whether developed by or on behalf of Borrower or others to the extent of Borrower's interest therein;
- (16) all securities held by or issued to Borrower, including, without limitation, all shares of stock, warrants, options, and debentures;
- (17) all instruments, documents of title, policies and certificates of insurance, bank deposits, deposit accounts, checking accounts and cash;
- (18) all files and records, including, without limitation, all employment and personnel records and files, employment and operations manuals and handbooks, promotional and advertising materials and catalogues, business forms, corporate minute book records, stock ledgers, and tax returns and bank records; and
- (19) any and all proceeds (of sale, insurance, or otherwise), replacements, substitutions, additions, improvements, products and accessions to, for or of the foregoing.

3. **Perfection of Security Interest.** Borrower authorizes Lender to prepare and file now and at any time or times hereafter financing statements, continuation financing statements, assignments, certificates of title, affidavits, reports, notices, schedules of accounts, designations of inventory, letters of authority and all other documents that Lender may determine in a form satisfactory to Lender to perfect and consummate all of the transactions contemplated by this Agreement. If requested by Lender, Borrower shall promptly execute and deliver all of the same to Lender. Borrower shall pay the cost of filing or recording all of the same in all public offices deemed necessary by Lender. Borrower shall make appropriate entries on its books and records, and if requested by Lender will prominently mark the Collateral, to properly disclose Lender's security interests in the Collateral. Borrower hereby grants Lender an irrevocable power of attorney, coupled with an interest, to sign Borrower's name and otherwise execute on behalf of Borrower any financing statements or other documents reasonably required by Lender to perfect Lender's interests under this Agreement.

4. Waivers

4.1 Borrower hereby waives to the full extent permitted under applicable law: the absence of, or failure of Lender to seek or enforce, any action, lawsuit, or other proceeding, whether in law or in equity; any failure or delay in the enforcement of Note, Indebtedness or Loan Documents; diligence, demand for payment, protest and notice; any requirement of an independent investigation or due diligence conducted by Lender or knowledge of Lender relating to the business and affairs of Borrower and/or to the Collateral; and/or any defense of usury.

4.2 Borrower agrees that no security now or subsequently held by Lender for the payment of the Indebtedness, whether in the nature of a security interest, pledge, lien, assignment, setoff, surety, guaranty, indemnity, insurance or otherwise, and no act, omission or other conduct of Lender in respect of such security shall affect in any manner whatsoever the unconditional obligation of this Agreement. Lender in its sole discretion and without notice to Borrower, may release, exchange, enforce, apply the proceeds of and otherwise deal with any such security without affecting in any manner the unconditional obligation of this Agreement.

4.3 Without limiting the generality of the foregoing, the Borrower's obligations under this Agreement and the rights of the Lender to enforce the same shall not be in any way affected by either: the insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding up or other proceeding involving or affecting

Borrower or others; any change of ownership of Borrower or any others; and/or the death of any individual obligor liable for payment of the Indebtedness.

4.4 Lender, in its discretion, may extend, in whole or in part, by renewal or otherwise, the time of payment of any Indebtedness, and/or extend, in whole or in part, the time permitted for Borrower or others to perform any act or acts as may seem advisable to Lender at any time and from time to time, and/or permit Borrower to incur additional indebtedness to Lender; provided, in no event, shall any of the foregoing terminate, affect, or impair the validity or enforceability of this Agreement or the obligations of Borrower hereunder.

5. Covenants, Representations and Warranties of Borrower. Borrower covenants, represents and warrants to Lender, and agrees, as follows:

5.1 Borrower is, and with respect to any after-acquired property, will be, the sole owner and holder of good and marketable title to all of the Collateral, free and clear of all mortgages, pledges, assignments, liens, charges, encumbrances or security interests of any kind, or the interest of a vendor or lessor under any conditional sale or lease agreement, or other title retention, (collectively, "Liens"), other than the following Liens (the "Permitted Liens"):

- (a) an unrecorded Lien arising by operation of law for the payment of taxes not yet due or which are being contested in good faith by appropriate proceedings;
- (b) a Lien in favor of the Lender under this Agreement or the other Loan Documents;
- (c) a Lien which is junior to and subordinated to the rights of Lender under a written subordination agreement permitted and accepted by Lender in writing within the sole discretion of Lender; and/or
- (d) a Lien securing the payment and performance of the Borrower's debts and obligations to The Huntington National Bank (the "Senior Lender"), or otherwise permitted by the Senior Lender.

5.2 Borrower is authorized and empowered to enter into this Agreement, and to grant a security interest to Lender in and to the Collateral in accordance with the terms and conditions of this Agreement.

5.3 The execution and delivery of and performance by Borrower of this Agreement will not violate or breach any provision of (1) applicable law, (2) any order, judgment, ruling or declaration of any court, arbitrator or alternative dispute resolution moderator, adjudicator, panel, tribunal, or governmental authority to which the Borrower or its properties is a party or subject, or (3) any Indenture, agreement, note, mortgage or instrument to which the Borrower is a party or subject, with or without notice, with or without the lapse of time.

5.4 This Agreement is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

6. Affirmative Covenants. So long as the Indebtedness remain outstanding, unless the Lender has given its consent in writing on a case by case basis:

6.1 Borrower shall at all times maintain the Collateral in good and working condition and repair, fit for its intended purposes.

6.2 Borrower's current name and principal office mailing address are correctly set forth above in the Preamble to this Agreement, and Borrower has not conducted (and does not now) business in or under any other names except as may be set forth by Borrower on the Signature Page to this Agreement. The correct address of the Premises is set forth in Section 1 to this Agreement. Borrower shall give the Lender immediate and prior notice of any change in the address of Borrower, change of location of any Collateral (from the Premises), any change in the name of Borrower, or any sale or purchase of the Borrower's assets outside the ordinary course. All Collateral is and at all times shall be located at the Premises.

7. Insurance. Borrower shall at its own expense, insure the replacement cost of all of the Collateral against hazards and liabilities, with limits, coverage, and with such underwriter as is reasonably satisfactory to Lender.

8. Remedies Upon Occurrence of Event of Default

8.1 In addition to any remedies arising under the Note and/or the other Loan Documents, and the imposition of any late fees and default interest thereunder, upon the occurrence of any breach or violation of this Agreement and/or any breach, violation or default of the Note and/or other Loan Documents, whether by Borrower or any guarantor or obligor for payment or performance of the Indebtedness (an "Event of Default"), following notice from Lender to the extent expressly required in the Note, and following the expiration of any cure periods expressly set forth in the Note without cure, Lender shall have each and every one of the following remedies, which remedies shall be cumulative, such that Lender may exercise one or more or all of such remedies until the entire Indebtedness is satisfied:

- (a) the entire Indebtedness shall automatically be due and payable, without notice, presentment and/or demand;
- (b) Lender may take immediate possession of the Collateral without process of law (to the fullest extent permitted under applicable law) and with the use of such reasonable force as may be necessary and permissible under applicable law, for any length of time that Lender determines and without any liability to Borrower for any diminution in value, in which case Borrower shall assemble, at its expense, all of the Collateral on the Borrower's Premises or deliver the same to such locations as Lender shall designate;
- (c) Lender may sell, transfer, or otherwise dispose of all or any part of the Collateral, at private or public sale, at such prices and in such manner and to such purchaser, which purchaser may include Lender, as Lender shall determine; it being understood that the proceeds thereof shall be applied to the Indebtedness and the expenses of sale, and that Borrower shall remain liable for any and all deficiencies;
- (d) Lender may enter the Premises and operate the Borrower's business, for any length of time that Lender determines and without any liability to Borrower for any diminution in value; in which event, any expenses incurred in connection therewith will be added to the Indebtedness and any revenues derived therefrom will be applied toward payment of the Indebtedness;
- (e) Lender may cause a receiver to be appointed for all or any portion of the Collateral, in which case all expenses of the receiver will be paid by Borrower; and/or
- (f) Lender may exercise any and all other rights and remedies available under applicable law.

8.2 Borrower agrees, upon request of Lender, to assemble the Collateral and all related records and make it available to Lender at any place which is reasonably convenient for Lender. Borrower grants Lender permission to enter upon any premises owned or occupied by Borrower for the purpose of taking possession of the Collateral. Borrower agrees to notify all persons obligated under any of the Collateral to make all payments to Lender and Borrower waives any right to recover from any other party liable for the Indebtedness (by subrogation, indemnity, or otherwise) any amount Borrower pays or Lender recovers under this Agreement.

8.3 All remedies provided for under this Agreement shall be available to the extent not prohibited by law. Each remedy shall be cumulative and additional to any other remedy of Lender at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of, or acquiescence in, any such default or Event of Default.

8.4 Lender has no obligation to marshal any collateral security or other assurances of payment in favor of Borrower or to resort to any collateral security or assurances of payment in any order.

8.5 To the extent that Lender must exercise remedies in a commercially reasonable manner, Borrower agrees that it is not commercially unreasonable if Lender does not (a) incur expense Lender deems significant or unreasonable to prepare or process Collateral before disposition, (b) exercise collection remedies against or compromise or settle claims with account debtors or other persons obligated on any Collateral, (c) advertise Collateral dispositions in any particular media, (d) use professional auctioneers or internet auction sites for Collateral disposition, (e) dispose of Collateral in wholesale rather than retail markets, or (f) disclaim warranties on disposition.

8.6 Subject to applicable law, any cash proceeds received by Lender from the exercise of its remedies shall be applied as follows: first, to pay all costs and expenses incidental to retaking and disposition of the Collateral, including, without limitation, reasonable attorneys fees, and any taxes, assessments, liens and encumbrances prior to the lien of this Agreement; second, to the payment of the Indebtedness in the following order: (i) Lender's expenses made to

perform Borrower's obligations, (ii) late charges and interest accrued and unpaid, (iii) any prepayment premiums, (iv) unpaid fees and other charges, and (v) the outstanding principal balance of the Indebtedness; and third, any surplus remaining shall be paid to whomsoever may be lawfully entitled, and then to Borrower. Borrower and any other person obligated on the Indebtedness shall remain liable for any deficiency after application of proceeds.

9. **Enforcement of Remedies.** Lender may proceed, either in its own name or in the name of Borrower, or otherwise, to protect and enforce any or all of its rights under this Agreement by action authorized or permitted under applicable law. Lender shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by Borrower. Each and every remedy of Lender shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity. No waiver or release shall be deemed to have been made by Lender of any of its rights hereunder unless the same shall be in writing and signed by or on behalf of Lender, and any such waiver shall be a waiver or release only with respect to the specific matter involved and shall in no way impair the rights of Lender or the obligations of Borrower under this Agreement in any other respect at any other time. In the event that Borrower fails to pay taxes, maintain insurance or perform any other obligation arising under this Agreement and/or the other Loan Documents, Lender may pay or perform such obligations for the account of Borrower and the same shall be added to the Indebtedness and shall be immediately due and payable together with interest at the highest rate charged by Lender on any of the Indebtedness (but not to exceed the maximum rate permitted by law). Lender shall not be liable for any loss to the Collateral nor shall such loss reduce the amount of the Indebtedness. Lender will use reasonable care in the custody and preservation of any Collateral in Lender's possession, but Lender has no duty to preserve rights against prior parties, and Lender may use or operate any such Collateral to preserve it or its value.

10. **Reinstatement.** Notwithstanding any revocation, termination, surrender or discharge of the Note, this Agreement and/or the other Loan Documents, or of any lien, pledge or security interest securing payment of the Loan, the effectiveness of the Note, this Agreement and/or the other Loan Documents, and of all liens, pledges and security interests securing payment of the Loan, shall automatically continue or be reinstated in the event that any payment received by or credit given to the Lender in respect of the Indebtedness is returned, discharged, disgorged or rescinded under any applicable state or federal law, including, without limitation, laws pertaining to bankruptcy or insolvency, in which case the Note, this Agreement, the other Loan Documents and all liens, pledges and security interest securing payment of the Loan, shall be enforceable against Borrower as if the returned, discharged, disgorged or rescinded payment or credit had not been received by, or given to, the Lender, and whether or not the Borrower relied upon this payment or credit or changed its position as a consequence of it. In the event of the continuation or reinstatement of the Note, this Agreement, the other Loan Documents and the liens, pledges and security interests securing payment of the Loan, Borrower agrees, upon demand by the Lender, to execute and deliver to the Lender those certificates, instruments, agreements and documents which the Lender reasonably determines are appropriate to further evidence in the public records or otherwise this continuation or reinstatement, although the failure of Borrower to do so shall not affect in any way the reinstatement or continuation.

11. **General Terms and Conditions**

11.1 **Notices.** All notices, communications and waivers under this Agreement shall be in writing and shall be either (1) mailed, postage prepaid, either by registered or certified mail, return receipt requested, in which case such notice will be effective on the first to occur of receipt or the third business day following the postmark date, or (2) delivered by personal service or overnight express carrier, marked for overnight delivery and with all overnight delivery charges prepaid, in which case such notice will be effective on the first to occur of receipt or the next business day following the date on which the notice is consigned for delivery. Each notice will be deemed received as and when delivery is refused by the recipient. Notwithstanding the foregoing, all payments to Lender will be deemed received only upon actual receipt by Lender. Borrower assumes all risks of loss of any such payment.

11.2 **Statute of Frauds.** All promises made by Lender related to this Agreement are in this Agreement. This Agreement is the final agreement between Lender and Borrower. It may not be contradicted by prior, contemporaneous, or subsequent oral agreements or representations. All prior and contemporaneous oral agreements and representations, if any, between Lender and Borrower are merged into this Agreement and do not survive this Agreement's execution.

11.3 **Effectiveness.** This Agreement shall become effective only after it has been executed by both Lender and Borrower.

11.4 **No Waiver.** No delay on the part of Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege hereunder shall preclude other or further exercise thereof, or be deemed to establish a custom or course of dealing or performance between the parties hereto, or preclude the exercise of any other right, power or privilege.

11.5 Modification. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing signed by Lender, and then such waiver shall be effective only in the specific instance and for the purpose for which given. An amendment, allonge, extension, modification, renewal, replacement, restatement or supplement to this Agreement will only be effective if consented to in writing by Lender and Borrower. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Agreement may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or waiver by its silence, even if Lender fails, refuses or delays its response to a request for modification or waiver from Borrower.

11.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Borrower and Lender, provided, Borrower shall not have the right to assign this Agreement or any rights or obligations under this Agreement without the prior express written consent of Lender which consent may be withheld or conditioned in the sole and absolute discretion of the Lender. Any purported assignment made in violation hereof shall be void.

11.7 Acknowledgment. Borrower acknowledges and agrees that it has fully read this Agreement; it has been given the opportunity to consult with legal counsel and other advisors; it is entering into this Agreement in its business judgment, knowingly and voluntarily, and without duress, coercion, unlawful restraint, intimidation or compulsion; and it is not relying on the advice or opinions of Lender or Lender's agents. Each party to this Agreement participated in the drafting, preparation and negotiation of this Agreement. Therefore, no one party to this Agreement is or should be considered to be the drafter of this Agreement, and any rule of construction which favors or gives the benefit of any doubt, uncertainty or ambiguity over the interpretation of this Agreement to one party over the other shall not be applicable, even if one party physically reduced this Agreement to writing.

11.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN (UNITED STATES), WITHOUT REGARD TO ANY CONTRARY CONFLICTS OR CHOICE OF LAW REQUIREMENTS OF THE STATE OF MICHIGAN OR ANY OTHER JURISDICTION.

11.9 JURISDICTION AND VENUE. BORROWER CONSENTS THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY BORROWER AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT SHALL BE INSTITUTED BY BORROWER EXCLUSIVELY IN THE COURTS OF WAYNE COUNTY, MICHIGAN. IF LENDER INITIATES ANY ACTION OR PROCEEDING UNDER OR PURSUANT TO THIS AGREEMENT, LENDER SHALL BE PERMITTED TO DO SO IN ANY COURT OF COMPETENT JURISDICTION. BORROWER EXPRESSLY WAIVES ANY DEFENSE OR IMMUNITY BASED ON INCONVENIENCE OF FORUM, LACK OF VENUE, LACK OF RESIDENCE OR OTHER REASONS. BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE BORROWER AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO SECTION 11.1. SHOULD BORROWER, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE MAILING THEREOF, BORROWER SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY LENDER AGAINST BORROWER AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR BORROWER SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY LENDER OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY LENDER OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND BORROWER HEREBY WAIVES THE RIGHT TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

11.10 WAIVER OF RIGHT TO JURY TRIAL. BORROWER AND LENDER UNDERSTAND THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THE SAME MAY BE WAIVED. EACH OF THEM, AFTER CONSULTATION OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN THE EVENT OF ANY LITIGATION OR COURT PROCEEDING REGARDING PERFORMANCE OR ENFORCEMENT OF OR IN ANY WAY RELATED TO THE LOAN, THIS AGREEMENT, THE NOTE, OR ANY OTHER LOAN DOCUMENTS.

11.11 TIME OF ESSENCE. TIME IS OF THE ESSENCE FOR THE PERFORMANCE BY BORROWER OF THE OBLIGATIONS SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.12 Construction

11.12.1 Nouns and Pronouns. Nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person referenced may in the context require.

11.12.2 Descriptive Headings and Captions. The headings and captions to the sections and subsections of this Agreement are inserted for reference only and are not to be either taken as limiting or extending the provisions of this Agreement, or given any effect on the construction or interpretation of this Agreement.

11.12.3 Include or Including. Whenever the words "include", "includes" and "including" are used in this Agreement, such words shall be deemed to be followed by the words "without limitation".

11.12.4 Borrower's Knowledge. Any statements, representations or warranties that are based upon the knowledge of the Borrower shall be deemed to have been made after due inquiry by the Borrower with respect to the matter in question.

11.13 Signatures. This Agreement may be executed in separate counterparts, none of which need contain the signatures of both the Borrower and Lender, and all of which taken together shall constitute one and the same instrument. This Agreement may be signed and delivered electronically, whether by facsimile, an image file attached to email, or other electronic form, in which case each such electronic version will be effective as if an original.

11.14 Relationship Between Lender and Borrower. Neither this Agreement, the making of the Loan nor anything entered into or undertaken pursuant to or in connection with this Agreement by either Lender or Borrower shall create any relationship of agency, partnership, co-venture or joint venture between Lender and Borrower.

11.15 Severability. If any provision of this Agreement is or becomes unenforceable in whole or in part for any reason, the remaining provisions shall continue to be effective, provided, Lender at its option shall have the right to terminate the Loan in which case all amounts due and owing hereunder shall then be immediately due and payable in their entirety, even if before the maturity date of the Indebtedness, if Lender determines that it is unable to exercise those rights and remedies otherwise purported to be available to Lender under this Agreement and/or the other Loan Documents which Lender determines to be necessary and material.

12. Subordination. Lender agrees that the priority of its security interest in the Collateral is subordinate to the Senior Lender's security interest in the Collateral.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE
TO
SECURITY AGREEMENT

In the presence of the witnesses whose signatures appear below, Lender and Borrower have caused this Agreement to be duly executed on or as of the Loan Closing Date.

WITNESS

LENDER

Mark McGowan

Mark A. Rusch
CANADIAN REALTY GROUP, INC.

WITNESS

BORROWER
SGM REAL ESTATE HOLDINGS, ULC.

Mark McGowan

By *Sean O'Neil*
SEAN O'NEIL, Its: President

Mark McGowan

By *Mark A. Rusch*
Mark A. Rusch, Its: Vice President

PROMISSORY NOTE

ORIGINAL PRINCIPAL AMOUNT \$77,465.40 CAD
NOTE DATE
MATURITY DATE 7-15-2021
OLD CASTLE, ONTARIO

For value received, SGM Real Estate Holdings ULC, (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO, N0R 1L0, promises to pay to CANADIAN REALTY GROUP, INC. (the "Lender"), whose address is 13870 E 11 MILE ROAD, WARREN MICHIGAN 48089, in lawful currency and immediately available funds of Canada, the principal sum of SEVENTY SEVEN THOUSAND FOUR HUNDRED SIXTY FIVE DOLLARS AND FORTY CENTS (\$77,465.40 CAD), or so much of such sum as is outstanding (the "Debt") from time to time under this Promissory Note (this "Note"), together with interest accruing under this Note.

The Borrower agrees as follows:

1. Interest will accrue on the principal balance of this Note at the fixed rate of THREE percent (3%) per annum (the "Interest Rate"). Borrower shall pay all accrued but unpaid interest owing under this Note quarterly in arrears on each three-month anniversary of the date of this Note. Interest shall accrue at the Interest Rate on the outstanding principal balance commencing on and including the day on which any principal amount is advanced through and including the day on which such amount is repaid. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed. If at any time the Interest Rate is determined to be usurious or otherwise limited by applicable law, the Borrower shall not be bound or obligated to pay any amount in excess of the highest legal rate of interest allowed. If the Lender shall receive a sum in excess of the maximum amount of interest permitted under applicable law, the excess portion shall be applied in reduction of the unpaid balance of the outstanding principal sum of this Note and not to the payment of interest. If any such excess sum exceeds the unpaid balance of the outstanding principal sum of this Note, the difference shall be refunded to the Borrower.

2. On 7-15-2021 (the "Maturity Date"), the entire indebtedness owing under this Note, including all principal and interest, shall automatically be due and payable in entirety without notice or demand. Prior to the Maturity Date and at any time or from time to time, Borrower may voluntarily prepay the principal balance of this Note at any time, in whole or in part, without penalty or premium. No payment shall be deemed a prepayment of principal if any interest is due and unpaid; therefore, all payments and prepayments shall be applied first to accrued but unpaid interest, then to the outstanding principal balance of this Note.

3. Borrower waives presentment for payment, demand, notice of demand, protest, notice of protest, notice of default for nonpayment, notice of acceleration or intent to accelerate, and all other notices. Borrower waives diligence in collection or bringing suit.

4. All payments made by the Borrower shall be deemed tendered and received only upon actual receipt at the address of Lender designated for such payment, whether or not Lender has authorized payment by mail or any other manner. Borrower expressly assumes all risk of loss or liability resulting from non-delivery or delay in delivery of any payment transmitted by mail or in any other manner. All payments to Lender shall be made in lawful currency and immediately available funds of the United States of America. In the event that any payments tendered are in funds not available until collected, such payments shall continue to bear interest until collected.

5. All rights and remedies available to the Lender under this Note and under applicable law shall be cumulative. The exercise by Lender of any one or more rights and remedies shall not be an election of remedies, and shall not preclude or restrict the later exercise by Lender of any other rights or remedies. The exercise of any right or remedy by Lender shall not in any way constitute a cure or waiver of a default.

6. Borrower acknowledges and agrees that there are no oral or written understandings or agreements which modify, supplement or explain this Note. Lender has not made any prior representations, promises, warranties or assurances to Borrower, whether orally or in writing, to induce Borrower to sign this Note. No allonge, extension, postponement, renewal, replacement, restatement, waiver, indulgence, supplement, amendment or modification of this Note shall be effective unless in writing, signed by Lender, and then it shall only be effective in the specific instance and for the purpose given. No notice to or demand on Borrower in any one instance shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Note may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or

waiver by its silence, even if Lender fails, refuses or delays its response to a request for such modification or waiver from Borrower.

7. The Borrower is liable for the payment and performance of this Note with full recourse.

8. This Note and the exercise of all rights and remedies under this Note shall be governed by, construed, interpreted, and enforced in accordance with the internal laws of the State of Michigan.

SIGNATURE OF BORROWER

WITNESS

Rick McGowan

rick McGowan

BORROWER

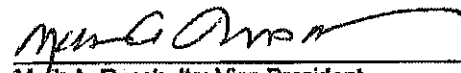
SGM REAL ESTATE HOLDINGS ULC

By



SEAN O'NEIL, Its: President

By



Mark A. Rusch, Its: Vice President

SECURITY AGREEMENT

Preamble

This Security Agreement (this "Agreement") is made on or as of JULY 15, 2016 (the "Loan Closing Date"), by and between SGM REAL ESTATE HOLDINGS, ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO, N0R 1L0 (the Borrower's "Premises"), and SEAN O'NEIL (the "Lender"), whose address is 918 WESTWOOD DRIVE, BELLERIVER, ONTARIO N0R 1A0.

Introduction

- A. On or as of the Loan Closing Date, Borrower is seeking to induce Lender to loan money and extend credit (the "Loan") to Borrower under and pursuant to Promissory Note in the principal amount of TWENTY ONE THOUSAND EIGHTY TWO DOLLARS AND TWENTY CENTS (\$21,082.20 CAD) (the "Note"). Borrower has agreed to enter into one or more security instruments (collectively, the "Security Documents"), including, without limitation, this Agreement. The Note, this Agreement, all other Security Documents, and all other agreements, certificates and instruments executed by Borrower or any other obligor of the Indebtedness of Borrower to Lender pursuant thereto, or otherwise evidencing the Indebtedness of Borrower to Lender, are collectively referred to as the "Loan Documents".
- B. In order to induce Lender to make the Loan to Borrower, and to secure the payment and performance of the Loan, other Indebtedness and Borrower's obligations under the Loan Documents, the Borrower desires to enter into this Agreement.

Therefore, Borrower and Lender agree as follows:

1. Grant of Security Interest. Borrower hereby grants to Lender a continuing security interest in and to the Collateral in order to secure the prompt, punctual and full payment and performance of the Borrower's debts and obligations to Lender under the Note, including, without limitation, all principal, interest, and other charges owing thereunder, (collectively, the "Indebtedness"), without regard to the amount of such Indebtedness, whether such Indebtedness is now owing or later incurred.
2. Collateral. The Borrower's "Collateral" is and consists of all of the Borrower's tangible and intangible personal properties and assets, whether now owned or hereafter acquired, or in which the Borrower now has or may hereafter acquire an interest, including, without limitation, all of the following:
 - (1) all of Borrower's accounts, accounts receivable, notes receivable and other rights of Borrower in and to payments due for goods sold or services rendered;
 - (2) all present and future inventory in which Borrower has an interest, including, without limitation, goods intended for sale, lease or other disposition, or to be furnished under a contract of service, and all present and future raw materials, work in process, finished goods, goods consigned to Borrower to the extent of Borrower's interest therein as a consignee, materials and supplies which are incorporated within the foregoing, and all documents of title, records and files with respect to the foregoing;
 - (3) all of Borrower's furniture, fixtures, computers, machinery, equipment, tools, leasehold improvements, vehicles, together with all other tangible personal property;
 - (4) all cash, cash on hand, letters of credit and cash equivalents;
 - (5) all contracts and contract rights;
 - (6) all rights to any refund of any taxes assessed against or paid by Borrower;
 - (7) all rights under express or implied warranties from suppliers, manufacturers and others;
 - (8) all insurance premium refunds, unearned premiums, insurance proceeds, and rebates;
 - (9) all claims, demands, causes of action and lawsuits, rights of recovery and rights of setoff;
 - (10) all security deposits and other prepaid deposits and prepaid assets;

- (11) all goodwill and going concern value;
- (12) all rights inuring to the benefit of or otherwise enforceable by the Borrower under any covenants not to compete, confidentiality agreements or other restrictive covenants;
- (13) all trademarks and tradenames, service marks and service names, patents, copyrights, slogans, inventions, discoveries, improvements, designs, prototypes, drawings, specifications, formula, all confidential and proprietary information, trade secrets, knowhow, technology, and other intellectual property and property rights, whether or not registered, and all applications for any of the foregoing;
- (14) all business telephone numbers and lines, whether used for telephone communications or computer or facsimile transmissions;
- (15) all computer software and software codes, whether developed by or on behalf of Borrower or others to the extent of Borrower's interest therein;
- (16) all securities held by or issued to Borrower, including, without limitation, all shares of stock, warrants, options, and debentures;
- (17) all instruments, documents of title, policies and certificates of insurance, bank deposits, deposit accounts, checking accounts and cash;
- (18) all files and records, including, without limitation, all employment and personnel records and files, employment and operations manuals and handbooks, promotional and advertising materials and catalogues, business forms, corporate minute book records, stock ledgers, and tax returns and bank records; and
- (19) any and all proceeds (of sale, insurance, or otherwise), replacements, substitutions, additions, improvements, products and accessions to, for or of the foregoing.

3. Perfection of Security Interest. Borrower authorizes Lender to prepare and file now and at any time or times hereafter financing statements, continuation financing statements, assignments, certificates of title, affidavits, reports, notices, schedules of accounts, designations of inventory, letters of authority and all other documents that Lender may determine in a form satisfactory to Lender to perfect and consummate all of the transactions contemplated by this Agreement. If requested by Lender, Borrower shall promptly execute and deliver all of the same to Lender. Borrower shall pay the cost of filing or recording all of the same in all public offices deemed necessary by Lender. Borrower shall make appropriate entries on its books and records, and if requested by Lender will prominently mark the Collateral, to properly disclose Lender's security interests in the Collateral. Borrower hereby grants Lender an irrevocable power of attorney, coupled with an interest, to sign Borrower's name and otherwise execute on behalf of Borrower any financing statements or other documents reasonably required by Lender to perfect Lender's interests under this Agreement.

4. Waivers

4.1 Borrower hereby waives to the full extent permitted under applicable law: the absence of, or failure of Lender to seek or enforce, any action, lawsuit, or other proceeding, whether in law or in equity; any failure or delay in the enforcement of Note, Indebtedness or Loan Documents; diligence, demand for payment, protest and notice; any requirement of an independent investigation or due diligence conducted by Lender or knowledge of Lender relating to the business and affairs of Borrower and/or to the Collateral; and/or any defense of usury.

4.2 Borrower agrees that no security now or subsequently held by Lender for the payment of the Indebtedness, whether in the nature of a security interest, pledge, lien, assignment, setoff, surety, guaranty, indemnity, insurance or otherwise, and no act, omission or other conduct of Lender in respect of such security shall affect in any manner whatsoever the unconditional obligation of this Agreement. Lender in its sole discretion and without notice to Borrower, may release, exchange, enforce, apply the proceeds of and otherwise deal with any such security without affecting in any manner the unconditional obligation of this Agreement.

