

**To the Creditors of Sean Teperman Consulting Corp.**

**A. INTRODUCTION**

1. On September 18, 2017 (the "**Filing Date**"), Sean Teperman Consulting Corp. ("**STCC**" or the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") with the Official Receiver. On October 18, 2017, the Company filed a proposal under Part III, Division 1 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, C. B 3, as amended (the "**BIA**") with Collins Barrow Toronto Limited ("**CBTL**" or the "**Trustee**"), which proposal was filed with the Official Receiver on October 18, 2017.
2. Enclosed is a notice of the meeting of creditors which is to be held on November 8, 2017 at 2:00 p.m. at the offices of Cassels Brock & Blackwell LLP, 40 King St. West, 21st Floor, Toronto, Ontario. The purpose of this meeting is to consider the proposal made by STCC to its creditors with claims outstanding as at the Filing Date.
3. In addition to the Notice of Proposal to Creditors (the "**Notice**"), we enclose the following documents:
  - STCC's proposal dated October 18, 2017 (the "**Proposal**");
  - A condensed statement of the assets and liabilities of STCC as at October 24, 2017 ("**Statement of Affairs**");
  - List of Creditors of the Company (attached to the Notice);
  - Proof of Claim form;
  - Voting letter; and
  - General proxy.

4. This report (the “**Report**”) has been prepared by CBTL in its capacity as Proposal Trustee to assist creditors in considering their position with respect to the Proposal. The purpose of the Report is to:
- a) provide background information concerning the Company, its financial situation, the cause of the Company’s financial difficulties and the state of the Company’s business and financial affairs;
  - b) outline the terms of the Proposal;
  - c) inform the creditors of the status of the Trustee’s review of preferences and transfers at undervalue;
  - d) compare the amounts distributable under the Proposal to Affected Creditors if the Proposal is accepted by Affected Creditors, to the estimated distribution to Affected Creditors in the event the Proposal is not accepted and STCC is deemed to have made an assignment in bankruptcy; and
  - e) provide the Trustee’s recommendation to creditors with respect to the Proposal.
5. In preparing the Report and making the comments herein, the Trustee has relied upon information from third-party sources (collectively, the “**Information**”). Certain of the information contained in the Report may refer to, or is based on, the Information. Any future oriented financial information in this Report is based on management’s assumptions regarding future events; actual results may vary from this information and these variations may be material. As the Information has been provided by other parties, the Trustee has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Trustee has not audited or

otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance in respect of the Information.

6. Unless otherwise stated, all dollar amounts contained in the Report are expressed in Canadian dollars.
7. Capitalized terms used in the Report are as defined in the Proposal and the Report should only be read in conjunction with the Proposal.
8. Copies of the NOI and other information related to the insolvency proceedings will be posted on the Trustee's website at <https://www.collinsbarrow.com/en/toronto-ontario/sean-teperman-consulting> as they become available.

## **B. BACKGROUND**

9. STCC was incorporated on August 21, 2007 under Articles of Incorporation in Ontario and provides building demolition, site remediation and asbestos removal services. The Company's head office is located at 280 Commissioners Street, Toronto, Ontario.
10. Sean Teperman is the President of the Company and STCC's sole director and shareholder.
11. The Company's unaudited financial statements for the fiscal years ending November 30, 2015 and November 30, 2016, indicate that the Company suffered net losses of approximately \$600,000 and \$125,000, respectively. In 2017, the Company's cash position deteriorated. The Company was unable to meet its general obligations as they became due and as of the date of the NOI, its liability to unsecured creditors was in excess of \$1.6 million. In addition, STCC was in arrears on its monthly

payments to LIUNA Local 506 (the “**Union**”), the union which represents the unionized workers at STCC’s job sites.

12. As a result, on September 18, 2017, the Company filed the NOI.

### **C. FINANCIAL POSITION AND CAUSES OF FINANCIAL DIFFICULTY**

13. The Trustee has been advised by the Company that several factors contributed to the financial difficulties of STCC. These factors include the following:

- a) Increased competition – Competition has increased by more than 100 percent. Where there used to be only 4 to 8 companies in the Greater Toronto Area competing for work, there are now approximately 10 to 20 companies bidding on projects;
- b) Timing of payments from customers – Payment terms are usually 30 days and progress billings are due on the 20<sup>th</sup> of each month. However, in practice, payment is usually only received 60 days after billing;
- c) Timing of municipal approvals – There is a wait time for municipal approvals before projects can proceed and projects may be approved at the same time. Last year the Company found itself in a situation where too many projects were approved all at once, creating difficulties in handling or controlling the projects which affected profitability; and
- d) Changes in the scope of work by customers on a number of jobs had a negative impact on profitability.

