

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

THE HONOURABLE MR. ) WEDNESDAY, THE 24TH  
 )  
JUSTICE WILTON-SIEGEL ) DAY OF JANUARY, 2024

**IN THE MATTER OF THE *BANKRUPTCY AND***  
***INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE**  
**A PROPOSAL OF PROSYSCO LTD. OF THE CITY OF MISSISSAUGA**  
**IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A**  
**PROPOSAL OF 1110615 ONTARIO LTD. OF THE CITY OF**  
**MISSISSAUGA IN THE PROVINCE OF ONTARIO**

**ORDER**  
**(Approval of 1110615 Amended Proposal)**

**THIS MOTION**, made by Albert Gelman Inc., in its capacity as the trustee (the “**Proposal Trustee**”) in the Proposal of 1110615 Ontario Ltd. (the “**Company**” or “**1110615**”), for an Order (*inter alia*):

- (a) if required, abridging the time for service of the Notice of Motion of the Proposal Trustee and other materials relied upon for this motion, and validating service thereof;
- (b) approving the amended proposal in the form attached hereto as Schedule “A” (the “**Amended Proposal**”) filed with the Official Receiver on September 14, 2023, which

proposal was unanimously accepted by the creditors of the Company present in person or by proxy at a meeting duly held via video conferencing on December 4, 2023; and

- (c) such further and other relief as counsel may request and this Honourable Court may deem just;

was heard this day by videoconference.

**ON READING** Form 40 – Report of Trustee on Proposal dated January 7, 2024 (the “**Trustee’s Report**”) and the Factum of the Proposal Trustee, and on hearing the submissions of counsel for the Proposal Trustee, and such other counsel as were present via video conference, no one appearing for any other party although duly served as appears from the affidavit of service of • sworn January • , 2024, filed, and (i) having taken cognizance that the Amended Proposal has been unanimously accepted by the creditors present in person or by proxy voting at the meeting of creditors held via video conference on December 4, 2023, (ii) that the terms of the Amended Proposal are reasonable and calculated to benefit the general body of creditors, (iii) and that no offences or facts have been proved to justify the Court withholding its approval of the Amended Proposal;

#### **NOTICE AND SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion and the Trustee’s Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

#### **DEFINITIONS**

2. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal.

### **APPROVAL OF THE PROPOSAL**

3. **THIS COURT ORDERS** that the Amended Proposal attached as Schedule "A" hereto be and is hereby approved.

4. **THIS COURT ORDERS** that, upon the Proposal Trustee issuing a certificate of full performance of the Amended Proposal under section 65.3 of the BIA: (i) the Amended Proposal and all associated steps, compromises, settlements, satisfactions, releases, discharges, transactions and arrangements effected thereby are approved, binding and effective in accordance with the provisions of the Amended Proposal and the BIA; and (ii) the treatment of the Claims of Creditors under the Amended Proposal shall be final and binding for all purposes and enure to the benefit of the Company, the Creditors, and all other Persons named or referred to in the Amended Proposal, or subject to the Amended Proposal, and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

### **IMPLEMENTATION OF THE PROPOSAL**

5. **THIS COURT ORDERS** that the Proposal Trustee be and is hereby authorized, directed and empowered to perform its functions and to fulfill its obligations under the Amended Proposal to facilitate the implementation of the Amended Proposal.

6. **THIS COURT ORDERS** that the Proposal Trustee, be and is hereby authorized and directed to make the distributions and payments contemplated under the Amended Proposal in accordance with its terms and the BIA and to take any such related steps or actions necessary or desirable to

implement, and consummate all matters contemplated under the Amended Proposal and all agreements, transactions, and documents contemplated by the Amended Proposal, and such steps and actions are hereby approved.

**GENERAL**

7. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, governmental, municipal, and regulatory authorities against whom it may be enforceable.

8. **THIS COURT ORDERS** that the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

9. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province to act in aid of and to be complementary to this Court 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 as may be necessary or desirable to give effect to the Order or to assist the Trustee and its agents in carrying out the terms of this Order.

*William-Lord J.*

---

**SCHEDULE "A"**

**PROPOSAL**

District of Ontario  
Division No.: 09 - Mississauga  
Estate No.: 32-2929202  
Court No.: 32-2929202

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
*(In Bankruptcy and Insolvency)*

In the Matter of the Proposal of  
1110615 Ontario Ltd.  
of the City of Mississauga, in the Province of Ontario

**AMENDED PROPOSAL**

(Dated December 3, 2023)

1110615 Ontario Ltd., the above-named Debtor (the “**Debtor**”), hereby submits the following Proposal under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “**BIA**”).