4.3 Without limiting the generality of the foregoing, the Borrower's obligations under this Agreement and the rights of the Lender to enforce the same shall not be in any way affected by either: the insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding up or other proceeding involving or affecting

Borrower or others; any change of ownership of Borrower or any others; and/or the death of any individual obligor liable for payment of the indebtedness.

4.4 Lender, in its discretion, may extend, in whole or in part, by renewal or otherwise, the time of payment of any indebtedness, and/or extend, in whole or in part, the time permitted for Borrower or others to perform any act or acts as may seem advisable to Lender at any time and from time to time, and/or permit Borrower to incur additional indebtedness to Lender; provided, in no event, shall any of the foregoing terminate, affect, or impair the validity or enforceability of this Agreement or the obligations of Borrower hereunder.

5. Covenants, Representations and Warranties of Borrower. Borrower covenants, represents and warrants to Lender, and agrees, as follows:

5.1 Borrower is, and with respect to any after-acquired property, will be, the sole owner and holder of good and marketable title to all of the Collateral, free and clear of all mortgages, pledges, assignments, liens, charges, encumbrances or security interests of any kind, or the interest of a vendor or lessor under any conditional sale or lease agreement, or other title retention, (collectively, "Liens"), other than the following Liens (the "Permitted Liens"):

- (a) an unrecorded Lien arising by operation of law for the payment of taxes not yet due or which are being contested in good faith by appropriate proceedings;
- (b) a Lien in favor of the Lender under this Agreement or the other Loan Documents;
- (c) a Lien which is junior to and subordinated to the rights of Lender under a written subordination agreement permitted and accepted by Lender in writing within the sole discretion of Lender; and/or
- (d) a Lien securing the payment and performance of the Borrower's debts and obligations to The Huntington National Bank (the "Senior Lender"), or otherwise permitted by the Senior Lender.

5.2 Borrower is authorized and empowered to enter into this Agreement, and to grant a security interest to Lender in and to the Collateral in accordance with the terms and conditions of this Agreement.

5.3 The execution and delivery of and performance by Borrower of this Agreement will not violate or breach any provision of (1) applicable law, (2) any order, judgment, ruling or declaration of any court, arbitrator or alternative dispute resolution moderator, adjudicator, panel, tribunal, or governmental authority to which the Borrower or its properties is a party or subject, or (3) any indenture, agreement, note, mortgage or instrument to which the Borrower is a party or subject, with or without notice, with or without the lapse of time.

5.4 This Agreement is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

6. Affirmative Covenants. So long as the indebtedness remain outstanding, unless the Lender has given its consent in writing on a case by case basis:

6.1 Borrower shall at all times maintain the Collateral in good and working condition and repair, fit for its intended purposes.

6.2 Borrower's current name and principal office mailing address are correctly set forth above in the Preamble to this Agreement, and Borrower has not conducted (and does not now) business in or under any other names except as may be set forth by Borrower on the Signature Page to this Agreement. The correct address of the Premises is set forth in Section 1 to this Agreement. Borrower shall give the Lender immediate and prior notice of any change in the address of Borrower, change of location of any Collateral (from the Premises), any change in the name of Borrower, or any sale or purchase of the Borrower's assets outside the ordinary course. All Collateral is and at all times shall be located at the Premises.

7. Insurance. Borrower shall at its own expense, insure the replacement cost of all of the Collateral against hazards and liabilities, with limits, coverage, and with such underwriter as is reasonably satisfactory to Lender.

8. Remedies Upon Occurrence of Event of Default

8.1 In addition to any remedies arising under the Note and/or the other Loan Documents, and the imposition of any late fees and default interest thereunder, upon the occurrence of any breach or violation of this Agreement and/or any breach, violation or default of the Note and/or other Loan Documents, whether by Borrower or any guarantor or obligor for payment or performance of the Indebtedness (an "Event of Default"), following notice from Lender to the extent expressly required in the Note, and following the expiration of any cure periods expressly set forth in the Note without cure, Lender shall have each and every one of the following remedies, which remedies shall be cumulative, such that Lender may exercise one or more or all of such remedies until the entire Indebtedness is satisfied:

- (a) the entire Indebtedness shall automatically be due and payable, without notice, presentment and/or demand;
- (b) Lender may take immediate possession of the Collateral without process of law (to the fullest extent permitted under applicable law) and with the use of such reasonable force as may be necessary and permissible under applicable law, for any length of time that Lender determines and without any liability to Borrower for any diminution in value, in which case Borrower shall assemble, at its expense, all of the Collateral on the Borrower's Premises or deliver the same to such locations as Lender shall designate;
- (c) Lender may sell, transfer, or otherwise dispose of all or any part of the Collateral, at private or public sale, at such prices and in such manner and to such purchaser, which purchaser may include Lender, as Lender shall determine; it being understood that the proceeds thereof shall be applied to the Indebtedness and the expenses of sale, and that Borrower shall remain liable for any and all deficiencies;
- (d) Lender may enter the Premises and operate the Borrower's business, for any length of time that Lender determines and without any liability to Borrower for any diminution in value; in which event, any expenses incurred in connection therewith will be added to the Indebtedness and any revenues derived therefrom will be applied toward payment of the Indebtedness;
- (e) Lender may cause a receiver to be appointed for all or any portion of the Collateral, in which case all expenses of the receiver will be paid by Borrower; and/or
- (f) Lender may exercise any and all other rights and remedies available under applicable law.

8.2 Borrower agrees, upon request of Lender, to assemble the Collateral and all related records and make it available to Lender at any place which is reasonably convenient for Lender. Borrower grants Lender permission to enter upon any premises owned or occupied by Borrower for the purpose of taking possession of the Collateral. Borrower agrees to notify all persons obligated under any of the Collateral to make all payments to Lender and Borrower waives any right to recover from any other party liable for the Indebtedness (by subrogation, indemnity, or otherwise) any amount Borrower pays or Lender recovers under this Agreement.

8.3 All remedies provided for under this Agreement shall be available to the extent not prohibited by law. Each remedy shall be cumulative and additional to any other remedy of Lender at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of, or acquiescence in, any such default or Event of Default.

8.4 Lender has no obligation to marshal any collateral security or other assurances of payment in favor of Borrower or to resort to any collateral security or assurances of payment in any order.

8.5 To the extent that Lender must exercise remedies in a commercially reasonable manner, Borrower agrees that it is not commercially unreasonable if Lender does not (a) incur expense Lender deems significant or unreasonable to prepare or process Collateral before disposition, (b) exercise collection remedies against or compromise or settle claims with account debtors or other persons obligated on any Collateral, (c) advertise Collateral dispositions in any particular media, (d) use professional auctioneers or internet auction sites for Collateral disposition, (e) dispose of Collateral in wholesale rather than retail markets, or (f) disclaim warranties on disposition.

8.6 Subject to applicable law, any cash proceeds received by Lender from the exercise of its remedies shall be applied as follows: first, to pay all costs and expenses incidental to retaking and disposition of the Collateral, including, without limitation, reasonable attorneys fees, and any taxes, assessments, liens and encumbrances prior to the lien of this Agreement; second, to the payment of the Indebtedness in the following order: (i) Lender's expenses made to

perform Borrower's obligations, (ii) late charges and interest accrued and unpaid, (iii) any prepayment premiums, (iv) unpaid fees and other charges, and (v) the outstanding principal balance of the Indebtedness; and third, any surplus remaining shall be paid to whomsoever may be lawfully entitled, and then to Borrower. Borrower and any other person obligated on the Indebtedness shall remain liable for any deficiency after application of proceeds.

9. **Enforcement of Remedies.** Lender may proceed, either in its own name or in the name of Borrower, or otherwise, to protect and enforce any or all of its rights under this Agreement by action authorized or permitted under applicable law. Lender shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by Borrower. Each and every remedy of Lender shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity. No waiver or release shall be deemed to have been made by Lender of any of its rights hereunder unless the same shall be in writing and signed by or on behalf of Lender, and any such waiver shall be a waiver or release only with respect to the specific matter involved and shall in no way impair the rights of Lender or the obligations of Borrower under this Agreement in any other respect at any other time. In the event that Borrower fails to pay taxes, maintain insurance or perform any other obligation arising under this Agreement and/or the other Loan Documents, Lender may pay or perform such obligations for the account of Borrower and the same shall be added to the Indebtedness and shall be immediately due and payable together with interest at the highest rate charged by Lender on any of the Indebtedness (but not to exceed the maximum rate permitted by law). Lender shall not be liable for any loss to the Collateral nor shall such loss reduce the amount of the Indebtedness. Lender will use reasonable care in the custody and preservation of any Collateral in Lender's possession, but Lender has no duty to preserve rights against prior parties, and Lender may use or operate any such Collateral to preserve it or its value.

10. **Reinstatement.** Notwithstanding any revocation, termination, surrender or discharge of the Note, this Agreement and/or the other Loan Documents, or of any lien, pledge or security interest securing payment of the Loan, the effectiveness of the Note, this Agreement and/or the other Loan Documents, and of all liens, pledges and security interests securing payment of the Loan, shall automatically continue or be reinstated in the event that any payment received by or credit given to the Lender in respect of the Indebtedness is returned, discharged, disgorged or rescinded under any applicable state or federal law, including, without limitation, laws pertaining to bankruptcy or insolvency, in which case the Note, this Agreement, the other Loan Documents and all liens, pledges and security interest securing payment of the Loan, shall be enforceable against Borrower as if the returned, discharged, disgorged or rescinded payment or credit had not been received by, or given to, the Lender, and whether or not the Borrower relied upon this payment or credit or changed its position as a consequence of it. In the event of the continuation or reinstatement of the Note, this Agreement, the other Loan Documents and the liens, pledges and security interests securing payment of the Loan, Borrower agrees, upon demand by the Lender, to execute and deliver to the Lender those certificates, instruments, agreements and documents which the Lender reasonably determines are appropriate to further evidence in the public records or otherwise this continuation or reinstatement, although the failure of Borrower to do so shall not affect in any way the reinstatement or continuation.

11. **General Terms and Conditions**

11.1 **Notices.** All notices, communications and waivers under this Agreement shall be in writing and shall be either (1) mailed, postage prepaid, either by registered or certified mail, return receipt requested, in which case such notice will be effective on the first to occur of receipt or the third business day following the postmark date, or (2) delivered by personal service or overnight express carrier, marked for overnight delivery and with all overnight delivery charges prepaid, in which case such notice will be effective on the first to occur of receipt or the next business day following the date on which the notice is consigned for delivery. Each notice will be deemed received as and when delivery is refused by the recipient. Notwithstanding the foregoing, all payments to Lender will be deemed received only upon actual receipt by Lender. Borrower assumes all risks of loss of any such payment.

11.2 **Statute of Frauds.** All promises made by Lender related to this Agreement are in this Agreement. This Agreement is the final agreement between Lender and Borrower. It may not be contradicted by prior, contemporaneous, or subsequent oral agreements or representations. All prior and contemporaneous oral agreements and representations, if any, between Lender and Borrower are merged into this Agreement and do not survive this Agreement's execution.

11.3 **Effectiveness.** This Agreement shall become effective only after it has been executed by both Lender and Borrower.

11.4 **No Waiver.** No delay on the part of Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege hereunder shall preclude other or further exercise thereof, or be deemed to establish a custom or course of dealing or performance between the parties hereto, or preclude the exercise of any other right, power or privilege.

11.5 Modification. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing signed by Lender, and then such waiver shall be effective only in the specific instance and for the purpose for which given. An amendment, allonge, extension, modification, renewal, replacement, restatement or supplement to this Agreement will only be effective if consented to in writing by Lender and Borrower. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Agreement may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or waiver by its silence, even if Lender fails, refuses or delays its response to a request for modification or waiver from Borrower.

11.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Borrower and Lender, provided, Borrower shall not have the right to assign this Agreement or any rights or obligations under this Agreement without the prior express written consent of Lender which consent may be withheld or conditioned in the sole and absolute discretion of the Lender. Any purported assignment made in violation hereof shall be void.

11.7 Acknowledgment. Borrower acknowledges and agrees that it has fully read this Agreement; it has been given the opportunity to consult with legal counsel and other advisors; it is entering into this Agreement in its business judgment, knowingly and voluntarily, and without duress, coercion, unlawful restraint, intimidation or compulsion; and it is not relying on the advice or opinions of Lender or Lender's agents. Each party to this Agreement participated in the drafting, preparation and negotiation of this Agreement. Therefore, no one party to this Agreement is or should be considered to be the drafter of this Agreement, and any rule of construction which favors or gives the benefit of any doubt, uncertainty or ambiguity over the interpretation of this Agreement to one party over the other shall not be applicable, even if one party physically reduced this Agreement to writing.

11.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN (UNITED STATES), WITHOUT REGARD TO ANY CONTRARY CONFLICTS OR CHOICE OF LAW REQUIREMENTS OF THE STATE OF MICHIGAN OR ANY OTHER JURISDICTION.

11.9 JURISDICTION AND VENUE. BORROWER CONSENTS THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY BORROWER AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT SHALL BE INSTITUTED BY BORROWER EXCLUSIVELY IN THE COURTS OF WAYNE COUNTY, MICHIGAN. IF LENDER INITIATES ANY ACTION OR PROCEEDING UNDER OR PURSUANT TO THIS AGREEMENT, LENDER SHALL BE PERMITTED TO DO SO IN ANY COURT OF COMPETENT JURISDICTION. BORROWER EXPRESSLY WAIVES ANY DEFENSE OR IMMUNITY BASED ON INCONVENIENCE OF FORUM, LACK OF VENUE, LACK OF RESIDENCE OR OTHER REASONS. BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE BORROWER AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO SECTION 11.1. SHOULD BORROWER, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE MAILING THEREOF, BORROWER SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY LENDER AGAINST BORROWER AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR BORROWER SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY LENDER OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY LENDER OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND BORROWER HEREBY WAIVES THE RIGHT TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

11.10 WAIVER OF RIGHT TO JURY TRIAL. BORROWER AND LENDER UNDERSTAND THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THE SAME MAY BE WAIVED. EACH OF THEM, AFTER CONSULTATION OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN THE EVENT OF ANY LITIGATION OR COURT PROCEEDING REGARDING PERFORMANCE OR ENFORCEMENT OF OR IN ANY WAY RELATED TO THE LOAN, THIS AGREEMENT, THE NOTE, OR ANY OTHER LOAN DOCUMENTS.

11.11 TIME OF ESSENCE. TIME IS OF THE ESSENCE FOR THE PERFORMANCE BY BORROWER OF THE OBLIGATIONS SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.12 Construction

11.12.1 Nouns and Pronouns. Nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person referenced may in the context require.

11.12.2 Descriptive Headings and Captions. The headings and captions to the sections and subsections of this Agreement are inserted for reference only and are not to be either taken as limiting or extending the provisions of this Agreement, or given any effect on the construction or interpretation of this Agreement.

11.12.3 Include or Including. Whenever the words "include", "includes" and "including" are used in this Agreement, such words shall be deemed to be followed by the words "without limitation".

11.12.4 Borrower's Knowledge. Any statements, representations or warranties that are based upon the knowledge of the Borrower shall be deemed to have been made after due inquiry by the Borrower with respect to the matter in question.

11.13 Signatures. This Agreement may be executed in separate counterparts, none of which need contain the signatures of both the Borrower and Lender, and all of which taken together shall constitute one and the same instrument. This Agreement may be signed and delivered electronically, whether by facsimile, an image file attached to email, or other electronic form, in which case each such electronic version will be effective as if an original.

11.14 Relationship Between Lender and Borrower. Neither this Agreement, the making of the Loan nor anything entered into or undertaken pursuant to or in connection with this Agreement by either Lender or Borrower shall create any relationship of agency, partnership, co-venture or joint venture between Lender and Borrower.

11.15 Severability. If any provision of this Agreement is or becomes unenforceable in whole or in part for any reason, the remaining provisions shall continue to be effective, provided, Lender at its option shall have the right to terminate the Loan in which case all amounts due and owing hereunder shall then be immediately due and payable in their entirety, even if before the maturity date of the Indebtedness, if Lender determines that it is unable to exercise those rights and remedies otherwise purported to be available to Lender under this Agreement and/or the other Loan Documents which Lender determines to be necessary and material.

12. Subordination. Lender agrees that the priority of its security interest in the Collateral is subordinate to the Senior Lender's security interest in the Collateral.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE
TO
SECURITY AGREEMENT

In the presence of the witnesses whose signatures appear below, Lender and Borrower have caused this Agreement to be duly executed on or as of the Loan Closing Date.


WITNESS


LENDER

(SEAN O'NEIL)

WITNESS

BORROWER
SGM REAL ESTATE HOLDINGS, ULC.

By 
SEAN O'NEIL, Its: President

By 
Mark A. Rusch, Its: Vice President


**SIGNATURE PAGE
TO
SECURITY AGREEMENT**

In the presence of the witnesses whose signatures appear below, Lender and Borrower have caused this Agreement to be duly executed on or as of the Loan Closing Date.

WITNESS

Mark McQuinn

LENDER


(SEAN O'NEIL)


WITNESS

Mark McQuinn

BORROWER

SGM REAL ESTATE HOLDINGS, U.L.C.

By


SEAN O'NEIL, Its: President

By


Mark A. Ruech, Its: Vice President

Mark McQuinn

PROMISSORY NOTE

ORIGINAL PRINCIPAL AMOUNT \$21,082.20 CAD
NOTE DATE 8/8/2016
MATURITY DATE 7/15/2021
OLD CASTLE, ONTARIO

For value received, SGM REAL ESTATE HOLDINGS, ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO N0R 1L0, promises to pay to SEAN O'NEIL (the "Lender"), whose address is 918 WESTWOOD DRIVE, BELLERIVER, ONTARIO N0R 1A0 in lawful currency and immediately available funds of CANADA, the principal sum of TWENTY ONE THOUSAND EIGHTY TWO DOLLARS AND TWENTY CENTS (\$21,082.20 CAD), or so much of such sum as is outstanding (the "Debt") from time to time under this Promissory Note (this "Note"), together with interest accruing under this Note.

The Borrower agrees as follows:

1. Interest will accrue on the principal balance of this Note at the fixed rate of THREE percent (3%) per annum (the "Interest Rate"). Borrower shall pay all accrued but unpaid interest owing under this Note quarterly in arrears on each three-month anniversary of the date of this Note. Interest shall accrue at the Interest Rate on the outstanding principal balance commencing on and including the day on which any principal amount is advanced through and including the day on which such amount is repaid. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed. If at any time the Interest Rate is determined to be usurious or otherwise limited by applicable law, the Borrower shall not be bound or obligated to pay any amount in excess of the highest legal rate of interest allowed. If the Lender shall receive a sum in excess of the maximum amount of interest permitted under applicable law, the excess portion shall be applied in reduction of the unpaid balance of the outstanding principal sum of this Note and not to the payment of interest. If any such excess sum exceeds the unpaid balance of the outstanding principal sum of this Note, the difference shall be refunded to the Borrower.
2. On JULY 15, 2021 (the "Maturity Date"), the entire indebtedness owing under this Note, including all principal and interest, shall automatically be due and payable in entirety without notice or demand. Prior to the Maturity Date and at any time or from time to time, Borrower may voluntarily prepay the principal balance of this Note at any time, in whole or in part, without penalty or premium. No payment shall be deemed a prepayment of principal if any interest is due and unpaid; therefore, all payments and prepayments shall be applied first to accrued but unpaid interest, then to the outstanding principal balance of this Note.
3. Borrower waives presentment for payment, demand, notice of demand, protest, notice of protest, notice of default for nonpayment, notice of acceleration or intent to accelerate, and all other notices. Borrower waives diligence in collection or bringing suit.
4. All payments made by the Borrower shall be deemed tendered and received only upon actual receipt at the address of Lender designated for such payment, whether or not Lender has authorized payment by mail or any other manner. Borrower expressly assumes all risk of loss or liability resulting from non-delivery or delay in delivery of any payment transmitted by mail or in any other manner. All payments to Lender shall be made in lawful currency and immediately available funds of the United States of America. In the event that any payments tendered are in funds not available until collected, such payments shall continue to bear interest until collected.
5. All rights and remedies available to the Lender under this Note and under applicable law shall be cumulative. The exercise by Lender of any one or more rights and remedies shall not be an election of remedies, and shall not preclude or restrict the later exercise by Lender of any other rights or remedies. The exercise of any right or remedy by Lender shall not in any way constitute a cure or waiver of a default.
6. Borrower acknowledges and agrees that there are no oral or written understandings or agreements which modify, supplement or explain this Note. Lender has not made any prior representations, promises, warranties or assurances to Borrower, whether orally or in writing, to induce Borrower to sign this Note. No allonge, extension, postponement, renewal, replacement, restatement, waiver, indulgence, supplement, amendment or modification of this Note shall be effective unless in writing, signed by Lender, and then it shall only be effective in the specific instance and for the purpose given. No notice to or demand on Borrower in any one instance shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Note may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or

waiver by its silence, even if Lender fails, refuses or delays its response to a request for such modification or waiver from Borrower.

7. The Borrower is liable for the payment and performance of this Note with full recourse.

8. This Note and the exercise of all rights and remedies under this Note shall be governed by, construed, interpreted, and enforced in accordance with the internal laws of the State of Michigan.

SIGNATURE OF BORROWER

WITNESS

Mark Myerson

Mark Myerson

BORROWER

SGM REAL ESTATE HOLDINGS, ULC.

By

Sean O'Neil
SEAN O'NEIL, Its: President

By

Mark A. Rusch
Mark A. Rusch, Its: Vice President

SECURITY AGREEMENT

Preamble

This Security Agreement (this "Agreement") is made on or as of JULY 15, 2016 (the "Loan Closing Date"), by and between SGM REAL ESTATE HOLDINGS ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE ONTARIO N0R 1L0 (the Borrower's "Premises"), and CANADIAN REALTY GROUP, INC. (the "Lender"), whose address is 13870 E 11 MILE ROAD, WARREN MICHIGAN 48089.

Introduction

- A. On or as of the Loan Closing Date, Borrower is seeking to induce Lender to loan money and extend credit (the "Loan") to Borrower under and pursuant to Promissory Note in the principal amount of THIRTY TWO THOUSAND EIGHT HUNDRED DOLLARS (\$32,800.00) (the "Note"). Borrower has agreed to enter into one or more security instruments (collectively, the "Security Documents"), including, without limitation, this Agreement. The Note, this Agreement, all other Security Documents, and all other agreements, certificates and instruments executed by Borrower or any other obligor of the Indebtedness of Borrower to Lender pursuant thereto, or otherwise evidencing the Indebtedness of Borrower to Lender, are collectively referred to as the "Loan Documents".
- B. In order to induce Lender to make the Loan to Borrower, and to secure the payment and performance of the Loan, other Indebtedness and Borrower's obligations under the Loan Documents, the Borrower desires to enter into this Agreement.

Therefore, Borrower and Lender agree as follows:

1. Grant of Security Interest. Borrower hereby grants to Lender a continuing security interest in and to the Collateral in order to secure the prompt, punctual and full payment and performance of the Borrower's debts and obligations to Lender under the Note, including, without limitation, all principal, interest, and other charges owing thereunder, (collectively, the "Indebtedness"), without regard to the amount of such Indebtedness, whether such Indebtedness is now owing or later incurred.
2. Collateral. The Borrower's "Collateral" is and consists of all of the Borrower's tangible and intangible personal properties and assets, whether now owned or hereafter acquired, or in which the Borrower now has or may hereafter acquire an interest, including, without limitation, all of the following:
 - (1) all of Borrower's accounts, accounts receivable, notes receivable and other rights of Borrower in and to payments due for goods sold or services rendered;
 - (2) all present and future inventory in which Borrower has an interest, including, without limitation, goods intended for sale, lease or other disposition, or to be furnished under a contract of service, and all present and future raw materials, work in process, finished goods, goods consigned to Borrower to the extent of Borrower's interest therein as a consignee, materials and supplies which are incorporated within the foregoing, and all documents of title, records and files with respect to the foregoing;
 - (3) all of Borrower's furniture, fixtures, computers, machinery, equipment, tools, leasehold improvements, vehicles, together with all other tangible personal property;
 - (4) all cash, cash on hand, letters of credit and cash equivalents;
 - (5) all contracts and contract rights;
 - (6) all rights to any refund of any taxes assessed against or paid by Borrower;
 - (7) all rights under express or implied warranties from suppliers, manufacturers and others;
 - (8) all insurance premium refunds, unearned premiums, insurance proceeds, and rebates;
 - (9) all claims, demands, causes of action and lawsuits, rights of recovery and rights of setoff;
 - (10) all security deposits and other prepaid deposits and prepaid assets;

- (11) all goodwill and going concern value;
- (12) all rights inuring to the benefit of or otherwise enforceable by the Borrower under any covenants not to compete, confidentiality agreements or other restrictive covenants;
- (13) all trademarks and tradenames, service marks and service names, patents, copyrights, slogans, inventions, discoveries, improvements, designs, prototypes, drawings, specifications, formula, all confidential and proprietary information, trade secrets, knowhow, technology, and other intellectual property and property rights, whether or not registered, and all applications for any of the foregoing;
- (14) all business telephone numbers and lines, whether used for telephone communications or computer or facsimile transmissions;
- (15) all computer software and software codes, whether developed by or on behalf of Borrower or others to the extent of Borrower's interest therein;
- (16) all securities held by or issued to Borrower, including, without limitation, all shares of stock, warrants, options, and debentures;
- (17) all instruments, documents of title, policies and certificates of insurance, bank deposits, deposit accounts, checking accounts and cash;
- (18) all files and records, including, without limitation, all employment and personnel records and files, employment and operations manuals and handbooks, promotional and advertising materials and catalogues, business forms, corporate minute book records, stock ledgers, and tax returns and bank records; and
- (19) any and all proceeds (of sale, insurance, or otherwise), replacements, substitutions, additions, improvements, products and accessions to, for or of the foregoing.

3. **Perfection of Security Interest.** Borrower authorizes Lender to prepare and file now and at any time or times hereafter financing statements, continuation financing statements, assignments, certificates of title, affidavits, reports, notices, schedules of accounts, designations of inventory, letters of authority and all other documents that Lender may determine in a form satisfactory to Lender to perfect and consummate all of the transactions contemplated by this Agreement. If requested by Lender, Borrower shall promptly execute and deliver all of the same to Lender. Borrower shall pay the cost of filing or recording all of the same in all public offices deemed necessary by Lender. Borrower shall make appropriate entries on its books and records, and if requested by Lender will prominently mark the Collateral, to properly disclose Lender's security interests in the Collateral. Borrower hereby grants Lender an irrevocable power of attorney, coupled with an interest, to sign Borrower's name and otherwise execute on behalf of Borrower any financing statements or other documents reasonably required by Lender to perfect Lender's interests under this Agreement.

4. Waivers

4.1 Borrower hereby waives to the full extent permitted under applicable law: the absence of, or failure of Lender to seek or enforce, any action, lawsuit, or other proceeding, whether in law or in equity; any failure or delay in the enforcement of Note, Indebtedness or Loan Documents; diligence, demand for payment, protest and notice; any requirement of an independent investigation or due diligence conducted by Lender or knowledge of Lender relating to the business and affairs of Borrower and/or to the Collateral; and/or any defense of usury.

4.2 Borrower agrees that no security now or subsequently held by Lender for the payment of the Indebtedness, whether in the nature of a security interest, pledge, lien, assignment, setoff, surety, guaranty, indemnity, insurance or otherwise, and no act, omission or other conduct of Lender in respect of such security shall affect in any manner whatsoever the unconditional obligation of this Agreement. Lender in its sole discretion and without notice to Borrower, may release, exchange, enforce, apply the proceeds of and otherwise deal with any such security without affecting in any manner the unconditional obligation of this Agreement.

4.3 Without limiting the generality of the foregoing, the Borrower's obligations under this Agreement and the rights of the Lender to enforce the same shall not be in any way affected by either: the insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding up or other proceeding involving or affecting

Borrower or others; any change of ownership of Borrower or any others; and/or the death of any individual obligor liable for payment of the Indebtedness.

4.4 Lender, in its discretion, may extend, in whole or in part, by renewal or otherwise, the time of payment of any Indebtedness, and/or extend, in whole or in part, the time permitted for Borrower or others to perform any act or acts as may seem advisable to Lender at any time and from time to time, and/or permit Borrower to incur additional indebtedness to Lender; provided, in no event, shall any of the foregoing terminate, affect, or impair the validity or enforceability of this Agreement or the obligations of Borrower hereunder.

5. Covenants, Representations and Warranties of Borrower. Borrower covenants, represents and warrants to Lender, and agrees, as follows:

5.1 Borrower is, and with respect to any after-acquired property, will be, the sole owner and holder of good and marketable title to all of the Collateral, free and clear of all mortgages, pledges, assignments, liens, charges, encumbrances or security interests of any kind, or the interest of a vendor or lessor under any conditional sale or lease agreement, or other title retention, (collectively, "Liens"), other than the following Liens (the "Permitted Liens"):

- (a) an unrecorded Lien arising by operation of law for the payment of taxes not yet due or which are being contested in good faith by appropriate proceedings;
- (b) a Lien in favor of the Lender under this Agreement or the other Loan Documents;
- (c) a Lien which is junior to and subordinated to the rights of Lender under a written subordination agreement permitted and accepted by Lender in writing within the sole discretion of Lender; and/or
- (d) a Lien securing the payment and performance of the Borrower's debts and obligations to The Huntington National Bank (the "Senior Lender"), or otherwise permitted by the Senior Lender.

5.2 Borrower is authorized and empowered to enter into this Agreement, and to grant a security interest to Lender in and to the Collateral in accordance with the terms and conditions of this Agreement.

