

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

**IN THE MATTER OF THE BANKRUPTCY OF  
2726556 CANADA INC.  
OF THE CITY OF CORNWALL  
IN THE PROVINCE OF ONTARIO**

**Applicant**

**MOTION RECORD**

KELLY SANTINI LLP  
Barristers & Solicitors  
2401-160 Elgin Street  
Ottawa, ON K2P 2P7

Rick Brooks  
LSUC #19072K  
Tel: (613) 238-6321  
Fax: (613) 233-4553

Agent for Davies Ward Phillips &  
Vineberg LLP, solicitors for the  
Applicant

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

**IN THE MATTER OF THE BANKRUPTCY OF  
2726556 CANADA INC.  
OF THE CITY OF CORNWALL  
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**MOTION RECORD  
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF  
2726556 CANADA INC.  
OF THE CITY OF CORNWALL  
IN THE PROVINCE OF ONTARIO**

**Applicant**

**NOTICE OF MOTION**

2726556 Canada Inc., an insolvent person, (the "Applicant"), of the City of Cornwall, will make a Motion without notice, to a Justice of this Court in Bankruptcy, at the Court House, 161 Elgin Street, Ottawa, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be in writing.

**THIS MOTION IS FOR:**

1. An Order extending the time for the Applicant to file a Proposal to its creditors from July 24, 2014, to September 8, 2014.
2. Such further and other relief as counsel may advise and this Honourable Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

1. The Applicant, filed a Notice of Intention to Make a Proposal on June 24, 2014, pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3.
2. The thirty (30) day stay as a result of the filing of the Proposal ends July 24, 2014.
3. The Applicant requires an extension of time within which to file its Proposal and asks that this delay be extended to September 8, 2014.
4. The extension being requested herein is required in order to reorganize the Applicant and to formulate a viable Proposal to the creditors of the Applicant. In the interim, the business is being carried on and is being monitored by the Trustee.
5. The Royal Bank of Canada is the main secured creditor in this matter and supports the Applicant with regard to its efforts to reorganize its business undertaking and make a viable Proposal to its creditors. No other creditors have been in contact with the Trustee or the Applicant with regard to this matter since the filing of the Notice of Intention to File a Proposal.
6. The Applicant has been acting in good faith and with due diligence and no creditors will be materially prejudiced if this extension is granted.
7. A liquidation arising from a bankruptcy of the Applicant would likely result in the unsecured creditors obtaining no payment whatsoever. If the Applicant is permitted to pursue its restructuring efforts, it will likely make a viable proposal which would provide for payment to the unsecured creditors. Additionally, by continuing to

operate, the realizable value of the Applicant will be maximized and it will be able to maintain its existing supplier, customer and employee relationships.

8. The Applicant relies on Section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3.
9. 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 Affidavit of Glenn Langburt sworn July 17, 2014;
2. Report of the Trustee dated July 16, 2014;
3. Such further and other material as counsel may advise and this Honourable Court may permit.

Date: July 17, 2014

KELLY SANTINI LLP  
Barristers & Solicitors  
2401-160 Elgin Street  
Ottawa, ON K2P 2P7

Rick Brooks  
LSUC #19072K  
Tel: (613) 238-6321  
Fax: (613) 233-4553

Agent for Davies Ward Phillips &  
Vineberg LLP, solicitors for the  
Applicant

**IN THE MATTER OF THE PROPOSAL OF 2726556 CANADA INC. OF THE CITY OF CORNWALL**

**Estate No. 33-1884684**

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**SUPERIOR COURT OF JUSTICE**  
Proceeding commenced at Ottawa

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**NOTICE OF MOTION**

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**KELLY SANTINI LLP**  
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2401-160 Elgin Street  
Ottawa, Ontario  
K2P 2P7  
(613) 238-6321  
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**Rick Brooks**  
Agent for Davies Ward Phillips &  
Vineberg LLP, solicitors for the Applicant  
Law Society No. 19072K

Box No. 201  
Our File No: 017-67116

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

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

AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF 2726556 CANADA INC.

Applicant

**AFFIDAVIT OF GLENN LANGBURT  
(SWORN JULY 17, 2014)**

I, Glenn Langburt, of the City of Cornwall, in the Province of Ontario,  
MAKE OATH AND SAY:

1. I am a duly authorized representative of 2726566 Canada Inc.  
(the "**Applicant**"). As such I have personal knowledge of the matters to which I depose.  
To the extent that I do not have personal knowledge, I verily believe the information to  
which I depose.

**Background**

2. The Applicant filed a notice of intention to make a proposal under the  
*Bankruptcy and Insolvency Act* (the "**BIA**") on June 24, 2014, appointing Richter  
Advisory Group Inc. (the "**Proposal Trustee**") as the trustee thereunder (the "**NOI**"). A  
copy of the NOI together with the Office of the Superintendent of Bankruptcy's  
Certificate of Filing is attached hereto as **Exhibit "A"**.

3. The Applicant was incorporated in 1991 pursuant to the *Canada Business Corporations Act* and maintains its head offices in Cornwall, Ontario.

4. The Applicant, along with two other companies, K.F.S. Limited and Nathar Limited (collectively, the "**Companies**"), who also filed notices of intention to make a proposal under the BIA on June 24, 2014, operates several retail stores located in Ontario and the Maritimes.

5. The Companies, in operation since 1955, form a chain of 21 retail stores. Among other things, the Companies specialize in Ladies' and Men's fashions, kitchenware, home accessories and gourmet foods.

6. The Companies operate several brands, including Tweed and Hickory, Kastners Menswear, Flotron's Tweed & Hickory, Bucovetsky's and Dovers Menswear.

7. The Companies' primary suppliers are based in Canada and in the United States of America.

8. As of the day of the filing of the NOI, the Companies had over 200 employees between their stores, warehouse and head office.

#### **Secured Creditor**

9. The Royal Bank of Canada ("**RBC**") is the only secured creditor of the Companies. The Companies are indebted towards RBC in an amount of approximately \$3,367,489 plus interest.



10. RBC is aware of the request for an extension and supports the Companies' restructuring process. Together with the help of its advisors, the Companies have established a restructuring plan which should allow for the total repayment of RBC's indebtedness, in addition to keeping some of the stores open.

11. As such, the Companies expect to fully repay the RBC indebtedness by December 2014, with major reductions of such indebtedness taking place from October to December of 2014 as a result of the Companies' business being rationalized.

#### **Other Creditors**

12. Other than the possible claims of its landlords, the Applicant is indebted in an amount of approximately \$82,540.02 towards its unsecured and contingent creditors.

#### **The Financial Situation and Reasons for Insolvency**

13. Over the past two years, the Companies have incurred operating losses as a result of a significant decrease in sales volumes. The Companies' gross profits declined by 20% in 2014 as compared to the same period the previous year.