**1. DEFINITIONS**

In this Proposal, the following terms have the meaning herein set out:

- (a) **Claim.** A “claim provable” is as defined in the BIA. For clarification, this includes any debt or liability, present or future, to which the Debtor was subject on the NOI Date or to which the Debtor may become subject before the Completion Date by reason of any obligation incurred before the NOI Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, surety or otherwise, and whether or not such a right is executory in nature, including, without limitation, any claim referred to in this Proposal in respect of the termination or disclaimer by the Debtor of a lease or agreement, any product warranty liability and the right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause of action or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or on the NOI Date. In the event of any inconsistency between this definition and the definition of “claim provable” as defined in the BIA, the terms of the BIA shall prevail.
- (b) **Completion Date.** The date on which the Trustee files its certificate of completion, certifying that this Proposal has been fully performed by the Debtor.

- (c) **Final Approval.** Acceptance of the Proposal by the creditors of the Debtor and approval by the Court, both in accordance with the BIA, and any appeal period with respect to Court approval having expired.
- (d) **NOI Date.** The date on which the Debtor filed a Notice of Intention to Make a Proposal in contemplation of this Proposal with the Official Receiver being April 1, 2023.
- (e) **Ordinary Creditor.** An Unsecured Creditor that is not a Preferred Creditor.
- (f) **Preferred Creditor.** An Unsecured Creditor in respect of any Claim that would be payable in priority to other Unsecured Creditors pursuant to the provisions of s.136 of the BIA.
- (g) **Proposal.** This Proposal, as it may be amended from time to time.
- (h) **Proposal Date.** The date of the initial filing of the Proposal with the Official Receiver.
- (i) **Proven Claim.** Any Claim which is the subject of a proof of claim that has been filed with the Trustee and admitted by the Trustee in accordance with the BIA.
- (j) **Secured Creditor.** A creditor holding security against the property of the Debtor in respect of their Claim as “Secured Creditor” is defined in the BIA.
- (k) **Trustee.** Albert Gelman Inc., as Licensed Insolvency Trustee to the Proposal of the Debtor.
- (l) **Trustee’s Fees and Disbursements.** The fees and disbursements of the Trustee incidental to the proceedings arising out of the Proposal including:
  - (i) The Trustee’s fees which shall be based on the amount of time spent in respect of the Proposal including applicable HST; and
  - (ii) all reasonable expenses and disbursements incurred by the Trustee including, without limitation, any legal fees; plus any applicable taxes on those expenses and disbursements. For the purposes of calculating its fees, the Trustee will track the time spent by its staff in respect of and incidental to the Proposal and shall bill that time on an hourly-rate basis at its prevailing rates. The Trustee’s hourly billing rates for its professional and administrative staff are subject to change without notice to the Debtor.
- (m) **Unsecured Creditor.** A creditor having a Claim against the Debtor other than a Secured Creditor. An Unsecured Creditor includes both an Ordinary Creditor and Preferred Creditor, and includes a Secured Creditor in respect of any Claim or portion of their Claim that is not secured (if any).

## 2. DEBTS OWED TO THE CROWN<sup>1</sup>

- (a) Proven Claims of His Majesty in right of Canada or a province of all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act* (Canada) or under any substantially similar provision of provincial legislation that were outstanding on the NOI Date shall be paid in full within six (6) months of Final Approval of this Proposal unless His Majesty in Right of Canada or a province consents to some other arrangement. The amount payable pursuant to this section of the Proposal will be paid directly by the Debtor to the CRA.