5.3 The execution and delivery of and performance by Borrower of this Agreement will not violate or breach any provision of (1) applicable law, (2) any order, judgment, ruling or declaration of any court, arbitrator or alternative dispute resolution moderator, adjudicator, panel, tribunal, or governmental authority to which the Borrower or its properties is a party or subject, or (3) any indenture, agreement, note, mortgage or instrument to which the Borrower is a party or subject, with or without notice, with or without the lapse of time.

5.4 This Agreement is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

6. Affirmative Covenants. So long as the Indebtedness remain outstanding, unless the Lender has given its consent in writing on a case by case basis:

6.1 Borrower shall at all times maintain the Collateral in good and working condition and repair, fit for its intended purposes.

6.2 Borrower's current name and principal office mailing address are correctly set forth above in the Preamble to this Agreement, and Borrower has not conducted (and does not now) business in or under any other names except as may be set forth by Borrower on the Signature Page to this Agreement. The correct address of the Premises is set forth in Section 1 to this Agreement. Borrower shall give the Lender immediate and prior notice of any change in the address of Borrower, change of location of any Collateral (from the Premises), any change in the name of Borrower, or any sale or purchase of the Borrower's assets outside the ordinary course. All Collateral is and at all times shall be located at the Premises.

7. Insurance. Borrower shall at its own expense, insure the replacement cost of all of the Collateral against hazards and liabilities, with limits, coverage, and with such underwriter as is reasonably satisfactory to Lender.

8. Remedies Upon Occurrence of Event of Default

8.1 In addition to any remedies arising under the Note and/or the other Loan Documents, and the imposition of any late fees and default interest thereunder, upon the occurrence of any breach or violation of this Agreement and/or any breach, violation or default of the Note and/or other Loan Documents, whether by Borrower or any guarantor or obligor for payment or performance of the Indebtedness (an "Event of Default"), following notice from Lender to the extent expressly required in the Note, and following the expiration of any cure periods expressly set forth in the Note without cure, Lender shall have each and every one of the following remedies, which remedies shall be cumulative, such that Lender may exercise one or more or all of such remedies until the entire Indebtedness is satisfied:

- (a) the entire Indebtedness shall automatically be due and payable, without notice, presentment and/or demand;
- (b) Lender may take immediate possession of the Collateral without process of law (to the fullest extent permitted under applicable law) and with the use of such reasonable force as may be necessary and permissible under applicable law, for any length of time that Lender determines and without any liability to Borrower for any diminution in value, in which case Borrower shall assemble, at its expense, all of the Collateral on the Borrower's Premises or deliver the same to such locations as Lender shall designate;
- (c) Lender may sell, transfer, or otherwise dispose of all or any part of the Collateral, at private or public sale, at such prices and in such manner and to such purchaser, which purchaser may include Lender, as Lender shall determine; it being understood that the proceeds thereof shall be applied to the Indebtedness and the expenses of sale, and that Borrower shall remain liable for any and all deficiencies;
- (d) Lender may enter the Premises and operate the Borrower's business, for any length of time that Lender determines and without any liability to Borrower for any diminution in value; in which event, any expenses incurred in connection therewith will be added to the Indebtedness and any revenues derived therefrom will be applied toward payment of the Indebtedness;
- (e) Lender may cause a receiver to be appointed for all or any portion of the Collateral, in which case all expenses of the receiver will be paid by Borrower; and/or
- (f) Lender may exercise any and all other rights and remedies available under applicable law.

8.2 Borrower agrees, upon request of Lender, to assemble the Collateral and all related records and make it available to Lender at any place which is reasonably convenient for Lender. Borrower grants Lender permission to enter upon any premises owned or occupied by Borrower for the purpose of taking possession of the Collateral. Borrower agrees to notify all persons obligated under any of the Collateral to make all payments to Lender and Borrower waives any right to recover from any other party liable for the Indebtedness (by subrogation, indemnity, or otherwise) any amount Borrower pays or Lender recovers under this Agreement.

8.3 All remedies provided for under this Agreement shall be available to the extent not prohibited by law. Each remedy shall be cumulative and additional to any other remedy of Lender at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of, or acquiescence in, any such default or Event of Default.

8.4 Lender has no obligation to marshal any collateral security or other assurances of payment in favor of Borrower or to resort to any collateral security or assurances of payment in any order.

8.5 To the extent that Lender must exercise remedies in a commercially reasonable manner, Borrower agrees that it is not commercially unreasonable if Lender does not (a) incur expense Lender deems significant or unreasonable to prepare or process Collateral before disposition, (b) exercise collection remedies against or compromise or settle claims with account debtors or other persons obligated on any Collateral, (c) advertise Collateral dispositions in any particular media, (d) use professional auctioneers or internet auction sites for Collateral disposition, (e) dispose of Collateral in wholesale rather than retail markets, or (f) disclaim warranties on disposition.

8.6 Subject to applicable law, any cash proceeds received by Lender from the exercise of its remedies shall be applied as follows: first, to pay all costs and expenses incidental to retaking and disposition of the Collateral, including, without limitation, reasonable attorneys fees, and any taxes, assessments, liens and encumbrances prior to the lien of this Agreement; second, to the payment of the Indebtedness in the following order: (i) Lender's expenses made to

perform Borrower's obligations, (ii) late charges and interest accrued and unpaid, (iii) any prepayment premiums, (iv) unpaid fees and other charges, and (v) the outstanding principal balance of the Indebtedness; and third, any surplus remaining shall be paid to whomsoever may be lawfully entitled, and then to Borrower. Borrower and any other person obligated on the Indebtedness shall remain liable for any deficiency after application of proceeds.

9. Enforcement of Remedies. Lender may proceed, either in its own name or in the name of Borrower, or otherwise, to protect and enforce any or all of its rights under this Agreement by action authorized or permitted under applicable law. Lender shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by Borrower. Each and every remedy of Lender shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity. No waiver or release shall be deemed to have been made by Lender of any of its rights hereunder unless the same shall be in writing and signed by or on behalf of Lender, and any such waiver shall be a waiver or release only with respect to the specific matter involved and shall in no way impair the rights of Lender or the obligations of Borrower under this Agreement in any other respect at any other time. In the event that Borrower fails to pay taxes, maintain insurance or perform any other obligation arising under this Agreement and/or the other Loan Documents, Lender may pay or perform such obligations for the account of Borrower and the same shall be added to the Indebtedness and shall be immediately due and payable together with interest at the highest rate charged by Lender on any of the Indebtedness (but not to exceed the maximum rate permitted by law). Lender shall not be liable for any loss to the Collateral nor shall such loss reduce the amount of the Indebtedness. Lender will use reasonable care in the custody and preservation of any Collateral in Lender's possession, but Lender has no duty to preserve rights against prior parties, and Lender may use or operate any such Collateral to preserve it or its value.

10. Reinstatement. Notwithstanding any revocation, termination, surrender or discharge of the Note, this Agreement and/or the other Loan Documents, or of any lien, pledge or security interest securing payment of the Loan, the effectiveness of the Note, this Agreement and/or the other Loan Documents, and of all liens, pledges and security interests securing payment of the Loan, shall automatically continue or be reinstated in the event that any payment received by or credit given to the Lender in respect of the Indebtedness is returned, discharged, disgorged or rescinded under any applicable state or federal law, including, without limitation, laws pertaining to bankruptcy or insolvency, in which case the Note, this Agreement, the other Loan Documents and all liens, pledges and security interest securing payment of the Loan, shall be enforceable against Borrower as if the returned, discharged, disgorged or rescinded payment or credit had not been received by, or given to, the Lender, and whether or not the Borrower relied upon this payment or credit or changed its position as a consequence of it. In the event of the continuation or reinstatement of the Note, this Agreement, the other Loan Documents and the liens, pledges and security interests securing payment of the Loan, Borrower agrees, upon demand by the Lender, to execute and deliver to the Lender those certificates, instruments, agreements and documents which the Lender reasonably determines are appropriate to further evidence in the public records or otherwise this continuation or reinstatement, although the failure of Borrower to do so shall not affect in any way the reinstatement or continuation.

11. General Terms and Conditions

11.1 Notices. All notices, communications and waivers under this Agreement shall be in writing and shall be either (1) mailed, postage prepaid, either by registered or certified mail, return receipt requested, in which case such notice will be effective on the first to occur of receipt or the third business day following the postmark date, or (2) delivered by personal service or overnight express carrier, marked for overnight delivery and with all overnight delivery charges prepaid, in which case such notice will be effective on the first to occur of receipt or the next business day following the date on which the notice is consigned for delivery. Each notice will be deemed received as and when delivery is refused by the recipient. Notwithstanding the foregoing, all payments to Lender will be deemed received only upon actual receipt by Lender. Borrower assumes all risks of loss of any such payment.

11.2 Statute of Frauds. All promises made by Lender related to this Agreement are in this Agreement. This Agreement is the final agreement between Lender and Borrower. It may not be contradicted by prior, contemporaneous, or subsequent oral agreements or representations. All prior and contemporaneous oral agreements and representations, if any, between Lender and Borrower are merged into this Agreement and do not survive this Agreement's execution.

11.3 Effectiveness. This Agreement shall become effective only after it has been executed by both Lender and Borrower.

11.4 No Waiver. No delay on the part of Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege hereunder shall preclude other or further exercise thereof, or be deemed to establish a custom or course of dealing or performance between the parties hereto, or preclude the exercise of any other right, power or privilege.

11.5 Modification. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing signed by Lender, and then such waiver shall be effective only in the specific instance and for the purpose for which given. An amendment, allonge, extension, modification, renewal, replacement, restatement or supplement to this Agreement will only be effective if consented to in writing by Lender and Borrower. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Agreement may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or waiver by its silence, even if Lender fails, refuses or delays its response to a request for modification or waiver from Borrower.

11.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Borrower and Lender, provided, Borrower shall not have the right to assign this Agreement or any rights or obligations under this Agreement without the prior express written consent of Lender which consent may be withheld or conditioned in the sole and absolute discretion of the Lender. Any purported assignment made in violation hereof shall be void.

11.7 Acknowledgment. Borrower acknowledges and agrees that it has fully read this Agreement; it has been given the opportunity to consult with legal counsel and other advisors; it is entering into this Agreement in its business judgment, knowingly and voluntarily, and without duress, coercion, unlawful restraint, intimidation or compulsion; and it is not relying on the advice or opinions of Lender or Lender's agents. Each party to this Agreement participated in the drafting, preparation and negotiation of this Agreement. Therefore, no one party to this Agreement is or should be considered to be the drafter of this Agreement, and any rule of construction which favors or gives the benefit of any doubt, uncertainty or ambiguity over the interpretation of this Agreement to one party over the other shall not be applicable, even if one party physically reduced this Agreement to writing.

11.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN (UNITED STATES), WITHOUT REGARD TO ANY CONTRARY CONFLICTS OR CHOICE OF LAW REQUIREMENTS OF THE STATE OF MICHIGAN OR ANY OTHER JURISDICTION.

11.9 JURISDICTION AND VENUE. BORROWER CONSENTS THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY BORROWER AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT SHALL BE INSTITUTED BY BORROWER EXCLUSIVELY IN THE COURTS OF WAYNE COUNTY, MICHIGAN. IF LENDER INITIATES ANY ACTION OR PROCEEDING UNDER OR PURSUANT TO THIS AGREEMENT, LENDER SHALL BE PERMITTED TO DO SO IN ANY COURT OF COMPETENT JURISDICTION. BORROWER EXPRESSLY WAIVES ANY DEFENSE OR IMMUNITY BASED ON INCONVENIENCE OF FORUM, LACK OF VENUE, LACK OF RESIDENCE OR OTHER REASONS. BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE BORROWER AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO SECTION 11.1. SHOULD BORROWER, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE MAILING THEREOF, BORROWER SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY LENDER AGAINST BORROWER AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR BORROWER SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY LENDER OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY LENDER OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND BORROWER HEREBY WAIVES THE RIGHT TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

11.10 WAIVER OF RIGHT TO JURY TRIAL. BORROWER AND LENDER UNDERSTAND THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THE SAME MAY BE WAIVED. EACH OF THEM, AFTER CONSULTATION OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN THE EVENT OF ANY LITIGATION OR COURT PROCEEDING REGARDING PERFORMANCE OR ENFORCEMENT OF OR IN ANY WAY RELATED TO THE LOAN, THIS AGREEMENT, THE NOTE, OR ANY OTHER LOAN DOCUMENTS.

11.11 TIME OF ESSENCE. TIME IS OF THE ESSENCE FOR THE PERFORMANCE BY BORROWER OF THE OBLIGATIONS SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.12 Construction

11.12.1 Nouns and Pronouns. Nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person referenced may in the context require.

11.12.2 Descriptive Headings and Captions. The headings and captions to the sections and subsections of this Agreement are inserted for reference only and are not to be either taken as limiting or extending the provisions of this Agreement, or given any effect on the construction or interpretation of this Agreement.

11.12.3 Include or Including. Whenever the words "include", "includes" and "including" are used in this Agreement, such words shall be deemed to be followed by the words "without limitation".

11.12.4 Borrower's Knowledge. Any statements, representations or warranties that are based upon the knowledge of the Borrower shall be deemed to have been made after due inquiry by the Borrower with respect to the matter in question.

11.13 Signatures. This Agreement may be executed in separate counterparts, none of which need contain the signatures of both the Borrower and Lender, and all of which taken together shall constitute one and the same instrument. This Agreement may be signed and delivered electronically, whether by facsimile, an image file attached to email, or other electronic form, in which case each such electronic version will be effective as if an original.

11.14 Relationship Between Lender and Borrower. Neither this Agreement, the making of the Loan nor anything entered into or undertaken pursuant to or in connection with this Agreement by either Lender or Borrower shall create any relationship of agency, partnership, co-venture or joint venture between Lender and Borrower.

11.15 Severability. If any provision of this Agreement is or becomes unenforceable in whole or in part for any reason, the remaining provisions shall continue to be effective, provided, Lender at its option shall have the right to terminate the Loan in which case all amounts due and owing hereunder shall then be immediately due and payable in their entirety, even if before the maturity date of the indebtedness, if Lender determines that it is unable to exercise those rights and remedies otherwise purported to be available to Lender under this Agreement and/or the other Loan Documents which Lender determines to be necessary and material.

12. Subordination. Lender agrees that the priority of its security interest in the Collateral is subordinate to the Senior Lender's security interest in the Collateral.

SIGNATURES ON FOLLOWING PAGE

SIGNATURE PAGE
TO
SECURITY AGREEMENT

In the presence of the witnesses whose signatures appear below, Lender and Borrower have caused this Agreement to be duly executed on or as of the Loan Closing Date.

WITNESS

Nick McGowan

LENDER

Mark A. Rusch
(CANADIAN REALTY GROUP, INC.)

WITNESS

Nick McGowan

Nick McGowan

BORROWER
SGM REAL ESTATE HOLDINGS ULC

By *Geoff O'Brien*
Geoff O'Brien, Its. President

By *Mark A. Rusch*
Mark A. Rusch, Its: Vice President

PROMISSORY NOTE

ORIGINAL PRINCIPAL AMOUNT \$32,800.00
NOTE DATE JULY 22, 2016
MATURITY DATE JULY 15, 2021
WARREN, MICHIGAN

For value received, SGM REAL ESTATE HOLDINGS ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE ONTARIO NOR 1L0, promises to pay to CANADIAN REALTY GROUP, INC. (the "Lender"), whose address is 13870 E. 11 MILE ROAD, WARREN MICHIGAN 48089, in lawful currency and immediately available funds of the United States of America, the principal sum of THIRTY TWO THOUSAND EIGHT HUNDRED DOLLARS (\$32,800.00), or so much of such sum as is outstanding (the "Debt") from time to time under this Promissory Note (this "Note"), together with interest accruing under this Note.

The Borrower agrees as follows:

1. Interest will accrue on the principal balance of this Note at the fixed rate of 3 percent (5%) per annum (the "Interest Rate"). Borrower shall pay all accrued but unpaid interest owing under this Note quarterly in arrears on each three-month anniversary of the date of this Note. Interest shall accrue at the interest Rate on the outstanding principal balance commencing on and including the day on which any principal amount is advanced through and including the day on which such amount is repaid. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed. If at any time the interest Rate is determined to be usurious or otherwise limited by applicable law, the Borrower shall not be bound or obligated to pay any amount in excess of the highest legal rate of interest allowed. If the Lender shall receive a sum in excess of the maximum amount of interest permitted under applicable law, the excess portion shall be applied in reduction of the unpaid balance of the outstanding principal sum of this Note and not to the payment of interest. If any such excess sum exceeds the unpaid balance of the outstanding principal sum of this Note, the difference shall be refunded to the Borrower.

2. On JULY 15, 2021 (the "Maturity Date"), the entire indebtedness owing under this Note, including all principal and interest, shall automatically be due and payable in entirety without notice or demand. Prior to the Maturity Date and at any time or from time to time, Borrower may voluntarily prepay the principal balance of this Note at any time, in whole or in part, without penalty or premium. No payment shall be deemed a prepayment of principal if any interest is due and unpaid; therefore, all payments and prepayments shall be applied first to accrued but unpaid interest, then to the outstanding principal balance of this Note.

3. Borrower waives presentment for payment, demand, notice of demand, protest, notice of protest, notice of default for nonpayment, notice of acceleration or intent to accelerate, and all other notices. Borrower waives diligence in collection or bringing suit.

4. All payments made by the Borrower shall be deemed tendered and received only upon actual receipt at the address of Lender designated for such payment, whether or not Lender has authorized payment by mail or any other manner. Borrower expressly assumes all risk of loss or liability resulting from non-delivery or delay in delivery of any payment transmitted by mail or in any other manner. All payments to Lender shall be made in lawful currency and immediately available funds of the United States of America. In the event that any payments tendered are in funds not available until collected, such payments shall continue to bear interest until collected.

5. All rights and remedies available to the Lender under this Note and under applicable law shall be cumulative. The exercise by Lender of any one or more rights and remedies shall not be an election of remedies, and shall not preclude or restrict the later exercise by Lender of any other rights or remedies. The exercise of any right or remedy by Lender shall not in any way constitute a cure or waiver of a default.

6. Borrower acknowledges and agrees that there are no oral or written understandings or agreements which modify, supplement or explain this Note. Lender has not made any prior representations, promises, warranties or assurances to Borrower, whether orally or in writing, to induce Borrower to sign this Note. No allonge, extension, postponement, renewal, replacement, restatement, waiver, indulgence, supplement, amendment or modification of this Note shall be effective unless in writing, signed by Lender, and then it shall only be effective in the specific instance and for the purpose given. No notice to or demand on Borrower in any one instance shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Note may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or

waiver by its silence, even if Lender fails, refuses or delays its response to a request for such modification or waiver from Borrower.

7. The Borrower is liable for the payment and performance of this Note with full recourse.

8. This Note and the exercise of all rights and remedies under this Note shall be governed by, construed, interpreted, and enforced in accordance with the Internal laws of the State of Michigan.

SIGNATURE OF BORROWER

WITNESS

Mark Matzow

Mark Matzow

BORROWER
SGM REAL ESTATE HOLDINGS ULC

By

Geoff O'Brien, Its: President

By

Mark A. Rusch, Its: Vice President

SECURITY AGREEMENT

Preamble

This Security Agreement (this "Agreement") is made on or as of JULY 15, 2016 (the "Loan Closing Date"), by and between SGM REAL ESTATE HOLDINGS ULC (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO N0R 1L0 (the Borrower's "Premises"), and SEAN O'NEIL (the "Lender"), whose address is 918 WESTWOOD DRIVE, BELLERIVER, ONTARIO N0R 1A0.

Introduction

- A. On or as of the Loan Closing Date, Borrower is seeking to induce Lender to loan money and extend credit (the "Loan") to Borrower under and pursuant to Promissory Note in the principal amount of THIRTY EIGHT THOUSAND SEVEN HUNDRED THIRTY TWO CANADIAN DOLLARS AND SEVENTY CENTS (\$38,732.70 CAD) (the "Note"). Borrower has agreed to enter into one or more security instruments (collectively, the "Security Documents"), including, without limitation, this Agreement. The Note, this Agreement, all other Security Documents, and all other agreements, certificates and instruments executed by Borrower or any other obligor of the Indebtedness of Borrower to Lender pursuant thereto, or otherwise evidencing the Indebtedness of Borrower to Lender, are collectively referred to as the "Loan Documents".
- B. In order to induce Lender to make the Loan to Borrower, and to secure the payment and performance of the Loan, other Indebtedness and Borrower's obligations under the Loan Documents, the Borrower desires to enter into this Agreement.

Therefore, Borrower and Lender agree as follows:

1. Grant of Security Interest. Borrower hereby grants to Lender a continuing security interest in and to the Collateral in order to secure the prompt, punctual and full payment and performance of the Borrower's debts and obligations to Lender under the Note, including, without limitation, all principal, interest, and other charges owing thereunder, (collectively, the "Indebtedness"), without regard to the amount of such Indebtedness, whether such Indebtedness is now owing or later incurred.
2. Collateral. The Borrower's "Collateral" is and consists of all of the Borrower's tangible and intangible personal properties and assets, whether now owned or hereafter acquired, or in which the Borrower now has or may hereafter acquire an interest, including, without limitation, all of the following:
 - (1) all of Borrower's accounts, accounts receivable, notes receivable and other rights of Borrower in and to payments due for goods sold or services rendered;
 - (2) all present and future inventory in which Borrower has an interest, including, without limitation, goods intended for sale, lease or other disposition, or to be furnished under a contract of service, and all present and future raw materials, work in process, finished goods, goods consigned to Borrower to the extent of Borrower's interest therein as a consignee, materials and supplies which are incorporated within the foregoing, and all documents of title, records and files with respect to the foregoing;
 - (3) all of Borrower's furniture, fixtures, computers, machinery, equipment, tools, leasehold improvements, vehicles, together with all other tangible personal property;
 - (4) all cash, cash on hand, letters of credit and cash equivalents;
 - (5) all contracts and contract rights;
 - (6) all rights to any refund of any taxes assessed against or paid by Borrower;
 - (7) all rights under express or implied warranties from suppliers, manufacturers and others;
 - (8) all insurance premium refunds, unearned premiums, insurance proceeds, and rebates;
 - (9) all claims, demands, causes of action and lawsuits, rights of recovery and rights of setoff;
 - (10) all security deposits and other prepaid deposits and prepaid assets;

- (11) all goodwill and going concern value;
- (12) all rights inuring to the benefit of or otherwise enforceable by the Borrower under any covenants not to compete, confidentiality agreements or other restrictive covenants;
- (13) all trademarks and tradenames, service marks and service names, patents, copyrights, slogans, inventions, discoveries, improvements, designs, prototypes, drawings, specifications, formula, all confidential and proprietary information, trade secrets, knowhow, technology, and other intellectual property and property rights, whether or not registered, and all applications for any of the foregoing;
- (14) all business telephone numbers and lines, whether used for telephone communications or computer or facsimile transmissions;
- (15) all computer software and software codes, whether developed by or on behalf of Borrower or others to the extent of Borrower's interest therein;
- (16) all securities held by or issued to Borrower, including, without limitation, all shares of stock, warrants, options, and debentures;
- (17) all instruments, documents of title, policies and certificates of insurance, bank deposits, deposit accounts, checking accounts and cash;
- (18) all files and records, including, without limitation, all employment and personnel records and files, employment and operations manuals and handbooks, promotional and advertising materials and catalogues, business forms, corporate minute book records, stock ledgers, and tax returns and bank records; and
- (19) any and all proceeds (of sale, insurance, or otherwise), replacements, substitutions, additions, improvements, products and accessions to, for or of the foregoing.

3. Perfection of Security Interest. Borrower authorizes Lender to prepare and file now and at any time or times hereafter financing statements, continuation financing statements, assignments, certificates of title, affidavits, reports, notices, schedules of accounts, designations of inventory, letters of authority and all other documents that Lender may determine in a form satisfactory to Lender to perfect and consummate all of the transactions contemplated by this Agreement. If requested by Lender, Borrower shall promptly execute and deliver all of the same to Lender. Borrower shall pay the cost of filing or recording all of the same in all public offices deemed necessary by Lender. Borrower shall make appropriate entries on its books and records, and if requested by Lender will prominently mark the Collateral, to properly disclose Lender's security interests in the Collateral. Borrower hereby grants Lender an irrevocable power of attorney, coupled with an interest, to sign Borrower's name and otherwise execute on behalf of Borrower any financing statements or other documents reasonably required by Lender to perfect Lender's interests under this Agreement.

4. Waivers

4.1 Borrower hereby waives to the full extent permitted under applicable law: the absence of, or failure of Lender to seek or enforce, any action, lawsuit, or other proceeding, whether in law or in equity; any failure or delay in the enforcement of Note, Indebtedness or Loan Documents; diligence, demand for payment, protest and notice; any requirement of an independent investigation or due diligence conducted by Lender or knowledge of Lender relating to the business and affairs of Borrower and/or to the Collateral; and/or any defense of usury.

4.2 Borrower agrees that no security now or subsequently held by Lender for the payment of the Indebtedness, whether in the nature of a security interest, pledge, lien, assignment, setoff, surety, guaranty, indemnity, insurance or otherwise, and no act, omission or other conduct of Lender in respect of such security shall affect in any manner whatsoever the unconditional obligation of this Agreement. Lender in its sole discretion and without notice to Borrower, may release, exchange, enforce, apply the proceeds of and otherwise deal with any such security without affecting in any manner the unconditional obligation of this Agreement.

4.3 Without limiting the generality of the foregoing, the Borrower's obligations under this Agreement and the rights of the Lender to enforce the same shall not be in any way affected by either: the insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding up or other proceeding involving or affecting

Borrower or others; any change of ownership of Borrower or any others; and/or the death of any individual obligor liable for payment of the Indebtedness.

4.4 Lender, in its discretion, may extend, in whole or in part, by renewal or otherwise, the time of payment of any Indebtedness, and/or extend, in whole or in part, the time permitted for Borrower or others to perform any act or acts as may seem advisable to Lender at any time and from time to time, and/or permit Borrower to incur additional indebtedness to Lender; provided, in no event, shall any of the foregoing terminate, affect, or impair the validity or enforceability of this Agreement or the obligations of Borrower hereunder.

5. Covenants, Representations and Warranties of Borrower. Borrower covenants, represents and warrants to Lender, and agrees, as follows:

5.1 Borrower is, and with respect to any after-acquired property, will be, the sole owner and holder of good and marketable title to all of the Collateral, free and clear of all mortgages, pledges, assignments, liens, charges, encumbrances or security interests of any kind, or the interest of a vendor or lessor under any conditional sale or lease agreement, or other title retention, (collectively, "Liens"), other than the following Liens (the "Permitted Liens");

- (a) an unrecorded Lien arising by operation of law for the payment of taxes not yet due or which are being contested in good faith by appropriate proceedings;
- (b) a Lien in favor of the Lender under this Agreement or the other Loan Documents;
- (c) a Lien which is junior to and subordinated to the rights of Lender under a written subordination agreement permitted and accepted by Lender in writing within the sole discretion of Lender; and/or
- (d) a Lien securing the payment and performance of the Borrower's debts and obligations to The Huntington National Bank (the "Senior Lender"), or otherwise permitted by the Senior Lender.

5.2 Borrower is authorized and empowered to enter into this Agreement, and to grant a security interest to Lender in and to the Collateral in accordance with the terms and conditions of this Agreement.

5.3 The execution and delivery of and performance by Borrower of this Agreement will not violate or breach any provision of (1) applicable law, (2) any order, judgment, ruling or declaration of any court, arbitrator or alternative dispute resolution moderator, adjudicator, panel, tribunal, or governmental authority to which the Borrower or its properties is a party or subject, or (3) any indenture, agreement, note, mortgage or instrument to which the Borrower is a party or subject, with or without notice, with or without the lapse of time.

5.4 This Agreement is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

6. Affirmative Covenants. So long as the Indebtedness remain outstanding, unless the Lender has given its consent in writing on a case by case basis:

6.1 Borrower shall at all times maintain the Collateral in good and working condition and repair, fit for its intended purposes.

6.2 Borrower's current name and principal office mailing address are correctly set forth above in the Preamble to this Agreement, and Borrower has not conducted (and does not now) business in or under any other names except as may be set forth by Borrower on the Signature Page to this Agreement. The correct address of the Premises is set forth in Section 1 to this Agreement. Borrower shall give the Lender immediate and prior notice of any change in the address of Borrower, change of location of any Collateral (from the Premises), any change in the name of Borrower, or any sale or purchase of the Borrower's assets outside the ordinary course. All Collateral is and at all times shall be located at the Premises.

7. Insurance. Borrower shall at its own expense, insure the replacement cost of all of the Collateral against hazards and liabilities, with limits, coverage, and with such underwriter as is reasonably satisfactory to Lender.

8. Remedies Upon Occurrence of Event of Default

8.1 In addition to any remedies arising under the Note and/or the other Loan Documents, and the imposition of any late fees and default interest thereunder, upon the occurrence of any breach or violation of this Agreement and/or any breach, violation or default of the Note and/or other Loan Documents, whether by Borrower or any guarantor or obligor for payment or performance of the Indebtedness (an "Event of Default"), following notice from Lender to the extent expressly required in the Note, and following the expiration of any cure periods expressly set forth in the Note without cure, Lender shall have each and every one of the following remedies, which remedies shall be cumulative, such that Lender may exercise one or more or all of such remedies until the entire Indebtedness is satisfied:

- (a) the entire Indebtedness shall automatically be due and payable, without notice, presentment and/or demand;
- (b) Lender may take immediate possession of the Collateral without process of law (to the fullest extent permitted under applicable law) and with the use of such reasonable force as may be necessary and permissible under applicable law, for any length of time that Lender determines and without any liability to Borrower for any diminution in value, in which case Borrower shall assemble, at its expense, all of the Collateral on the Borrower's Premises or deliver the same to such locations as Lender shall designate;
- (c) Lender may sell, transfer, or otherwise dispose of all or any part of the Collateral, at private or public sale, at such prices and in such manner and to such purchaser, which purchaser may include Lender, as Lender shall determine; it being understood that the proceeds thereof shall be applied to the Indebtedness and the expenses of sale, and that Borrower shall remain liable for any and all deficiencies;
- (d) Lender may enter the Premises and operate the Borrower's business, for any length of time that Lender determines and without any liability to Borrower for any diminution in value; in which event, any expenses incurred in connection therewith will be added to the Indebtedness and any revenues derived therefrom will be applied toward payment of the Indebtedness;
- (e) Lender may cause a receiver to be appointed for all or any portion of the Collateral, in which case all expenses of the receiver will be paid by Borrower; and/or
- (f) Lender may exercise any and all other rights and remedies available under applicable law.