14. The Companies' financial troubles are further exacerbated by their aging inventory which relates to fall 2013 and prior seasons. Furthermore, the Applicant attributes the decline in sales to the current unfavorable economic conditions in the retail industry, the general economic downturn as well as the highly competitive market.

15. Although the Applicant has attempted to correct the situation in the past months, the significant decrease in sales indicates that a formal restructuring is the only

way of salvaging the Companies' affairs. In fact, the Companies do not have adequate cash flow to continue their operations.

16. Within the first few days of filing its NOI, the Applicant gave to the Proposal Trustee, for the purposes of providing a full review of its operations, access to its books, records, and other important documents.

17. Since the filing of the NOI, the Applicant has been paying, on a timely basis, its suppliers and employees in respect of the current business terms. Additionally, the current state of the finances of the Applicant is favorable compared to what had initially been projected since the filing of the NOI.

18. The Applicant seeks an extension of the stay period for an additional 45 days to allow it to complete its dealings with regards to the identification and closure of underperforming stores, the negotiation of more favorable leases, the liquidation of the slow moving excess inventory, the reduction of operating overhead expenses, the search for potential investors who could participate in the restructuring efforts, as well as the determination of the terms of a viable proposal to settle with its numerous unsecured creditors.

19. Absent court protection, the Applicant's business will fail because it cannot pay all of its liabilities currently due or accruing due.

20. Attached as **Exhibit "B"** hereto is the statement of projected cash-flow for the Applicant for the period from August 1 to September 30, 2014. Filed herewith is the Proposal Trustee's Report on the state of the Applicant's business and financial affairs.

### Basis for Stay Extension

21. The Applicant has acted and continues to act in good faith and with due diligence toward achieving a successful restructuring of its business. If the extension sought is granted, the Applicant will likely be able to make a viable proposal to its creditors.

22. Extending the stay period for an additional 45 days will not be materially prejudicial to the Applicant's creditors inasmuch as RBC supports the Companies' restructuring efforts and consents to the extension sought.

23. A liquidation arising from a bankruptcy from the Applicant would likely result in its unsecured creditors obtaining no payment whatsoever. On the other hand, pursuing the Applicant's restructuring efforts may permit the Applicant to make a proposal that would provide for some form of payment to its unsecured creditors.

24. Moreover, continuing to operate the Applicant's business as a going concern will serve to maximize the realizable value of the Applicant's working capital and maintain its existing supplier, customer and employee relationships.


SWORN BEFORE ME at the City of  
Cornwall, on July 17, 2014.

\_\_\_\_\_  
Commissioner for Taking Affidavits

*P. Dragano*

\_\_\_\_\_  
Glenn Langburn

THIS IS EXHIBIT "A"  
TO THE AFFIDAVIT OF  
GLENN LANGBURT  
SWORN BEFORE ME THIS 17TH DAY OF JULY, 2014

---

Commissioner for Taking Affidavits

**RICHTER**

CANADA  
Province of Ontario

SUPERIOR COURT OF JUSTICE  
Commercial List  
*Bankruptcy and Insolvency Act*

District of: Ontario  
Division No. 12-Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

**Notice to Creditors of Intention to Make a Proposal  
(Subsection 50.4(6))**

**In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario**

Notice is hereby given that, on June 24, 2014, the above-mentioned Debtor filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, as per a copy attached hereto.

Notice is further given that in accordance with Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against the Debtor are hereby stayed. Accordingly, no creditor has any remedy against the Debtor or its assets, nor shall it commence or continue any action, execution, or other proceedings for the recovery of a claim.

A list of the creditors with claims amounting to \$250 or more and the amounts of their claims as known or shown by the Debtor's books is annexed hereto. The enclosure thereof does not constitute the acceptance of any claim or claims.

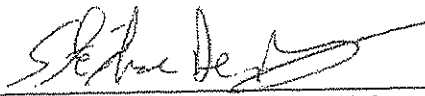
Upon the filing of the contemplated Proposal, a further notice shall be sent to the creditors providing:

- a) a copy of the Proposal;
- b) the date, time and place of a Meeting of Creditors to be held to consider the Proposal;
- c) a condensed statement of the assets and liabilities of the Debtor;
- d) the following prescribed forms, to be completed:
  - Proof of Claim;
  - Proxy;
  - Voting Letter on the Proposal.

Should the Debtor fail to file a Proposal within the prescribed delays, an automatic bankruptcy will ensue and the Trustee will forthwith convene a meeting of creditors.

Dated at Montréal, Province of Québec, June 30, 2014.

Richter Advisory Group Inc.  
Trustee acting *in re* the proposal of  
2726556 Canada Inc.

  
Stéphane De Broux, CPA, CA, CIRP  
Administrator

T. 514.934.3400  
F. 514.934.8603  
[claims@richter.ca](mailto:claims@richter.ca)

Richter Groupe Conseil Inc.  
Richter Advisory Group Inc.  
1981 McGill College  
Montréal, QC H3A 0G6      Montréal, Toronto

(français - recto)



# RICHTER

CANADA  
Province de l'Ontario

District de : Ontario  
No division : 12-Ottawa  
No cour : 33-1884684  
No dossier : 33-1884684

COUR SUPÉRIEURE DE JUSTICE  
Rôle commercial  
*Loi sur la faillite et l'insolvabilité*

## Avis aux créanciers de l'intention de faire une proposition (Paragraphe 50.4(6))

Dans l'affaire de l'Avis d'intention de faire une proposition de  
2726556 Canada Inc.  
de la ville de Cornwall  
en la province de l'Ontario

Avis est par la présente donné que, le 24 juin 2014, la débitrice susmentionnée a déposé un Avis de l'intention de faire une proposition en vertu de la *Loi sur la faillite et l'insolvabilité*, dont copie est ci-jointe.

Avis est de plus donné qu'en conformité avec l'article 69 de la *Loi sur la faillite et l'insolvabilité*, toute procédure engagée contre la débitrice est suspendue. En conséquence, aucun créancier n'a de recours contre la débitrice ou contre ses biens, ni ne peut tenter ou continuer une action, exécution ou autre procédure pour le recouvrement de sa réclamation.

Une liste des créanciers ayant des réclamations de 250 \$ ou plus et le montant de ces réclamations, reflétées aux livres ou connues de la débitrice, est annexée aux présentes. Cette liste ne constitue pas l'acceptation d'une réclamation ou de réclamations.