## 3. SECURED CREDITORS

- (a) This Proposal is being made to the Royal Bank of Canada (“**RBC**”) in respect of its secured Claim (the “**RBC Secured Claim**”) and RBC will be entitled to file a Claim as a Secured Creditor in the Debtor’s Proposal.
- (b) RBC agrees to file and claim \$100.00 of the RBC Secured Claim as an Unsecured Creditor in the Debtor’s Proposal.
- (c) The RBC Secured Claim is in respect of a guarantee provided by the Debtor for a credit facility extended by RBC to a related company, Prosysco Ltd (“**Prosysco**”). Prosysco filed a Proposal under Part III, Division I of the BIA on September 14, 2023 (Estate no. 32-2929201), which was amended on December 3, 2023 (as amended, the “**Prosysco Proposal**”). The Prosysco Proposal is not being made to RBC.
- (d) In conjunction with the Prosysco Proposal, RBC, the Debtor, Prosysco and others entered into a Forbearance Agreement dated December 4, 2023 (the “**Forbearance Agreement**”). RBC agrees to withdraw the RBC Secured Claim in this Proposal if Prosysco satisfies its indebtedness to RBC in accordance with the terms of the Forbearance Agreement.
- (e) By casting a vote with the Trustee in favour (or ‘For’) this Proposal, RBC agrees to cease any collection/enforcement actions against the Debtor and/or any/all of the Directors of the Debtor (the “**RBC Enforcement Waiver**”). If, prior to the Completion Date, the Debtor is in default of any of the provisions of this Proposal, and such default is not remedied in accordance with the terms of this Proposal, the RBC Enforcement Waiver shall become null and void.
- (f) Upon payment to RBC or withdrawal by RBC of the RBC Secured Claim amount, RBC will forthwith discharge its security as against the Debtor.
- (g) Payment of the Claims of all other Secured Creditors shall be made in the usual manner or as may be agreed between the Debtor and the Secured Creditors.

---

<sup>1</sup> There are no known claims falling within this category as at the date of this Proposal.



#### 4. PREFERRED CREDITORS<sup>2</sup>

- (a) For the purposes of paragraph 5. (b) of this Proposal, Proven Claims of Preferred Creditors, without interest, shall be paid in priority to all Ordinary Creditors in accordance with the order of priorities set out in section 136 of the BIA.
- (b) Any partial or interim payments made under this Proposal to multiple Preferred Creditors with the same level of priority under the BIA shall be paid on a *pro rata* and *pari passu* basis among those creditors.
- (c) Claims of employees and former employees of amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA as well as wages, salaries, commissions or compensation for services rendered after the NOI Date and before Final Approval of this Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor's business during the same period shall be paid by the Debtor immediately after Final Approval of this Proposal.

#### 5. UNSECURED CREDITORS

- (a) The Debtor shall pay to the Trustee the total sum of \$100, to be paid within twenty-four (24) months of Final Approval. Payments made to the Trustee pursuant to this Proposal are referred to herein as the “**Proposal Fund**”
- (b) The Trustee shall distribute the Proposal Fund in the following order:
  - i. Payment of Proven Claims of Preferred Creditors, if any, in full; and
  - ii. Payment of Proven Claims to Ordinary Creditors on a *pro rata* and *pari passu* basis.
- (c) Any payments made by or on behalf of the Debtor under this Proposal shall be applied to the scheduled payments in the order they come due unless otherwise specified by the Debtor. The Debtor shall have the right to prepay any or all of the balance due under the Proposal prior to the expiration of the scheduled payment terms.
- (d) In accordance with section 147 of the BIA, the Superintendent of Bankruptcy levy shall be deducted from all distributions to Unsecured Creditors except where the BIA does not require the levy.
- (e) By casting a vote with the Trustee in favour (or ‘For’) this Proposal, each Unsecured Creditor (including Preferred Creditors) agrees that their respective Claim does not fall within the definition of BIA section 178, debts not released by order of discharge.

---

<sup>2</sup> There are no known Preferred Creditors as at the date of filing this Proposal.

## **6. CLASSIFICATION OF CREDITORS**

- (a) The creditors of the Debtor under this Proposal shall comprise two classes: 1) Proven Claims of Secured Creditors, and 2) Proven Claims of Preferred Creditors and of Unsecured Creditors.

## **7. PROPOSAL FILED BY RELATED COMPANY**

- (a) The Debtor owns one hundred percent (100%) of the common shares of the Class A Common Voting shares of Prosysco.<sup>3</sup> Prosysco filed the Prosysco Proposal.
- (b) This Proposal is conditional upon acceptance of the Prosysco Proposal by its creditors and approval of the Prosysco Proposal by the Court. The Court shall not approve this Proposal unless and until and the creditors of Prosysco approve the Prosysco Proposal with any amendments thereto.

## **8. TRUSTEE'S FEES AND DISBURSEMENTS**

- (a) In addition to the Proposal Fund, the Debtor has agreed to fund the Trustee's Fees and Disbursements. The funds paid by the Debtor to fund the Trustee's Fees and Disbursements are in addition to the Proposal Fund. The Debtor shall fund the entirety of the Trustee's Fees and Disbursements before the Trustee issues a certificate of full performance in accordance with section 65.3 of the BIA.

## **9. GENERAL PROVISIONS**

- (a) The Trustee is acting solely in its capacity as Licensed Insolvency Trustee under this Proposal and not in its personal or corporate capacity. The Trustee shall have the powers granted to it by the Proposal, by the BIA, and by any order of the Court. The Trustee and its officer(s), director(s), employee(s) or agent(s) are not and shall not be responsible or liable for any obligations of the Debtor, and shall be exempt from all personal and corporate liability in fulfilling any duties or exercising any powers conferred upon it by the Proposal or generally in carrying out the terms of this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.
- (b) Sections 95 to 101 of the BIA (with the exception of section 97(3)) shall not apply in connection with this Proposal or any dealing by the Debtor prior to the NOI Date and the Trustee shall have no responsibility, liability or authority whatsoever in connection therewith. The Trustee shall not monitor or in any way manage the Debtor's business or financial affairs.

---

<sup>3</sup> There are two other shareholders: Adam Kurtz, who holds 100% of the Class C Common Voting shares, and Dmitry Puzhitsky, who holds 100% of the Class B Common Voting shares.

- (c) All payments required to be paid by or on behalf of the Debtor under the terms of this Proposal shall be paid over to the Trustee unless otherwise stated herein. The Trustee shall make all payments out of the funds paid to it in accordance with the terms of this Proposal.
- (d) At the meeting of creditors to consider this Proposal, the creditors may, by vote in accordance with the BIA, appoint up to five inspectors (the “**Inspectors**”) who will have, in addition to any powers of inspectors under the BIA, the power to:
- i. receive any notice of default in the performance of the Proposal and waive any such default;
  - ii. advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee; and,
  - iii. extend the time for any payment due under this Proposal.
- (e) Upon the Completion Date, all present and past directors of the Debtor shall be released and discharged by the Unsecured Creditors from liability or obligation for any claims (whether or not a Proven Claim is filed in respect of a related Claim against the Debtor) where the directors are by law liable in their capacity as directors of the Debtor pursuant to section 50(13) of the BIA and subject to the exceptions in section 50(14) of the BIA.
- (f) Upon the Completion Date, the Debtor shall be released and discharged from any and all Claims (whether or not a Proven Claim is filed in respect of a related Claim against the Debtor).
- (g) All proper Claims against the Debtor arising with respect to goods supplied, services rendered, or other consideration given or provided after the NOI Date up to the date of approval of this Proposal by the Superior Court of Justice in Bankruptcy and Insolvency, and not otherwise dealt with pursuant to this Proposal, shall be paid in full by the Debtor in the ordinary course, in priority to the Claims of all other Creditors.
- (h) Any notices or communications in respect of this Proposal shall be delivered to the Debtor at the address set out below:

1110615 Ontario Ltd.  
c/o Reconstruct LLP  
200 Bay Street, Suite 2305 Box 120  
Toronto, ON M5J 2J3  
Attention: Brendan Bissell  
E-mail: bbissell@reconllp.com

- (i) For purposes of this Proposal, Claims denominated in a currency other than Canadian Dollars will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the NOI Date.

Dated at Mississauga, Ontario this 3<sup>rd</sup> day of December 2023

1110615 Ontario Ltd.

Per:   
Alan CHIMKO (Dec 3, 2023 18:02 EST)

Name: Alan Chimko

*I have the authority to bind the corporation.*

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC  
1985, c B-3, AS AMENDED AND**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF PROSYSCO LTD. OF THE CITY OF MISSISSAUGA  
IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF 1110615 ONTARIO LTD.**

**Court File No. BK-23-02929201-0032  
Estate No. 32-2929201**

---

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

---

**ORDER**  
**(Approval of 1110615 Amended Proposal)**

---

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
Toronto ON M5G 1V2

**Mario Forte (LSO #: 27293F)**  
Tel: 416.597.6477  
Email: [forte@gsnh.com](mailto:forte@gsnh.com)

Lawyers for the Proposal Trustee, Albert Gelman  
Inc.