

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 Prosysco Amended Proposal)

THIS MOTION, made by Albert Gelman Inc., in its capacity as the trustee (the “**Proposal Trustee**”) in the Proposal of Prosysco Ltd. (the “**Company**” or “**Prosysco**”), 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.: 32-2929201
Court No.: 32-2929201

ONTARIO
SUPERIOR COURT OF JUSTICE
(In Bankruptcy and Insolvency)

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

AMENDED PROPOSAL

(Dated December 4, 2023)

Prosysco 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) **CRA.** Canada Revenue Agency.

- (c) **Completion Date.** The date on which the Trustee files its certificate of completion, certifying that this Proposal has been fully performed by the Debtor.
- (d) **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.
- (e) **Landlord.** HOOPP Realty Inc.
- (f) **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.
- (g) **Ordinary Creditor.** An Unsecured Creditor that is not a Preferred Creditor.
- (h) **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.
- (i) **Proposal.** This Proposal, as it may be amended from time to time.
- (j) **Proposal Date.** The date of the initial filing of the Proposal with the Official Receiver.
- (k) **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.
- (l) **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.
- (m) **Trustee.** Albert Gelman Inc., as Licensed Insolvency Trustee to the Proposal of the Debtor.
- (n) **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 thereon; 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.

- (o) **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

- (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 (the “**Deemed Trust Claim**”) shall be paid in full within twenty-four (24) months of Final Approval of this Proposal.
- (b) The CRA filed a claim with the Trustee on July 21, 2023 confirming that the Deemed Trust Claim is \$1,631,000.07.
- (c) The Debtor shall remit directly to the CRA the Deemed Trust Claim amount in equal consecutive monthly payments of \$67,958.33 each commencing in the month following Final Approval until the Deemed Trust Claim is paid in full. The Debtor shall provide the CRA with twenty-four (24) post-dated monthly cheques which shall be dated the last day of each respective month following Final Approval. Twenty-three (23) of the post-dated cheques will be in the amount of \$67,958.33 each. The final post-dated cheque for the twenty-fourth month shall be in the amount of \$67,958.48. The Trustee will not be responsible to monitor payment of this provision of the Proposal.
- (d) As consideration for the CRA agreeing to the payment terms of this section of the Proposal, Alan Chimko, the current sole director of the Debtor, will provide the CRA with a joint and several guarantee up to the maximum amount of \$1 million for the Deemed Trust Claim, which guarantee will be secured by the benefit of a collateral mortgage against his residential property. Such collateral mortgage shall be granted to the Royal Bank of Canada (“**RBC**”), who shall share the benefit of the collateral mortgage with the CRA in accordance with the terms of a Forbearance Agreement dated December 4, 2023 among RBC, the Debtor, Alan Chimko, and two others (the “**Forbearance Agreement**”). This guarantee and the benefit of the collateral mortgage shall be provided to the CRA and RBC prior to the return of any motion to approve this Proposal and on the Proposal being approved by the Court, same shall be effective and the subject mortgage registered.
- (e) CRA’s acceptance of this Proposal will be considered acceptance of the terms of the guarantee provided to it from Alan Chimko and the Allocation Formula (as defined in the Forbearance Agreement) contained in the Forbearance Agreement.

3. SECURED CREDITORS

- (a) This Proposal is not being made to RBC in respect of its secured Claim (the **RBC Secured Claim**). RBC will be paid in accordance with the terms of the Forbearance Agreement. Any default of the Debtor or other parties to the Forbearance Agreement will not be a default under the Proposal.
- (b) This Proposal is also being made to Vault Credit Corporation in respect of its secured Claim arising from the Loan Agreement #253259 between the Debtor and Vault Credit Corporation dated April 26, 2022. The value of the collateral held by Vault Credit Corporation in respect of that loan agreement shall be valued at \$0.00 for purposes of this Proposal. Vault Credit Corporation will be entitled to file a Claim in respect of that loan agreement as an Unsecured Creditor in the Debtor's Proposal.
- (c) Other than Vault Credit Corporation and the parties referred to in paragraph 6 below, 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. For greater certainty, the continued payments include the amounts owed to Vault Credit Corporation under Equipment Lease #229167 and Equipment Lease #227307.

4. PREFERRED CREDITORS¹

- (a) For the purposes of paragraph 7(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. COMMERCIAL LANDLORD

- (a) On April 24, 2023, pursuant to section 65.2(1) of the BIA, the Debtor issued a notice to the Landlord disclaiming its commercial lease in respect of the 8 Prologis Blvd., Mississauga, Ontario, Suites 103 and 400 property effective May 31, 2023 (the **Commercial Lease Disclaimer**). As a result of the

¹ There are no known Preferred Creditors as at the date of filing this Proposal.

Commercial Lease Disclaimer the Landlord is an Unsecured Creditor of the Debtor and shall be entitled to file a Claim in this Proposal.

- (b) The unsecured Claim of the Landlord is to be calculated pursuant to section 65.2(4)(b) of the BIA as follows:

The lesser of:

- (i) The aggregate of

(A) the rent provided for in the lease for the first year of the lease following the date on which the disclaimer or resiliation becomes effective, and

(B) fifteen per cent of the rent for the remainder of the term of the lease after that year, and

- (ii) three years' rent.

6. DISCLAIMED AGREEMENTS

- (a) Prior to the filing of this Proposal the Debtor disclaimed several agreements pursuant to section 65.11(1) of the BIA, including agreements with Meridian OneCap Credit Corp., Catalyst Finance Partners Inc. and De Lage Landen Financial Services Canada Inc.
- (b) These creditors shall be considered Unsecured Creditors and shall be entitled to file a Claim in this Proposal in accordance with section 65.11(8) of the BIA.

7. UNSECURED CREDITORS

- (a) The Debtor shall pay to the Trustee the total sum of \$250,000, to be paid in twelve (12) consecutive monthly payments of \$20,833.33 each. The first monthly payment shall be due and payable on the last day of the month in the twenty-fifth (25th) month following Final Approval of this Proposal and the balance of the payments are due and payable on the last day of each consecutive month thereafter. The final monthly payment due and payable on the last day of the month in the thirty-sixth (36th) month shall be in the amount of \$20,833.37. 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 without interest or penalty so long as any payments made pursuant to paragraph (a) of this section are made after both the Deemed Trust Claim and RBC Secured Claim are paid in full. Any prepayment shall not accelerate the due date of any other payment(s) still outstanding unless otherwise specified in this Proposal.
- (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.

8. CLASSIFICATION OF CREDITORS

- (a) The creditors of the Debtor under this Proposal shall comprise one class, being Proven Claims of Preferred Creditors and of Unsecured Creditors.

9. PROPOSAL FILED BY RELATED COMPANY

- (b) 1110615 Ontario Inc. ("**111Co.**") owns one hundred percent (100%) of the Class A Common Voting shares of the Debtor.² 111Co. filed a proposal under Part III, Division I of the BIA on September 14, 2023 (Estate no. 32-2929202), which was amended on December 3, 2023 (as amended, the "**111Co. Proposal**").
- (c) This Proposal is conditional upon acceptance of the 111Co. Proposal by its creditors and approval of the 111Co. Proposal by the Court. The Court shall not approve this Proposal unless and until the creditors of 111Co. approve the 111Co. Proposal with any amendments thereto.

10. PROVISIONAL HST RETURN

- (a) As part of the Proposal, the Debtor will prepare a provisional HST return showing a reasonable estimate of its HST debt for the period up to and including the NOI Date (the "**Provisional HST Return**").
- (b) If this Proposal is accepted by the creditors of the Debtor and approved by the Court, and unless CRA otherwise objects to the acceptance and/or approval of

² 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.

this Proposal, the CRA will include the HST debt calculated pursuant to the Provisional HST Return as part of their Claim in this Proposal.

11. CANADA REVENUE AGENCY WAIVER

- (a) Upon both the acceptance of this Proposal by the CRA and Final Approval, the CRA agrees:
- a. to waive its statutory right to pursue any past or present director(s) of the Debtor to collect any unpaid GST/HST or source deductions owing by the Debtor for the period up to and including the NOI Date (the **CRA Debt**) (collectively, the **Director Waiver**). For further clarification, upon Final Approval of this Proposal, the CRA agrees that it will not pursue the director(s) of the Debtor for any debts owing by the Debtor to the CRA which relate to any period up to and including the NOI Date;
 - b. that any additional GST/HST and/or corporate income tax resulting from any assessment or reassessment by the CRA subsequent to the NOI Date for additional amounts owing by the Debtor and related to any period of time up to and including the NOI Date will form part of CRA's Claim in this Proposal; and
 - c. to waive any claim as against RBC in relation to RBC continuing to draw its monthly accrued interest payments and equipment lease payments directly from the Debtor's RBC bank account.
- (b) 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 Director Waiver referred to in paragraph 11. (a) above shall become null and void.

12. WAIVER OF COLLECTION REMEDIES

- (a) If this Proposal is accepted by the creditors of the Debtor and approved by the Court, and unless CRA otherwise objects to the acceptance and/or approval of this Proposal, or the Debtor defaults in a provision of this Proposal, and such default is not remedied in accordance with the terms of this Proposal, CRA shall not take any action to assess any non-arm's length party pursuant to the provisions of either section 160 of the *Income Tax Act*, section 325 of the *Excise Tax Act*, or any other provisions of any other Act or statute, in relation to any portion of the corporate income tax, unpaid source deductions or GST/HST debt of the Debtor that is included in CRA's Claim.

13. PROPOSAL DEFAULT FUND

- (a) Until the Completion Date, the Trustee shall reserve in its trust account the amount of \$15,000 (the **Proposal Default Fund**) from the portion of the

Proposal Fund that would otherwise be distributed to creditors. The purpose of the Proposal Default Fund will be to fund the Trustee's fees and disbursements, including the fees and disbursements of its legal counsel (the "**Application Fees**"), required to make an application to Court seeking the annulment of the Proposal (a "**Default Application**") in the event of default of the Proposal. The funds reserved in the Proposal Default Fund shall still be considered as funds paid towards the Proposal Fund for the purposes of determining the full performance of terms of this Proposal. Once a certificate of full performance of this Proposal has been issued to the Debtor, or this Proposal is annulled, this provision shall no longer apply and the Proposal Default Fund (after payment of any Application Fees) shall form part of the general Proposal Fund.

- (b) The Trustee's Fees and Disbursements other than Application Fees may be paid out of the Proposal Default Fund if there are insufficient Proposal Funds outside of the Proposal Default Fund to cover any such fees and disbursements that may be outstanding.
- (c) Where default has been made by the Debtor under any term of this Proposal, and the default has not been waived by the Inspectors (as defined below) or by the Unsecured Creditors, or cured by the Debtor:
 - i. Upon the resolution of the Inspectors, if any, or upon the resolution of the Unsecured Creditors, the Trustee shall make a Default Application if the Proposal Default Fund is and remains fully funded as set out in paragraph (a) of this section; and
 - ii. If there is no resolution of the Inspectors (if any) or the Unsecured Creditors either in favour of or against the Trustee making a Default Application, the Trustee may, in its sole discretion, seek such a resolution; and, if no such resolution is made after being sought by the Trustee, or in the case of urgency where prejudice might in the Trustee's view occur in the time necessary to obtain such a resolution, the Trustee may, in its sole discretion, commence a Default Application.
- (d) In the event that the Default Fund balance in the Trustee's trust account is not fully funded as set out in paragraph (a) of this section at the time of a default under this Proposal by the Debtor, the Trustee shall have the sole discretion as to whether to make a Default Application upon being requested to do so pursuant to the preceding paragraph.
- (e) In the event the Default Application does not proceed or is not successful for any reason whatsoever (for example, due to the Debtor curing the default in the interim), any Application Fees incurred shall still be payable out of the Proposal Default Fund, and any balance of the Application Fees that may remain shall be payable as part of the Trustee's Fees and Disbursements out of the Proposal Fund in the normal course.

14. BANKRUPTCY RESERVE

- (a) Until the Completion Date, the Trustee shall reserve in its trust account the amount of \$15,000 (the “**Bankruptcy Reserve**”) from the portion of the Proposal Fund that would otherwise be distributed to creditors. The purpose of the Bankruptcy Reserve will be to fund the Trustee’s fees and disbursements, including the fees and disbursements of its legal counsel, required to administer a bankruptcy of the Debtor in the event that this Proposal is annulled. The funds reserved in the Bankruptcy Reserve shall still be considered as funds paid towards the Proposal Fund for the purposes of determining the full performance of terms of this Proposal. Once a certificate of full performance of this Proposal has been issued to the Debtor, or this Proposal is annulled, this provision shall no longer apply and the Proposal Default Fund shall form part of the general Proposal Fund.
- (b) The Trustee’s Fees and Disbursements in the Proposal may be paid out of the Bankruptcy Reserve if there are insufficient Proposal Funds outside of the Bankruptcy Reserve to cover any such fees and disbursements that may be outstanding.

15. COMPLIANCE CLAUSE

- (a) Until the Completion Date, the Debtor will keep all filings, remittances and instalments to the CRA (if any) current. The Trustee shall not be responsible to monitor this section of the Proposal and it shall be the obligation of the creditors (including the CRA) to advise the Trustee of any non-compliance with this section by the Debtor. The Trustee shall not be responsible to monitor any provision of this section of the Proposal and the Debtor shall be deemed to be in compliance with this section unless the Trustee is notified by an Unsecured Creditor that the Debtor is not in compliance with this section.

16. 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.

17. 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.
- (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) The following creditors have agreed not to file a proof of claim in this Proposal and will not participate in distributions to Unsecured Creditors under this Proposal:

- 2090985 Ontario Inc.
- Alan Chimko
- The Estate of Paul Chimko
- Dmitry Puzhitsky
- 111Co.


(i) Any notices or communications in respect of this Proposal shall be delivered to the Debtor at the address set out below:

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

(j) 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 3rd day of December 2023

Prosysco Ltd.

DocuSigned by:
Per: 
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 Prosysco Amended Proposal)

GOLDMAN SLOAN NASH & HABER LLP
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Toronto ON M5G 1V2

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Inc.