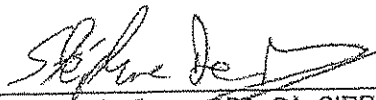
Lors du dépôt de la proposition envisagée, un autre avis sera envoyé aux créanciers comprenant :

- a) une copie de la proposition;
- b) les date, lieu et heure de la tenue de l'assemblée des créanciers visant à considérer la proposition;
- c) un état succinct des avoirs et obligations de la débitrice;
- d) les documents prescrits suivants à être complétés :
  - preuve de réclamation;
  - procuration;
  - formulaire de votation sur la proposition.

Si la débitrice n'est pas en mesure de déposer une proposition dans les délais prescrits, la faillite sera déclarée automatiquement, et le syndic convoquera immédiatement une assemblée des créanciers.

Fait à Montréal, province de Québec, le 30 juin 2014.

Richter Groupe Conseil Inc.  
Syndic agissant *in re* la proposition de  
2726556 Canada Inc.

  
Stéphane De Broux, CPA, CA, CIRP  
Administrateur

T. 514.934.3400  
F. 514.934.8603  
[reclamations@richter.ca](mailto:reclamations@richter.ca)

Richter Groupe Conseil Inc.  
Richter Advisory Group Inc.  
1981 McGill College  
Montréal, QC H3A 0G6      Montréal, Toronto

(English - Over)



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

- FORM 33 -


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

In the matter of the Notice of intention to make a proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Take notice that:

1. I, 2726556 Canada Inc, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Richter Advisory Group Inc/Richter Groupe Conseil inc of 1981 avenue McGill College, 12e étage, Montréal, QC, H3A 0G6, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Montréal in the Province of Québec, this 23rd day of June 2014.

  
\_\_\_\_\_  
2726556 Canada Inc  
Insolvent Person

To be completed by Official Receiver:

Filing Date \_\_\_\_\_

\_\_\_\_\_  
Official Receiver

District de:  
No division:  
No cour:  
No dossier:

- FORMULAIRE 33 -  
Avis de l'intention de faire une proposition  
(paragraphe 50.4(1) de la Loi)

Dans l'affaire de l'Avis d'intention de faire une proposition de  
2726556 Canada Inc.  
de la ville de Cornwall  
en la province de l'Ontario

Avis est donné de ce qui suit :

1. Je, 2726556 Canada Inc, personne insolvable signifie mon intention de faire une proposition à mes créanciers conformément au paragraphe 50.4(1) de la Loi.
2. Richter Advisory Group Inc/Richter Groupe Conseil inc de 1981 avenue McGill College, 12e étage, Montréal, QC, H3A 0G6, syndic autorisé, a accepté d'exercer les fonctions de syndic dans le cadre de la proposition. Une copie de son acceptation est annexée au présent avis.
3. Une liste portant les noms des créanciers connus ayant des réclamations d'une valeur de 250 \$ ou plus ainsi que le montant de ces réclamations, est également annexée.
4. Conformément à l'article 69 de la Loi, les procédures engagées contre moi sont suspendues à compter de la date du dépôt du présent avis auprès du séquestre officiel de ma localité.

Daté le 23 juin 2014, à Montréal en la province de Québec.

(Signé)

2726556 Canada Inc  
Personne Insolvable

À remplir par le séquestre officiel :

Date du dépôt \_\_\_\_\_


Séquestre officiel



List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
ADORABLE JUNIOR GARMENT	5290 THIMENS BLVD. VILLE ST-LAURENT QC H4R 2B2		1,115.00
ALFRED ANGELO INC.	UNIT 4-205 CHAMPAGNE DR. TORONTO ON M3J 2C6		9,317.24
ALJANT TELEPHONE	P.O. BOX 2226, STN CENTRAL RPO HALIFAX NS B3J 3C7		270.95
BUFFALO INTERNATIONAL ULC	100 - 400, RUE SAUVE OUEST MONTREAL QC H3L 1Z8		1,500.31
BYLYSE	DIVISION OF HAMMAX NORTH AMERICA INC. 393 BOUL. ROLAND DURAND ROSEMERE QC J7A 4K1		992.91
CONRAD C. COLLECTION	200 - 9320 ST. LAURENT MONTREAL QC H2N 1N7		3,919.58
EUROMAX	408 - 460 ST. CATHERINE OUEST MONTREAL QC H3B 1A7		1,186.50
EVCANA CLOTHING INC.	413 - 9200 PARC MONTREAL QC H2N 1Z4		1,911.30
FIG CLOTHING	ZAM URBAN DYNAMICS INC. 4613 RUE LOUIS B. MAYER LAVAL QC H7P 6G5		1,953.85
FINE LINE IMPORTS	206 - 160 TYCOS DRIVE TORONTO ON M6B 1W6		3,593.45
FRANK LYMAN DESIGN	2500 BOUL. DES SOURCES POINTE CLAIRE QC H9R 0B3		5,438.94
G-III APPAREL CANADA ULC	P.O. BOX 15379, STATION A TORONTO ON M5W 1C1		1,428.30
GROUP YNA 7908741 CANADA INC.	200 - 9600 MEILLEUR MONTREAL QC H2N 2E3		1,306.99
GROUPE CORWICK	KATHERINE BARCLAY 225 OUEST, RUE CHABANEL ST. WEST MONTREAL QC H2N 2C9		1,512.35
JANOR IMPORTS INC.	500 - 416, BOUL. DE MAISONNEUVE OUEST MONTREAL QC H3A 1L2		603.75
JONES APPAREL GROUP CANADA LP	388 APPLEWOOD CRESCENT VAUGHAN ON L4K 4B4		724.81
KAREN DEARING	41 STANFIELD STREET SYDNEY NS B1P 3X4		270.75

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
LANA LEE FASHIONS	301 - 9400, BOUL ST. LAURENT SUITE 301 MONTREAL QC H2N 1P3		2,391.39
LANG INVESTMENTS	27 FIRST STREET EAST CORNWALL ON K6H 1K5		1,255.88
LES IMPORTATIONS BOLIDE LTEE	309 - 555 CHABANEL OUEST MONTREAL QC H2N 2H8		1,758.26
LES IMPORTATIONS JEREMY D LTEE	200 - 9333, BOUL ST. LAURENT MONTREAL QC H2N 1P6		2,999.36
LINEA DOMANI	1106 - 555 CHABANEL ST. WEST MONTREAL QC H2N 2H8		2,270.12
MEXX CANADA INC.	905 HODGE STREET VILLE ST-LAURENT QC H4N 2B3		3,953.54
MICHAEL PHILLIPS LTEE	501 - 433, RUE CHABANEL OUEST TOUR NORD MONTREAL QC H2N 2J5		2,760.92
NORTH AMERICAN	27 KELFIELD STREET TORONTO ON M9W 5A1		1,915.44
NOVA SCOTIA POWER INC.	P O BOX 848 HALIFAX NS B3J 2V7		910.66
PARKHURST	20 RESEARCH RD., TORONTO ON M4G 2G6		1,945.80
PONY RIDE	405 - 225 CHABANEL WEST MONTREAL QC H2N 2C9		1,923.26
S. OLIVER CANADA	500 - 416 DE MAISONNEUVE O. MONTREAL QC H3A 1L2		1,699.70
SANDSTYLE CANADA GROUP INC.	900 - 433, RUE CHABANEL OUEST MONTREAL QC H2N 2J8		6,324.90
SPANNER LIMITED	334A MANITOU DR., KITCHENER ON N2C 1L3		3,101.87
SUZANNE AZOULAY INC.	1203 - 555 CHABANEL MONTREAL QC H2N 2H8		1,973.05
TIME BOMB TRADING	8067 NORTH FRASER WAY 2ND FLOOR BURNABY BC V5L 5M8		809.20
TOMMY BAHAMA CANADA	ACCORD FINANCIAL 77 BLOOR STREET WEST SUITE 1803 TORONTO ON M6S 1M2		3,599.00
TRIBAL SPORTSWEAR INC.	300 - 7445, CHEMIN DE LA VOTE-DE-LIESSE SAINT LAURENT QC H4T 1G2		3,900.69