14. The Company is continuing to operate. Management believes that better selection of projects and control of project costs will allow it to return to profitability.

15. Prior to the Filing Date, the Toronto-Dominion Bank (“**TD Bank**”) provided the Company with a revolving operating line of credit to a maximum of \$1,000,000. Subsequent to the Filing Date, TD Bank has indicated to STCC that it wishes to reduce the line of credit and ultimately to exit from its lending relationship with the Company. The Company is discussing these matters with TD Bank and considering its options with respect to reducing or replacing its operating line.

#### **D. IDENTIFICATION AND EVALUATION OF ASSETS**

16. Included in the enclosed package is the Statement of Affairs.

17. The Statement of Affairs shows a deficiency (excess of liabilities over assets) of \$1,545,860.89; however, this deficiency may increase or decrease significantly depending upon the actual realizable value of the Company’s assets and the quantum of claims proved against STCC.

18. Summarized below is information with respect to the Company’s assets set out on the Statement of Affairs:

a) Accounts receivable with a book value of \$2,233,379.06 estimated to produce \$1,355,445.37, of which trade receivables comprise \$1,294,400.53. Of the total receivables of \$2,233,379.06, \$499,478.15 are classified as “Doubtful” and \$378,455.54 as “Bad” receivables, due to disputes with or the insolvency of the customer and liens registered by creditors against the receivables. The accounts receivable also include \$517,290.17 in trade receivables that are subject to a holdback.

b) Machinery, equipment and plant of \$15,000 - This is comprised of demolition equipment, containers and computer equipment with a net book

value of \$49,803. The Company estimates the realizable value of these assets at \$15,000.

- c) The office furniture has a net book value of \$2,911 and is estimated by the Company to have a realizable value of \$500.
- d) Vehicle - The vehicle is a 2016 Ford Transit 250 van with a net book value of \$33,005 and an estimated realizable value of \$25,000 according to the Company. The vehicle is subject to the security of a secured creditor.
- e) Other property with an estimated realizable value of \$1,000 - The other property consists of security deposits of \$5,050, legal retainers totaling \$46,500 and prepaid expenses of \$5,457. It is anticipated that the majority of the deposits, retainers and prepaid expenses have been, or will be, used up by expenses that have been incurred but not yet billed.

## **E. SUMMARY OF PROPOSAL**

19. The Report provides an overview of the terms of the Proposal. Creditors are strongly encouraged to read the Proposal in its entirety prior to voting on the Proposal as the Report is not a substitute for the Proposal. If there are inconsistencies between the Report and the terms of the Proposal, the terms of the Proposal shall govern. Creditors are also encouraged to discuss the terms of the Proposal with their legal counsel. All terms used, but not defined, in this Report shall have the meaning given to them in the Proposal.

### ***Overview of the Proposal***

20. The Proposal is made to all of the Unsecured Creditors of the Company. The purpose of filing the Proposal is to restructure the affairs of the Company in order to enable its

business to continue to operate. The Company expects that stakeholders will generally derive a greater benefit from the continued operations of its business than would result from the immediate sale or forced liquidation of the assets of the Company.

***Funding of the Proposal***

21. Within twelve (12) months of the Implementation Date, the Company shall deliver to the Trustee a lump sum amount of \$300,000 (the “**Proposal Fund**”) to be distributed by the Trustee in accordance with the distribution scheme established in the Proposal. The Proposal is to be funded from surplus cash generated by operations of the Company over the period of approximately 12 months.

***Affected Creditors***

22. The Proposal is being made to the Affected Creditors who are Creditors with Claims other than Unaffected Claims, and includes creditors with Employee Priority Claims, Source Deduction Claims and Pension Priority Claims.

***Unaffected Creditors***

23. Unaffected Creditors are Creditors with Unaffected Claims. Unaffected Claims are comprised of the following:

- i. any right or claim of TD Bank against the Company;
- ii. any right or claim of Marvin Teperman (“**Teperman**”) or 1867888 Ontario Inc. (“**1867888**”) against the Company;
- iii. any right or claim of Ford Credit Canada Limited (“**Ford**”) against the Company, as the Company’s obligations to Ford shall be paid in the ordinary course; and

- iv. claims of any employees for accrued and unpaid vacation pay, which accrued and unpaid vacation pay shall be paid in the ordinary course.