8.2 Borrower agrees, upon request of Lender, to assemble the Collateral and all related records and make it available to Lender at any place which is reasonably convenient for Lender. Borrower grants Lender permission to enter upon any premises owned or occupied by Borrower for the purpose of taking possession of the Collateral. Borrower agrees to notify all persons obligated under any of the Collateral to make all payments to Lender and Borrower waives any right to recover from any other party liable for the Indebtedness (by subrogation, indemnity, or otherwise) any amount Borrower pays or Lender recovers under this Agreement.

8.3 All remedies provided for under this Agreement shall be available to the extent not prohibited by law. Each remedy shall be cumulative and additional to any other remedy of Lender at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of, or acquiescence in, any such default or Event of Default.

8.4 Lender has no obligation to marshal any collateral security or other assurances of payment in favor of Borrower or to resort to any collateral security or assurances of payment in any order.

8.5 To the extent that Lender must exercise remedies in a commercially reasonable manner, Borrower agrees that it is not commercially unreasonable if Lender does not (a) incur expense Lender deems significant or unreasonable to prepare or process Collateral before disposition, (b) exercise collection remedies against or compromise or settle claims with account debtors or other persons obligated on any Collateral, (c) advertise Collateral dispositions in any particular media, (d) use professional auctioneers or internet auction sites for Collateral disposition, (e) dispose of Collateral in wholesale rather than retail markets, or (f) disclaim warranties on disposition.

8.6 Subject to applicable law, any cash proceeds received by Lender from the exercise of its remedies shall be applied as follows: first, to pay all costs and expenses incidental to retaking and disposition of the Collateral, including, without limitation, reasonable attorneys fees, and any taxes, assessments, liens and encumbrances prior to the lien of this Agreement; second, to the payment of the Indebtedness in the following order: (i) Lender's expenses made to

perform Borrower's obligations, (ii) late charges and interest accrued and unpaid, (iii) any prepayment premiums, (iv) unpaid fees and other charges, and (v) the outstanding principal balance of the Indebtedness; and third, any surplus remaining shall be paid to whomsoever may be lawfully entitled, and then to Borrower. Borrower and any other person obligated on the Indebtedness shall remain liable for any deficiency after application of proceeds.

9. **Enforcement of Remedies.** Lender may proceed, either in its own name or in the name of Borrower, or otherwise, to protect and enforce any or all of its rights under this Agreement by action authorized or permitted under applicable law. Lender shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by Borrower. Each and every remedy of Lender shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity. No waiver or release shall be deemed to have been made by Lender of any of its rights hereunder unless the same shall be in writing and signed by or on behalf of Lender, and any such waiver shall be a waiver or release only with respect to the specific matter involved and shall in no way impair the rights of Lender or the obligations of Borrower under this Agreement in any other respect at any other time. In the event that Borrower fails to pay taxes, maintain insurance or perform any other obligation arising under this Agreement and/or the other Loan Documents, Lender may pay or perform such obligations for the account of Borrower and the same shall be added to the Indebtedness and shall be immediately due and payable together with interest at the highest rate charged by Lender on any of the Indebtedness (but not to exceed the maximum rate permitted by law). Lender shall not be liable for any loss to the Collateral nor shall such loss reduce the amount of the Indebtedness. Lender will use reasonable care in the custody and preservation of any Collateral in Lender's possession, but Lender has no duty to preserve rights against prior parties, and Lender may use or operate any such Collateral to preserve it or its value.

10. **Reinstatement.** Notwithstanding any revocation, termination, surrender or discharge of the Note, this Agreement and/or the other Loan Documents, or of any lien, pledge or security interest securing payment of the Loan, the effectiveness of the Note, this Agreement and/or the other Loan Documents, and of all liens, pledges and security interests securing payment of the Loan, shall automatically continue or be reinstated in the event that any payment received by or credit given to the Lender in respect of the Indebtedness is returned, discharged, disgorged or rescinded under any applicable state or federal law, including, without limitation, laws pertaining to bankruptcy or insolvency, in which case the Note, this Agreement, the other Loan Documents and all liens, pledges and security interest securing payment of the Loan, shall be enforceable against Borrower as if the returned, discharged, disgorged or rescinded payment or credit had not been received by, or given to, the Lender, and whether or not the Borrower relied upon this payment or credit or changed its position as a consequence of it. In the event of the continuation or reinstatement of the Note, this Agreement, the other Loan Documents and the liens, pledges and security interests securing payment of the Loan, Borrower agrees, upon demand by the Lender, to execute and deliver to the Lender those certificates, instruments, agreements and documents which the Lender reasonably determines are appropriate to further evidence in the public records or otherwise this continuation or reinstatement, although the failure of Borrower to do so shall not affect in any way the reinstatement or continuation.

11. **General Terms and Conditions**

11.1 **Notices.** All notices, communications and waivers under this Agreement shall be in writing and shall be either (1) mailed, postage prepaid, either by registered or certified mail, return receipt requested, in which case such notice will be effective on the first to occur of receipt or the third business day following the postmark date, or (2) delivered by personal service or overnight express carrier, marked for overnight delivery and with all overnight delivery charges prepaid, in which case such notice will be effective on the first to occur of receipt or the next business day following the date on which the notice is consigned for delivery. Each notice will be deemed received as and when delivery is refused by the recipient. Notwithstanding the foregoing, all payments to Lender will be deemed received only upon actual receipt by Lender. Borrower assumes all risks of loss of any such payment.

11.2 **Statute of Frauds.** All promises made by Lender related to this Agreement are in this Agreement. This Agreement is the final agreement between Lender and Borrower. It may not be contradicted by prior, contemporaneous, or subsequent oral agreements or representations. All prior and contemporaneous oral agreements and representations, if any, between Lender and Borrower are merged into this Agreement and do not survive this Agreement's execution.

11.3 **Effectiveness.** This Agreement shall become effective only after it has been executed by both Lender and Borrower.

11.4 **No Waiver.** No delay on the part of Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, and no single or partial exercise of any right, power or privilege hereunder shall preclude other or further exercise thereof, or be deemed to establish a custom or course of dealing or performance between the parties hereto, or preclude the exercise of any other right, power or privilege.

11.5 Modification. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing signed by Lender, and then such waiver shall be effective only in the specific instance and for the purpose for which given. An amendment, allonge, extension, modification, renewal, replacement, restatement or supplement to this Agreement will only be effective if consented to in writing by Lender and Borrower. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Agreement may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or waiver by its silence, even if Lender fails, refuses or delays its response to a request for modification or waiver from Borrower.

11.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the Borrower and Lender, provided, Borrower shall not have the right to assign this Agreement or any rights or obligations under this Agreement without the prior express written consent of Lender which consent may be withheld or conditioned in the sole and absolute discretion of the Lender. Any purported assignment made in violation hereof shall be void.

11.7 Acknowledgment. Borrower acknowledges and agrees that it has fully read this Agreement; it has been given the opportunity to consult with legal counsel and other advisors; it is entering into this Agreement in its business judgment, knowingly and voluntarily, and without duress, coercion, unlawful restraint, intimidation or compulsion; and it is not relying on the advice or opinions of Lender or Lender's agents. Each party to this Agreement participated in the drafting, preparation and negotiation of this Agreement. Therefore, no one party to this Agreement is or should be considered to be the drafter of this Agreement, and any rule of construction which favors or gives the benefit of any doubt, uncertainty or ambiguity over the interpretation of this Agreement to one party over the other shall not be applicable, even if one party physically reduced this Agreement to writing.

11.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN (UNITED STATES), WITHOUT REGARD TO ANY CONTRARY CONFLICTS OR CHOICE OF LAW REQUIREMENTS OF THE STATE OF MICHIGAN OR ANY OTHER JURISDICTION.

11.9 JURISDICTION AND VENUE. BORROWER CONSENTS THAT ALL ACTIONS OR PROCEEDINGS INITIATED BY BORROWER AND ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT SHALL BE INSTITUTED BY BORROWER EXCLUSIVELY IN THE COURTS OF WAYNE COUNTY, MICHIGAN. IF LENDER INITIATES ANY ACTION OR PROCEEDING UNDER OR PURSUANT TO THIS AGREEMENT, LENDER SHALL BE PERMITTED TO DO SO IN ANY COURT OF COMPETENT JURISDICTION. BORROWER EXPRESSLY WAIVES ANY DEFENSE OR IMMUNITY BASED ON INCONVENIENCE OF FORUM, LACK OF VENUE, LACK OF RESIDENCE OR OTHER REASONS. BORROWER WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE BORROWER AT THE ADDRESS TO WHICH NOTICES ARE TO BE SENT PURSUANT TO SECTION 11.1. SHOULD BORROWER, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER TO ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE NUMBER OF DAYS PRESCRIBED BY LAW AFTER THE MAILING THEREOF, BORROWER SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY LENDER AGAINST BORROWER AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR BORROWER SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT BY LENDER OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING BY LENDER OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND BORROWER HEREBY WAIVES THE RIGHT TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

11.10 WAIVER OF RIGHT TO JURY TRIAL. BORROWER AND LENDER UNDERSTAND THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THE SAME MAY BE WAIVED. EACH OF THEM, AFTER CONSULTATION OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN THE EVENT OF ANY LITIGATION OR COURT PROCEEDING REGARDING PERFORMANCE OR ENFORCEMENT OF OR IN ANY WAY RELATED TO THE LOAN, THIS AGREEMENT, THE NOTE, OR ANY OTHER LOAN DOCUMENTS.

11.11 TIME OF ESSENCE. TIME IS OF THE ESSENCE FOR THE PERFORMANCE BY BORROWER OF THE OBLIGATIONS SET FORTH IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.12 Construction

11.12.1 Nouns and Pronouns. Nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person referenced may in the context require.

11.12.2 Descriptive Headings and Captions. The headings and captions to the sections and subsections of this Agreement are inserted for reference only and are not to be either taken as limiting or extending the provisions of this Agreement, or given any effect on the construction or interpretation of this Agreement.

11.12.3 Include or Including. Whenever the words "include", "includes" and "including" are used in this Agreement, such words shall be deemed to be followed by the words "without limitation".

11.12.4 Borrower's Knowledge. Any statements, representations or warranties that are based upon the knowledge of the Borrower shall be deemed to have been made after due inquiry by the Borrower with respect to the matter in question.

11.13 Signatures. This Agreement may be executed in separate counterparts, none of which need contain the signatures of both the Borrower and Lender, and all of which taken together shall constitute one and the same instrument. This Agreement may be signed and delivered electronically, whether by facsimile, an image file attached to email, or other electronic form, in which case each such electronic version will be effective as if an original.

11.14 Relationship Between Lender and Borrower. Neither this Agreement, the making of the Loan nor anything entered into or undertaken pursuant to or in connection with this Agreement by either Lender or Borrower shall create any relationship of agency, partnership, co-venture or joint venture between Lender and Borrower.

11.15 Severability. If any provision of this Agreement is or becomes unenforceable in whole or in part for any reason, the remaining provisions shall continue to be effective, provided, Lender at its option shall have the right to terminate the Loan in which case all amounts due and owing hereunder shall then be immediately due and payable in their entirety, even if before the maturity date of the Indebtedness, if Lender determines that it is unable to exercise those rights and remedies otherwise purported to be available to Lender under this Agreement and/or the other Loan Documents which Lender determines to be necessary and material.

12. Subordination. Lender agrees that the priority of its security interest in the Collateral is subordinate to the Senior Lender's security interest in the Collateral.

SIGNATURES ON FOLLOWING PAGE

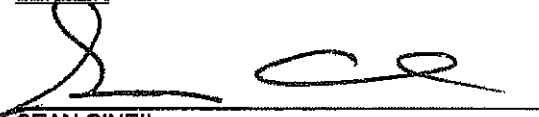
SIGNATURE PAGE
TO
SECURITY AGREEMENT

In the presence of the witnesses whose signatures appear below, Lender and Borrower have caused this Agreement to be duly executed on or as of the Loan Closing Date.

WITNESS

Nick McGowan

LENDER

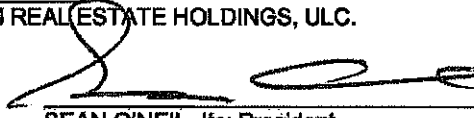

SEAN O'NEIL

WITNESS

Nick McGowan

BORROWER
SGM REAL ESTATE HOLDINGS, ULC.

By


SEAN O'NEIL, Its: President

By

Nick McGowan


Mark A. Rusch, Its: Vice President

PROMISSORY NOTE

ORIGINAL PRINCIPAL AMOUNT \$38,732.70 CAD
NOTE DATE
MATURITY DATE 7-15-2021
OLD CASTLE, ONTARIO

For value received, SGM Real Estate Holdings ULC, (the "Borrower"), whose address is 3230 MOYNAHAN STREET, OLD CASTLE, ONTARIO, N0R 1L0, promises to pay to SEAN O'NEIL (the "Lender"), whose address is 918 WESTWOOD DRIVE, BELLERIVER, ONTARIO N0R 1A0, in lawful currency and immediately available funds of Canada, the principal sum of THIRTY EIGHT THOUSAND SEVEN HUNDRED THIRTY TWO CANADIAN DOLLARS AND SEVENTY CENTS (\$38,732.70 CAD), or so much of such sum as is outstanding (the "Debt") from time to time under this Promissory Note (this "Note"), together with interest accruing under this Note.

The Borrower agrees as follows:

1. Interest will accrue on the principal balance of this Note at the fixed rate of THREE percent (3%) per annum (the "Interest Rate"). Borrower shall pay all accrued but unpaid interest owing under this Note quarterly in arrears on each three-month anniversary of the date of this Note. Interest shall accrue at the Interest Rate on the outstanding principal balance commencing on and including the day on which any principal amount is advanced through and including the day on which such amount is repaid. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed. If at any time the Interest Rate is determined to be usurious or otherwise limited by applicable law, the Borrower shall not be bound or obligated to pay any amount in excess of the highest legal rate of interest allowed. If the Lender shall receive a sum in excess of the maximum amount of interest permitted under applicable law, the excess portion shall be applied in reduction of the unpaid balance of the outstanding principal sum of this Note and not to the payment of interest. If any such excess sum exceeds the unpaid balance of the outstanding principal sum of this Note, the difference shall be refunded to the Borrower.

2. On 7-15-2021 (the "Maturity Date"), the entire indebtedness owing under this Note, including all principal and interest, shall automatically be due and payable in entirety without notice or demand. Prior to the Maturity Date and at any time or from time to time, Borrower may voluntarily prepay the principal balance of this Note at any time, in whole or in part, without penalty or premium. No payment shall be deemed a prepayment of principal if any interest is due and unpaid; therefore, all payments and prepayments shall be applied first to accrued but unpaid interest, then to the outstanding principal balance of this Note.

3. Borrower waives presentment for payment, demand, notice of demand, protest, notice of protest, notice of default for nonpayment, notice of acceleration or intent to accelerate, and all other notices. Borrower waives diligence in collection or bringing suit.

4. All payments made by the Borrower shall be deemed tendered and received only upon actual receipt at the address of Lender designated for such payment, whether or not Lender has authorized payment by mail or any other manner. Borrower expressly assumes all risk of loss or liability resulting from non-delivery or delay in delivery of any payment transmitted by mail or in any other manner. All payments to Lender shall be made in lawful currency and immediately available funds of the United States of America. In the event that any payments tendered are in funds not available until collected, such payments shall continue to bear interest until collected.

5. All rights and remedies available to the Lender under this Note and under applicable law shall be cumulative. The exercise by Lender of any one or more rights and remedies shall not be an election of remedies, and shall not preclude or restrict the later exercise by Lender of any other rights or remedies. The exercise of any right or remedy by Lender shall not in any way constitute a cure or waiver of a default.

6. Borrower acknowledges and agrees that there are no oral or written understandings or agreements which modify, supplement or explain this Note. Lender has not made any prior representations, promises, warranties or assurances to Borrower, whether orally or in writing, to induce Borrower to sign this Note. No allonge, extension, postponement, renewal, replacement, restatement, waiver, indulgence, supplement, amendment or modification of this Note shall be effective unless in writing, signed by Lender, and then it shall only be effective in the specific instance and for the purpose given. No notice to or demand on Borrower in any one instance shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. This Note may not be modified by contrary course of conduct or usage of trade. Lender shall not be deemed to have consented to any modification or

waiver by its silence, even if Lender falls, refuses or delays its response to a request for such modification or waiver from Borrower.

7. The Borrower is liable for the payment and performance of this Note with full recourse.

8. This Note and the exercise of all rights and remedies under this Note shall be governed by, construed, interpreted, and enforced in accordance with the internal laws of the State of Michigan.

SIGNATURE OF BORROWER

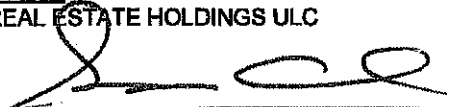
WITNESS

Mark M. Younan

Mark M. Younan

BORROWER
SGM REAL ESTATE HOLDINGS ULC

By



SEAN O'NEIL, Its: President

By



Mark A. Rusch, Its: Vice President

APPENDIX J

**In the Matter of the Receivership of Cutting Edge Precision Services ULC ("CEPS"),
Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
Receiver's Final Statement of Receipts and Disbursements
As at July 16, 2024**

Receipts

Sale of assets	\$ 8,033,417
Transferred from CEPS Bank Accounts	189,718
HST Refunds	84,617
Interest earned	38,785
Total Receipts	\$ 8,346,539 <i>A</i>

Disbursements

Distribution to Toronto Dominion Bank	\$ 4,068,988
Distribution to Business Development Bank	3,132,101
Receiver's fees to July 12, 2024	280,049
Repayment of Receiver's Borrowings	200,000
Buy out of CWB National Leasing Equipment	215,383
Legal fees to July 15, 2024	125,996
HST paid on disbursements	87,583
Deemed Trust Claim (HST)	54,559
Transfer to bankruptcy estate of CEPS	37,856
Utilities	16,867
Travel Costs	14,012
Accounting services	19,260
Appraisal fees	10,478
WSIB	8,430
Payroll services	4,813
Other misc disbursements	4,242
Insurance	4,091
Wage Earner Protection Plan (super priority)	3,431
Operating Purchases	3,010
Interest on Receiver's Borrowings	1,336
Change of locks	910
Promeric License Fee	275
Filing Fees - Official Receiver	218
Total Disbursements	\$ 8,293,889 <i>B</i>

Excess of Receipts over Disbursements \$ 52,649 *C = A - B*

Less: Estimated accruals to complete mandate

Receiver's fees (inc. HST)	\$ 22,600
Legal fees of Aird & Berlis LLP (incl. HST)	8,475
Administrative disbursements (incl. HST)	2,825
	\$ 33,900 <i>D</i>

Less: Distributions to CRA - HST 6,130 *E*

Estimated balance available - Sean O'Neil and Real Estate Group, Inc. 12,619 *C - D - E*

APPENDIX K

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

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

RECEIVER'S AFFIDAVIT OF FEES

I, Joe Albert, of the Town of Oakville, make oath and say as follows:

1. I am a Licenced Insolvency Trustee and employee of Albert Gelman Inc. ("**Receiver**"), Receiver of each of Cutting Edge Precision Services ULC, Proper Windsor Holding ULC and SGM Real Estate Holdings ULC and as such have knowledge of the facts herein deposed to.
2. The Receiver has prepared invoices in connection with its fees as follows:
 - a. An account dated December 27, 2022 for the period from November 9 to December 24, 2022 of \$55,561.50, plus HST thereon;
 - b. An account dated February 28, 2023 for the period from December 22, 2022 to February 27, 2023 of \$18,916.50, plus HST thereon;
 - c. An account dated March 31, 2023 for the period from March 1 to March 31, 2023 of \$7,623.50, plus HST thereon;
 - d. An account dated June 12, 2023 for the period from April 1 to June 11, 2023 of \$19,342.50, plus HST thereon;
 - e. An account dated August 30, 2023 for the period from June 12 to August 18, 2023 of \$3,766.50, plus HST thereon;
 - f. An account dated December 31, 2023 for the period from September 1 to December 31, 2023 of \$3,752.00, plus HST thereon;
 - g. An account dated February 29, 2024 for the period from January 1 to February 29, 2024 of \$1,208.00, plus HST thereon;

- h. An account dated May 24, 2024 for the period from March 1 to May 24, 2024 of \$8,711.50, plus HST thereon;
 - i. An account dated May 31, 2024 for the period from May 25 to May 31, 2024 of \$4,371.00, plus HST thereon;
 - j. An account dated June 30, 2024 for the period from June 1 to June 30, 2024 of \$6,627.00, plus HST thereon; and,
 - k. An account dated July 12, 2024 for the period from July 1 to July 12, 2024 of \$4,151.50, plus HST thereon.
3. A summary of the Receiver's time by staff member is as follows:

Staff member	Position	Hours worked	Hourly rate ¹	Avg. Hourly rate (\$)	Total (\$)
Bryan Gelman, CIRP, LIT	Principal	14.2	\$440 to \$450	404.15	5,739.00
Joe Albert, CPA, CA, DIFA, CIRP, LIT	Principal	90.1	\$440 to \$470	450.95	40,631.00
Tom McElroy, CPA, CA, CBV, CIRP, LIT	Manager	102.2	\$415 to \$470	430.14	43,960.00
Ianina Raguimov, CIRP, LIT	Manager	3.0	\$395	395.00	1,185.00
Suzette Warner, CFE, CPA, CGA, FCCA	Associate	54.4	\$350 to \$465	391.26	21,284.50
Sudhanshu Marwaha, CPA (India)	Associate	64.7	\$305 to \$325	308.77	19,977.50
Ivy Chen	Associate	0.6	\$350	350.00	210.00
Laurianne Valteau	Estate Administrator	2.5	\$235	235.00	587.50
Ashely Robinson	Estate Administrator	1.2	\$235	235.00	282.00
Daphna Cherniak	Estate Administrator	0.8	\$200 to \$250	218.75	175.00
		333.7		401.65	134,031.50

(1) Effective January 1, 2023, the hourly rates of Bryan Gelman, Joe Albert, Tom McElroy, Suzette Warner, Sudhanshu Marwaha and Daphna Cherniak increased by \$10, \$10, \$35, \$45, \$20 and \$50, respectively. Effective January 1, 2024 the hourly rates of Joe Albert, Tom McElroy and Suzette Warner increased by \$20, \$20 and \$70, respectively.

- 4. The Receiver's total fees are \$134,031.50, its total hours spent is 333.7 and, therefore, its average hourly rate is calculated to be \$401.65.
- 5. The Receiver's accounts, including detailed time dockets, are attached hereto as **Exhibit "A"**.
- 6. This Affidavit is made in support of a motion to approve the accounts of Albert Gelman Inc. and for no improper purpose.

Sworn remotely by Joe Albert at Oakville, Ontario }
before me at Toronto, Ontario in accordance with }
O. Reg. 431/20, Administering Oath or Declaration }
Remotely, this 15th day of July 2024 }




Joe Albert

Thomas John McElroy, a Commissioner, etc.,
Province of Ontario, for Albert Gelman Inc.
Expires February 14, 2025

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Liquidator
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Dec 27, 2022
Invoice No: 6123
Billing Through: Dec 24, 2022
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2022-11-09	SMARWAHA	Sent Creditor's package for Cutting Edge to creditors as requested by Carol P. & Tom M. and updated address in ascend for one creditor per request: Email Correspondence with Suzette W. regarding OSB correspondence for certificate of appointment	1.20	\$305.00	\$366.00
2022-11-10	TMCELROY	Review and respond to correspondence from creditor; Discussion with counsel re First Report and other matters; Review First Report with J. Albert; Email to CWB re clarify pay out amount; Emails to various unsecured creditors; Review and comments to counsel re updated Ancillary Order; assemble appendices for First Report to Court;	2.60	\$415.00	\$1,079.00
2022-11-10	BGELMAN	Review and respond to emails regarding report to Court and distribution to secured creditors; review of ILA opinions on TD and BDC security; Call with Kyle Plunkett re terms of AVO and order being sought by Receiver;	0.70	\$440.00	\$308.00
2022-11-10	JALBERT	Work on draft report from T McElroy.	3.50	\$440.00	\$1,540.00
2022-11-10	SWARNER	Email from Carlos D'Silva of OSB re fax ; refax notice of receivership for all three entities; received certificate of appointment and ; instructions to D Cherniak re wire transfer ; reviewed banking report ; reviewed HST filing ; email to Sean re confirmation of EDC declaration for September	0.50	\$350.00	\$175.00
2022-11-11	JALBERT	Work on report to Court; discuss with T McElroy; monitoring matters and related email exchanges	1.50	\$440.00	\$660.00
2022-11-11	SMARWAHA	Sent Creditor's package for Cutting Edge to a creditor as requested by Tom M. and correspondence regarding same.	0.20	\$305.00	\$61.00
2022-11-12	TMCELROY	Review of counsels comments on First Report; Continue drafting First Report to Court;	3.50	\$415.00	\$1,452.50
2022-11-13	JALBERT	work on First Report to Court	4.50	\$440.00	\$1,980.00
2022-11-14	JALBERT	work on First Report to Court and send to counsel for final review; coordinate and send exhibits to counsel; discussion with legal counsel on report and motion record; review all appendices and final amendments to report and send to counsel for service; review and comment on draft notice of motion	6.00	\$440.00	\$2,640.00
2022-11-14	BGELMAN	Review and comments to report to Court; Update with K. Furfuro at TD re estimated realizations;	1.30	\$440.00	\$572.00

Albert Gelman Inc. - 250 Ferrand Drive, Suite 403 Toronto, ON, M3C 3G8 - Tel: 416 504 1650 - Fax: 416 504 1655 - albertgelman.com

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2022-11-14	TMCELROY	Comments to J. Albert re various matters to complete First Report to Court; Call with S. O'Neil re status of operations and other matters; Update case website; Pre-hearing review of all three draft Court Orders	2.90	\$415.00	\$1,203.50
2022-11-14	DCHERNIAK	Set up Wire payment;	0.50	\$200.00	\$100.00
2022-11-14	SMARWAHA	Sent Creditor's package for Cutting Edge to a creditor as requested by Tom M. & Carol P. and correspondence regarding same and updated service list on the website	0.60	\$305.00	\$183.00
2022-11-15	TMCELROY	Review of draft closing documents provided by counsel; Discuss same with J. Albert; Email to counsel re draft closing documents;	1.80	\$415.00	\$747.00
2022-11-15	JALBERT	Review draft statement of adjustments provided by legal counsel; prepare amendments for counsel; review draft closing documents and provide comments, changes and questions to counsel; email to purchase re: assignment of contracts, contracts to be included etc	2.50	\$440.00	\$1,100.00
2022-11-15	SMARWAHA	Sent Creditor's package for Cutting Edge to a creditor as requested by Tom M. and correspondence regarding the update in ascend: Called and left voicemail for Montel Plastics for query regarding the receivership and updated Tom M. via email.	0.60	\$305.00	\$183.00
2022-11-16	JALBERT	Discuss draft closing documents with T McElroy; monitoring matters; emails to purchaser on various closing issues; Teams meeting with counsel on closing issues and HST issues on closing	1.70	\$440.00	\$748.00
2022-11-16	TMCELROY	Discussions with J. Albert re Meridian financing contract; Correspondence from counsel re various matters; Video conference with counsel re HST election per sale agreement; Email to Sean re director resolution to change name to original numbered company name; Discuss matter related to employee benefits payments with J. Albert; Email to Carol (accountant) re same; Email to Wayne (purchaser) re same; Call with Carol (accountant) re various matters; Emails to Carol re status of incoming POs; Email to Carol re status of invoices issued over previous 12 days; Review of CRA proof of claim and consider why there is a discrepancy from previously filed proof of claim;	2.30	\$415.00	\$954.50
2022-11-16	BGELMAN	Update from Tom McElroy re closing of sale and closing documents;	0.20	\$440.00	\$88.00
2022-11-16	SMARWAHA	Sent Creditor's package for Cutting Edge to a creditor as requested by Carol P.	0.20	\$305.00	\$61.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2022-11-17	JALBERT	monitoring issues; respond to questions of counsel needed for application factum; review and comment on Factum	1.20	\$440.00	\$528.00
2022-11-17	TMCELROY	Email to/from Sean O'Neil; Emails to/from counsel re info for factum; Call with J. Albert re current PO and invoicing procedures; Email to S. O'Neil re same; Review of updated closing documents and comments to counsel re same; Review of factum and comments to counsel re same;	2.80	\$415.00	\$1,162.00
2022-11-18	SMARWAHA	Sent Creditor's package for Cutting Edge to a creditor as requested by Tom M.	0.30	\$305.00	\$91.50
2022-11-18	TMCELROY	Discuss Meridian contract with Carol (accountant); Determine contact info for rep at North American Lighting for service;	0.40	\$415.00	\$166.00
2022-11-18	JALBERT	Email exchanges on service of Factum and Book of Authorities; monitoring issues	0.50	\$440.00	\$220.00
2022-11-18	BGELMAN	Review and approve outgoing wire to fund payroll;	0.10	\$440.00	\$44.00
2022-11-19	TMCELROY	Update Case website;	0.40	\$415.00	\$166.00
2022-11-20	SMARWAHA	Travel to/from Debtor premises (half travel time booked)	2.30	\$305.00	\$701.50
2022-11-21	JALBERT	review employee listing of purchaser; monitoring; Teams meeting with counsel in preparation for Court hearing and closing	1.20	\$440.00	\$528.00
2022-11-21	TMCELROY	Email to S. O'Neil; Email to counsel; Discuss ongoing monitoring procedures with S. Marwaha; Emails to Wayne re various matters; Call with counsel re pre-court hear and closing matters; Update closing matters checklist; Internal discussion with J. Albert re various matters;	1.90	\$415.00	\$788.50
2022-11-21	SMARWAHA	Attended at the plant and Monitoring Plant, reviewed mailings and performed monitoring of bank accounts and account receivables.	4.50	\$305.00	\$1,372.50
2022-11-21	BGELMAN	Update from Tom McElroy re closing;	0.20	\$440.00	\$88.00
2022-11-22	JALBERT	Review and respond to Counsel on joint HST election; print and execute signature pages to closing documents; Teams meeting T McElroy to discuss closing issues and sales/invoicing adjustment; review draft employee letters re termination and WEPPA; Teams meeting purchaser on closing issues; Email EDC to request any consent or assignment documents required by them; Teams meeting T. McElroy and S. Marwaha on closing issues; complete Receiver's portion of HST election; review schedule of new invoice generated	2.30	\$440.00	\$1,012.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2022-11-22	TMCELROY	Review of bank transactions for previous day; Discuss joint HST election with J. Albert; Email to counsel re same; Call with Wayne (purchaser) re various pre-closing matters; Review of HST indemnity re sale of real property; Internal meeting with S. Marwaha and J. Albert re invoicing post- receivership amounts as per APS; Discuss WEPP administration with S. Warner; Correspondence from Wayne (purchaser) re various post-closing matters;	2.10	\$415.00	\$871.50
2022-11-22	SWARNER	Call from CRA re RC0002 account balance and investigate changes in balance; reviewed and commented on termination and WEPPA letters	0.60	\$350.00	\$210.00
2022-11-22	SMARWAHA	Attended at the plant and Monitoring Plant, reviewed mailings and performed monitoring of bank accounts and account receivables.	3.70	\$305.00	\$1,128.50
2022-11-22	BGELMAN	Review of court report; Call with Michael Kestenberg re update prior to Court hearing;	0.50	\$440.00	\$220.00
2022-11-23	TMCELROY	Emails to/from counsel re various matters; Prep for and attend court hearing; Call with Carol to discuss purchase price adjustment re AR collect and invoices issued post October 16; Call with counsel re various pre-closing matters; Call with S. O'Neil re various pre-closing matters;	2.40	\$415.00	\$996.00
2022-11-23	JALBERT	Review bank indemnity agreement re: non-endorsement of AR cheques to purchaser; prepare for and attend approval motion court hearing; Teams meeting bookkeeper and T. McElroy to review schedule of AR collections and new invoices generated for closing; Teams meeting T. McElroy and counsel on closing ; matters; Teams meeting Sean O'Neil on closing issues	2.50	\$440.00	\$1,100.00
2022-11-23	BGELMAN	Attend hearing for Court approval of sale transaction; Update call with Katie and Abner at TD bank re court approval;	0.50	\$440.00	\$220.00
2022-11-23	SWARNER	mail from CRA re HST access code; reviewed employee retention list and compared with WEPPA spreadsheet to determine termination list	0.60	\$350.00	\$210.00
2022-11-23	SMARWAHA	Attended at the plant and Monitoring Plant, reviewed mailings and performed monitoring of bank accounts and account receivables.	3.80	\$305.00	\$1,159.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2022-11-24	TMCELROY	Call with counsel re closing matters; Email to counsel re same; Review purchase price calculation prepared by Wayne (purchasers accountant); Prepare revised purchase price calculation; Comments to Wayne re same; Call with Wayne to negotiate final purchase price adjustment; Review of final closing documents; Review and respond to emails from Wayne re closing matters; Emails to/from counsel re closing matters; Update case website;	4.20	\$415.00	\$1,743.00
2022-11-24	JALBERT	Email exchanges on closing issues; meeting T McElroy to review adjustments on receivables; conf call with purchaser on same and negotiate settlement of adjustments; Notice to bank on balance in account and final disbursements	2.50	\$440.00	\$1,100.00
2022-11-24	SMARWAHA	Attended at the plant and Monitoring Plant, reviewed mailings and performed monitoring of bank accounts and account receivables.	3.80	\$305.00	\$1,159.00
2022-11-25	JALBERT	Set up TODO listing of matters to be done and priority following closing and forward to T. McElroy, S. Marwaha and S. Warner; various email exchanges on closing matters; review and execute certain closing documents; closing of sale transaction	2.50	\$440.00	\$1,100.00
2022-11-25	TMCELROY	Review prior day transactions; Call with Wayne re closing matters; Correspondence to/from counsel re closing matters; Discuss closing matters with J. Albert; Instructions to D. Cherniak re banking matters; Voicemail exchange with representative of North American Lighting; Reivew split month HST returns for October 2022 prepared by Carol (accountant); Email to Carol re same; Email to Suzette re CRA amended proof of claim; Email to prospective liquidator/auctioneer	1.70	\$415.00	\$705.50
2022-11-25	BGELMAN	Review of closing details and banking admin matters;	0.60	\$440.00	\$264.00
2022-11-25	SMARWAHA	Attended at the plant and Monitoring Plant, reviewed mailings and performed monitoring of bank accounts and account receivables.	2.30	\$305.00	\$701.50
2022-11-26	SWARNER	Emai; to Wendy Rueger of the CRA regarding amended proof of claim	0.20	\$350.00	\$70.00
2022-11-26	SMARWAHA	50% of total time charged for travel from Windsor to Brampton and Logistics.	2.30	\$305.00	\$701.50

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2022-11-28	BGELMAN	Attend internal teams meeting to discuss post-closing checklist; Call with Ruth Thomson at BDC re post closing and payout; Meeting with Tom to review payout schedule; Review and approval of wires to BDC and Miller Thomson;	1.30	\$440.00	\$572.00
2022-11-28	SWARNER	Internal teams meeting for file review , to do and task assignment ; email to Wayne Martinunik regarding transfer of utilities to Arlen; detailed email to Carol re financial reports and HST for November 25, 2022 close of business ; email to Carol and Sean re termination of employees ; email to Kyle Plunkett regarding termination of employees; call with Carol to confirm new contract were issued to employees being retained ; prepared draft termination letter for retained employees	1.80	\$350.00	\$630.00
2022-11-28	SMARWAHA	Internal update call with AGI Team for next steps on the engagement.	0.70	\$305.00	\$213.50
2022-11-28	TMCELROY	File status review meeting with staff to discuss post-transaction closing matters; Discussions with S. Warner re various post-closing matters; Discuss payout of BDC with B. Gelman; Prepare calculation of BDC payout amount; Instructions to D. Cherniak re payout of BDC loan; Email to TD Bank re repayment of Borrowing Certificate; Review of daily transactions in TD accounts; Emails (2) to CWB National Leasing rep re payout and redemption of security; Email to Meridian representative re 'pick-up' of assets which Meridian has security over; Email to S O'Neil re return of autocrib vending machine;	2.90	\$415.00	\$1,203.50
2022-11-28	JALBERT	Review/sign wire payments to BDC and their legal counsel. Review other email exchanges	0.30	\$440.00	\$132.00
2022-11-29	TMCELROY	Email to S. O'Neil re return of autocrib unit; Email to Wayne re Receiver's certificates; Instructions to D. Cherniak re banking matters; Emails to/from Meridian rep re pick up of equipment; Call with S. O'Neil re autocrib machine; Email to Wayne re Autocrib machine; Discuss 1.25 million EDC guarantee with B. Gelman and potential implications re same; Discussion with S. Warner re various post-closing matters; Review CBW National leasing payout statement; Instructions to D. Cherniak re payout of CWB National leasing; Call with counsel re potential EDC guarantee of TD Loan and related matters;	2.60	\$415.00	\$1,079.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Client	Description	Hours	Rate	Amount
2022-11-29	BGELMAN	Review and respond to email from principal re EDC for cutting edge; internal discussion with Tom McElroy re same; calls from bank re confirmation of wire payments; Call with Tom McElroy re payout of CWB leasing and redemption of security; Update call with Katie Furfuro at TD re same;	0.90	\$440.00	\$396.00
2022-11-29	SWARNER	call with Service Canada re ROE ; follow-up email to Wayne Martinuik re transfer of utility accounts	0.70	\$350.00	\$245.00
2022-11-29	SMARWAHA	Performance of WEPPA administration on the file: Email Correspondence with Carol P. for latest copies of statements of utilities companies	0.40	\$305.00	\$122.00
2022-11-30	TMCELROY	Review daily bank transactions; Call with Carol re payroll and balance in bank account;	0.20	\$415.00	\$83.00
2022-11-30	BGELMAN	Respond to email from Geoff at Proper US;	0.30	\$440.00	\$132.00
2022-11-30	SWARNER	Call with Carol Pillion to discuss transition of utility accounts and follow up email accordingly ; prepared letter to utility company re final reading and change of account ; email correspondence with the CRA re amended proof of claim	0.70	\$350.00	\$245.00
2022-11-30	JALBERT	Review emails from Geoff O'Brien re: EDC indemnity and damages to Proper US; review email responses of B Gelman and counsel's drafted response; review damages claim against CEPS from Homeland Security.	0.50	\$440.00	\$220.00
2022-11-30	SMARWAHA	Email Correspondence with Carol P. regarding notice from Department of Homeland Security US Customs and Border Protection and follow up on cheque of \$46.99 received to be deposited in Cutting Edge's bank account: Performance of WEPPA administration on the file	1.80	\$305.00	\$549.00
2022-12-01	SWARNER	Reviewed, edited and signed letters to utility companies, instructions to Sudhanshu re mailing and email to Carol Pillion accordingly ; finalized termination letters and Wepp letters ; further correspondence with CRA re account balance; email to Andrea Bailie re ROEs	1.80	\$350.00	\$630.00
2022-12-01	JALBERT	consider allegations/issues of Proper US and email memo to our counsel on same; review sign wire transfer to pay CWB; review monitoring bank statements; approve and sign secured creditor distribution cheques	0.80	\$440.00	\$352.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Client	Description	Hours	Rate	Amount
2022-12-01	TMCELROY	Review and respond to correspondence from Eric(TD) re repayment of Receiver's Certificate; Review and amendments to Termination letter to be sent to former employees; Instructions to D. Cherniak re repayment of Receiver's borrowing certificate; Discussions with S. Warner re HST arrears for both Cutting Edge and SGM;	1.00	\$415.00	\$415.00
2022-12-01	SMARWAHA	Performance of WEPPA administration on the file: Drafted letters to be sent to Utility companies and sent via Email and FAX	3.80	\$305.00	\$1,159.00
2022-12-02	AROBINSON	Merged the employee lists and employee contact lists for both terminated and retained employees	1.20	\$235.00	\$282.00
2022-12-02	JALBERT	Teams meeting S Warner on status of Wepp; consider issue of accrued vacation pay for employees continuing as successor employees with purchaser and position they are not entitled to WEPP claims.	0.30	\$440.00	\$132.00
2022-12-02	LVALLEAU	E-mailed 50 letters with Court Order to employees	2.50	\$235.00	\$587.50
2022-12-02	SWARNER	reviewed WEPP administration and instructions to S Marwaha, employee termination, ; call with J Albert to update accordingly ; received and reviewed amended proof of claim from CRA ; WEPP administration;	0.90	\$350.00	\$315.00
2022-12-02	SMARWAHA	Updated the website with latest court documents and sent email confirmation to Tom M. for confirmation: Email Correspondence regarding notice from Homeland Security US customs and border protection: Drafted and compiled the WEPPA packages and Termination packages on file and sent via email to former employees: Email Correspondence with Andrea B. for confirmation of email address for a former employee	5.10	\$305.00	\$1,555.50
2022-12-03	TMCELROY	Revised calculation of estimated distribution to secured and priority creditors; Instructions to D. Cherniak re payment to TD;	0.50	\$415.00	\$207.50
2022-12-05	TMCELROY	Review daily banking transactions; Email to Eric (TD) re return National Leasing payment; Email to Dan (National Leasing) re payment taken incorrectly; Call with Carrol P. (internal accountant) re various matters; Discuss wire payments to TD with D. Cherniak; Review of CWB National Leasing security discharge confirmation;	0.90	\$415.00	\$373.50
2022-12-05	JALBERT	review proof of claim received; confirm to TD to return payment to National Leasing; approve/sign wire payment to TD as repayment of \$200,000 loan; review banking and request for payment of item by Debtor; deal with transfer of ownership of vehicles to purchaser and agree to proposed prices to appraisal.	0.60	\$440.00	\$264.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2022-12-05	SWARNER	Follow up email re T4s and ROE and requested final payroll register ;	0.50	\$350.00	\$175.00
2022-12-05	SMARWAHA	Updated ascend for notice from Homeland Security US Customs and Border Protection and send copy of notice of receiver by email.	1.90	\$305.00	\$579.50
2022-12-06	BGELMAN	Review and approval of Wire and call from Lisa at Versa re wire approval;	0.20	\$440.00	\$88.00
2022-12-06	JALBERT	Review draft bill of sale for ownership transfer of vehicles and respond to purchaser; review/sign wire for \$3M distribution to TD	0.20	\$440.00	\$88.00
2022-12-06	SWARNER	Email to Andrea B. re T4s ; call from International Fleet Service re vehicle with lien attached and refer to T McElroy	0.30	\$350.00	\$105.00
2022-12-06	SMARWAHA	Performance of WEPPA Administration on the file.	1.40	\$305.00	\$427.00
2022-12-07	JALBERT	Cancel insurance coverage; investigate lien on Mac Track to determine if Receiver has obligation to pay, review invoice, TC repair shop and requisition payment Sign ownership cards for transfer of vehicles and courier to purchaser	0.40	\$440.00	\$176.00
2022-12-07	SMARWAHA	Performance of WEPPA Administration on the file.	0.60	\$305.00	\$183.00
2022-12-08	TMCELROY	Review daily transactions in TD bank account; Discuss management of TD bank accounts with J. Albert; Email to Abner (TD) re transfer funds from Debtor to Receiver;	0.40	\$415.00	\$166.00
2022-12-08	JALBERT	review banking transactions;	0.10	\$440.00	\$44.00
2022-12-08	SMARWAHA	Performance of WEPPA Administration on the file: Sent follow up emails to utilities companies and setup tracker on LAN.	1.30	\$305.00	\$396.50
2022-12-09	JALBERT	Review and approve Bill of Costs of legal counsel and also Hydro from date of Receivership; review accounting records, bank statements and reconciliations for PWH and SGM and follow up on status for CEPW; set up template for preparation of R&D of Receiver's operations from the Debtor's 3 bank accounts and forward to Suzette to prepare from bank statements and/or Debtor's general ledger.	1.30	\$440.00	\$572.00
2022-12-09	SWARNER	Received and reviewed mail through Canada Post ; instructions to S Marwha re bill from Hydro One	0.20	\$350.00	\$70.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2022-12-09	SMARWAHA	Review of bank transactions and email correspondence regarding payment made to Hydro One: Drafted email and sent to Hydro One for amendment to final billings	0.60	\$305.00	\$183.00
2022-12-12	SMARWAHA	Performance of WEPPA Administration on the file.	0.60	\$305.00	\$183.00
2022-12-12	TMCELROY	File review and status meeting with J. Albert, S. Warner and S. Marwaha; Email to Eric (TD) re transfer of US funds to Receiver; .	0.90	\$415.00	\$373.50
2022-12-12	JALBERT	Teams professional staff meeting to review all o/s matters	0.50	\$440.00	\$220.00
2022-12-12	SWARNER	Internal file review meeting and next steps ; follow up email to Carol Pillon on items for action	0.80	\$350.00	\$280.00
2022-12-13	TMCELROY	Instructions to D. Cherniak re banking matters; Review and respond to correspondence from counsel;	0.20	\$415.00	\$83.00
2022-12-13	SMARWAHA	Performance of WEPPA Administration on file: Sent Reminder email to Carol P. regarding copy of bank statements	0.70	\$305.00	\$213.50
2022-12-14	SMARWAHA	Performance of WEPPA Administration on file	0.50	\$305.00	\$152.50
2022-12-15	TMCELROY	Review of daily bank transactions; Email to Carol P.;	0.10	\$415.00	\$41.50
2022-12-15	SMARWAHA	Called a creditor for which a voice mail was received and sent back a voice mail as was not able to connect.	0.10	\$305.00	\$30.50
2022-12-16	TMCELROY	Discuss remaining activities and next steps with B. Gelman; Call with representative of Thread-Craft (unsecured creditor);	0.30	\$415.00	\$124.50
2022-12-16	BGELMAN	Respond to text from Sean O'Neill by phone; update call with counsel; call to Tom McElroy for update on final administration;	0.60	\$440.00	\$264.00
2022-12-16	SMARWAHA	Review of statement of account from BDI Canada and sent copy of notice and statement of Receiver via email; Performance of WEPPA Administration on file: Updated the ascend for creditor details for Thread-Craft Inc.	0.90	\$305.00	\$274.50
2022-12-19	JALBERT	Review/approve final hydro payment	0.10	\$440.00	\$44.00
2022-12-19	SMARWAHA	Correspondence with Carol P. and WSIB regarding the updating of numbers for WSIB return for post receivership period: Performed WEPPA Administration on file.	1.20	\$305.00	\$366.00
2022-12-20	BGELMAN	Call with Joanne Alford at Meridian One;	0.20	\$440.00	\$88.00
2022-12-20	SWARNER	Call with C Pillion to discuss payroll provider outstanding invoices	0.30	\$350.00	\$105.00
2022-12-21	JALBERT	email exchange on closing and re-opening of bank accounts for purchaser	0.20	\$440.00	\$88.00

Invoice

Invoice Date: Dec 27, 2022

Invoice No: 6123

Billing Through: Dec 24, 2022

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2022-12-21	SWARNER	email to carol Pillon re Receiver's payment to payroll provider per period of receivership	0.10	\$350.00	\$35.00
2022-12-22	SWARNER	Call with Sudhanshu on various file administration matters	0.60	\$350.00	\$210.00
2022-12-23	JALBERT	confirmation from purchase bank account reopened; review HST audit request for pre-receivership and refund for Oct post receivership	0.20	\$440.00	\$88.00
2022-12-24	JALBERT	review/approve monthly bank reconciliations	0.50	\$440.00	\$220.00
Total Fees:					\$55,561.50
HST/GST:					\$7,223.00

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Ashley Robinson (Estate Administrator)	1.20	\$235.00	\$282.00
Bryan A. Gelman (Principal, CIRP LIT)	7.60	\$440.00	\$3,344.00
Daphna Cherniak (Estate Administrator)	0.50	\$200.00	\$100.00
Joe E. Albert (CIRP, CPA, DIFA. LIT)	38.40	\$440.00	\$16,896.00
Laurianne Valleau (Assoc. Professional Support)	2.50	\$235.00	\$587.50
Sudhanshu Marwaha (Associate)	47.40	\$305.00	\$14,457.00
Suzette Warner (CFE, CPA, CGA, FCCA)	10.60	\$350.00	\$3,710.00
Tom McElroy (Director, CPA CBV CIRP LIT)	39.00	\$415.00	\$16,185.00

Disbursements:

Non-Taxable Disbursements

SEARCH FEES:	\$8.00
TRAVEL:	\$484.95

Taxable Disbursements

PHOTOCOPIES:	\$7.50
POSTAGE:	\$14.18
PROMERIC FEE:	\$275.00
TRAVEL:	\$1,354.20

Total Disbursements: **\$2,143.83**

HST/GST: **\$214.62**

Amount Due This Invoice: **\$65,142.96**

Invoice

Invoice Date: Dec 27, 2022
Invoice No: 6123
Billing Through: Dec 24, 2022
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$57,705.33
TOTAL HST/GST:	\$7,437.62
TOTAL AMOUNT DUE:	\$65,142.96

Payment of this account is due on receipt
HST Registration # 83741 9514 RT0001

Cutting Edge Precision Services ULC, Proper Windsor Holdings
 ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Liquidator
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Feb 28, 2023
Invoice No: 6252
Billing Through: Feb 28, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2022-12-22	SMARWAHA	Review of HST Audit request letter received from CRA and drafted email and sent to Carol P. to request the details as requested by CRA for HST Audit: Review of Invoice and statement of accounts received from Ceridian and sent to Suzette W. for review with suggestive next steps: Review of Final EHT Return from Ontario and sent to Suzette W. for review with suggestive next steps: Sent follow up emails to all the utilities companies regarding our request for closure/ final billing/ transfer of accounts via email: Email Correspondence with Carol P. regarding copies of bank statements	1.60	\$305.00	\$488.00
2022-12-23	SMARWAHA	Reviewed the copy of Final EHT Return received and saved on LAN: Called EHT Ontario and Drafted email and sent to EHT Ontario to request adjustment to final return to cover post receivership period of operations and sent request via email: Reviewed the bank statement and sent email to Carol P. to confirm the nature of transaction for identified transactions: Drafted email and sent to Cintas and Ceridian to request adjustment to final Invoice to cover post receivership period of operations and sent request via email: Reviewed the collection notice received from a creditor and sent the copy of notice and statement of receiver via email: Reviewed an outstanding invoice from McMaster CARR for goods supplied during the post receivership period of operations and sent to Joe A. for review and saved a copy on LAN.	2.30	\$305.00	\$701.50
2022-12-29	SMARWAHA	Reviewed the notice from Broker to request for payment of dues to US Customs for penalties and dues on file: Sent copy of notice and statement of receiver to broker requesting payment for US Customs penalties and dues and saved the copy on LAN and sent update email to Joe A. regarding the notice received on file: Performed WEPPA Administration on file.	1.20	\$305.00	\$366.00

Invoice

Invoice Date: Feb 28, 2023

Invoice No: 6252

Billing Through: Feb 28, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Client	Description	Hours	Rate	Total
2023-01-03	SMARWAHA	Email Correspondence with Hydro One regarding the final billing on account as request per request letter sent to Hydro One: Email Correspondence with Cogeco (Utility Company) for request for contact details for Arlen Tool to perform the transfer of account as per our letter request for final billing: Reviewed the final billing received from Hydro One and sent to Joe A. for update and saved on LAN to be paid for post receivership period.	1.20	\$325.00	\$390.00
2023-01-04	SMARWAHA	Review of final billings sent by Fibre Coordinators and sent email request for amendments to the billing period to reflect the post receivership period until date of sale of plant: Review of final billings sent by Enbridge and sent email request for amendments to the billing period to reflect the post receivership period until date of sale of plant: Performed WEPPA Administration on file: Review of bank statement sent by Carol P. and sent email request to sent the copies of bank statement for pending 3 bank accounts for Cutting Edge Precision ULC.	1.10	\$325.00	\$357.50
2023-01-05	JALBERT	Email updates on HST audit; review banking information provided	0.10	\$450.00	\$45.00
2023-01-05	SMARWAHA	Email Correspondence with Fibre Coordinators regarding the final billing request and amendments to be made: Attended call with Suzette W. for discussion of utility bills to be paid for post receivership period and email correspondence with copies of invoices to be paid: Email Correspondence with Carol P. regarding the request for documentation and information for HST Audit conducted by CRA.	1.10	\$325.00	\$357.50
2023-01-05	SWARNER	call with Sudhanshu re utility bills; email and telephone call to with Carol Pillon regarding HST audit for Oct 1-21, 2022	0.20	\$395.00	\$79.00
2023-01-06	SMARWAHA	Review of final billing received from Enbridge for the file: Email Correspondence with Enbridge to make amendments to final billings for the receivership period	0.30	\$325.00	\$97.50
2023-01-09	SWARNER	Reviewed utility bills for Essex and Hydro One and email to Daphna re payment	0.30	\$395.00	\$118.50
2023-01-09	SMARWAHA	Attended call with former employee - Jodi D. regarding WEPPA package and sent the package via email upon request and provided details for filing web form with Service Canada: Compiled Draft response to be sent to CRA for HST Audit and the annexed documentation and information to Suzette W. for review and approval.	2.10	\$325.00	\$682.50

Invoice

Invoice Date: Feb 28, 2023

Invoice No: 6252

Billing Through: Feb 28, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-01-10	TMCELROY	Prepare interim statement of receipts and disbursements as per request from S. O'Neil; Email to Abner re TD payout statement;	1.30	\$450.00	\$585.00
2023-01-10	SMARWAHA	Compilation of information and documentation for HST Audit on file: Correspondence with Suzette W. regarding the draft and response to be submitted with CRA : Email Correspondence with Tom M. to confirm the requirements for information for assets to be reported for HST Audit and review of documentation of asset purchase agreements and bill of sale: Performed WEPPA Administration	1.20	\$325.00	\$390.00
2023-01-11	JALBERT	Review HST audit enquiry for final pre-receivership return and for the sale of assets; Review S Marwaha's email on matter; Set out for S Marwaha and T. McElroy the documents that should be provided to CRA including HST elections; discuss with Suzette	0.80	\$450.00	\$360.00
2023-01-11	TMCELROY	Continue preparing interim statement of receipts and disbursements; Email to HydroOne representative; Discuss interim SRD with J. Albert; Discuss CRA audit re sale transaction with J. Albert; Email to B. Gelman and J. Albert Interim SRD with comments;	3.60	\$450.00	\$1,620.00
2023-01-11	SWARNER	Work on HST audit, review of documents and prepared detailed draft letter ; received and reviewed Enbridge final bill and instructions to D Cherniak re payment	1.20	\$395.00	\$474.00
2023-01-11	SMARWAHA	Reviewed the payment confirmation received from service Canada for WEPPA claims and entered in WEPPA worksheet and saved the copy on LAN: Attended call with Suzette W. and email correspondence with Suzette W. regarding the HST Audit documentation and information compilation.	1.10	\$325.00	\$357.50
2023-01-12	BGELMAN	Review and comments to Interim SRD: Call from Tom McElroy re HST liability; call with Katie F. re same; Call with Michael Kestenberg re same;	1.40	\$450.00	\$630.00
2023-01-12	TMCELROY	Internal meeting with J. Albert, S. Marwaha and S. Warner re HST audit of pre-appointment period; Call with counsel re HST audit letter from CRA and next steps re same; Email to B. Gelman re HST audit letter;	1.20	\$450.00	\$540.00
2023-01-12	JALBERT	Teams meeting S Warner, T McElroy and S Marwaha to discuss HST audit on sale of assets and all documents requested; Conf call Receiver's counsel on steps to have company placed into bankruptcy; TC B Gelman to discuss with TD counsel if they wish to make a bankruptcy application.	0.50	\$450.00	\$225.00

Invoice

Invoice Date: Feb 28, 2023

Invoice No: 6252

Billing Through: Feb 28, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-01-12	SWARNER	internal teams meeting with J Albert ; T McElroy & S Marwaha re CRA audit requirement ; call to CRA auditor and left message re additional time for document submission ; follow-up fax to CRA re additional time required for audit submission	0.80	\$395.00	\$316.00
2023-01-12	SMARWAHA	Attended Meeting with Joe A., Suzette W. and Tom M, regarding discussion for HST Audit conducted by CRA: Performance and setup of Interim Receipts and Disbursement report and reconciliation of cheque backups and the bank statement with the excel analysis.	3.70	\$325.00	\$1,202.50
2023-01-13	JALBERT	Email to Arlen for executed copy of HST election and to confirm it has now been filed; Email update to counsel and for update call; review/amend detailed audit response letter to CRA on HST; discuss with B Gelman and T McElroy anticipated deficiency in Cutting Edge and SGM and/or surplus for consideration of bankruptcy of either or both companies; review Report to Court to confirm what was reported for this; Detailed allocation of Purchase Price and SRD to Cutting Edge and SGM to show deficiency to TD in Cutting Edge and potential surplus funds in SGM.	3.30	\$450.00	\$1,485.00
2023-01-13	BGELMAN	Call with Tom Slahta re bankruptcy application;	0.20	\$450.00	\$90.00
2023-01-13	SWARNER	Followup call to CRA and left message; resend fax re audit extension	0.20	\$395.00	\$79.00
2023-01-16	TMCELROY	Review report re BDC and TD security vis-a-vis personal property and real property; Review and comments to J. Albert re shortfall in cutting Edge;	0.80	\$450.00	\$360.00
2023-01-16	SMARWAHA	Review and reconciliation of Account receivables collected and entered in Interim Receipts and Disbursements and updated the file on LAN.	0.40	\$325.00	\$130.00
2023-01-17	JALBERT	complete allocation of Purchase Price and SRD of Cutting Edge and SGM and send to TD's legal counsel	0.70	\$450.00	\$315.00
2023-01-18	SWARNER	Received and reviewed RT0002 access code and filing requirements and diarized items for action	0.20	\$395.00	\$79.00
2023-01-19	JALBERT	Respond to TD's enquiry on closing bank account; Advise the Sean O'Neil now controls bank account and TD should obtain instructions from him	0.20	\$450.00	\$90.00
2023-01-19	TMCELROY	Instructions from J. Albert re TD Bank account;	0.10	\$450.00	\$45.00

Invoice

Invoice Date: Feb 28, 2023

Invoice No: 6252

Billing Through: Feb 28, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2023-01-20	TMCELROY	Comments to J. Albert re joint HST election re sale transaction; Discuss interim SRD with B. Gelman; Update interim SRD as per S. O'Neil request; Finalize and send to S. O'Neil; Correspondence from Geoff O'Neil;	1.10	\$450.00	\$495.00
2023-01-20	JALBERT	Receipt of HST election from Arlen and forward to S Warner for response to CRA audit; review R&D prepared by Tom for Debtor	0.30	\$450.00	\$135.00
2023-01-22	TMCELROY	Email to J. Capra of Roanoke Insurance Group re unpaid duties;	0.20	\$450.00	\$90.00
2023-01-23	TMCELROY	Review and respond to correspondence from Geoff O'Brien;	0.20	\$450.00	\$90.00
2023-01-23	BGELMAN	Teams call with Tom Slahta re petition into bankruptcy and review of documents from him;	0.50	\$450.00	\$225.00
2023-01-25	SWARNER	Received and reviewed statement from WEPP noting super priority amount; reviewed WEPP administration to confirm super priority payment ; enter claim in ASCEND; reviewed wepp payout letter re Dimenna and updated wepp spreadsheet	0.70	\$395.00	\$276.50
2023-01-25	TMCELROY	Review of WEPP statement re super priority; Update Interim SRD;	0.20	\$450.00	\$90.00
2023-01-26	BGELMAN	Review of consent to appointment of Trustee (as Receiver) and consent to act as Trustee prepared by Kyle Plunkett and email to Tom Slahta re same;	0.30	\$450.00	\$135.00
2023-01-26	TMCELROY	Voicemail left for and email to J. Capra (Roanoke); Call with and email to J. Capra (Roanoke) re insurance bond; Review and consider correspondence from S. O'Neil re various matters; Discuss same with B. Gelman;	0.60	\$450.00	\$270.00
2023-01-27	BGELMAN	Review of request from Sean O'Neil and review of file re same; Instructions for investment of surplus funds into term deposit;	0.30	\$450.00	\$135.00
2023-01-27	TMCELROY	Comments to B. Gelman re banking matters;	0.10	\$450.00	\$45.00
2023-01-30	SWARNER	Continued work on CRA HST Audit	2.00	\$395.00	\$790.00
2023-01-30	TMCELROY	Comments to S. Warner re status of HST audit submission;	0.10	\$450.00	\$45.00
2023-01-30	JALBERT	review response and documents to CRA re: HST audit on pre-receivership period and sale of assets.	0.30	\$450.00	\$135.00
2023-01-30	BGELMAN	Review and approval of Banking request for investment in term deposit;	0.10	\$450.00	\$45.00
2023-01-31	JALBERT	Teams update meeting with professional staff on all remaining matters	0.30	\$450.00	\$135.00

Invoice

Invoice Date: Feb 28, 2023

Invoice No: 6252

Billing Through: Feb 28, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2023-01-31	TMCELROY	File status meeting with B. Gelman and S. Warner to discuss status of all matters related to liquidation proceedings; Email to Tom S. (legal counsel to TD) re consent forms;	0.50	\$450.00	\$225.00
2023-01-31	BGELMAN	Prepare for and attend file update meeting;	0.40	\$450.00	\$180.00
2023-02-01	TMCELROY	Draft response to email from S. O'Neil; Prepare journal entry to records HST paid on CWB National lease payout; Respond to second email from S. O'Neil;	0.90	\$450.00	\$405.00
2023-02-01	SWARNER	compiled and fax audit response to CRA	0.60	\$395.00	\$237.00
2023-02-02	JALBERT	Review insurance notices and indication they were not cancelled as broker confirmed. Email broker to explain	0.30	\$450.00	\$135.00
2023-02-03	JALBERT	Review 2020 and 2021 financial statements as well as CRA proof of claims filed to ascertain if any loss carry-back refunds may be available. Forward details to S Warner to get quote from KPMG to prepare Dec 31 2022 Financial Statement and tax return; response from insurance agent and requirement that entire year of premiums be paid and Receiver wait for refund for the only one month usage. Respond accordingly	0.60	\$450.00	\$270.00
2023-02-05	TMCELROY	Email to S. O'Neil; Email to J. Ropac (KPMG);	0.30	\$450.00	\$135.00
2023-02-08	TMCELROY	Voicemail exchange with R. Moon-Wan;	0.10	\$450.00	\$45.00
2023-02-09	TMCELROY	Email to T. Slata (TD counsel); Email to J. Ropac (KPMG);	0.10	\$450.00	\$45.00
2023-02-10	TMCELROY	Voicemail exchange with R. Moon-Wan (CRA);	0.10	\$450.00	\$45.00
2023-02-12	TMCELROY	Review and respond to correspondence from John R. (KPMG);	0.10	\$450.00	\$45.00
2023-02-13	JALBERT	Review Ceridian request for payment during receivership of October to November; review past corresp from Ceridian and authorize payment subject to S Warners confirmation; enquire into status of T4's for 2022; review and approve amended insurance invoices reflecting cancellation effective closing of asset sale in November and authorize payment	0.50	\$450.00	\$225.00
2023-02-13	SWARNER	Reviewed Ceridian invoices and confirm currency; email to Ceridian for wire instructions	0.30	\$395.00	\$118.50
2023-02-14	SWARNER	received and reviewed Wepp statement noting no super priority payment	0.10	\$395.00	\$39.50
2023-02-17	BGELMAN	Call with Abner re his request for distribution and HST potentially owing to CRA;	0.20	\$450.00	\$90.00
2023-02-21	TMCELROY	Email to External accountant re preparation of 2022 statements and tax filings;	0.10	\$450.00	\$45.00

Invoice

Invoice Date: Feb 28, 2023
Invoice No: 6252
Billing Through: Feb 28, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Staff	Description	Hours	Rate	Amount
2023-02-22	JALBERT	Review final insurance invoices for payment; review mitigation notice from US customs re: pre-receivership fine of \$50,000 withdrawn leaving \$1,500 penalty and consider if payment should be made	0.30	\$450.00	\$135.00
2023-02-23	TMCELROY	Email from KPMG re fee quote to prepare financial statements and corp. tax returns; Discuss same with J. Albert;	0.30	\$450.00	\$135.00
2023-02-23	JALBERT	consider KPMG Quote for tax returns of all 3 corps and comments to T. McElroy	0.10	\$450.00	\$45.00
2023-02-26	TMCELROY	Review and respond to correspondence from A. Piccolo (KMPG) re preparation of financial statements;	0.10	\$450.00	\$45.00
2023-02-27	SWARNER	Instructions to D Cherniak re posting of payment to Ceridian	0.20	\$395.00	\$79.00
Total Fees:					\$18,916.50
HST/GST:					\$2,459.15

Summary by Staff:

Staff	Hours	Rate	Amount
Bryan A. Gelman (Principal, CIRP LIT)	3.40	\$450.00	\$1,530.00
Joe E. Albert (CIRP, CPA, DIFA, LIT)	8.30	\$450.00	\$3,735.00
Sudhanshu Marwaha (Associate)	17.30	\$319.10	\$5,520.50
Suzette Warner (CFE, CPA, CGA, FCCA)	6.80	\$395.00	\$2,686.00
Tom McElroy (Director, CPA CBV CIRP LIT)	12.10	\$450.00	\$5,445.00

Disbursements:

Taxable Disbursements

PHOTOCOPIES:	\$0.50
POSTAGE:	\$3.68
TRAVEL:	\$328.00

Total Disbursements: \$332.18
HST/GST: \$43.19

Amount Due This Invoice: \$21,751.02

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$19,248.68
TOTAL HST/GST:	\$2,502.34
TOTAL AMOUNT DUE:	\$21,751.02

Invoice

Invoice Date: Feb 28, 2023
Invoice No: 6252
Billing Through: Feb 28, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Payment of this account is due on receipt
HST Registration # 83741 9514 RT001

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Liquidator
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Mar 31, 2023
Invoice No: 6299
Billing Through: Mar 31, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-03-01	JALBERT	Teams meeting T McElroy and S Warner on US customs acceptance of relief of \$50,000 penalty and on HST audit response letter; Teams meeting KPMG on accounting and tax return filing for Dec 31 2022.	0.90	\$450.00	\$405.00
2023-03-01	TMCELROY	Detailed review of HST audit letter re HST reassessment; Meeting with J. Albert and S. Warner to discuss HST audit letter and other matters; Email to counsel re CRA audit letter; Email to bank counsel re HST assessment; Call with counsel re HST reassessment and disclosure to company re same; Videoconference with Alison P. (KPMG), S. Warner and J. Albert re preparation of T2 and financial statements;	1.60	\$450.00	\$720.00
2023-03-01	SWARNER	Reviewed letter from CRA re HST Trust Examination ; call with J Albert and T McElroy to discuss HST audit letter and next steps; meeting with KPMG , T McElroy and J Albert to discuss financial statement and tax return ; review of payments re utility bill and instructions to lanina re verification of bills ; review letter from US Custom and Border Security and instructions to D Cherniak re payment	1.70	\$395.00	\$671.50
2023-03-01	IRAGUIMOV	Reviewed utilities bills, determined what bills are still outstanding, followed up on payments	1.00	\$395.00	\$395.00
2023-03-02	IRAGUIMOV	Reviewed financial data, prepared notices to Court and lawyers, send out the notices; communication with creditor by phone; sent additional information to creditors and Court	0.50	\$395.00	\$197.50
2023-03-02	SWARNER	reviewed default judgment from Sethi International and instructions to lanina R re letter to Court and to lawyer	0.30	\$395.00	\$118.50
2023-03-03	SWARNER	responded to Ceridian email to confirm invoices paid ;	0.10	\$395.00	\$39.50
2023-03-06	SWARNER	reviewed email re insurance payment and instructions to D Cherniak	0.20	\$395.00	\$79.00
2023-03-07	TMCELROY	Review mail; Email to S. Warner re correspondence from CRA; Comments to J. Albert re HST reassessment and next steps re same; Meeting with J. Albert and S. Warner re next steps re HST reassessment;	0.60	\$450.00	\$270.00
2023-03-07	JALBERT	Teams meeting Suzette and Tom to discuss HST proposed assessment and agree to request more time from CRA to allow directors to respond	0.20	\$450.00	\$90.00
2023-03-07	BGELMAN	Call with Suzette re wire payment for insurance;	0.10	\$450.00	\$45.00

Invoice

Invoice Date: Mar 31, 2023

Invoice No: 6299

Billing Through: Mar 31, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Client	Description	Hours	Rate	Total
2023-03-07	SWARNER	Internal Teams meeting with T McElroy and J Albert to discuss CRA Audit response and next steps and other file matters; Reviewed bill for Cogeo and call to Cogeco for further clarification, process payment and instructions to D Cherniak re payment; email to C Pillon re information requested by Service Canada; received and reviewed completed form from Carol P. re Service Canada request and instructions to L Valleau re mailing ; reviewed wire transfer details re insurance payment and confirm amount being paid ; reviewed letter of directions re bank draft fro US Custom & Border	1.50	\$395.00	\$592.50
2023-03-08	JALBERT	Draft letter to CRA on proposed HST assessment of \$607,502 to request 60 day extension to respond and advise proposed assessment sent to officers and directors for response.	0.50	\$450.00	\$225.00
2023-03-08	TMCELROY	Review and comments to J. Albert re letter to CRA re extension of time to respond to HST audit; Review and execute consents re bankruptcy application;	0.30	\$450.00	\$135.00
2023-03-08	IRAGUIMOV	Reviewed utility bills, called utilities companies regarding the final bill invoice, requested the final bill to be issues, sent out emails requesting the final bill invoice to be issued	1.00	\$395.00	\$395.00
2023-03-08	SWARNER	edited and formatted letter to CRA re HST audit an fax accordingly	0.30	\$395.00	\$118.50
2023-03-09	SWARNER	Prepared letter to accompany bank draft and email Joseph Capra to confirm payment	0.30	\$395.00	\$118.50
2023-03-12	TMCELROY	Review of bankruptcy Order application record;	0.50	\$450.00	\$225.00
2023-03-13	TMCELROY	Call with counsel re bankruptcy application and 'conflict' brought up by court; Email to Carol P. re bankruptcy Order application record;	0.40	\$450.00	\$180.00
2023-03-13	JALBERT	Notice of bankruptcy application of TD bank and discuss with B Gelman re; issue of independent Trustee vs AGI	0.20	\$450.00	\$90.00
2023-03-13	BGELMAN	Review of bankruptcy application materials;	0.20	\$450.00	\$90.00
2023-03-13	IRAGUIMOV	Financial data review, communication through email and phone with utility companies	0.50	\$395.00	\$197.50
2023-03-14	TMCELROY	Review and respond to correspondence from S. O'Neil re bankruptcy application; Email to TD Bank counsel re service of application record;	0.30	\$450.00	\$135.00
2023-03-14	JALBERT	Discuss bankruptcy application with Tom and service on Debtor;	0.10	\$450.00	\$45.00
2023-03-15	SWARNER	Analysis of GL and prepared HST schedule for filing RT0002	1.80	\$395.00	\$711.00
2023-03-16	TMCELROY	Email to S. O'Neil re HST audit;	0.20	\$450.00	\$90.00

Invoice

Invoice Date: Mar 31, 2023

Invoice No: 6299

Billing Through: Mar 31, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-03-16	SWARNER	Call from CRA officer to discuss HST audit and requested confirmation in write re extension granted	0.30	\$395.00	\$118.50
2023-03-17	TMCELROY	Email to Sandra Napier re receipt of service of notice of motion for bankruptcy Order; Sign confirmation of service and return to Sandra Napier; Review CRA extension of deadline to respond to HST audit adjustment; Email same to S. O'Neil;	0.40	\$450.00	\$180.00
2023-03-17	JALBERT	Review HST draft returns for October through February prepared by Suzette and Carole of Debtor and questions/comments/changes to Suzette	0.30	\$450.00	\$135.00
2023-03-17	SWARNER	received and reviewed fax from CRA re audit response extension	0.10	\$395.00	\$39.50
2023-03-20	JALBERT	Teams call S Warner on HST and other matters	0.10	\$450.00	\$45.00
2023-03-22	TMCELROY	Discussions with J. Albert re response to Carol P. re HST audit letter and next steps; Email to N. Geysler (former customer) re sale of AR to Arlen Tools Inc.; Draft email to Carol P. re HST audit and next steps re same;	0.80	\$450.00	\$360.00
2023-03-22	SWARNER	responded to Carol Pillon's email re HST audit and provided accounts payable schedule ; call from Nextgen re accounts receivable assignment and their follow up email, forward email from Nextgan for Tom McElroy attention	0.30	\$395.00	\$118.50
2023-03-23	TMCELROY	Email to Carol re HST audit;	0.20	\$450.00	\$90.00
2023-03-27	SWARNER	Received email from MNSI re payment and provided detailed response for bill reflecting period of Receivers operation ; received and requisition payment to invoice	0.40	\$395.00	\$158.00

Total Fees: **\$7,623.50**

HST/GST: **\$991.06**

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Bryan A. Gelman (Principal, CIRP LIT)	0.30	\$450.00	\$135.00
Ianina Raguimov (LIT,CIRP)	3.00	\$395.00	\$1,185.00
Joe E. Albert (CIRP,CPA,DIFA. LIT)	2.30	\$450.00	\$1,035.00
Suzette Warner (CFE,CPA,CGA,FCCA)	7.30	\$395.00	\$2,883.50
Tom McElroy (Director, CPA CBV CIRP LIT)	5.30	\$450.00	\$2,385.00

Invoice

Invoice Date: Mar 31, 2023
Invoice No: 6299
Billing Through: Mar 31, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Disbursements:

Taxable Disbursements

PHOTOCOPIES:	\$1.00
POSTAGE:	\$3.14

Total Disbursements: **\$4.14**

HST/GST: **\$0.55**

Amount Due This Invoice: **\$8,619.25**

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$7,627.64
TOTAL HST/GST:	\$991.61
TOTAL AMOUNT DUE:	\$8,619.25

Payment of this account is due on receipt
HST Registration # 83741 9514 RT0001

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Jun 12, 2023
Invoice No: 6438
Billing Through: Jun 11, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-04-03	JALBERT	review/confirm receipt from US customs of payment of customs penalty to close matter	0.10	\$450.00	\$45.00
2023-04-05	TMCELROY	Prep for and attend Court hearing re bankruptcy Order application;	1.50	\$450.00	\$675.00
2023-04-10	SWARNER	File review, invoicing and requisition of payment	0.30	\$395.00	\$118.50
2023-04-12	TMCELROY	Discuss status of bankruptcy Order with B. Gelman; Email to Tom Slahta re same;	0.20	\$450.00	\$90.00
2023-04-13	TMCELROY	Discuss various matters related bankruptcy filing including current creditors, Trustee's prelim report, FMOC, etc; Comments to S. Warner re creditor list for statement of affairs;	0.70	\$450.00	\$315.00
2023-04-14	TMCELROY	Assist S. Warner with preparing statement of affairs;	0.20	\$450.00	\$90.00
2023-04-15	SWARNER	Accrual for reconciliation of GL accounts and posting of adjusting entries for preparation of the Receiver's final report to the OR, and Statement of Receipts and Disbursements. Preparation of cheque requisition for final distribution. Filing of Final Statement of Receipts and Disbursements, and Report to OR.	12.00	\$395.00	\$4,740.00
2023-04-15	TMCELROY	Accrual for review and approval of Receiver's Final Statement of Receipts and Disbursements, and report to Official Receiver	5.00	\$450.00	\$2,250.00
2023-04-15	JALBERT	Accrual for review and approval of Receiver's Final Statement of Receipts and Disbursements, and report to Official Receiver	2.00	\$450.00	\$900.00
2023-04-17	TMCELROY	Review of external accountant request for information and discuss with S. Warner;	0.20	\$450.00	\$90.00
2023-04-17	JALBERT	Review KPMG detailed engagement letter and indemnity requirements for completion of financial statements and tax returns of Cutting Edge, SGM; memo to T McElroy and B Gelman on indemnity related issues.	0.30	\$450.00	\$135.00
2023-04-19	TMCELROY	Review KPGM engagement letters; Comments to J. Albert re indemnity included in engagement letter; Email to V. Barber re status of sale of assets;	0.50	\$450.00	\$225.00
2023-04-20	TMCELROY	Email to counsel re KPMG engagement letter; Discussions with J. Albert re Receiver's interim report;	0.40	\$450.00	\$180.00
2023-04-21	JALBERT	Draft Receiver's 6th month interim report	0.70	\$450.00	\$315.00
2023-04-24	JALBERT	Work on R&D statement for 6 month interim report; Teams meeting counsel on indemnity required by KPMG to complete financial statements	1.80	\$450.00	\$810.00

Invoice

Invoice Date: Jun 12, 2023

Invoice No: 6438

Billing Through: Jun 11, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

2023-04-24	TMCELROY	Discussion with K. Plunkett (counsel) and J. Albert re KPMG engagement letter and other matters; Review interim SRD and discuss with J. Albert;	0.70	\$450.00	\$315.00
2023-04-25	BGELMAN	Review of file check list and HST claim by CRA;	0.30	\$450.00	\$135.00
2023-04-26	JALBERT	work on Receiver's Interim SRD for receiver's trust account and company's TD operating accounts for US and CDN	2.50	\$450.00	\$1,125.00
2023-04-27	JALBERT	Complete draft of Receiver's 6 month report and interim SRD and forward to T McElroy for review	0.50	\$450.00	\$225.00
2023-04-28	TMCELROY	Review and comments to J. Albert re Receiver's Interim Report and Interim SRD;	0.70	\$450.00	\$315.00
2023-05-02	TMCELROY	Final review and sign engagement letter;	0.30	\$450.00	\$135.00
2023-05-08	JALBERT	Complete 6 month interim reports and SRD; send to Suzette to e-file and confirm under BIA no other parties to be served due to bankruptcy	0.40	\$450.00	\$180.00
2023-05-09	SWARNER	File review and call with Carol Pilon re update of data to KPMG	0.40	\$395.00	\$158.00
2023-05-11	TMCELROY	Email to Abner; Prepare payment to TD Bank for balance of secured debt;	0.60	\$450.00	\$270.00
2023-05-11	BGELMAN	Respond to emails dealing with TD Bank and payout timing;	0.20	\$450.00	\$90.00
2023-05-12	TMCELROY	Review of HST assessment re RT0002 account; Discuss same with S. Warner and next steps;	0.30	\$450.00	\$135.00
2023-05-13	SWARNER	Reviewed mails through Canada Post and actioned accordingly, request CRA close RT0001	0.30	\$395.00	\$118.50
2023-05-16	SWARNER	Call from CRA re HST audit; call with C Pilon and followup email re CRA information request	1.50	\$395.00	\$592.50
2023-05-17	SWARNER	Received and responded to email from KPMG regarding Proper Windsor; confirmed tax return not being filed for Proper Windsor and responded to KPMG accordingly	0.40	\$395.00	\$158.00
2023-05-17	JALBERT	Discuss completion and filing of SGM tax return and consider need for receiver to pay tax liability on sale of real estate before distribution to shareholders	0.20	\$450.00	\$90.00
2023-05-19	SWARNER	Call with Richard Woowan of CRA regarding mailing address update which was chaged	0.20	\$395.00	\$79.00
2023-05-25	SWARNER	email with KPMG re year end compilation	0.20	\$395.00	\$79.00
2023-05-26	JALBERT	consider questions of KPMG on allocation of sale proceeds for financial statements and tax purposes and other questions; respond to KPMG	0.30	\$450.00	\$135.00
2023-05-26	SWARNER	Reviewed and attend to mail though Canada Post	0.30	\$395.00	\$118.50

Invoice

Invoice Date: Jun 12, 2023

Invoice No: 6438

Billing Through: Jun 11, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Staff	Description	Hours	Rate	Amount
2023-05-28	TMCELROY	Prepare summary to determine amount immediately available for distribution to TD Bank;	0.50	\$450.00	\$225.00
2023-05-29	JALBERT	Review accounting of T McElroy for further distribution to TD Bank. Draft Interim SRD as at Dec 31 2022 and allocate between CEPS and SGM as needed for accountant to prepare Dec 31 2022 tax returns for both and also to be used in next report to court (as updated)	2.50	\$450.00	\$1,125.00
2023-05-29	SWARNER	Reviewed WEPP and responded to email from T McElroy regarding super priority	0.20	\$395.00	\$79.00
2023-05-31	JALBERT	Complete Receiver's SRD allocation for KPMG and Dec 31 2022 financial statements/tax returns and send	0.50	\$450.00	\$225.00
2023-06-01	BGELMAN	Review of projected SRD and distribution analysis to TD: Call with Tom McElroy re same;	0.30	\$450.00	\$135.00
2023-06-01	TMCELROY	Discuss quantum of distribution to TD Bank with B. Gelman; Update summary re TD Bank distribution; Prepare wire transfer requisition;	0.70	\$450.00	\$315.00
2023-06-02	TMCELROY	Review of statement of adjustment notice re HST reassessment; Email to	0.40	\$450.00	\$180.00
2023-06-02	SWARNER	Reviewed and actioned mail though Canada Post	0.30	\$395.00	\$118.50
2023-06-07	JALBERT	review/approve Aird & Berlis legal fees and reconciliation of their trust account	0.20	\$450.00	\$90.00
2023-06-07	SWARNER	entries to record and correct legal fees posting as per reconciliation and instructions to Daphna re payment	0.20	\$395.00	\$79.00
2023-06-09	SWARNER	Received HST refund cheque and review against returns noting amounts still expected ; received and reviewed HST access code and filing periods	0.20	\$395.00	\$79.00
2023-06-09	TMCELROY	Prepare update statement of receipts and disbursements as requested by S. O'Neil;	2.70	\$450.00	\$1,215.00
2023-06-09	BGELMAN	Review and approval of interim SRD:	0.10	\$450.00	\$45.00

Total Fees: \$19,342.50

HST/GST: \$2,514.53

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Bryan A. Gelman (Principal, CIRP LIT)	0.90	\$450.00	\$405.00
Joe E. Albert (CIRP, CPA, DIFA. LIT)	12.00	\$450.00	\$5,400.00
Suzette Warner (CFE, CPA, CGA, FCCA)	16.50	\$395.00	\$6,517.50
Tom McElroy (Director, CPA CBV CIRP LIT)	15.60	\$450.00	\$7,020.00

CUTTING EDGE PRECISION SERVICES LTD.
 3230 Moynahan St.
 Old Castle, ON N0R 1L0

Attention: Mr. Sean O'Neil

Invoice

Invoice Date: Jun 12, 2023
Invoice No: 6438
Billing Through: Jun 11, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Disbursements:

Taxable Disbursements

PHOTOCOPIES:	\$700.00
POSTAGE:	\$150.00

Total Disbursements: \$850.00

HST/GST: \$110.50

Amount Due This Invoice: **\$22,817.53**

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$20,192.50
TOTAL HST/GST:	\$2,625.03
TOTAL AMOUNT DUE:	\$22,817.53

Payment of this account is due on receipt
 HST Registration # 83741 9514 RT0001

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Aug 30, 2023
Invoice No: 6561
Billing Through: Aug 30, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-06-12	TMCELROY	Review and respond to correspondence from Alison P. (KPMG). Approve disbursement;	0.20	\$450.00	\$90.00
2023-06-12	SWARNER	Reviewed and actioned mail though Canada Post	0.20	\$395.00	\$79.00
2023-06-13	TMCELROY	Review and respond to correspondence from S. O'Neil;	0.10	\$450.00	\$45.00
2023-06-17	SWARNER	RT0002 return March to May 2023 and reconciliation of refund noting missing amounts for follow up	1.50	\$395.00	\$592.50
2023-06-20	TMCELROY	Review and respond to correspondence from S. O'Neil;	0.30	\$450.00	\$135.00
2023-06-23	TMCELROY	Discuss matter related to S. O'Neil comment re distribution of process with B. Gelman; Email to J. Mackinnon (S. O'Neil counsel);	0.20	\$450.00	\$90.00
2023-06-26	JALBERT	Consider and respond to KPMG questions on financial statement preparation; review SGM and CEPS financial records to consider; discuss also with T McElroy; Conf call with KPMG on financial statements, entries, adjustments for Cutting Edge and SGM	2.20	\$450.00	\$990.00
2023-06-26	SWARNER	Call to CRA regarding address on file and request for it to be updated	0.20	\$395.00	\$79.00
2023-06-27	JALBERT	Review draft Trial Balance, adjusting entires, general ledger for SGM and Cutting Edge and advise KPMG of adjustments approved by AGI for tax purposes.	1.00	\$450.00	\$450.00
2023-06-28	JALBERT	TC T McElroy on tax treatment related to intercompany issues between Cutting Edge and SGM on sale of real estate; respond to KPMG on matter. review of draft trial balance of SGM; review of Cutting Edge draft TB, GL an adjusting entries from KPM	0.80	\$450.00	\$360.00
2023-06-29	JALBERT	Review completed T2 for SGM	0.20	\$450.00	\$90.00
2023-06-30	SWARNER	call from CRA re SGM file update	0.20	\$395.00	\$79.00
2023-07-04	JALBERT	respond to Proper Tooling on CEPS 2022 tax return filing and timing.	0.10	\$450.00	\$45.00
2023-07-06	TMCELROY	Discuss pre-receivership HST return filing with S. Warner;	0.20	\$450.00	\$90.00
2023-07-06	JALBERT	EM Exchange Proper Tooling on need for 2022 financial statements and tax returns when complete for parent company	0.10	\$450.00	\$45.00
2023-07-17	SWARNER	Reviewed CRA letter re RT0002 returns and email to J Albert accordingly	0.20	\$395.00	\$79.00
2023-07-18	JALBERT	consider HST returns outstanding for SGM for 2023 and consider/decide HST returns to be filed to reflect rental income from Cutting Edge.	0.20	\$450.00	\$90.00
2023-07-18	SWARNER	Reviewed J Albert detailed email re SGM ITC and noted filing to be done	0.20	\$395.00	\$79.00

Invoice

Invoice Date: Aug 30, 2023

Invoice No: 6561

Billing Through: Aug 30, 2023

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Staff	Description	Hours	Rate	Amount
2023-07-30	SWARNER	Reviewed NOA re RT0002 and not follow up call to CRA re correction	0.20	\$395.00	\$79.00
2023-08-16	TMCELROY	Review and respond to correspondence from S. O'Neil;	0.20	\$450.00	\$90.00
2023-08-18	TMCELROY	Review of Gary S. response to request for additional document and information;	0.20	\$450.00	\$90.00

Total Fees: \$3,766.50

HST/GST: \$489.65

Summary by Staff:

Staff	Hours	Rate	Amount
Joe E. Albert (CIRP, CPA, DIFA. LIT)	4.60	\$450.00	\$2,070.00
Suzette Warner (CFE, CPA, CGA, FCCA)	2.70	\$395.00	\$1,066.50
Tom McElroy (Director, CPA CBV CIRP LIT)	1.40	\$450.00	\$630.00

Amount Due This Invoice: \$4,256.15

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$3,766.50
TOTAL HST/GST:	\$489.65
TOTAL AMOUNT DUE:	\$4,256.15

Payment of this account is due on receipt

HST Registration # 83741 9514 RT0001

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Dec 31, 2023
Invoice No: 6916
Billing Through: Dec 31, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-09-07	SWARNER	Reviewed Financial statement and adjusted entries from KPMG; prepared HST schedule for SGM	1.20	\$395.00	\$474.00
2023-09-08	SWARNER	Meeting with J Albert to review HST requirement and filing for SGM	0.70	\$395.00	\$276.50
2023-09-10	TMCELROY	Detailed review of draft Dec 31/22 financial statements, trial balance and journal entries; Comments to J. Albert re same;	0.60	\$450.00	\$270.00
2023-09-11	TMCELROY	Email to KMPG re draft financial statements; Discuss status of HST refund with S. Warner;	0.30	\$450.00	\$135.00
2023-10-05	TMCELROY	File update meeting with J. Albert, S. Warner and B. Gelman final tasks to complete administration and obtain discharge;	1.00	\$450.00	\$450.00
2023-10-05	JALBERT	Teams meeting to discuss winding up matters in receivership and bankruptcy	0.50	\$450.00	\$225.00
2023-10-11	TMCELROY	Prep for and attend meeting with J. Albert to discuss draft financial statements and tax return to record sale of assets by Receiver prepared by KMPG; Email to KMPG re SGM corp tax notice of assessment; Discuss Cutting Edge HST assessment with S. Warner;	1.40	\$450.00	\$630.00
2023-10-12	JALBERT	Teams meeting T McElroy to review draft financial statements and tax return for Cutting Edge and discuss SGM tax assessment	0.50	\$450.00	\$225.00
2023-10-12	SWARNER	File review and email to CRA regarding NOA and proof of claim for RP0001	0.20	\$395.00	\$79.00
2023-10-26	SWARNER	Call from former employee Steve P. regarding Wepp ; Call to Wepp to enquire about payment	0.40	\$395.00	\$158.00
2023-11-25	SWARNER	Detailed file review, prepared and file RT0002 return for August to October 2023	1.10	\$395.00	\$434.50
2023-12-30	SWARNER	File review and prepared and file RT0002 returns Nov & Dec 2023 for cutting Edge and SGM	1.00	\$395.00	\$395.00

Total Fees: \$3,752.00
HST/GST: \$487.76

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Joe E. Albert (CIRP, CPA, DIFA. LIT)	1.00	\$450.00	\$450.00
Suzette Warner (CFE, CPA, CGA, FCCA)	4.60	\$395.00	\$1,817.00
Tom McElroy (Director, CPA CBV CIRP LIT)	3.30	\$450.00	\$1,485.00

Invoice

Invoice Date: Dec 31, 2023
Invoice No: 6916
Billing Through: Dec 31, 2023
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Amount Due This Invoice: \$4,239.76

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$3,752.00
TOTAL HST/GST:	\$487.76
TOTAL AMOUNT DUE:	\$4,239.76

Payment of this account is due on receipt
HST Registration # 83741 9514 RT001

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Feb 29, 2024
Invoice No: 6999
Billing Through: Feb 29, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-01-03	JALBERT	Teams call S Warner on CRA/HST enquiry on Proper Windsor	0.20	\$470.00	\$94.00
2024-01-03	SWARNER	Call with CRA compliance to discuss status of HST account for Proper Windsor and discussion with J Albert accordingly; prepared and send request to close RT0001 account ; email to CRA officer assigned re HSDT access code	0.60	\$465.00	\$279.00
2024-01-07	BGELMAN	Review and approval of bank reconciliation for the month of November 2023;	0.10	\$450.00	\$45.00
2024-01-22	SWARNER	Reviewed information request from service Canada and email to Carol P. for information	0.30	\$465.00	\$139.50
2024-02-02	BGELMAN	Review and approval of December 31, 2023 bank reconciliation;	0.10	\$450.00	\$45.00
2024-02-05	SWARNER	Reviewed email from Carol P regarding books and records and responded accordingly; reviewed email from Wayne Martinuk and draft response	0.70	\$465.00	\$325.50
2024-02-05	TMCELROY	Review of correspondence from C. Pillon re records; Comments to J. Albert re same;	0.20	\$470.00	\$94.00
2024-02-07	SWARNER	Call with Wayne M. re books and records	0.20	\$465.00	\$93.00
2024-02-09	SWARNER	Responded to letter from Service Canada re information request for former employee	0.20	\$465.00	\$93.00

Total Fees: \$1,208.00
HST/GST: \$157.04

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Bryan A. Gelman (Principal, CIRP LIT)	0.20	\$450.00	\$90.00
Joe E. Albert (CIRP, CPA, DIFA. LIT)	0.20	\$470.00	\$94.00
Suzette Warner (CFE, CPA, CGA, FCCA)	2.00	\$465.00	\$930.00
Tom McElroy (Director, CPA CBV CIRP LIT)	0.20	\$470.00	\$94.00

Amount Due This Invoice: \$1,365.04

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$1,208.00
TOTAL HST/GST:	\$157.04
TOTAL AMOUNT DUE:	\$1,365.04

Invoice

Invoice Date: Feb 29, 2024
Invoice No: 6999
Billing Through: Feb 29, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Payment of this account is due on receipt
HST Registration # 83741 9514 RT001

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: May 24, 2024
Invoice No: 7151
Billing Through: May 24, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-03-06	DCHERNIAK	Bank Reconciliation Jan - Mar 2024;	0.30	\$250.00	\$75.00
2024-03-04	JALBERT	review draft Dec 31 2022 tax return and financial statements prepared by KPMG, and draft answers to their questions; forward to T. McElroy for his review also.	1.20	\$470.00	\$564.00
2024-03-09	SWARNER	Detailed file review, prepared and file RT0002 return for Dec 2023 & Jan 2024	1.00	\$465.00	\$465.00
2024-03-10	BGELMAN	Review and approval of Bank Reconciliation for the month end January 31, 2024;	0.10	\$470.00	\$47.00
2024-03-13	JALBERT	Detailed email to KPMG responding to questions on draft trial balance and tax return at Dec 31 2022.	0.20	\$470.00	\$94.00
2024-03-18	JALBERT	review and sign T106, T183 and management letter for KPMG to complete 2022 financial statement and tax returns	0.30	\$470.00	\$141.00
2024-04-12	BGELMAN	Review and approval of Bank Reconciliation for the month ended February 29, 2024;	0.10	\$470.00	\$47.00
2024-04-17	SWARNER	Reviewed CRA assessment re corporate tax	0.10	\$465.00	\$46.50
2024-04-18	JALBERT	review notice of assessment for 2022 tax return; note NIL assessment with \$2,500 penalty charged for late filing, which is highly unusual; forward assessment to KPMG.	0.20	\$470.00	\$94.00
2024-04-26	SWARNER	Prepare HST return;	0.50	\$465.00	\$232.50
2024-05-09	JALBERT	Review and work on draft 2nd/final report of receiver.	4.50	\$470.00	\$2,115.00
2024-05-09	SWARNER	Reviewed and commented on Receiver's report to Court; requisition payment re WEPP super-priority and instruction to I Chen re payment	0.70	\$465.00	\$325.50
2024-05-10	TMCELROY	Prepare Interim SRD; Prepare BIA s. 246 interim report; Review of BIA re notice requirements re BIA interim report;	1.50	\$470.00	\$705.00
2024-05-10	JALBERT	Interim comments to T McElroy on draft 2nd/final report of Receiver; review T McElroy's draft interim BIA report and SRD.	1.40	\$470.00	\$658.00
2024-05-13	TMCELROY	Finalize Receiver's interim report and interim SRD; Review of J. Albert comments to Second Court Report; Continue drafting Second Report;	1.10	\$470.00	\$517.00
2024-05-13	JALBERT	review, approve and sign BIA 6 month report; respond to S O'Neil on status of receivership and advise final report being prepared for our activities and discharge; work on draft final report and send comments/changes to T McElroy;	2.30	\$470.00	\$1,081.00

Invoice

Invoice Date: May 24, 2024

Invoice No: 7151

Billing Through: May 24, 2024

File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Client	Description	Hours	Rate	Amount
2024-05-14	JALBERT	Email from S O'Neil re: surplus funds per interim SRD and how they will be distributed; consider matter, review of Dec 31 2022 financial statements completed by KPMG for Receiver and accounting for the realization of the sale of the SGM real estate in those statements as being an unrecoverable/written off unsecured amount owing from Cutting Edge; review of most recent TD payout to determine amount remaining owed subject to updated pay out statement; consider that TD's guarantee of fees of Trustee of Cutting Edge should be allowed as an addition to their secured debt since bankruptcy was done on application of TD for purpose of subordinating HST debt behind TD so that TD will be paid in full; Email Tom on matter and advise to set up meeting with legal counsel to consider.	2.20	\$470.00	\$1,034.00
2024-05-15	TMCELROY	Email to Abner P. re payout statements; Review and consider comments from J. Albert re 'residual' funds available after payout of TD Bank and allocation of same;	0.40	\$470.00	\$188.00
2024-05-15	JALBERT	review 2022 tax return filed and email to KPMG to request final bill and to discuss loss carry back availability, if any, in SGM.	0.30	\$470.00	\$141.00
2024-05-21	JALBERT	consider and advise KPMG to prepare loss carryback requests from 2022 tax return for SGM as per prior discussions and considerations;	0.30	\$470.00	\$141.00

Total Fees: \$8,711.50

HST/GST: \$1,627.41

Summary by Staff:

Staff	Hours	Rate	Amount
Bryan A. Gelman (Principal, CIRP LIT)	0.20	\$470.00	\$94.00
Daphna Cherniak (Estate Administrator)	0.30	\$250.00	\$75.00
Joe E. Albert (CIRP, CPA, DIFA. LIT)	12.90	\$470.00	\$6,063.00
Suzette Warner (CFE, CPA, CGA, FCCA)	2.30	\$465.00	\$1,069.50
Tom McElroy (Director, CPA CBV CIRP LIT)	3.00	\$470.00	\$1,410.00

Amount Due This Invoice: \$14,145.91

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$8,711.50
TOTAL HST/GST:	\$1,627.41
TOTAL AMOUNT DUE:	\$14,145.91

Invoice

Invoice Date: May 24, 2024
Invoice No: 7151
Billing Through: May 24, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Payment of this account is due on receipt
HST Registration # 83741 9514 RT0001

Cutting Edge Precision Services ULC, Proper Windsor Holdings ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: May 31, 2024
Invoice No: 7201
Billing Through: May 31, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-05-07	TMCELROY	Continue drafting Receiver's Second Report to Court; Prepare final SRD; Prepare Receiver's affidavit;	8.10	\$470.00	\$3,807.00
2024-05-28	JALBERT	Teams meeting T McElroy and S Warner on completion of Receivership, review of outstanding items on control checklist, discussion of HST and WSIB claims and need for legal counsel to be involved in determination of how surplus in Receivership will be dealt given Cutting Edge owes SGM resulting generally from the sale of SGM's real estate to repay TD Debt	1.20	\$470.00	\$564.00

Total Fees: \$4,371.00
HST/GST: \$653.77

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Joe E. Albert (CIRP, CPA, DIFA. LIT)	1.20	\$470.00	\$564.00
Tom McElroy (Director, CPA CBV CIRP LIT)	8.10	\$470.00	\$3,807.00

Amount Due This Invoice: \$5,682.77

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$4,371.00
TOTAL HST/GST:	\$653.77
TOTAL AMOUNT DUE:	\$5,682.77

Payment of this account is due on receipt
 HST Registration # 83741 9514 RT0001

Cutting Edge Precision Services ULC, Proper Windsor Holdings
 ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Jun 30, 2024
Invoice No: 7238
Billing Through: Jun 30, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-05-28	TMCELROY	Meeting with J. Albert and S. Warner to review checklist and discuss final activities of receiver and other matters; Further updates to Receiver's second report; Email to counsel re matters related to Second Report, discharge and distribution of funds;	1.40	\$470.00	\$658.00
2024-06-05	JALBERT	Teams meeting with counsel on wrapping up of receivership. Consider surplus funds and how to allocate to SGM, along with creditors of SGM per Receiver's analysis and 2022 Financial Statements completed; Review allocation of sales proceeds and disbursements between Cutting Edge and SGM with Tom done for financial statements as at Dec 31 2022 and update allocation to current for report and for counsel to discuss with SGM's counsel.	1.50	\$470.00	\$705.00
2024-06-05	TMCELROY	Prep for and attend call with counsel and J. Albert re next re discharge and distribution; Meeting with J. Albert to discuss allocation of proceeds from sale of assets; Update final SRD;	1.20	\$470.00	\$564.00
2024-06-06	JALBERT	complete Receiver's SRD at June 5 2024 allocated between CEPS and SGM and forward to counsel with memo explaining; forward to counsel details of know liabilities of SGM;	1.20	\$470.00	\$564.00
2024-06-06	TMCELROY	Review and consider correspondence from accountant re loss carry back and other matters; Correspondence from counsel; Detailed review of J. Albert analysis of allocation of sales proceeds;	0.90	\$470.00	\$423.00
2024-06-07	TMCELROY	Review and respond to correspondence from A. Penning re status of receivership proceedings;	0.30	\$470.00	\$141.00
2024-06-10	JALBERT	Email exchange with counsel on Shareholder Loans owing on SGM and review historical financial statements to see history of loans.	0.30	\$470.00	\$141.00
2024-06-11	TMCELROY	Review and sign estate trust cheque;	0.10	\$470.00	\$47.00
2024-06-26	JALBERT	work on Receiver's final report; forward certain draft sections to counsel for review and amendment as may be required	3.50	\$470.00	\$1,645.00
2024-06-26	TMCELROY	Email to A. Penning re TD final payout statement;	0.10	\$470.00	\$47.00
2024-06-27	TMCELROY	Review of TD Bank final payout statement; Email to A. Penning; Review of J. Albert comments to second report; Continue drafting second report;	2.90	\$470.00	\$1,363.00

Invoice

Invoice Date: Jun 30, 2024
Invoice No: 7238
Billing Through: Jun 30, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Staff	Description	Hours	Rate	Amount
2024-06-28	JALBERT	overall file review of checklist; enquire with Suzette on status of reporting WSIB payroll from Receiver's operations and payment upon WSIB assessment of same.	0.40	\$470.00	\$188.00
2024-06-28	TMCELROY	Approve final distribution to TD Bank; Instructions to D. Cherniak re banking matters;	0.30	\$470.00	\$141.00
				Total Fees:	\$6,627.00
				HST/GST:	\$934.83

Summary by Staff:

Staff	Role	Hours	Rate	Amount
Joe E. Albert	(CIRP, CPA, DIFA, LIT)	6.90	\$470.00	\$3,243.00
Tom McElroy	(Director, CPA CBV CIRP LIT)	7.20	\$470.00	\$3,384.00

Disbursements:

Taxable Disbursements

PHOTOCOPIES:	\$0.50
POSTAGE:	\$0.92
Total Disbursements:	\$1.42
HST/GST:	\$0.19

Amount Due This Invoice: **\$8,127.44**

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$6,628.42
TOTAL HST/GST:	\$935.02
TOTAL AMOUNT DUE:	\$8,127.44

Payment of this account is due on receipt
HST Registration # 83741 9514 RT0001

Cutting Edge Precision Services ULC, Proper Windsor Holdings
 ULC and SGM Real Estate Holdings ULC
 c/o Albert Gelman Inc., Court-Appointed Receiver
 403-250 Ferrand Dr.,
 Toronto, ON M3C 3G8

Invoice

Invoice Date: Jul 12, 2024
Invoice No: 7250
Billing Through: Jul 12, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-06-24	JALBERT	review security agreements and promissory notes to Sean O'Neil and Canada Realty Group, Inc. Compare to amounts in SGM accounting records to Dec 31 2022; memo to counsel on same with explanation of how report write up will be done to reflect payment for these liabilities with any balance to the same as shareholders	1.20	\$470.00	\$564.00
2024-07-01	TMCELROY	Review of corporate income tax assessments;	0.20	\$470.00	\$94.00
2024-07-02	BGELMAN	Review of final payout letter from TD Bank; approval of Wire Transaction to TD;	0.20	\$470.00	\$94.00
2024-07-02	JALBERT	Review notice of assessment for 2022 amended tax return; confirm income tax liability eliminated by loss carry-back and HST liability reduced by balance of carryback; ask KPMG to confirm same and send final invoice for fees; Review wire-transfer details and sign to pay off balance owing to TD Bank	0.40	\$470.00	\$188.00
2024-07-02	SWARNER	Reviewed mail though Canada Post; reviewed email re WEPP superiority variance and discuss same with I Chen	0.30	\$465.00	\$139.50
2024-07-03	ICHEN	Communication with Amanda from Service Canada regarding WEPPA payment; Calculating WEPPA super-priority payment.	0.60	\$350.00	\$210.00
2024-07-04	BGELMAN	Call from Abner Pennings re: TD bank balance;	0.10	\$470.00	\$47.00
2024-07-04	SWARNER	Requisition payment for WEPP superiority variance	0.20	\$465.00	\$93.00
2024-07-04	SWARNER	Reviewed email from Service Canada re WEPP and requisition payment for variance of super priority payment	0.30	\$465.00	\$139.50
2024-07-07	TMCELROY	Review and respond to correspondence from A. Penning (TD Bank) re final distribution; Updates to Receiver's report to Court;	0.90	\$470.00	\$423.00
2024-07-08	TMCELROY	Correspondence from accountant re status of HST account; Prepare distribution to TD Bank; Instructions to D. Cherniak re banking matters; Review and sign wire payment request;	0.50	\$470.00	\$235.00
2024-07-10	SWARNER	File RT0002 NIL return and prepared request to close business account	0.50	\$465.00	\$232.50
2024-07-10	TMCELROY	Review and sign wire transfer re distribution to TD Bank;	0.20	\$470.00	\$94.00
2024-07-11	JALBERT	update draft final report to court for HST section based on assessments and loss carryback applications as confirmed by KPMG.	0.70	\$470.00	\$329.00

Invoice

Invoice Date: Jul 12, 2024
Invoice No: 7250
Billing Through: Jul 12, 2024
File ID: CUTTINGEDGE-R:

Re: Court Appointed Receivership

Date	Staff	Description	Hours	Rate	Amount
2024-07-11	TMCELROY	Review of J. Albert amendments to Court report; Email to counsel; Update Receiver affidavit; Update final SRD:	2.50	\$470.00	\$1,175.00
2024-07-12	TMCELROY	Review and respond to correspondence from counsel re draft third report and court hearing;	0.20	\$470.00	\$94.00
Total Fees:					\$4,151.50
HST/GST:					\$539.70

Summary by Staff:

Staff	Hours	Rate	Amount
Bryan A. Gelman (Principal, CIRP LIT)	0.30	\$470.00	\$141.00
Ivy Chen (Associate)	0.60	\$350.00	\$210.00
Joe E. Albert (CIRP, CPA, DIFA, LIT)	2.30	\$470.00	\$1,081.00
Suzette Warner (CFE, CPA, CGA, FCCA)	1.30	\$465.00	\$604.50
Tom McElroy (Director, CPA CBV CIRP LIT)	4.50	\$470.00	\$2,115.00
Amount Due This Invoice:			\$4,691.20

Invoice Summary:	
TOTAL FEES AND DISBURSEMENTS:	\$4,152.92
TOTAL HST/GST:	\$539.70
TOTAL AMOUNT DUE:	\$4,691.20

Payment of this account is due on receipt
HST Registration # 83741 9514 RT0001

APPENDIX L

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

**APPLICATION UNDER
Subsection 243(1) of the Bankruptcy And Insolvency Act, R.S.C. 1985, c. B-3, as amended,
and Section 101 of the Courts Of Justice Act, R.S.O. 1990, c. C.43, as amended**

**AFFIDAVIT OF SAMANTHA HANS
(sworn July 16, 2024)**

I, **SAMANTHA HANS**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a lawyer at Aird & Berlis LLP and, as such, I have knowledge of the matters to which I hereinafter depose. Aird & Berlis LLP has acted as counsel for Albert Gelman Inc., in its capacity as the court-appointed receiver of the Respondents (in such capacity, the “**Receiver**”).
2. Aird & Berlis LLP has prepared statements of account in connection with its mandate as counsel to the Receiver, detailing its services rendered and disbursements incurred, namely:
 - a. An account dated November 30, 2022 in the total amount of \$49,777.38 for the period from October 18, 2022 to November 30, 2022;

Attached is Exhibit "A"

Referred to in the
AFFIDAVIT OF SAMANTHA HANS

Sworn before me
this 16th day of July, 2024

A handwritten signature in blue ink, appearing to read "Utthia", is written above a horizontal line.

Commissioner for taking Affidavits, etc.

AIRD BERLIS

Kyle B. Plunkett
Direct: 416-865-3406
E-mail: kplunkett@airdberlis.com

November 30, 2022

Mr. Joe Albert
Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

Dear Mr. Albert:


RE: Cuttin Edge Precision Services ULC
 Our Matter No: 303317

Enclosed please find our invoice # 1318868 for services rendered to November 30, 2022. The balance due is \$49,777.38 CAD. Please include our invoice number in the payment detail section of your wire transfer.

I trust the foregoing is satisfactory. Please do not hesitate to call me if you have any questions.

Yours very truly,

AIRD & BERLIS LLP



Kyle B. Plunkett

KBP/ch

Encl.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

November 30, 2022

Attention: Mr. Joe Albert

Invoice No: 1318868

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending November 30, 2022

Total Fees	\$44,037.50
Total Disbursements	15.00
Total Taxes	5,724.88
Amount Due	\$49,777.38 CAD

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITOR ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

November 30, 2022

Attention: Mr. Joe Albert

Invoice No: 1318868

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending November 30, 2022

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ZJ	18/10/22	295.00	2.30	678.50	Meeting with K. Plunkett and S. Hans regarding the current status of the litigation for Cutting Edge and an explanation of the proceedings, including the legal steps, that will take place for the file; Researching the test a court will conduct when considering whether or not to grant a sealing order
ZJ	19/10/22	295.00	3.60	1,062.00	Drafting an email research memorandum on the test conducted by a court on sealing orders, specifically a summary of my research findings ("Research Findings") on the test a court will conduct when considering whether or not to grant a sealing order; A review of the current leading cases and substantial changes in the law since Sierra Club and an outline of the relevant considerations for the client
ZJ	24/10/22	295.00	0.50	147.50	Meeting with Kyle Plunkett and Samantha Hans regarding research on the current state of the law on 'quick flip transactions', including the current overall test employed and the various principles and factors that a court will consider in determining the appropriateness of a 'quick flip' transaction in the circumstances
JB	10/11/22	295.00	2.30	678.50	Draft closing ancillary documents for J. Yantzi
JY	10/11/22	375.00	2.40	900.00	Confer with S. Hans re motion materials; Review security opinions; Engaged with preliminary review of the Receiver's report; Telephone call with the client; Confer with K. Plunkett; email to the purchasers' counsel; Review closing agenda and instruct J. Brennan and C. Casasola re ancillary documents

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	10/11/22	595.00	2.00	1,190.00	Review and provide comments on draft court materials; attend call with J. Yantzi to discuss AVO re real property; attend calls with client to discuss report.
SH	10/11/22	335.00	5.60	1,876.00	Review accounts; Draft fee affidavit; Calls with J. Yantzi re same; Update draft Ancillary Order and security opinions; Emails to client enclosing same; Revise draft Approval and Vesting Order; Emails to K. Plunkett and client re same; Review and revise the First Report; Emails to K. Plunkett re same
CEC	11/11/22	325.00	1.60	520.00	Receipt of email from J. Yantzi with instructions re closing documents; Telephone discussion with K. Pimentel re transaction; Review of adjustments section of purchase agreement and issued order for appointment of receiver; Draft of Statement of Adjustments, Mutual Undertaking to Readjust, Assignment and Assumption of Contracts, Assignment and Assumption of Permits, Assignment and Assumption of Permitted Encumbrances, Acknowledgement and Direction re Vesting Order and Application for Vesting Order; Email to K. Pimentel with draft documents for review;
KBP	11/11/22	595.00	2.00	1,190.00	Review and provide comments on draft first report; email exchanges with client team regarding same;
SH	11/11/22	335.00	3.20	1,072.00	Draft factum of the Receiver; Revise Notice of Motion; Update service list and circulate same
KBP	12/11/22	595.00	2.00	1,190.00	Revise and provide comments on draft First Report; email exchange with client regarding same.
SH	12/11/22	335.00	0.60	201.00	Email to client re First Report
JY	13/11/22	375.00	0.60	225.00	Review and revise draft notice of motion; confer with S. Hans
KBP	13/11/22	595.00	2.00	1,190.00	Review and revise NOM; review and revise Order; review report.
SH	13/11/22	335.00	1.00	335.00	Prepare Motion Record; Emails to K. Plunkett and J. Yantzi re same
CEC	14/11/22	325.00	0.30	97.50	Receipt of emails from K. Pimentel and replies thereto; Review of purchase agreement and email to J. Yantzi with real estate documents and note re adjustments;
JB	14/11/22	295.00	0.90	265.50	Draft ancillary documents for J. Yantzi

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
JY	14/11/22	375.00	3.30	1,237.50	Review and swear affidavit; confer with S. Hans re motion materials; review revised Receiver's report; review drafts of motion record
KBP	14/11/22	595.00	2.00	1,190.00	Revise and update court materials for service; email exchanges with client team regarding sale documents;
KP	14/11/22	500.00	0.80	400.00	Review of and revise draft closing documents
SH	14/11/22	335.00	7.20	2,412.00	Review and update all draft orders and the Notice of Motion; Review the First Report and compile all appendices re same; Review, update and compile the Motion Record; Emails with J. Yantzi, K. Plunkett and client re same; Calls with J. Yantzi re same; Serve and file the Motion Record; Draft, swear and file the Affidavit of Service; Update and circulate service list
JB	15/11/22	295.00	0.90	265.50	Revise ancillary documents per comments by J. Yantzi; Correspondence with N. Soulliere re ancillary documents
JY	15/11/22	375.00	0.30	112.50	Email to the Receiver re sale transaction; confer with C. Casasola re statement of adjustments
KBP	15/11/22	595.00	1.00	595.00	Review and respond to email from BDC counsel regarding draft Order; review and respond to emails from client team regarding draft sale documents;
PLW	15/11/22	240.00	0.40	96.00	Submitted Motion Record for filing online
SH	15/11/22	335.00	4.10	1,373.50	Draft factum of the Receiver
AG	16/11/22	795.00	0.70	556.50	Preparing for and participating in conference call with Albert Gelman and Aird & Berlis in respect of proposed transaction amendments and HST matters; Follow up emails regarding same
CEC	16/11/22	325.00	1.40	455.00	Receipt and review of email from J. Yantzi and emailed comments from T. McElroy and J. Albert to real estate documents; Revisions to documents and statement of adjustments per comments of T. McElroy and J. Albert and email to K. Pimentel with further comments as to revisions; Receipt of email reply from K. Pimentel with further comments, telephone discussion with K. Pimentel and telephone discussion with J. Yantzi re documents; Further revisions to assignment documents and acknowledgement and direction and email to J. Yantzi with revised documents and comments thereto;
JB	16/11/22	295.00	0.40	118.00	Review and revise General Assignment and Bill of Sale per comments by client

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
JY	16/11/22	375.00	1.00	375.00	Review and consider comments from the Receiver on purchase transaction documents; instruct J. Brennan and C. Casasola; telephone call with the Receiver re tax matters; confer with K. Pimentel and C. Casasola re real property ancillary documents
KBP	16/11/22	595.00	1.40	833.00	Revise and provide comments on draft factum; email exchanges on draft sale documents.
SEB	16/11/22	675.00	1.00	675.00	Emails from and to and discussion with K. Plunkett; review and revise factum
SH	16/11/22	335.00	2.50	837.50	Review and revise factum of the Receiver; Email to K. Plunkett and J. Yantzi re same
JB	17/11/22	295.00	0.20	59.00	Telephone call with J. Yantzi re reviewing purchaser ancillary documents
JY	17/11/22	375.00	0.70	262.50	Review and revise sale transaction documents; Email to the Receiver
KBP	17/11/22	595.00	1.00	595.00	Review and provide comments on draft Factum.
SEB	17/11/22	675.00	2.70	1,822.50	Review and revise factum; email and phone call to and from K. Plunkett
SH	17/11/22	335.00	1.90	636.50	Review and revise factum; Email to client enclosing same
CEC	18/11/22	325.00	0.40	130.00	Receipt of email from K. Pimentel and notes of T. McElroy; Revisions to vesting order and acknowledgement and direction and email to K. Pimentel thereto; Message of draft vesting order to purchaser's counsel in Teraview;
JB	18/11/22	295.00	0.70	206.50	Review purchaser ancillary documents for J. Yantzi
KBP	18/11/22	595.00	1.20	714.00	Revise and finalize Factum for service; email exchanges with client team regarding same.
PLW	18/11/22	240.00	0.40	96.00	Submitted Factum and 4 Volume Book of Authorities online
SEB	18/11/22	675.00	0.30	202.50	Emails from and to K. Plunkett; email from S. Hans; review factum
SH	18/11/22	335.00	4.30	1,440.50	Review and revise factum; Prepare book of authorities re same; Serve same to service list; Draft and swear affidavit of service re same; Emails to K. Plunkett and J. Yantzi re same; Update and circulate the service list

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
AG	21/11/22	795.00	0.30	238.50	Reviewing document prepared by J. Yantzi regarding use of real property in connection with sale of all operating assets of Cutting Edge; Email to J. Yantzi to advise regarding HST matters
CEC	21/11/22	325.00	0.40	130.00	Telephone discussion with K. Pimentel, review and reply to emails from J. Brennan, K. Plunkett and emails to K. Pimentel; Revisions to Statement of Adjustments and email thereof to K. Plunkett and K. Pimentel;
JB	21/11/22	295.00	3.40	1,003.00	Prepare signature packages; Draft termination notices; Prepare outstanding list for J. Yantzi; Correspondence with N. Soulliere re revised closing documents; Telephone call with K. Plunkett, J. Yantzi, S. Hans, J. Albert and T. McElroy
JY	21/11/22	375.00	1.90	712.50	Draft, review and revise sale transaction documents; confer with J. Brennan; confer with A. Gentile re tax matter; review and revise employee letters
KBP	21/11/22	595.00	1.20	714.00	Review and provide comments on draft sale documents; attend pre-hearing call with client team to discuss scope of relief.
KP	21/11/22	500.00	0.30	150.00	Review of punch list items and instructions to clerk re next steps
SH	21/11/22	335.00	2.00	670.00	Call with client; Call with K. Plunkett, J. Yantzi and J. Brennan; Update draft orders; Draft counsel slip; Emails to service list re motion details
AG	22/11/22	795.00	0.20	159.00	Reviewing email regarding HST matters and real property transfer; Email top advise regarding HST treatment of the real property transfer
JB	22/11/22	295.00	0.60	177.00	Compile executed documents; Prepare signature packages
JY	22/11/22	375.00	0.40	150.00	Email to the client; plan and prepare for sale transaction closing and instruct J. Brennan re same
KBP	22/11/22	595.00	2.00	1,190.00	Prepare for approval motion; review and respond to emails from working group regarding sale documents.
SH	22/11/22	335.00	0.30	100.50	Emails to K. Plunkett and J. Yantzi re draft orders and counsel slip

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
JY	23/11/22	375.00	2.10	787.50	Plan and prepare for court hearing re approval and vesting order motion; confer with K. Plunkett and J. Brennan; attend court hearing; telephone call with the Receiver; review purchase agreement
KBP	23/11/22	595.00	2.00	1,190.00	Prepare and attend AVO motion; email exchanges with purchaser side and client regarding same.
SH	23/11/22	335.00	0.40	134.00	Revise counsel slip; Email to Justice Cavanagh enclosing same
CEC	24/11/22	325.00	0.30	97.50	Receipt of email from J. Brennan and revisions to Statement of Adjustments and Application for Vesting Order; Email to J. Brennan with revised documents and notes thereto;
JB	24/11/22	295.00	1.50	442.50	Compile executed closing documents; Revise statement of adjustments; Correspondence re closing
KBP	24/11/22	595.00	0.70	416.50	Review and respond to various emails from client and Purchaser side to finalize sale transaction documents.
PLW	24/11/22	240.00	0.40	96.00	Submitted 3 Orders of November 23, 2022 for entry online
SH	24/11/22	335.00	2.80	938.00	Emails to K. Plunkett, J. Yantzi, J. Brennan, the client and purchaser's counsel re closing deliverables; Review and revise re same; Call with purchaser's counsel re same; Email to the court re issued Orders; Emails to client and purchaser's counsel re same
JB	25/11/22	295.00	0.90	265.50	Compile receiver's certificate; Correspondence with J. Albert re tax election form; Correspondence with N. Soulliere re closing
KBP	25/11/22	595.00	1.50	892.50	Attend to closing APA transactions; various emails from client team.
KP	25/11/22	500.00	0.30	150.00	Attend to closing matters
SH	25/11/22	335.00	3.40	1,139.00	Review all ancillary closing documents for execution; Calls with K. Plunkett and purchaser's counsel re closing; Emails with K. Plunkett, J. Brennan, purchaser's counsel and the client re same; Serve issued Orders and endorsements
KBP	28/11/22	595.00	0.40	238.00	Email exchange with client regarding post-closing matters and termination of employees.
PLW	28/11/22	240.00	0.40	96.00	Submitted 2 Receivers Certificates for filing online

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	29/11/22	595.00	0.70	416.50	Revise and circulate draft termination letter for transferred employees; attend call with client to discuss shareholder inquiries and emails regarding sale transaction.
SH	29/11/22	335.00	0.20	67.00	Emails to J. Yantzi enclosing Receiver's Certificates
DRE	30/11/22	925.00	0.30	277.50	Consult with K. Plunkett re issues raised by borrower
KBP	30/11/22	595.00	0.70	416.50	Review and consider emails from Proper US; email exchange with client regarding same; attend call with TD's counsel; attend call with client to discuss same.
SH	30/11/22	335.00	0.20	67.00	Email to purchaser's counsel and client enclosing issued Receiver's Certificates

TOTAL: 107.30 \$44,037.50

Name	Year of Call	Title	Hours	Rate	Value
Babe, Sam E. (SEB)	2004	Partner	4.00	\$675.00	\$2,700.00
Brennan, Julie (JB)		Student	11.80	\$295.00	\$3,481.00
Casasola, Carlos E. (CEC)		Law Clerk	4.40	\$325.00	\$1,430.00
English, D. Robb (DRE)	1980	Partner	0.30	\$925.00	\$277.50
Gentile, Angelo (AG)	2007	Partner	1.20	\$795.00	\$954.00
Hans, Samantha (SH)	2022	Associate	39.70	\$335.00	\$13,299.50
Jetha-Rattani, Zafir (ZJ)		Student	6.40	\$295.00	\$1,888.00
Pimentel, Kenneth (KP)	2011	Partner	1.40	\$500.00	\$700.00
Plunkett, Kyle B. (KBP)	2011	Partner	23.80	\$595.00	\$14,161.00
Williams, Patrick L. (PLW)		Law Clerk	1.60	\$240.00	\$384.00
Yantzi, Jonathan (JY)	2019	Associate	12.70	\$375.00	\$4,762.50

OUR FEE \$44,037.50
 HST @ 13% 5,724.88

DISBURSEMENTS

Non-Taxable Disbursements

Wire Charges	15.00
Total Non-Taxable Disbursements	\$15.00

AMOUNT DUE **\$49,777.38 CAD**

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Kyle B. Plunkett

E.&O.E.

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITOR ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

November 30, 2022

Attention: Mr. Joe Albert

Invoice No: 1318868

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

REMITTANCE SLIP

Total Fees	\$44,037.50
Total Non-Taxable Disbursements	15.00
Total Taxes	5,724.88

AMOUNT DUE \$49,777.38 CAD

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITOR ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

AIRD BERLIS

Kyle B. Plunkett
Direct: 416-865-3406
E-mail: kplunkett@airdberlis.com

January 31, 2023

Mr. Joe Albert
Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

Dear Mr. Albert:

RE: Cuttin Edge Precision Services ULC
 Our Matter No: 303317

Enclosed please find our invoice # 1325902 for services rendered to January 31, 2023. The balance due is \$2,572.15 CAD. Please include our invoice number in the payment detail section of your wire transfer.

I trust the foregoing is satisfactory. Please do not hesitate to call me if you have any questions.

Yours very truly,

AIRD & BERLIS LLP



Kyle B. Plunkett

KBP/ch

Encl.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

January 31, 2023

Attention: Mr. Joe Albert

Invoice No: 1325902

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending January 31, 2023

Total Fees	\$1,955.50
Total Disbursements	357.55
Total Taxes	259.10
Amount Due	\$2,572.15 CAD

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
 Brookfield Place, Suite 1800
 181 Bay Street
 Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
 F 416 863 1515
 airdberlis.com

Albert Gelman Inc.
 1-85 West Wilmot Street
 Richmond, ON
 M5M 1T5 Canada

January 31, 2023

Attention: Mr. Joe Albert

Invoice No: 1325902

Re: Cuttin Edge Precision Services ULC

Client No: 040619
 Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending January 31, 2023

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	01/12/22	595.00	0.50	297.50	Review and consider emails from Purchaser; email exchanges with client.
MES	01/12/22	595.00	0.30	178.50	Discussion with K. Plunkett re potential litigation issues
KBP	02/12/22	595.00	1.00	595.00	Review and respond to emails from Purchaser and its counsel regarding complaints; email exchange with TD's counsel; email exchange with client team.
SH	13/12/22	335.00	0.50	167.50	Emails to client re discharge order and remaining matters; Discuss same with K. Plunkett; Review closing agenda
SH	20/12/22	335.00	0.20	67.00	Emails to J. Cooke re issued orders
KBP	12/01/23	650.00	0.50	325.00	Attend call with T. McElroy; review and respond to emails from client regarding Bankruptcy Application.
KBP	27/01/23	650.00	0.50	325.00	Email exchange with T. Slahta regarding bankruptcy application; attend call with T. Slahta;

TOTAL: 3.50 \$1,955.50

Name	Year of Call	Title	Hours	Rate	Value
Hans, Samantha (SH)	2022	Associate	0.70	\$335.00	\$234.50
Plunkett, Kyle B. (KBP)	2011	Partner	2.50	\$617.00	\$1,542.50
Spence, Miranda E. (MES)	2011	Partner	0.30	\$595.00	\$178.50

OUR FEE \$1,955.50
 HST @ 13% 254.22

DISBURSEMENTS

Non-Taxable Disbursements

Notice of Motion/Application	320.00	
Total Non-Taxable Disbursements		\$320.00

Taxable Disbursements

Teraview Search	37.55	
Total Taxable Disbursements		\$37.55
HST @ 13%		4.88

AMOUNT DUE

\$2,572.15 CAD

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Kyle B. Plunkett

E.&O.E.

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

January 31, 2023

Attention: Mr. Joe Albert

Invoice No: 1325902

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

REMITTANCE SLIP

Total Fees	\$1,955.50
Total Non-Taxable Disbursements	320.00
Total Taxable Disbursements	37.55
Total Taxes	259.10

AMOUNT DUE

\$2,572.15 CAD

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 10.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

AIRD BERLIS

Kyle B. Plunkett
Direct: 416-865-3406
E-mail: kplunkett@airdberlis.com

April 30, 2023

Mr. Joe Albert
Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

Dear Mr. Albert:

RE: Cuttin Edge Precision Services ULC
 Our Matter No: 303317

Enclosed please find our invoice # 1337049 for services rendered to April 30th, 2023. Funds have been applied to satisfy the invoice, and the enclosed is a copy for your records.

I trust the foregoing is satisfactory. Please do not hesitate to call me if you have any questions.

Yours very truly,

AIRD & BERLIS LLP



Kyle B. Plunkett

KBP/ch

Encl.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

April 30, 2023

Attention: Mr. Joe Albert

Invoice No: 1337049

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending April 30, 2023

Total Fees	\$1,950.00
Total Taxes	253.50
Total This Invoice	\$2,203.50 CAD
Monies applied from Trust	(2,203.50)
Amount Due	\$0.00 CAD

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 4.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
 Brookfield Place, Suite 1800
 181 Bay Street
 Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
 F 416 863 1515
 airdberlis.com

Albert Gelman Inc.
 1-85 West Wilmot Street
 Richmond, ON
 M5M 1T5 Canada

April 30, 2023

Attention: Mr. Joe Albert

Invoice No: 1337049

Re: Cuttin Edge Precision Services ULC

Client No: 040619
 Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending April 30, 2023

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	01/03/23	650.00	0.50	325.00	Attend call with client to discuss HST reassessment; email to company counsel regarding same.
KBP	14/03/23	650.00	0.50	325.00	Review and respond to emails from TD's counsel regarding bankruptcy application; attend call with T. Slahta.
KBP	20/04/23	650.00	0.50	325.00	Review and consider draft KPMG engagement letter; email exchange with client team regarding same.
KBP	24/04/23	650.00	1.00	650.00	Review and consider KPMG engagement letter; attend call with client team to discuss same.
KBP	26/04/23	650.00	0.50	325.00	Review indemnity terms and provide summary to client team regarding engagement.
TOTAL:			3.00	\$1,950.00	

Name	Year of Call	Title	Hours	Rate	Value
Plunkett, Kyle B. (KBP)	2011	Partner	3.00	\$650.00	\$1,950.00
OUR FEE					\$1,950.00
HST @ 13%					253.50
TOTAL INVOICE					\$2,203.50
Monies applied from Trust					(2,203.50)
AMOUNT DUE					\$0.00 CAD

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Kyle B. Plunkett

E.&O.E.

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 4.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

April 30, 2023

Attention: Mr. Joe Albert

Invoice No: 1337049

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

REMITTANCE SLIP

Total Fees	\$1,950.00
Total Taxes	253.50
TOTAL INVOICE	\$2,203.50
Monies applied from Trust	(2,203.50)
AMOUNT DUE	\$0.00 CAD

Payment Information

Payment by Wire Transfer:

Beneficiary Bank: TD Canada Trust
TD Centre
55 King Street West
Toronto, ON M5K 1A2

Beneficiary: Aird & Berlis LLP
Bank No.: 004
Transit No.: 10202
Account: 5221521
Swift Code: TDOMCATTOR

Payment by Cheque:

Payable To: Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 4.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

AIRD BERLIS

Kyle B. Plunkett
Direct: 416-865-3406
E-mail: kplunkett@airdberlis.com

May 31, 2023

Mr. Joe Albert
Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

Dear Mr. Albert:

RE: Cuttin Edge Precision Services ULC
 Our Matter No: 303317

Enclosed please find our invoice #1340505 for services rendered to May 29, 2023. Funds have been applied against the attached invoice and the balance owing on this invoice is now \$592.44.

I trust the foregoing is satisfactory. Please do not hesitate to call me if you have any questions.

Yours very truly,

AIRD & BERLIS LLP



Kyle B. Plunkett

KBP/ch

Encl.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

May 31, 2023

Attention: Mr. Joe Albert

Invoice No: 1340505

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending May 29, 2023

Total Fees	\$2,067.50
Total Disbursements	48.50
Total Taxes	272.94
Total This Invoice	\$2,388.94 CAD
Monies applied from Trust	(1,796.50)
Amount Due	\$592.44 CAD

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 4.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
 Brookfield Place, Suite 1800
 181 Bay Street
 Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
 F 416 863 1515
 airdberlis.com

Albert Gelman Inc.
 1-85 West Wilmot Street
 Richmond, ON
 M5M 1T5 Canada

May 31, 2023

Attention: Mr. Joe Albert

Invoice No: 1340505

Re: Cuttin Edge Precision Services ULC

Client No: 040619
 Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending May 29, 2023

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	02/05/23	650.00	0.40	260.00	Review and respond to emails from debtor side regarding realization efforts.
SRM	02/05/23	440.00	0.30	132.00	Review email; Order, review and report on BC profiles for Cutting Edge Precision Services ULC
KBP	04/05/23	650.00	0.40	260.00	Email exchange with client team regarding first creditors' meeting.
KBP	05/05/23	650.00	0.70	455.00	Review and respond to emails from working group regarding claims process and bankruptcy; email exchanges with client regarding POCs.
SH	05/05/23	345.00	0.20	69.00	Email to K. Plunkett re security package; Call with K. Plunkett re same
KBP	08/05/23	650.00	1.00	650.00	Prepare and attend first creditors meeting for bankruptcy.
SH	08/05/23	345.00	0.70	241.50	Review guarantees of SGM Real Estate Holdings ULC in favour of TD and BDC; Email to K. Plunkett re same
TOTAL:			3.70	\$2,067.50	

Name	Year of Call	Title	Hours	Rate	Value
Hans, Samantha (SH)	2022	Associate	0.90	\$345.00	\$310.50
Morris, Shannon R (SRM)		Law Clerk	0.30	\$440.00	\$132.00
Plunkett, Kyle B. (KBP)	2011	Partner	2.50	\$650.00	\$1,625.00

OUR FEE \$2,067.50
 HST @ 13% 268.78

DISBURSEMENTS

Non-Taxable Disbursements

Due Diligence-Gov Fee	16.50	
Total Non-Taxable Disbursements		\$16.50

Taxable Disbursements

Due Diligence	32.00	
Total Taxable Disbursements		\$32.00
HST @ 13%		4.16

TOTAL INVOICE	\$2,388.94
Monies applied from Trust	(1,796.50)
AMOUNT DUE	\$592.44 CAD

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Kyle B. Plunkett

E.&O.E.

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 4.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

May 31, 2023

Attention: Mr. Joe Albert

Invoice No: 1340505

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

REMITTANCE SLIP

Total Fees	\$2,067.50
Total Non-Taxable Disbursements	16.50
Total Taxable Disbursements	32.00
Total Taxes	272.94

TOTAL INVOICE	\$2,388.94
Monies applied from Trust	(1,796.50)

AMOUNT DUE	<u>\$592.44 CAD</u>
-------------------	----------------------------

Payment Information

Payment by Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Email notification for EFT and WIRE payments: accounting@airdberlis.com

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 4.00% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

AIRD BERLIS

Kyle B. Plunkett
Direct: 416-865-3406
E-mail: kplunkett@airdberlis.com

July 16, 2024

Mr. Joe Albert
Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

Dear Mr. Albert:

RE: Cuttin Edge Precision Services ULC
 Our Matter No: 303317

Enclosed please find our invoice # 1392997 for services rendered to July 15, 2024. The balance due is \$14,595.53 CAD. Please include our invoice number in the payment detail section of your wire transfer.

I trust the foregoing is satisfactory. Please do not hesitate to call me if you have any questions.

Yours very truly,

AIRD & BERLIS LLP



Kyle B. Plunkett

KBP/ch

Encl.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

July 16, 2024

Attention: Mr. Joe Albert

Invoice No: 1392997

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending July 15, 2024

Total Fees	\$12,889.50
Total Disbursements	28.80
Total Taxes	1,677.23
Amount Due	\$14,595.53 CAD

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Bill.Com Payment Network ID: c114483219512158

Email notification for EFT and WIRE payments: accounting@airdberlis.com

*** Aird & Berlis LLP does not accept interac/email transfers ***

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 6% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

* For legal services provided to clients residing in British Columbia, Quebec, Manitoba and Saskatchewan, clients are advised to self-assess provincial sales tax on fees and disbursements charged.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

July 16, 2024

Attention: Mr. Joe Albert

Invoice No: 1392997

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending July 15, 2024

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
SH	05/29/2024	425.00	0.20	85.00	Emails to K. Plunkett re discharge motion
SH	06/03/2024	425.00	0.10	42.50	Email to K. Plunkett re scheduling court time
KBP	06/04/2024	775.00	1.00	775.00	Review and provide comments on draft final report; email exchanges with client.
SH	06/04/2024	425.00	0.20	85.00	Emails to court and K. Plunkett re discharge motion
KBP	06/05/2024	775.00	1.00	775.00	Attend call with client team to discuss discharge motion and report.
KBP	06/05/2024	775.00	0.70	542.50	Email exchanges with client regarding allocation and updates on residual distribution and discharge.
SH	06/05/2024	425.00	0.60	255.00	Call with client and K. Plunkett re discharge motion and next steps; Email to court re hearing date
KBP	06/06/2024	775.00	0.50	387.50	Email exchange with client team regarding discharge and realization amounts.
SH	06/06/2024	425.00	0.20	85.00	Review allocated statement of receipts and disbursements received from client
KBP	06/07/2024	775.00	0.40	310.00	Email exchange with client team regarding shareholder loans.
KBP	06/09/2024	775.00	1.00	775.00	Review and consider summary email re realization allocation and proposed residuals; email to client regarding SH loans and proof of advances.
KBP	06/10/2024	775.00	0.50	387.50	Email exchange with client team regarding realization allocation; email to McTague,.

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
KBP	06/24/2024	775.00	1.00	775.00	Review and provide consider documents from SGM counsel regarding shareholder loans; email exchanges with client regarding same.
SH	06/24/2024	425.00	0.30	127.50	Emails to K. Plunkett re court time and next steps; Email to J. McLean re PPSA searches
JEM	06/25/2024	395.00	0.10	39.50	Order, review and report on PPSA searches
KBP	06/25/2024	775.00	0.90	697.50	Review and consider additional information provided by SH counsel regarding loans; email exchange with client team regarding same.
SH	06/25/2024	425.00	0.80	340.00	Review PPSA searches; Emails to K. Plunkett, client and court re motion scheduling; Revise and submit court scheduling form re same
SH	07/03/2024	425.00	1.80	765.00	Review and revise draft second report of the receiver; Email to K. Plunkett re same; Review shareholder loan agreements and PPSA searches
SH	07/07/2024	425.00	0.50	212.50	Prepare draft discharge and distribution order
SH	07/08/2024	425.00	0.50	212.50	Email to K. Plunkett re motion materials; Continue drafting order re same
SH	07/09/2024	425.00	0.30	127.50	Prepare notice of motion re discharge motion
SH	07/10/2024	425.00	1.00	425.00	Continue preparing notice of motion re discharge motion
KBP	07/11/2024	775.00	1.20	930.00	Negotiate discharge materials; review and respond to emails from client team.
SH	07/11/2024	425.00	1.20	510.00	Revise and update notice of motion and draft order re discharge hearing; Emails to K. Plunkett re same and shareholder notes
KBP	07/12/2024	775.00	1.40	1,085.00	Review and provide comments on draft court materials.
SH	07/12/2024	425.00	0.50	212.50	Emails to K. Plunkett re fee affidavit; Review updates to receiver's second report; Review correspondence from client re same
KBP	07/14/2024	775.00	0.90	697.50	Review and consider comments on draft discharge order; email exchanges with client regarding same.
KBP	07/15/2024	775.00	1.20	930.00	Review and provide comments on draft court materials, and updated report.
SH	07/15/2024	425.00	0.70	297.50	Review revised second report; Update same; Review correspondence from client re same
TOTAL:			20.70	\$12,889.50	

Name	Year of Call	Title	Hours	Rate	Value
Hans, Samantha (SH)	2022	Associate	8.90	\$425.00	\$3,782.50
McLean, Jenaya E. (JEM)		Law Clerk	0.10	\$395.00	\$39.50
Plunkett, Kyle B. (KBP)	2011	Partner	11.70	\$775.00	\$9,067.50

OUR FEE \$12,889.50
HST @ 13% 1,675.63

DISBURSEMENTS

Non-Taxable Disbursements

Search Under P.P.S.A. 16.50

Total Non-Taxable Disbursements \$16.50

Taxable Disbursements

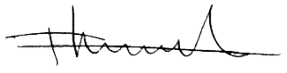
Service Provider Fee 12.30

Total Taxable Disbursements \$12.30

HST @ 13% 1.60

AMOUNT DUE \$14,595.53 CAD

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Kyle B. Plunkett

E.&O.E.

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Bill.Com Payment Network ID: c114483219512158

Email notification for EFT and WIRE payments: accounting@airdberlis.com

*** Aird & Berlis LLP does not accept interac/email transfers ***

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 6% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

* For legal services provided to clients residing in British Columbia, Quebec, Manitoba and Saskatchewan, clients are advised to self-assess provincial sales tax on fees and disbursements charged.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

Albert Gelman Inc.
1-85 West Wilmot Street
Richmond, ON
M5M 1T5 Canada

July 16, 2024

Attention: Mr. Joe Albert

Invoice No: 1392997

Re: Cuttin Edge Precision Services ULC

Client No: 040619
Matter No: 303317

REMITTANCE SLIP

Total Fees	\$12,889.50
Total Non-Taxable Disbursements	16.50
Total Taxable Disbursements	12.30
Total Taxes	1,677.23

AMOUNT DUE

\$14,595.53 CAD

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Bill.Com Payment Network ID: c114483219512158

Email notification for EFT and WIRE payments: accounting@airdberlis.com

*** Aird & Berlis LLP does not accept interac/email transfers ***

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 6% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

* For legal services provided to clients residing in British Columbia, Quebec, Manitoba and Saskatchewan, clients are advised to self-assess provincial sales tax on fees and disbursements charged.

Attached is Exhibit "B"
Referred to in the
AFFIDAVIT OF SAMANTHA HANS
Sworn before me
this 16th day of July, 2024



Commissioner for taking Affidavits, etc.

STATEMENT OF RESPONSIBLE INDIVIDUALS

Aird & Berlis LLP's professional fees herein are made with respect to the following individuals

LAWYERS	Call to Bar	Hourly Rate \$	Total Time	Value \$
(0436) English, D. Robb	44 (called to the Bar in 1980)	\$925.00	0.3	\$277.50
(1093) Babe, Sam E.	20 (called to the Bar in 2004)	\$675.00	4	\$2,700.00
(1795) Gentile, Angelo	17 (called to the Bar in 2007)	\$795.00	1.2	\$954.00
(1760) Plunkett, Kyle B.	13 (called to the Bar in 2011)	\$595.00	25.3	\$15,053.50
(1760) Plunkett, Kyle B.	13 (called to the Bar in 2011)	\$650.00	6.5	\$4,225.00
(1760) Plunkett, Kyle B.	13 (called to the Bar in 2011)	\$775.00	11.7	\$9,067.50
(2023) Pimentel, Kenneth	13 (called to the Bar in 2011)	\$500.00	1.4	\$700.00
(1484) Spence, Miranda E.	13 (called to the Bar in 2011)	\$595.00	0.3	\$178.50
(2042) Yantzi, Jonathan	5 (called to the Bar in 2019)	\$375.00	12.7	\$4,762.50
(2076) Hans, Samantha	2 (called to the Bar in 2022)	\$335.00	40.4	\$13,534.00
(2076) Hans, Samantha	2 (called to the Bar in 2022)	\$345.00	0.9	\$310.50
(2076) Hans, Samantha	2 (called to the Bar in 2022)	\$425.00	8.9	\$3,782.50
(2139) Brennan, Julie	Student	\$295.00	11.8	\$3,481.00
(2147) Jetha-Rattani, Zafir	Student	\$295.00	6.4	\$1,888.00
(1862) Casasola, Carlos E.	Law Clerk	\$325.00	4.4	\$1,430.00
(0107) Williams, Patrick L.	Law Clerk	\$240.00	1.6	\$384.00
(0383) Morris, Shannon R	Law Clerk	\$440.00	0.3	\$132.00
(1838) McLean, Jenaya E.	Law Clerk	\$395.00	0.1	\$39.50
Total			138.2	\$62,900.00

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-21-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF SAMANTHA HANS
(sworn July 16, 2024)

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver

TAB 5

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

B E T W E E N:

THE TORONTO-DOMINION BANK

Applicant

- and -

**CUTTING EDGE PRECISION SERVICES ULC,
PROPER WINDSOR HOLDINGS ULC and
SGM REAL ESTATE HOLDINGS ULC**

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**SERVICE LIST
(as at July 17, 2024)**

<p>KESTENBERG SIEGAL LIPKUS LLP 65 Granby Street Toronto Ontario, M5B 1H8</p> <p>Michael Kestenberg Tel: (416) 342-1111 Email: mrk@ksllaw.com</p> <p>Thomas Slahta Tel: (416) 342-1105 Email: tslahta@ksllaw.com</p> <p>Lawyers for The Toronto-Dominion Bank</p>	<p>MCTAGUE LAW FIRM LLP 455 Pelissier Street Windsor, Ontario N9A 6Z9</p> <p>Tom Serafimovski Tel: (519) 255-4386 Email: tserafimovski@mctaguelaw.com</p> <p>Jeffrey MacKinnon Tel: (519) 255-4363 Email: jmackinnon@mctaguelaw.com</p> <p>Lawyers for the Respondents</p>
---	---

<p>ALBERT GELMAN INC. 250 Ferrand Drive, Suite 403, Toronto, Ontario M3C 3G8</p> <p>Joe Albert Tel: (416) 504-1650 ext. 120 Email: jalbert@albertgelman.com</p> <p>Bryan Gelman Tel: (416) 504-1650 ext. 115 Email: bgelman@albertgelman.com</p> <p>Tom McElroy Tel: (416) 504-1650 ext. 117 Email: tmcelroy@albertgelman.com</p> <p>Receiver</p>	<p>AIRD & BERLIS LLP Brookfield Place 181 Bay Street, Suite 1800 Toronto, Ontario M5J 2T9</p> <p>Kyle Plunkett Tel: (416) 865-3406 Email: kplunkett@airdberlis.com</p> <p>Samantha Hans Tel: (437) 880-6105 Email: shans@airdberlis.com</p> <p>Lawyers for the Receiver</p>
<p>MILLER THOMSON LLP 255 Queens Avenue, Suite 2010 London, Ontario N6A 5R8</p> <p>Tony Van Klink Tel: (519) 931-3509 Email: tvanklink@millerthomson.com</p> <p>Lawyers Business Development Bank of Canada</p>	<p>ATTORNEY GENERAL OF CANADA Department of Justice of Canada Ontario Regional Office, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, Ontario M5H 1T1</p> <p>Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca</p>
<p>HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE Insolvency Unit 33 King Street West, 6th floor Oshawa, Ontario L1H 8H5</p> <p>Leslie Crawford Tel: (905) 433-5657 Email: leslie.crawford@ontario.ca</p> <p>Email: insolvency.unit@ontario.ca</p>	<p>NORTH AMERICAN LIGHTING, INC. 2275 S. Main Street Paris, Illinois 61944</p> <p>Robert Eickhoff Email: robert_eickhoff@nal.com</p>

<p>MERIDIAN ONECAP CREDIT CORP. 40 Sheppard Ave W., Suite 800 Toronto, Ontario M2N 6K9</p> <p>Nathan Webber Tel: (647) 923-8634 Email: nathan.webber@meridianonecap.ca</p>	<p>CORE CAPITAL GROUP INC. 3385 Harvester Rd., Suite 240 Burlington, Ontario L7L 3J1</p> <p>Ron Murphy Tel: (519) 872-2283 Email: ron.murphy@corcap.ca</p>
<p>CWB NATIONAL LEASING INC. 1525 Buffalo Place Winnipeg, Manitoba R3T 1L9</p> <p>Dan Schwartz Email: debtenforcement@cwbnationalleasing.com</p>	<p>MILLER CANFIELD LLP 100 Ouellette Avenue, Suite 1300 Windsor, Ontario N9A 6T3</p> <p>James Cooke Tel: (519) 946-2128 Email: cooke@millercanfield.com</p> <p>Lawyers for Titan Mold Inc.</p>
<p>KIRWIN PARTNERS LLP 423 Pelissier St. Windsor, Ontario N9A 4L2</p> <p>John McMahon Tel: (519) 255-9840 ext. 127 Email: jmcmahon@kirwinpartners.com</p> <p>Nick Soulliere Tel: (519) 255-9840 ext. 126 Email: nsoulliere@kirwinpartners.com</p> <p>Lawyers for Arlen Tool Co. Ltd.</p>	

EMAIL ADDRESS LIST

mrk@ksllaw.com; tslahta@ksllaw.com; tserafimovski@mctaguelaw.com;
jmackinnon@mctaguelaw.com; jalbert@albertgelman.com; bgelman@albertgelman.com;
tmcelroy@albertgelman.com; kplunkett@airdberlis.com; shans@airdberlis.com;
tvanklink@millerthomson.com; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca;
leslie.crawford@ontario.ca; insolvency.unit@ontario.ca; robert_eickhoff@nal.com;
nathan.webber@meridianonecap.ca; ron.murphy@corcap.ca;
debt enforcement@cwbnationalleasing.com; cooke@millercanfield.com;
jmcmahon@kirwinpartners.com; nsoulliere@kirwinpartners.com

THE TORONTO-DOMINION BANK
Applicant

- and -

CUTTING EDGE PRECISION SERVICES ULC, et al.
Respondents

Court File No. CV-22-00688427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

MOTION RECORD

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Kyle Plunkett (LSO# 61044N)

Tel: (416) 865-3406

Email: kplunkett@airdberlis.com

Samantha Hans (LSO# 84737H)

Tel: (437) 880-6105

Email: shans@airdberlis.com

Lawyers for the Receiver