Total		82,540.02
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Glenn Langbert

- Proposal Consent -

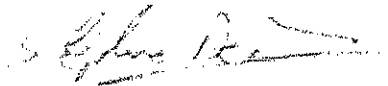
In the matter of the Notice of intention to make a  
proposal of 2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and  
Insolvency Act for the proposal of 2726556 Canada Inc.

Dated at the City of Montréal in the Province of Quebec, this 25th day of June 2014.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Trustee  
Per:



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Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12th Floor  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

- Consentement -

Dans l'affaire de l'Avis d'intention de faire une proposition de  
2726556 Canada Inc.  
de la ville de Cornwall  
en la province de l'Ontario

À qui de droit,

Nous consentons par la présente, à agir comme syndic, d'après la Loi sur la faillite et  
l'insolvabilité, à la présente proposition de 2726556 Canada Inc.

Daté le 23 juin 2014, à Montréal en la province de Québec.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Syndic  
Par:

(Signé)

Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12e étage  
Montréal QC H3A 0G6  
Téléphone: (514) 934-3400 Télécopieur: (514) 934-8603



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of        Ontario  
Division No.    12 - Ottawa  
Court No.       33-1884684  
Estate No.      33-1884684

In the Matter of the Notice of Intention to make a  
proposal of:

2726556 Canada Inc  
Insolvent Person

RICHTER ADVISORY GROUP INC / RICHTER GROUPE  
CONSEIL INC.  
Trustee

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Date of the Notice of Intention:

June 24, 2014

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 25, 2014, 10:25

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

Canada



Industrie Canada

Industry Canada

Bureau du surintendant  
des faillites Canada

Office of the Superintendent  
of Bankruptcy Canada

District de : Ontario  
No division : 12 - Ottawa  
No cour : 33-1884684  
No dossier : 33-1884684

Dans l'affaire de l'avis d'intention de faire une  
proposition de :

2726556 Canada Inc  
Personne insolvable

RICHTER ADVISORY GROUP INC / RICHTER GROUPE  
CONSEIL INC.  
Syndic

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Date de l'avis d'intention :

24 juin 2014

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CERTIFICAT DE DÉPÔT D'UN AVIS D'INTENTION DE FAIRE UNE PROPOSITION  
paragraphe 50.4(1)

Je soussigné, séquestre officiel pour ce district de faillite, certifie par les présentes que la personne insolvable susmentionnée a déposé un avis d'intention de faire une proposition en vertu du paragraphe 50.4(1) de la *Loi sur la faillite et l'insolvabilité*.

Conformément au paragraphe 69(1) de la Loi, toutes les procédures contre la personne insolvable susmentionnée sont suspendues à compter de la date du dépôt de l'avis d'intention.

Date: 25 juin 2014, 10:25

E-File/Dépôt Electronique

Séquestre officiel

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa Canada, K2P2P7, (877)376-9902

Canada

THIS IS EXHIBIT "B"  
TO THE AFFIDAVIT OF  
GLENN LANGBURT  
SWORN BEFORE ME THIS 17TH DAY OF JULY, 2014

---

Commissioner For Taking Affidavits



2726556 Canada Inc.  
Statement of projected cash-flow (note 1)  
For the period ending September 30, 2014  
(in 000's)

	month ending:	Aug-14	Sep-14
Receipts		\$ 1,200	\$ 1,120
Disbursements			
Operations		954	946
Administration		104	102
Restructuring expenses		50	70
		<u>1,108</u>	<u>1,118</u>
Net cash-flow		92	2
Opening bank indebtedness		<u>(1,733)</u>	<u>(1,642)</u>
Closing bank indebtedness		<u>\$ (1,642)</u>	<u>\$ (1,640)</u>

Note 1: This statement of projected cash-flow combines the operations of K.F.S. Limited, Nathar Limited and 2726556 Canada Inc.

  
Glenn Langbart  
2726556 Canada Inc.

  
Richter Advisory Group Inc.

IN THE MATTER OF THE PROPOSAL OF 2726556 CANADA INC. OF THE CITY OF CORNWALL

Estate No. 33-1884684

SUPERIOR COURT OF JUSTICE  
Proceeding commenced at Ottawa

AFFIDAVIT OF GLENN LANGBURT

**KELLY SANTINI LLP**  
Barristers & Solicitors  
2401-160 Elgin Street  
Ottawa, Ontario  
K2P 2P7  
(613) 238-6321  
(613) 233-4553 Fax

Rick Brooks  
Agent for Davies Ward Phillips &  
Vineberg LLP, solicitors for the Applicant  
Law Society No. 19072K

Box No. 201  
Our File No: 017-67116

CANADA  
PROVINCE OF ONTARIO  
DISTRICT OF ONTARIO  
DIVISION NO.: 12-Ottawa  
COURT NO.: 33-1884684  
ESTATE NO.: 33-1884684

SUPERIOR COURT  
(Commercial Division)  
*Bankruptcy and Insolvency Act*

IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF:

**2726556 Canada Inc.**, a body politic and corporate, duly incorporated according to law and having its head office and its principal place of business at 27 First Street East, in the City of Cornwall, in the Province of Ontario, K6H 1K5.