***Employee Priority Claims***

24. In accordance with the requirements of the BIA, Employee Priority Claims will be paid in full immediately following Court approval of the Proposal.

***Crown Claims***

25. In accordance with the requirements of the BIA, proven claims of Her Majesty in Right of Canada or a Province for Source Deduction Claims that were outstanding at the time of the Filing Date are to be remitted by the Trustee to Her Majesty in Right of Canada or of any Province, as applicable, within six months of the Court Approval Date. Claims of Her Majesty in Right of Canada and any Province for all amounts, other than Source Deduction Claims shall vote as an Affected Creditor.

***Distribution of Proposal Fund***

26. The Proposal Fund will be distributed by the Trustee in the following order of priority:

- a) Firstly, to pay Administrative Fees and Expenses, if any, remaining outstanding and unpaid;
- b) Secondly, to pay the Pension Priority Claims, if any, in full;
- c) Thirdly, to pay the Proven Claims of Preferred Creditors, if any, in accordance with the priority set out in Section 136 of the BIA; and
- d) Finally, the balance of the Proposal Fund to each Unsecured Creditor who holds Proven Unsecured Claims in an amount equal to such Unsecured Creditor's pro rata portion of such balance.



***Other Provisions of the Proposal***

27. Pursuant to Section 147 of the BIA, payments and distributions to Unsecured Creditors pursuant to the Proposal shall be paid net of levies payable to the Office of the Superintendent of Bankruptcy.
28. Unsecured Creditors will, at the meeting of creditors to be held to consider the Proposal, be entitled to appoint one or more, but not exceeding five Inspectors. The powers of the Inspector(s) will be limited to:
- a) advising the Trustee concerning any dispute which may arise as to the validity of Claims; and
  - b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.
29. Upon the occurrence of the Implementation Date, but subject to the implementation of the Proposal, all Claims, other than Unaffected Claims, will be forever discharged and released. The compromises contemplated in the Proposal will be binding upon all Persons and each Affected Creditor, its heirs, executors, administrators, successors and assigns, for all purposes, in accordance with the terms of the Proposal and the BIA.
30. All obligations of the Company under the Proposal will be fully performed for the purposes of Section 65.3 of the BIA upon distribution by the Trustee of the amounts payable under Article 6 of the Proposal (summarized above).
31. Upon completion of payments in accordance with the terms of the Proposal, the Trustee will be entitled to apply for its discharge as Proposal Trustee.

32. The Trustee is acting solely in its capacity as Trustee under the BIA and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with the Proposal or in connection with the business or liabilities of the Company.

#### **F. TIMING AND PROCESS**

33. The timing of the Proposal is as follows:

- a. A formal meeting of the Unsecured Creditors to consider and vote on the acceptance or rejection of the Proposal is scheduled for November 8, 2017 at the offices of Cassels Brock & Blackwell LLP.
- b. Upon acceptance of the Proposal by a majority in number representing two-thirds in value of the creditors who vote, an application will be made to the Court for an order approving the Proposal.
- c. The Court will set a date to hear the application and a notice of the Court hearing will be sent to every creditor with a proven claim at least fifteen days before the date of the hearing.
- d. Subject to the fulfilment of the conditions in Article 7.5 of the Proposal, the Company will implement the Proposal.

#### **G. VOTING ON THE PROPOSAL**

34. To be eligible to vote at the meeting scheduled for November 8, 2017, each Unsecured Creditor, that is not an Unaffected Creditor, must properly complete the enclosed proof of claim and proxy form (if required), and file the completed forms with the Trustee prior to the commencement of the meeting.

35. If you do not intend to vote either in person or by giving your proxy to a personal representative to vote on your behalf at the meeting, then you may cast your vote by completing the enclosed voting letter. The voting letter must be returned with a properly completed proof of claim. Your vote will then be counted at the meeting on the same basis as if you were attending in person.
36. Creditors may return proofs of claim, proxies and voting letters to the Trustee by hand delivery, mail, facsimile or email.
37. If the Proposal is not accepted by the creditors or is not approved by the Court, STCC will be deemed to be automatically bankrupt.

#### **H. CONDUCT OF THE COMPANY**

38. The Trustee has been informed by management of the Company that the Company has not conducted any transactions in the last 12 months that would be considered to be transfers at undervalue.
39. The Trustee has reviewed the Company's bank statements for the period September 1, 2016 to August 31, 2017 and has not identified any transactions that appear to be out of the ordinary course of business.
40. The Trustee will take no further action to investigate whether any preferences or transfers at undervalue occurred, unless otherwise directed by the Creditors or the Inspectors.
41. The Proposal specifically waives the applicability of Sections 95 to 101 of the BIA and any other laws relating to preferences, fraudulent conveyances or transfers at undervalue to the Proposal or to any payments or distributions made in connection with the restructuring of the Company whether made before or after the Filing Date.

**I. CREDITORS' CLAIMS**

42. As at October 24, 2017, the claims of the Creditors consist of:

Claim Classification	Balance per Statement of Affairs
Secured	\$ 727,032.80
Preferred	-
Unsecured	1,883,262.57
Employee Priority Claims and Pension Priority Claims	332,510.89
Total	\$2,942,806.26

43. According to the Statement of Affairs, the parties which hold security over the Company's assets are:

- TD Bank which provides the Company with a revolving operating line of credit to a maximum of \$1,000,000. Borrowings under the TD Bank credit facility are secured by, among other things, a General Security Agreement representing a first charge on all of the Company's personal property and equipment. As of October 24, 2017, the loan balance was \$155,000.
- Teperman which provided the Company with a long-term loan of \$275,000 and which loan is secured by a general security agreement dated April 5, 2017. Teperman is a party related to the shareholder of the Company;
- 1867888 which holds a promissory note issued by STCC on November 30, 2015 promising to pay the amount of \$317,032.80. The balance owed to 1867888 at October 24, 2017 is \$272,032.80. 1867888 is a party related to the shareholder of the Company; and

- Ford Credit Canada Limited which provided financing for the purchase of a 2016 Ford Transit 250 van and its loan is secured against the vehicle.

As noted earlier, the above secured creditors are Unaffected Creditors in the Proposal.

44. The above liabilities are registered under the Personal Property Security Act (Ontario).

However, the Trustee has not obtained a legal opinion on the validity of the security held by TD Bank, Ford, Teperman and 1867888.

45. In addition, the Union has super-priority claims against the assets of the Company pursuant to Section 60 of the BIA in respect of the following:

- a. Employee Priority Claims - Subject to receipt and review of any Proof of Claim filed by the Union and resolution of any dispute concerning the quantum and/or priority of the Claim, Employee Priority Claims are estimated to be in the range of \$72,175.50 to \$140,488.08.
- b. Pension Priority Claims - Subject to receipt and review of any Proof of Claim filed by the Union and resolution of any dispute concerning the quantum and/or priority of the Claim, Pension Priority Claims are estimated in the range of \$175,511.88 to \$192,022.81.

46. The Employee Priority Claims and Pension Priority Claims rank above the claims of any secured creditors.

47. Unsecured Creditors are required to file a proof of claim form complete with supporting documentation in order to vote at the General Meeting of Creditors and to receive a distribution from the Proposal Fund.

48. The Trustee points out that there are likely to be variances between amounts owing to creditors per the Company's books and records and their respective creditors'

records. The Trustee will review the Proofs of Claim that will be filed and will provide an update at the General Meeting of Creditors.

**J. PREVIOUS BUSINESS DEALING WITH THE COMPANY**

49. The Trustee has not provided previous services to the Company.

**K. REMUNERATION OF THE TRUSTEE**

50. The Trustee's fees up to October 20, 2017 were \$40,615.78 and are expected to be paid by the Company.

51. Future fees and disbursements of the Trustee will be paid in full by the Company from retainer or otherwise. If any Administrative Fees and Expenses remain outstanding and unpaid at the Implementation Date, then they will be paid from the Proposal Fund. The fees and disbursements of the Trustee have been guaranteed by AJ Self Storage.

**L. LEGAL PROCEEDINGS IN WHICH THE COMPANY IS INVOLVED**

52. The Company has registered liens against four projects in respect of outstanding accounts receivable for \$527,615.73 owing to the Company.

53. Subsequent to the Filing Date, the Union registered lien claims against nine projects on which union members performed work on behalf of STCC. The Union's lien claims against the nine projects total \$271,697.36.

**M. STATEMENT OF ESTIMATED REALIZATION**

***Proposal Accepted***

54. The Proposal is deemed to be accepted by the Unsecured Creditors if a majority in number of the Unsecured Creditors who actually vote on the Proposal (in person or by proxy or Voting Letter), representing two-thirds in dollar value of the Proven Unsecured Claims of the Unsecured Creditors who actually vote on the Proposal (in person or by proxy or Voting Letter) vote for the acceptance of the Proposal at the Creditors Meeting.