Debtor

- and -

**Richter Advisory Group Inc.**

Trustee

---

TRUSTEE'S REPORT ON THE STATE OF THE INSOLVENT PERSON'S  
BUSINESS AND FINANCIAL AFFAIRS  
(Pursuant to 50.4(7)(b)(ii) and 50.4(9) of the Bankruptcy and Insolvency Act)

I, Stéphane De Broux, CPA, CA, CIRP, of Richter Advisory Group Inc. ("Richter"), Trustee, with respect to the Notice of Intention to Make a Proposal ("Notice of Intention") filed by 2726556 Canada Inc. (the "Company" or "Debtor"), an insolvent person, do hereby report to the Court the following:

1. On June 24, 2014, the Debtor filed a Notice of Intention in accordance with the *Bankruptcy and Insolvency Act* (the "Act"), a copy of which is annexed hereto as **Exhibit "A"**.
2. On June 24, 2014, Nathar Limited and K. F. S. Limited., which are controlled by the same entity as the Debtor, also filed a Notice of Intention. K. F. S. Limited, Nathar Limited and 2726556 Canada Inc. are herein collectively referred to as the "Companies".
3. On July 2, 2014, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the Debtor's Notice of Intention, as annexed hereto as **Exhibit "B"**.
4. On July 4, 2014, the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("Projections") together with his report pursuant to Section 50.4(2)(c) of the Act, covering the period from July 1, 2014 to July 31, 2014, which included the major Assumptions used in the preparation of the aforementioned Projections. Concurrently therewith, the Trustee filed its Report on the reasonableness of the Projections in accordance with Section 50.4(2)(b) of the Act, all of which is annexed hereto as **Exhibit "C"**.
5. In order to monitor the affairs and finances of the Debtor, the Trustee has been provided with access to the books, records and other important documents of the Debtor.

6. The Debtor has been paying its suppliers and employees, on a timely basis, for goods and services provided subsequent to the date of the filing of the Notice of Intention, according to the current business terms. The Trustee has compared the actual results to those projected since the filing of the Notice of Intention. The actual results to date have been favorable.
7. The Companies, in operation since 1955, operate a chain of 21 retail stores in Ontario, Nova Scotia, New Brunswick and Newfoundland, specializing in ladies' and men's fashions, kitchenware, home accessories and gourmet foods. The Companies operate under various banners including Tweed & Hickory, Kastners Menswear, Flotron's Tweed & Hickory, Bucovetsky's, Dover's Menswear, Buckland's Fine Clothing, Shaw's of Perth, The Village Green, Jacobson's Ladies' Wear, Yazer's Men's Wear, Bellissima and Moe's Menswear.
8. At the time of the filing, the Companies had over 200 employees in their stores, warehouse and head office. The Companies' head office is located in Cornwall, Ontario.
9. In the past two years, the Companies have experienced a sharp decline of their sales and reported significant losses. Management attributes this decline in sales to the following:
  - Current unfavorable economic conditions in the retail industry;
  - General economic downturn; and
  - Highly competitive market.
10. Pursuant to the assessment of their financial situation, the Companies began implementing, in early 2014, certain corrective measures, with the intent of ensuring their long-term profitability. However, the decrease of their sales continued to exceed the Companies' forecasts and it became evident that such measures would be insufficient to reverse the negative impact of the sales decline, thus necessitating a formal restructuring through a Notice of Intention.
11. Pursuant to the filing of the Notice of Intention, the Companies have been developing and implementing their restructuring plan. The key elements of this plan include:
  - The identification and closure of underperforming stores. To date, two stores have been closed and the relevant notices to disclaim leases have been sent to the landlords;
  - The negotiation of more favorable leases terms with their landlords;
  - The liquidation of their slow-moving and excess inventory;
  - The reduction of operating and overhead expenses;
  - The search for potential investors who could participate in the restructuring; and
  - The determination of the terms of a viable proposal to their unsecured creditors.
12. The Debtor is filing a Motion to Extend the Delay for the Filing of a Proposal, in order to allow it to complete its dealings with regards to the above-mentioned key elements and to enable the formulation of a viable proposal to its creditors.

13. The Debtor's secured creditor, Royal Bank of Canada, does not object to the requested extension and supports the Debtor in its reorganization efforts.
14. Annexed hereto as **Exhibit "D"** is the Statement of Projected Cash Flow covering the period from August 1 to September 30, 2014, the Trustee's Report on the reasonableness of the Projections in accordance with Section 50.4(2)(b) of the Act and the Debtor's Report pursuant to Section 50.4(2)(c) of the Act.
15. If the extension is granted, the Trustee is not aware of any facts indicating that any creditor would suffer a prejudice.
16. Given the foregoing, the Trustee hereby recommends the granting of the extension by the Court to September 8, 2014.

DATED AT MONTREAL, this 16<sup>th</sup> day of July 2014.

**Richter Advisory Group Inc.**  
**Trustee**

A handwritten signature in dark ink, appearing to read 'Stephane De Broux', with a long horizontal stroke extending to the right.

**Per: Stephane De Broux, CPA, CA, CIRP**

# **ANNEXE A**

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

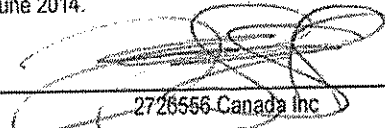
- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the Notice of intention to make a proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Take notice that:

1. I, 2726556 Canada Inc, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Richter Advisory Group Inc/Richter Groupe Conseil inc of 1981 avenue McGill College, 12e étage, Montréal, QC, H3A 0G6, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Montréal in the Province of Quebec, this 23rd day of June 2014.


  
\_\_\_\_\_  
2726556 Canada Inc  
Insolvent Person

To be completed by Official Receiver:

Filing Date \_\_\_\_\_

\_\_\_\_\_  
Official Receiver

Total			82,540.02
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Glenn Langbert



# **ANNEXE B**

# RICHTER

CANADA  
Province of Ontario

SUPERIOR COURT OF JUSTICE  
Commercial List  
*Bankruptcy and Insolvency Act*

District of: Ontario  
Division No. 12-Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

## Notice to Creditors of Intention to Make a Proposal (Subsection 50.4(6))

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Notice is hereby given that, on June 24, 2014, the above-mentioned Debtor filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, as per a copy attached hereto.

Notice is further given that in accordance with Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against the Debtor are hereby stayed. Accordingly, no creditor has any remedy against the Debtor or its assets, nor shall it commence or continue any action, execution, or other proceedings for the recovery of a claim.

A list of the creditors with claims amounting to \$250 or more and the amounts of their claims as known or shown by the Debtor's books is annexed hereto. The enclosure thereof does not constitute the acceptance of any claim or claims.

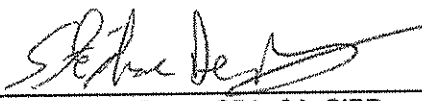
Upon the filing of the contemplated Proposal, a further notice shall be sent to the creditors providing:

- a) a copy of the Proposal;
- b) the date, time and place of a Meeting of Creditors to be held to consider the Proposal;
- c) a condensed statement of the assets and liabilities of the Debtor;
- d) the following prescribed forms, to be completed:
  - Proof of Claim;
  - Proxy;
  - Voting Letter on the Proposal.

Should the Debtor fail to file a Proposal within the prescribed delays, an automatic bankruptcy will ensue and the Trustee will forthwith convene a meeting of creditors.

Dated at Montréal, Province of Québec, June 30, 2014.

Richter Advisory Group Inc.  
Trustee acting *in re* the proposal of  
2726556 Canada Inc.

  
Stéphane De Broux, CPA, CA, CIRP  
Administrator

T. 514.934.3400  
F. 514.934.8603  
[claims@richter.ca](mailto:claims@richter.ca)

Richter Groupe Conseil Inc.  
Richter Advisory Group Inc.  
1981 McGill College  
Montréal, QC H3A 0G6      Montréal, Toronto

(français - recto)



# RICHTER

CANADA  
Province de l'Ontario

COUR SUPÉRIEURE DE JUSTICE  
Rôle commercial  
*Loi sur la faillite et l'insolvabilité*

District de : Ontario  
No division : 12-Ottawa  
No cour : 33-1884684  
No dossier : 33-1884684

## Avis aux créanciers de l'intention de faire une proposition (Paragraphe 50.4(6))

Dans l'affaire de l'Avis d'intention de faire une proposition de  
2726556 Canada Inc.  
de la ville de Cornwall  
en la province de l'Ontario

Avis est par la présente donné que, le 24 juin 2014, la débitrice susmentionnée a déposé un Avis de l'intention de faire une proposition en vertu de la *Loi sur la faillite et l'insolvabilité*, dont copie est ci-jointe.

Avis est de plus donné qu'en conformité avec l'article 69 de la *Loi sur la faillite et l'insolvabilité*, toute procédure engagée contre la débitrice est suspendue. En conséquence, aucun créancier n'a de recours contre la débitrice ou contre ses biens, ni ne peut intenter ou continuer une action, exécution ou autre procédure pour le recouvrement de sa réclamation.

Une liste des créanciers ayant des réclamations de 250 \$ ou plus et le montant de ces réclamations, reflétées aux livres ou connues de la débitrice, est annexée aux présentes. Cette liste ne constitue pas l'acceptation d'une réclamation ou de réclamations.

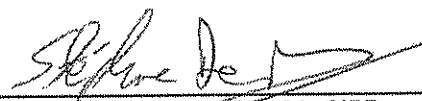
Lors du dépôt de la proposition envisagée, un **autre** avis sera envoyé aux créanciers comprenant :

- a) une copie de la proposition;
- b) les date, lieu et heure de la tenue de l'assemblée des créanciers visant à considérer la proposition;
- c) un état succinct des avoirs et obligations de la débitrice;
- d) les documents prescrits suivants à être complétés :
  - preuve de réclamation;
  - procuration;
  - formulaire de votation sur la proposition.

Si la débitrice n'est pas en mesure de déposer une proposition dans les délais prescrits, la faillite sera déclarée automatiquement, et le syndic convoquera immédiatement une assemblée des créanciers.

Fait à Montréal, province de Québec, le 30 juin 2014.

Richter Groupe Conseil Inc.  
Syndic agissant *in re* la proposition de  
2726556 Canada Inc.

  
Stéphane De Broux, CPA, CA, CIRP  
Administrateur

T. 514.934.3400  
F. 514.934.8603  
[reclamations@richter.ca](mailto:reclamations@richter.ca)

Richter Groupe Conseil Inc.  
Richter Advisory Group Inc.  
1981 McGill College  
Montréal, QC H3A 0G6      Montréal, Toronto

(English – Over)



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


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

In the matter of the Notice of intention to make a proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Take notice that:

1. I, 2726556 Canada Inc, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Richter Advisory Group Inc/Richter Groupe Conseil inc of 1981 avenue McGill College, 12e étage, Montréal, QC, H3A 0G6, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Montréal in the Province of Quebec, this 23rd day of June 2014.

  
\_\_\_\_\_  
2726556 Canada Inc  
Insolvent Person

To be completed by Official Receiver:

Filing Date \_\_\_\_\_

\_\_\_\_\_  
Official Receiver

District de:  
No division:  
No cour:  
No dossier:

- FORMULAIRE 33 -  
Avis de l'intention de faire une proposition  
(paragraphe 50.4(1) de la Loi)

Dans l'affaire de l'Avis d'intention de faire une proposition de  
2726556 Canada Inc.  
de la ville de Cornwall  
en la province de l'Ontario

Avis est donné de ce qui suit :

1. Je, 2726556 Canada Inc, personne insolvable signifie mon intention de faire une proposition à mes créanciers conformément au paragraphe 50.4(1) de la Loi.
2. Richter Advisory Group Inc/Richter Groupe Conseil inc de 1981 avenue McGill College, 12e étage, Montréal, QC, H3A 0G6, syndic autorisé, a accepté d'exercer les fonctions de syndic dans le cadre de la proposition. Une copie de son acceptation est annexée au présent avis.
3. Une liste portant les noms des créanciers connus ayant des réclamations d'une valeur de 250 \$ ou plus ainsi que le montant de ces réclamations, est également annexée.
4. Conformément à l'article 69 de la Loi, les procédures engagées contre moi sont suspendues à compter de la date du dépôt du présent avis auprès du séquestre officiel de ma localité.

Daté le 23 juin 2014, à Montréal en la province de Québec.

(Signé)

2726556 Canada Inc  
Personne Insolvable

À remplir par le séquestre officiel :


Date du dépôt \_\_\_\_\_

\_\_\_\_\_  
Séquestre officiel

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
ADORABLE JUNIOR GARMENT	5290 THIMENS BLVD. VILLE ST-LAURENT QC H4R 2B2		1,115.00
ALFRED ANGELO INC.	UNIT 4-205 CHAMPAGNE DR. TORONTO ON M3J 2C6		9,317.24
ALIANTE TELEPHONE	P.O. BOX 2226, STN CENTRAL RPO HALIFAX NS B3J 3C7		270.95
BUFFALO INTERNATIONAL ULC	100 - 400, RUE SAUVE OUEST MONTREAL QC H3L 1Z8		1,500.31
BYLYSE	DIVISION OF HAMMAX NORTH AMERICA INC. 393 BOUL. ROLAND DURAND ROSEMERE QC J7A 4K1		992.91
CONRAD C. COLLECTION	200 - 9320 ST. LAURENT MONTREAL QC H2N 1N7		3,919.58
EUROMAX	408 - 460 ST. CATHERINE OUEST MONTREAL QC H3B 1A7		1,186.50
EVCANA CLOTHING INC.	413 - 9200 PARC MONTREAL QC H2N 1Z4		1,911.30
FIG CLOTHING	ZAM URBAN DYNAMICS INC. 4613 RUE LOUIS B. MAYER LAVAL QC H7P 6G5		1,953.85
FINE LINE IMPORTS	206 - 160 TYCOS DRIVE TORONTO ON M6B 1W8		3,593.45
FRANK LYMAN DESIGN	2500 BOUL. DES SOURCES POINTE CLAIRE QC H9R 0B3		5,438.94
G-III APPAREL CANADA ULC	P.O. BOX 15379, STATION A TORONTO ON M5W 1C1		1,428.30
GROUP YNA 7908741 CANADA INC.	200 - 9600 MEILLEUR MONTREAL QC H2N 2E3		1,306.99
GROUPE CORWICK	KATHERINE BARCLAY 225 OUEST, RUE CHABANEL ST. WEST MONTREAL QC H2N 2C9		1,512.35
JANOR IMPORTS INC.	500 - 416, BOUL. DE MAISONNEUVE OUEST MONTREAL QC H3A 1L2		603.75
JONES APPAREL GROUP CANADA LP	388 APPLEWOOD CRESCENT VAUGHAN ON L4K 4B4		724.81
KAREN DEARING	41 STANFIELD STREET SYDNEY NS B1P 3X4		270.75

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
LANA LEE FASHIONS	301 - 9400, BOUL ST. LAURENT SUITE 301 MONTREAL QC H2N 1P3		2,391.39
LANG INVESTMENTS	27 FIRST STREET EAST CORNWALL ON K6H 1K5		1,255.88
LES IMPORTATIONS BOLIDE LTEE	309 - 555 CHABANEL OUEST MONTREAL QC H2N 2H8		1,758.26
LES IMPORTATIONS JEREMY D LTEE	200 - 9333, BOUL ST. LAURENT MONTREAL QC H2N 1P6		2,999.36
LINEA DOMANI	1106 - 555 CHABANEL ST. WEST MONTREAL QC H2N 2H8		2,270.12
MEXX CANADA INC.	905 HODGE STREET VILLE ST-LAURENT QC H4N 2B3		3,953.54
MICHAEL PHILLIPS LTEE	501 - 433, RUE CHABANEL OUEST TOUR NORD MONTREAL QC H2N 2J5		2,760.92
NORTH AMERICAN	27 KELFIELD STREET TORONTO ON M9W 5A1		1,915.44
NOVA SCOTIA POWER INC.	P O BOX 848 HALIFAX NS B3J 2V7		910.66
PARKHURST	20 RESEARCH RD., TORONTO ON M4G 2G6		1,945.80
PONY RIDE	405 - 225 CHABANEL WEST MONTREAL QC H2N 2C9		1,923.26
S. OLIVER CANADA	500 - 416 DE MAISONNEUVE O. MONTREAL QC H3A 1L2		1,699.70
SANDSTYLE CANADA GROUP INC.	900 - 433, RUE CHABANEL OUEST MONTREAL QC H2N 2J8		6,324.90
SPANNER LIMITED	334A MANITOU DR., KITCHENER ON N2C 1L3		3,101.87
SUZANNE AZOULAY INC.	1203 - 555 CHABANEL MONTREAL QC H2N 2H8		1,973.05
TIME BOMB TRADING	8067 NORTH FRASER WAY 2ND FLOOR BURNABY BC V5L 5M8		809.20
TOMMY BAHAMA CANADA	ACCORD FINANCIAL 77 BLOOR STREET WEST SUITE 1803 TORONTO ON M6S 1M2		3,599.00
TRIBAL SPORTSWEAR INC.	300 - 7445, CHEMIN DE LA VOTE-DE-LIESSE SAINT LAURENT QC H4T 1G2		3,900.69

Total			82,540.02
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Glenn Langhoff



- Proposal Consent -

In the matter of the Notice of intention to make a  
proposal of 2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

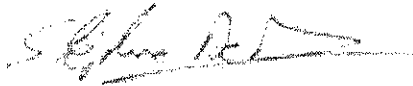
To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and  
Insolvency Act for the proposal of 2726556 Canada Inc.

Dated at the City of Montréal in the Province of Quebec, this 25th day of June 2014.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Trustee

Per:



---

Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12th Floor  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

- Consentement -

Dans l'affaire de l'Avis d'intention de faire une proposition de  
2726556 Canada Inc.  
de la ville de Cornwall  
en la province de l'Ontario

À qui de droit,

Nous consentons par la présente, à agir comme syndic, d'après la Loi sur la faillite et  
l'insolvabilité, à la présente proposition de 2726556 Canada Inc.

Daté le 23 juin 2014, à Montréal en la province de Québec.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Syndic  
Par:

*(Signé)*

---

Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12e étage  
Montréal QC H3A 0G6  
Téléphone: (514) 934-3400 Télécopieur: (514) 934-8603



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of        Ontario  
Division No.    12 - Ottawa  
Court No.       33-1884684  
Estate No.      33-1884684

In the Matter of the Notice of Intention to make a  
proposal of:

**2726556 Canada Inc**  
Insolvent Person

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE  
CONSEIL INC.**  
Trustee

---

Date of the Notice of Intention:                      June 24, 2014

---

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 25, 2014, 10:25

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

**Canada**



Industrie Canada  
Bureau du surintendant  
des faillites Canada

Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

District de : Ontario  
No division : 12 - Ottawa  
No cour : 33-1884684  
No dossier : 33-1884684

Dans l'affaire de l'avis d'intention de faire une  
proposition de :

**2726556 Canada Inc**  
Personne insolvable

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE  
CONSEIL INC.**  
Syndic

---

Date de l'avis d'intention :

24 juin 2014

---

**CERTIFICAT DE DÉPÔT D'UN AVIS D'INTENTION DE FAIRE UNE PROPOSITION**  
**paragraphe 50.4(1)**

Je soussigné, séquestre officiel pour ce district de faillite, certifie par les présentes que la personne insolvable susmentionnée a déposé un avis d'intention de faire une proposition en vertu du paragraphe 50.4(1) de la *Loi sur la faillite et l'insolvabilité*.

Conformément au paragraphe 69(1) de la Loi, toutes les procédures contre la personne insolvable susmentionnée sont suspendues à compter de la date du dépôt de l'avis d'intention.

---

Date: 25 juin 2014, 10:25

E-File/Dépôt Electronique

Séquestre officiel

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa Canada, K2P2P7, (877)376-9902

**Canada**

# **ANNEXE C**

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

-- FORM 29 --

Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

The attached statement of projected cash flow of 2726556 Canada Inc, as of the 2nd day of July 2014, consisting of the period from July 1 to July 31, 2014, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: ☒ the management and employees of the insolvent person or ☐ the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: ☒ management or ☐ the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

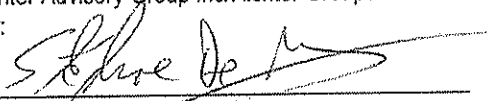
(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal in the Province of Quebec, this 3rd day of July 2014.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Trustee  
Per:

  
Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12e étage  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Purpose:

2726556 Canada Inc. filed a Notice of Intention to Make a Proposal on June 24, 2014. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 2726556 Canada Inc. (the "Company"), for the period from July 1 to July 31, 2014, relating to the filing of a Notice of Intention to Make a Proposal on June 24, 2014.

This Statement of Projected Cash Flow has been prepared by management on July 2, 2014, based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from July 1 to July 31, 2014, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

Projected Cash Receipts

The projected cash receipts have been conservatively estimated by management, based upon the collection experience of the Company.

(b) Projected Cash Disbursements

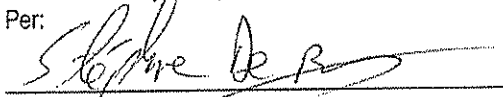
The projected cash disbursements have been estimated based upon historical data adjusted to reflect the current level of activity and best estimates of the Company;

The current government remittances for source deductions and sales taxes have been included in the disbursement assumptions.

Dated at the City of Montréal in the Province of Quebec, this 3rd day of July 2014.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Trustee

Per:



Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12e étage  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario


The management of 2726556 Canada Inc, has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 2nd day of July 2014, consisting of the period from July 1 to July 31, 2014.

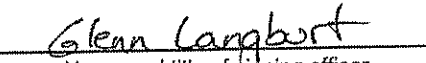
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal in the Province of Quebec, this 3rd day of July 2014.

  
2726556 Canada Inc  
Debtor

  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer



District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Purpose:

2726556 Canada Inc. filed a Notice of Intention to Make a Proposal on June 24, 2014. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 2726556 Canada Inc. (the "Company"), for the period from July 1 to July 31, 2014, relating to the filing of a Notice of Intention to Make a Proposal on June 24, 2014.

This Statement of Projected Cash Flow has been prepared by management on July 2, 2014, based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from July 1 to July 31, 2014, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

Projected Cash Receipts

The projected cash receipts have been conservatively estimated by management, based upon the collection experience of the Company.

(b) Projected Cash Disbursements

The projected cash disbursements have been estimated based upon historical data adjusted to reflect the current level of activity and best estimates of the Company;


The current government remittances for source deductions and sales taxes have been included in the disbursement assumptions.

Dated at the City of Montréal in the Province of Quebec, this 3rd day of July 2014.

  
2726556 Canada Inc.

**2726556 Canada Inc.**  
**Statement of projected cash-flow**  
**For the 31 day period ending July 31, 2014**  
**(in 000's)**

	<i>month ending:</i>	<b>Jul-14</b>
<b>Receipts</b>	\$	1,290
<b>Disbursements</b>		
Operations		605
Administration		116
Restructuring expenses		<u>80</u>
		801
<b>Net cash-flow</b>		489
Opening bank indebtedness		<u>(1,757)</u>
Closing bank indebtedness	\$	<u>(1,268)</u>

  
Glenn Langburt  
2726556 Canada Inc.

  
Richter Advisory Group Inc.

# ANNEXE D

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

-- FORM 29 --

Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

The attached statement of projected cash flow of 2726556 Canada Inc, as of the 15th day of July 2014, consisting of the period from August 1 to September 30, 2014, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: ☒ the management and employees of the insolvent person or ☐ the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: ☒ management or ☐ the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Montréal in the Province of Quebec, this 15th day of July 2014.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Trustee  
Per:

---

Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12e étage  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Purpose:

2726556 Canada Inc. filed a Notice of Intention to Make a Proposal on June 24, 2014. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 2726556 Canada Inc. (the "Company"), for the period from August 1 to September 30, 2014, relating to the filing of a Motion to extend the delay to make a proposal.

This Statement of Projected Cash Flow has been prepared by management on July 15, 2014 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from August 1 to September 30, 2014, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon the collection experience of the Company.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity and best estimates of the Company;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions.

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

Dated at the City of Montréal in the Province of Quebec, this 15th day of July 2014.

Richter Advisory Group Inc/Richter Groupe Conseil inc - Trustee

Per:

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Stéphane De Broux, CPA, CA, CIRP  
1981 avenue McGill College, 12e étage  
Montréal QC H3A 0G6  
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

The management of 2726556 Canada Inc, has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 15th day of July 2014, consisting of the period from August 1 to September 30, 2014.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Timmins in the Province of Ontario, this 15th day of July 2014.

  
2726556 Canada Inc  
Debtor

Glenn Langburt, Controller  
Name and title of signing officer

District of: Ontario  
Division No. 12 - Ottawa  
Court No. 33-1884684  
Estate No. 33-1884684

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of  
2726556 Canada Inc.  
Of the City of Cornwall  
In the Province of Ontario

Purpose:

2726556 Canada Inc. filed a Notice of Intention to Make a Proposal on June 24, 2014. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 2726556 Canada Inc. (the "Company"), for the period from August 1 to September 30, 2014, relating to the filing of a Motion to extend the delay to make a proposal.

This Statement of Projected Cash Flow has been prepared by management on July 15, 2014 based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from August 1 to September 30, 2014, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon the collection experience of the Company.

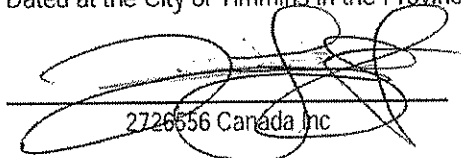
(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity and best estimates of the Company;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions.

The cash disbursements do not provide for the payment of arrears to unsecured creditors.


Dated at the City of Timmins in the Province of Ontario, this 15th day of July 2014.

  
2726556 Canada Inc.

2726556 Canada Inc.  
Statement of projected cash-flow (note 1)  
For the period ending September 30, 2014  
(in 000's)

	month ending:	Aug-14	Sep-14
<b>Receipts</b>	\$	1,200	\$ 1,120
<b>Disbursements</b>			
Operations		954	946
Administration		104	102
Restructuring expenses		50	70
		<u>1,108</u>	<u>1,118</u>
<b>Net cash-flow</b>		92	2
Opening bank indebtedness		<u>(1,733)</u>	<u>(1,642)</u>
Closing bank indebtedness	\$	<u>(1,642)</u>	\$ <u>(1,640)</u>

Note 1: This statement of projected cash-flow combines the operations of K.F.S. Limited, Nathar Limited and 2726556 Canada Inc.

  
Glenn Pangburt  
2726556 Canada Inc.

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Richter Advisory Group Inc.