55. If the Proposal is accepted by the Company's Unsecured Creditors, the Trustee estimates that the distribution to Unsecured Creditors with Proven Unsecured Claims will be between \$0.037 and \$0.056 per dollar of Unsecured Claim, calculated as follows:

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**Sean Teperman Consulting Corp.  
Proposal Fund Distribution Analysis**

The following analysis estimates the potential distribution to Affected Creditors in the event the Proposal is accepted by the Affected Creditors. The amounts set out herein are estimates, based on certain assumptions regarding future events. Actual results achieved may vary from this information and variances may be material.

	<u>High</u>	<u>Low</u>	<u>Note</u>
Proposal Fund	\$ 300,000	\$ 300,000	
<b>Less:</b>			
Administrative Fees and Expenses	20,000	40,000	1
Preferred Claims	-	-	2
Pension Priority Claim - Pre-NOI	175,512	192,023	3
	<u>\$ 195,512</u>	<u>\$ 232,023</u>	
Gross distributable amount	\$ 104,488	\$ 67,977	
Less: Superintendent's Levy	(5,224)	(3,399)	4
Net distributable amount	<b>A</b> <u>\$ 99,264</u>	<u>\$ 64,578</u>	
Total unsecured claims per Statement of Affairs excluding Unaffected Claims	<b>B</b> <u>\$ 1,762,316</u>	<u>\$ 1,762,316</u>	5
Estimated distribution to Unsecured Creditors per dollar of claim	<b>A ÷ B</b> <u>\$ 0.056</u>	<u>\$ 0.037</u>	6

**Notes**

1. We have estimated the Trustee fees and expenses to administer the Proposal.
2. It is assumed that Preferred claims are \$NIL.
3. Subject to receipt and review of any Proof of Claim filed by the Union and resolution of any disputes as to the quantum and/or priority of the claims, Pension Priority Claims are estimated to be in the range of \$175,512 to \$192,023.
4. The levy payable to the Superintendent of Bankruptcy on distributions of less than \$1,000,000 is calculated at 5% of the funds available for distribution.
5. The unsecured claims of Ford and 1867888 are not included in this number.
6. The actual distributions to Unsecured Creditors may be different from that as set out in this schedule.



56. The projected distribution to Unsecured Creditors will vary depending on the amount of the exact quantum of proofs of claim admitted in the Proposal by the Trustee.

57. If the Proposal is accepted by the Unsecured Creditors, the Trustee will within five days of such acceptance apply to the Court for an appointment for a hearing to seek an Order of the Court approving the Proposal.

***Proposal Not Accepted***

58. Non-acceptance of the Proposal by the Unsecured Creditors, or the non-approval by the Court of the Proposal, would result in the Company being deemed to have made an assignment in bankruptcy.

59. If the Proposal is not accepted by the Company's Unsecured Creditors, the Trustee estimates that the distribution to Unsecured Creditors with Proven Unsecured Claims will be between \$0.029 and \$Nil per dollar of Unsecured Claim, calculated as follows:

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**Sean Teperman Consulting Corp.  
Estimated Realization and Distribution Analysis**

The following analysis estimates the realizations and potential distribution to creditors in the event that the Proposal is rejected by the Unsecured Creditors and a bankruptcy of Sean Teperman Consulting Corp. occurs on November 8, 2017. The amounts set out herein are estimates, based on certain assumptions regarding future events. Actual results achieved may vary from this information and variances may be material.

	<b>Net Book Value</b>	<b>High</b>	<b>Low</b>	<b>Note</b>
Cash	\$ -	\$ -	\$ -	
Trade and other receivables	2,233,379	1,355,445	923,979	1
Capital Assets	85,719	15,500	2,500	
Other	57,007	1,000	-	
Subtotal	<u>\$ 2,376,105</u>	<u>\$ 1,371,945</u>	<u>\$ 926,479</u>	
<b>Less:</b>				
Administration costs		\$ 200,000	\$ 250,000	2
Employee Priority Claims - Pre-NOI		72,176	140,488	3
Employee Priority Claims - Post-NOI		45,000	45,000	4
Deemed Trust Claim		38,000	38,000	5
Pension Priority Claim - Pre-NOI		175,512	192,023	6
Pension Priority Claim - Post-NOI		36,000	36,000	7
Rent		3,390	3,390	8
Total deductions		<u>\$ 570,077</u>	<u>\$ 704,901</u>	
Gross distributable amount		\$ 801,868	\$ 221,578	
Less: Superintendent's Levy		(40,093)	(11,079)	9
Net distributable amount		<u>\$ 761,775</u>	<u>\$ 210,499</u>	
Amount available for Secured Creditors		<u>\$ 761,775</u>	<u>\$ 210,499</u>	
TD Bank		\$ 155,000	\$ 155,000	10
Marvin Teperman		275,000	275,000	
1867888 Ontario Inc.		272,033	272,033	
Total Secured Claims		<u>\$ 702,033</u>	<u>\$ 702,033</u>	
Amount available for Unsecured Creditors		<u>\$ 59,742</u>	<u>\$ (491,534)</u>	
Unsecured Creditors				
Unsecured claims as of September 18, 2017		\$ 1,883,263	\$ 1,883,263	
Post-filing claims		167,000	208,750	11
Total Unsecured Claim		<u>\$ 2,050,263</u>	<u>\$ 2,092,013</u>	
Estimated distribution to Unsecured Creditors per dollar of claim		<u>\$ 0.029</u>	<u>NIL</u>	12

**Notes**

General: This schedule has been prepared on the assumption that (i) the Creditors or the Court do not approve the Proposal and (ii) a bankruptcy of STCC occurs on November 8, 2017.

1. Trade receivables - As noted in the Report, the Company has registered liens against four projects in respect of outstanding receivables totalling \$527,615.73. In addition, liens totalling \$271,697.36 have been registered by the Union against nine projects in respect of its wage and pension claims against the Company. Accordingly, it is difficult to predict the collectibility of the trade receivables in a liquidation and we have estimated the High based on a recovery of 60% and the Low is based on a recovery of 40%.
2. We have estimated the fees and expenses of the Trustee and Trustee's counsel to administer the bankruptcy as ranging from \$200,000 to \$250,000. Fees will be incurred dealing with lien and trust claims under the Construction Lien Act (CLA), administering employee claims under the Wage Earner Protection Program Act, collecting accounts receivable, and realizing on the capital assets.
3. Subject to receipt and review of any Proof of Claim filed by the Union and resolution of any disputes as to the quantum and/or priority of the claims, Employee Priority Claims are estimated to be in the range of \$72,176 to \$140,488.
4. This represents employee priority claims pursuant to S.81.3 of the BIA for unpaid wage obligations for the pay period ending November 8, 2017, which represents one weeks' pay for union workers and two weeks pay for contract and salaried workers.
5. Source deductions are remitted semi monthly; as of November 8th, there will be an outstanding remittance to CRA payable on November 15th.
6. Subject to receipt and review of any Proof of Claim filed by the Union and resolution of any disputes as to the quantum and/or priority of the claims, pre-filing Pension Priority Claims are estimated at \$175,512 to \$192,023.
7. Subject to receipt and review of any Proof of Claim filed by the Union and resolution of any disputes as to the quantum and/or priority of the claims, the post-filing pension priority claim is estimated at \$36,000.
8. Rent is estimated at \$1,000 per month plus HST for a period of 3 months.
9. The levy payable to the Superintendent of Bankruptcy on distributions of less than \$1,000,000 is calculated at 5% of the funds available for distribution.
10. The amount of \$155,000 is the amount owed to TD Bank under the operating line as at October 24, 2017.
11. The post-filing claims estimate the unsecured claims arising after the Filing Date which would not be paid as of November 8, 2017.
12. The actual distributions to unsecured Creditors may be different from that as set out in this schedule.

**N. RECOMMENDATION**

60. As set out in this Report, if the Proposal is accepted by the Unsecured Creditors and approved by the Court, there will be \$300,000 available for distribution to Unsecured Creditors with Proven Unsecured Claims that will result in an estimated dividend payment of approximately \$0.037 to \$0.056 per dollar of Unsecured Claim.
61. In the event of a bankruptcy of STCC, the Trustee estimates that there would be a total of \$210,499 to \$761,775 available for distribution to all secured and unsecured creditors combined, which would result in a dividend payment to unsecured creditors of approximately \$Nil to \$0.029 per dollar of unsecured claim.
62. Accordingly, based on the information contained in this Report, the Trustee recommends that the Unsecured Creditors vote to accept the Company's Proposal in order to attempt to maximize their return from the Company's indebtedness to them.

Dated at Toronto, Ontario, the 27<sup>th</sup> day of October, 2017.

**COLLINS BARROW TORONTO LIMITED**

in its capacity as Trustee in re: the Proposal of  
Sean Teperman Consulting Corp. and not in its personal  
or corporate capacity

Per: 

Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT