

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.**

**APPLICATION RECORD OF MARTIN ROSS GROUP INC.  
(returnable August 7, 2014)**

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# **INDEX**

## I N D E X

<u>TAB</u>	<u>DOCUMENT</u>	<u>PAGES</u>
1	Notice of Application, returnable August 7, 2014	1-22
2	Affidavit of Cameron Gilles, sworn August 5, 2014	23-41
 <b><u>EXHIBITS</u></b> 		
A	Resolution of the Sole Director of Martin Ross Group Inc. (“MRG”), dated July 31, 2014	42-43
B	<i>Personal Property Security Act</i> Search for MRG, dated August 5, 2014	44-63
C	Statement of Claim, issued July 2, 2014	64-72
D	Financial statements for MRG for the year ending June 30, 2011	73-79
E	Financial statements for MRG for the year ending June 30, 2012	80-86
F	Financial Statements for MRG for the year ending June 30, 2013	87-94
G	Internal financial statements for MRG for the 11-month period ending May 31, 2014	95-102
H	Aged listing of MRG’s accounts receivable as of July 30, 2014	103-105
I	Detailed listing of MRG’s inventory, dated June 30, 2014	106-107
J	Cash flow forecast for MRG on a weekly basis for the 13 week period ending October 31, 2014	108-111
3	Consent of Collins Barrow Toronto Limited	112-113
4	Draft Initial Order (blacklined against the Commercial List Model Order)	114-131

**TAB 1**

Court File No. *CV 14-10655-006*

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.**



**NOTICE OF APPLICATION**

**TO THE RESPONDENTS:**

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Applicant. The claim made against you is set out in the following pages.

THIS APPLICATION will come on for a hearing before a judge presiding over the Commercial List on August 7, 2014 at 10:00 a.m. at 330 University Avenue, Toronto, Ontario.


IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38C prescribed by the Rules of Civil Procedure, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: Aug 5, 2014

Issued by:

  
Local Registrar **A. Anissimova**  
Registrar

Address of Court Office:  
330 University Avenue  
7<sup>th</sup> Floor  
Toronto, Ontario  
M5G 1R7

TO: **SERVICE LIST ATTACHED**

## E SERVICE LIST

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**APPLICATION**

1. The Applicant, Martin Ross Group Inc. (“**MRG**”), makes application for an Order:
  - a) substantially in the form of the draft Initial Order attached hereto as Schedule “A” for various relief, including:
    - i) a declaration that MRG is a party to which the *Companies Creditors’ Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”) applies;
    - ii) a stay of proceedings providing that no proceedings or enforcement processes shall be commenced or continued against or in respect of MRG during the Stay Period, as defined in the draft Order; and,
    - iii) an order appointing Collins Barrow Toronto Limited as the Monitor, an officer of the court, to monitor the business and affairs of MRG; and,
  - b) such further and other relief as to this Court may seem just.
  
2. The grounds for this application are:
  - a) MRG is an Ontario corporation that operates out of leased premises in Toronto as a manufacturer and wholesaler of fine jewellery;
  - b) MRG sells its products to customers across Canada, the United States of America, and other countries;

- c) MRG has recently experienced financial difficulties that have impaired its ability to operate as a going concern unless it is restructured;
- d) In particular, one of MRG's major suppliers has advised that it will no longer supply MRG with the diamonds it needs to be able to manufacture and sell its jewellery;
- e) further, MRG's principal lender of many years has advised MRG that it is not prepared to extend any further credit to MRG;
- f) MRG has taken various steps in an effort to try to address these financial issues, but has to date been unsuccessful;
- g) MRG is currently a defendant in a legal proceeding commenced against it as a result of its earlier attempt to address its financial challenges, and certain other creditors have threatened to take steps to recover amounts owing to them;
- h) For the 11 months ending May 31, 2014, MRG incurred a loss of approximately \$2.75 million, while cumulative losses total almost \$9 million;
- i) MRG requires time to consider its options going forward, including determining the feasibility of a plan of compromise and/or arrangement with its creditors;
- j) MRG therefore requires the protection of a stay of proceedings in respect of its creditors to permit MRG to consider its options and come up with a process that will maximize realizations and benefit the greatest number of stakeholders;
- k) An Initial Order in the form submitted will benefit all of MRG's stakeholders, in that:
  - i) the operations of MRG will continue over the short term;

- ii) MRG's employees will continue to be employed, with the possibility that some may be recalled from lay-off;
  - iii) MRG will be able to pay its suppliers for any continued production on a go-forward basis;
  - iv) MRG will be able to supply its customers with additional product;
  - v) MRG will be able to plan with its customers and suppliers with respect to the upcoming Christmas retail season, thus permitting greater stability within the marketplace;
  - vi) Collection of accounts receivable will likely be enhanced along with other recovery and realization strategies, as compared with the alternative, likely being a liquidation; and,
  - vii) Without it, the assets of MRG will likely have to be liquidated, likely resulting in lower realizations and recoveries for all creditors.
- 
- l) Collins Barrow Toronto Limited has consented to act as monitor of the Applicants;
  - m) MRG has liabilities in excess of \$5,000,000.00;
  - n) MRG has acted in good faith and with due diligence;
  - o) Sections 3(1), 4, 9, 10(1) and (2), 11, 11.02(1), 11.03, 11.52, 11.7 of the CCAA;
  - p) Rules 1.04(2), 14.05(2) and 38.01-38.06, 38.09-38.10, 39.01 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and,

q) Such additional grounds as counsel may advise and this Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- a) The affidavit of Cameron Gillies sworn August 5, 2014, and the exhibits attached thereto;
- b) The consent of Collins Barrow Toronto Limited to act as Monitor; and,
- c) Such other evidence as this Court may permit.

Date: August 5, 2014

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Lawyers for the Applicant,  
Martin Ross Group Inc.

**SCHEDULE "A"**

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	THURSDAY, THE 7TH
	)	
JUSTICE	)	DAY OF AUGUST, 2014

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF MARTIN ROSS GROUP INC. (the  
"Applicant")

**INITIAL ORDER**

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cameron Gillies sworn August 5, 2014 and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, no one appearing for Sherfam Inc., RP Holdings Inc., or Dell Financial Services Canada Limited, although duly served as appears from the affidavit of service of Stephen Wolpert affirmed August 5, 2014 and on reading the consent of Collins Barrow Toronto Limited to act as the Monitor,

**SERVICE**

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

**APPLICATION**

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

**PLAN OF ARRANGEMENT**

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

**POSSESSION OF PROPERTY AND OPERATIONS**

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the

ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

10. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate



- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

**NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY**

13. THIS COURT ORDERS that until and including September 6, 2014, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

14. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH RIGHTS**

15. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

**CONTINUATION OF SERVICES**

16. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or

services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION**

19. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

## **APPOINTMENT OF MONITOR**

20. THIS COURT ORDERS that Collins Barrow Toronto Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

21. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicant in its preparation of the Applicant's cash flow statements which information shall be reviewed with the Monitor;
- (d) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

22. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

23. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

24. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

25. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a monthly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$50,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

27. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order

in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph30 hereof.

### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

29. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

30. THIS COURT ORDERS that the Administration Charge (as constituted and defined herein) shall constitute a charge on the Property and such charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

31. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Administration Charge, or further Order of this Court.

32. THIS COURT ORDERS that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- (c) the payments made by the Applicant pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

33. THIS COURT ORDERS that any charge created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

#### **SERVICE AND NOTICE**

34. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The National Post a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

35. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further



orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>

36. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

#### **GENERAL**

37. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

38. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

40. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative

body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

41. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

42. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

*Ca 14-10693-DDC*  
Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**NOTICE OF APPLICATION**

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Lawyers for the Applicant, Martin Ross Group Inc.

**TAB 2**

Court File No.

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.**

**AFFIDAVIT OF CAMERON GILLIES**

**(Sworn August 5, 2014)**

I, Cameron Gillies, of the City of Toronto, in the Province of Ontario, MAKE  
OATH AND SAY:

1. I am the President and Chief Operating Officer of the Applicant, Martin Ross Group Inc. ("MRG"), and as such have personal knowledge and information with respect to the matters to which I hereinafter depose. Where matters are based on information, I state the source of such information and I verily believe them to be true.

2. I swear this affidavit in support of an application by MRG pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") in which it seeks an Initial Order that provides for, among other things, (a) a stay of proceedings preventing MRG's creditors from commencing or continuing any proceedings or enforcement processes against MRG; and (b) the appointment of Collins Barrow Toronto Limited ("Collins Barrow") as Monitor of MRG.

## INTRODUCTION

3. MRG is a manufacturer and wholesaler of fine jewellery, with an emphasis on products that have been mined and manufactured entirely within Canada.

4. For reasons that are discussed below, MRG has had significant financial difficulties, and, as a result of recent events, is now also having difficulty obtaining the raw materials necessary to continue production of its products.

5. MRG has already taken a number of steps over the past several months, described below, to try to address its financial difficulties. To date, however, these steps have not been successful in placing MRG on a firm financial footing.

6. Indeed, at this stage, MRG is not able to meet its liabilities generally as they come due, and the value of its liabilities exceeds the value of its assets. MRG is therefore insolvent. Its debts are well in excess of \$5 million.

7. MRG wishes to consider its options regarding a restructuring of its business. To do that, it needs to be able to focus and concentrate on that task. MRG wishes to continue to operate its business, manufacture additional product for sale and try to address its cash position. MRG also wishes to communicate with its customers, who are largely jewellery retailers, about its current situation and its restructuring efforts, so that they and MRG can plan now for the upcoming Christmas retail season, and the customer and consumer needs.

8. As a result, MRG needs protection from its creditors in the short term and has therefore reluctantly brought the within application.

9. This application has been authorized by a resolution of the sole director of MRG, Allen Shechtman. Attached hereto and marked as **Exhibit “A”** to this my affidavit is a true copy of the resolution.

10. In the paragraphs that follow, my affidavit will address the following matters:

- (a) The background and MRG’s business;
- (b) The causes and effects of MRG’s financial difficulties;
- (c) MRG’s efforts to restructure its business;
- (d) MRG’s current financial situation; and
- (e) Why MRG requires protection pursuant to the CCAA.

## **BACKGROUND AND MRG’S BUSINESS**

### **MRG’s Products**

11. MRG is a manufacturer and wholesaler of fine jewellery, including rings, earrings and necklaces. Many of MRG’s products contain various precious stones, with a significant portion containing diamonds. MRG emphasizes as part of its marketing that its jewellery is manufactured in Canada and contains gold from the Royal Canadian Mint and diamonds that are mined in Canada. This is an attractive feature for many of our retail partners.

### **Corporate Structure**

12. MRG is a corporation incorporated pursuant to the laws of Ontario. Allen Shechtman and I are the only officers of MRG and Mr. Shechtman is the sole director. MRG

now comprises two divisions - Libman and Master Design, each of which offers different styles of jewellery and operates largely independently of the other. Libman's products typically include more traditional jewellery designs, while Master Design's products often have more contemporary designs.

13. Master Design is both a manufacturer and a wholesaler of jewellery. As a manufacturer, Master Design purchases raw materials, including gold, diamonds and other precious stones, and manufactures jewellery that can be sold to Master Design's retailer customers, who in turn sell to the public. As a wholesaler, Master Design also purchases jewellery that has been manufactured by others, and resells it to various retailers.

14. By contrast, Libman is solely a manufacturer of jewellery, and does not wholesale any jewellery.

### **MRG's Customers**

15. MRG sells its products in Canada, the United States, the United Kingdom and the Caribbean. It sells these products to a variety of large, well-known retailers, including Zale's (one of the largest vendors of jewellery in the United States, who in turn operates several chains of jewellery stores in Canada, including Mappins and People's) and, until recently, Walmart, Zellers and Sears. MRG also sells its products to numerous smaller retailers.

16. In most cases, MRG sells its products on credit terms, which terms vary among customers.

17. However, MRG also supplies some of its products on consignment. In those cases, MRG provides its products to the retailers, who then display the products and offer them



for sale. When the products are sold, the retailer pays MRG, again on terms. In some cases, the consignment can last 6 months or more.

### **MRG's Suppliers.**

18. MRG deals with approximately 50 suppliers in the ordinary course on credit terms, including suppliers of finished goods, precious stones and jewellery components such as clasps and chains.

19. MRG acquires virtually all of its gold directly from the Royal Canadian Mint, who requires payment in advance of delivery.

20. The one exception is that MRG has borrowed 1500 ounces of gold from Umicore Precious Metals, which will either need to be returned to Umicore or paid for. MRG's indebtedness related to this gold is included in MRG's financial statements at more than \$2 million.

21. Further, MRG acquires Canadian diamonds from HRA Group Holdings Ltd. and its related company, Crosswork Manufacturing Ltd. (collectively referred to hereinafter as "HRA"), as HRA dominates the supply of Canadian diamonds.

22. Unfortunately, there are no other suppliers of Canadian diamonds who could provide a sufficient number of Canadian diamonds to permit MRG to continue its operations.

### **MRG's Employees**

23. MRG currently employs approximately 83 full time, non-unionized employees, 13 of whom are currently on temporary layoff.

24. MRG does not provide a registered pension plan for its employees.

### **MRG's Landlord and Premises**

25. MRG operates out of leased premises at a single location on Canarctic Drive in Toronto, Ontario (the "Premises").

26. The landlord of the Premises is Sherfam Inc. ("Sherfam"), who is also MRG's largest creditor, its majority shareholder, and a secured creditor.

### **MRG's Creditors**

#### *Secured Creditors*

27. As noted above, Sherfam is MRG's largest creditor. As of July 31, 2014, MRG owed Sherfam approximately \$32 million, or more than 75% of MRG's indebtedness. Part of this debt is secured and part is unsecured.

28. Sherfam has always acted, and continues to act, as MRG's principal lender. As a result, MRG has usually not needed to resort to financing from traditional lenders such as banks. MRG currently has no outstanding indebtedness to any traditional lenders.

29. MRG also owes another lender, RP Holdings Inc. ("RP"), a party that is related to Sherfam, a further \$3.4 million.

30. MRG also owes Dell Financial Services Canada Limited ("**Dell**") approximately \$30,000 in respect of certain computer equipment and peripherals that MRG leased from Dell.

31. Aside from Sherfam, RP and Dell, MRG has no other secured creditors. Attached hereto and marked as **Exhibit “B”** to this my affidavit is a true copy of a Personal Property Security Registration System Enquiry Response Certificate (the “PPSA Certificate”) for MRG, dated August 5, 2014 which shows the security registrations for each of the above-noted secured creditors and their respective priorities.

*Unsecured Creditors*

32. MRG owes its suppliers approximately \$2 million. Each of those suppliers supplied to MRG on credit and therefore any claims they have are unsecured.

33. MRG is also aware of one contingent unsecured claim at this time. In April 2014, MRG terminated several employees as part of its cost cutting efforts. One of those employees has since commenced a legal proceeding against MRG for wrongful dismissal. Attached hereto and marked as **Exhibit “C”** to this my affidavit is a true copy of the Statement of Claim in the said proceeding.

34. A Statement of Defence is due by August 8, 2014. MRG wishes to avoid having to deal with this and any other potential legal actions while it considers its options with respect to restructuring its business. This is another reason why a stay of proceedings is being sought in this application.

**THE CAUSES AND EFFECTS OF MRG’S FINANCIAL DIFFICULTIES**

35. As noted above, MRG has experienced financial difficulties. There are several reasons for this.

36. First, certain of MRG's large customers, including Zellers and Sears, have recently experienced financial problems of their own. For Zellers, its liquidation resulted in a loss of sales for MRG. For Sears, MRG decided it was no longer practical to supply Sears after Sears decided to dramatically downsize its jewellery department.

37. Second, some of MRG's consignment programs have not been successful, resulting in the fact that larger than normal amounts of inventory have remained at certain vendors for longer than normal periods of time. Further, as a result of those programs, MRG allocated resources to the manufacture and acquisition of jewellery product, and the shipment of the products to the customers, with revenues only to be realized once the sales were completed, and even then, on the credit terms agreed to with the customers.

38. As a result, MRG has had to generate significant amounts of inventory without achieving a commensurate increase in sales.

39. The above-noted problems have resulted in a reduction in sales and cash payments to MRG, both overall, and in terms of a lag in cash flows from the lower turnover on consigned goods. This has made it difficult for MRG to fulfil its financial obligations to its suppliers and lenders.

40. This has resulted in two recent, serious problems that have had a major impact upon MRG and threaten MRG's ability to operate as a going concern. These are:

(a) Sherfam's decision not to extend any further credit to MRG; and

(b) HRA's decision, based on pressure it was receiving from its own lender, to cease to supply MRG with any further Canadian diamonds.

**Sherfam's decision not to provide additional credit**

41. I am advised by Allen Shechtman that Sherfam has been a lender to MRG since MRG's incorporation in 1993.

42. Since that time, Sherfam has provided additional credit and advanced funds on numerous occasions, including on prior occasions where MRG experienced temporary financial difficulties. This has resulted in the outstanding indebtedness to Sherfam, as referred to above in paragraph 27.

43. In or around November 2013, MRG realized that Sherfam would be taking a new approach as regards MRG when they suggested to MRG that it ought to consider the orderly sale of its business and indicated to MRG that it may not be prepared to provide MRG with any additional credit. This had never been suggested to us before and we were surprised by this new approach.

44. Then, in or around March of 2014, Sherfam advised MRG that it wanted MRG to demonstrate its ability to continue without further credit, and indicated that it was unlikely to advance further credit.

45. As described below, MRG did then take steps to address Sherfam's concerns, but again, it signalled a new approach that has had the effect of straining MRG's cash flow and impeding its ability to meet its day-to-day obligations, including its ability to secure the ongoing supply of raw materials for production and other jewellery for MRG's wholesaling operations.

46. In or around June 2014, Sherfam advised MRG that it would not advance any additional credit to MRG.

47. Further, in or around mid-July 2014, I understand that RP retained Collins Barrow as a consultant to, among other things, review MRG's cash flow projections, developed using certain assumptions, to assess options that may be available to RP.

**HRA ceases to supply MRG**

48. Without additional injections of capital and new financing, MRG has been unable to keep its accounts with its suppliers current.

49. Based on the fact that HRA is the dominant supplier of Canadian diamonds on the market, MRG is heavily dependant on its being able to secure an ongoing supply of diamonds for its products from HRA.

50. Due to the financial difficulties described above, MRG has been unable to pay its trade creditors, including HRA, in full or on time.

51. As a result, HRA recently advised MRG that it was not prepared to supply additional diamonds to MRG unless MRG brought its account into good standing.

52. Simply put, MRG did not have the approximately US\$2.2 million needed to bring its account with HRA into good standing.

53. Further, until recently, HRA was a secured creditor of MRG. In its capacity as a secured creditor, HRA put considerable pressure on MRG for repayment

54. HRA is no longer a secured creditor of MRG, as Sherfam recently acquired HRA's secured position. However, MRG has been operating under considerable pressure from one of its secured creditors and key suppliers until mere days ago.

55. Further, despite Sherfam's acquisition of HRA's secured position, at this time HRA has not indicated its willingness to resume its supply of Canadian diamonds to MRG.

56. Given the lack of large alternative suppliers of Canadian diamonds, MRG is currently unable to secure a steady supply, and therefore faces the prospect of being unable to fulfill orders for many of its products. Indeed, MRG recently had to:

- (a) return a significant quantity of diamonds to HRA in order to help reduce the amount owing to HRA; and
- (b) decline certain orders that it was not in a position to fulfill, including key orders for the upcoming Christmas retail season.

#### **MRG's EFFORTS TO RESTRUCTURE ITS BUSINESS**

57. Based on the financial circumstances described above, MRG determined that it needed to take steps in order to try to recover from its difficult financial position.

58. As a result, MRG did take certain steps, including seeking alternate financing, cutting costs, discussing the possible sale of MRG's business with certain outside advisors, and recalling and melting inventory. Each of these steps is described below.

#### **Efforts to Obtain Alternate Financing**

59. Upon learning that Sherfam would not advance further credit or funds, MRG sought alternate financing from both Business Development Bank of Canada ("BDC") and Export Development Canada ("EDC").

60. MRG did not contact more traditional lenders as it believed, based on past dealings, that those lenders would be unwilling to advance funds to MRG in light of MRG's business structure and its ongoing financial difficulties.

61. MRG contacted EDC, which provides exporters with financing, as MRG considered trying to further expand into jewellery markets in the United States and United Kingdom as a means to address the challenging sales environment it had been experiencing in Canada.

62. However, EDC advised MRG that its lending practices involve guaranteeing loans by major banks to borrowers, rather than advancing funds itself. Given our scepticism about the banks' willingness to lend to us, we were of the view that borrowing in this manner was not a viable option for MRG.

63. MRG also contacted BDC, who advised that BDC was not prepared to lend against inventory and/or accounts receivable. As those two asset categories comprise the vast majority of MRG's assets, it became clear that borrowing from BDC was not a realistic option either.

64. To date, MRG has not secured any additional financing and it appears doubtful that it will be able to do so without restructuring its affairs.

### **Potential sale of MRG**

65. MRG also took steps to see if a possible sale or merger of the business would be a viable option. In March, 2014, MRG contacted an investment bank and a business broker about the possibility of a sale of all or part of MRG's business operations. MRG was advised that a



sale might be possible despite MRG's poor financial performance. However, it was also made clear that MRG would likely need to be re-organized before being offered for sale.

### **Cost Cutting Measures**

66. MRG has also taken a number of steps in the last number of months to reduce its costs, and try to improve its financial position.

67. First, MRG recently terminated 4 employees and temporarily laid off 13 others, effectively reducing its staffing costs by 20%.

68. Second, MRG ceased supplying those customers, including Walmart and Sears, for whom its costs – and particularly its inventory costs to support consignment – were judged to be too high.

69. Third, MRG reduced the number of product lines it offered to its customers, thereby reducing overhead and simplifying its operations.

70. Fourth, MRG reduced various marketing and advertising costs.

### **Recalling and Melting Inventory**

71. MRG has also taken the step of “melting” jewellery, which enables MRG to recover and reuse the gold and any precious stones.

72. MRG has melted certain finished goods inventory from discontinued product lines and has also recalled certain consigned goods that can be melted.

73. By melting the jewellery, MRG is able to increase raw materials that can be used in the production of new products, reduce non-performing inventory and reduce MRG's need to purchase additional raw materials.

74. One downside of this process is that the value of any labour component in the making of the melted jewellery is lost.

### **MRG'S CURRENT FINANCIAL POSITION**

75. Attached hereto and marked as **Exhibits "D", "E", and "F"** are true copies of the unaudited financial statements of MRG, prepared on a Notice to Reader basis, for the years ending June 30, 2011, June 30, 2012 and June 30, 2013.

76. Attached hereto and marked as **Exhibit "G"** is a true copy of MRG's internal, unaudited financial statements for the 11-month period ending May 31, 2014, the most recent period for which such statements are currently available.

### **Assets**

77. As noted on MRG's balance sheet at Exhibit G, accounts receivable and inventory comprise approximately 90% of the value of MRG's assets.

78. To maximize realizations, it will be necessary for MRG to collect on its accounts receivable, sell more inventory, and recall and melt any poorly performing products that are on consignment.

*Accounts Receivable*

79. Attached hereto and marked as **Exhibit “H”** to this my affidavit is an aged listing of MRG’s accounts receivable.

80. It is my view that the accounts receivable are largely collectible, as many accounts are owed by reliable customers and are relatively current. Indeed, one third of MRG’s accounts receivable are not yet due. Further, our ability to collect on these receivables is enhanced by MRG’s excellent ongoing relationships with these customers, even during this difficult period. I am also of the view that collections will be preserved if MRG continues its operations, which may not be the case if MRG is liquidated outright.

*Inventory*

81. Attached hereto and marked as **Exhibit “I”** to this my affidavit is a detailed listing of MRG’s inventory.

82. MRG’s inventory includes approximately:

(a) \$9.4 million worth of raw materials that can be used for future production;

(b) \$3 million of inventory that has been consigned to MRG’s customers; and

(c) \$3.8 million of inventory relating to discontinued products, all of which can be either be sold or melted and used for future production.

83. As noted above, MRG will also have to consider its options with respect to the consigned inventory as that has placed a strain on MRG’s resources, both from a production and a cash-flow perspective.

**Liabilities**

84. Details regarding MRG's creditors are set out at paragraphs 27-34.

85. MRG's balance sheet at Exhibit G shows that MRG's total indebtedness exceeds \$41.1 million, of which more than 75% of that indebtedness is owed to Sherfam.

86. It is also significant that MRG's total liabilities exceed its total assets by nearly \$9 million.

87. Except as described above, to date, none of MRG's current secured creditors have expressed an intention to enforce on their security or to commence legal proceedings against MRG. However, this is largely because most of MRG's secured debt is owed to Sherfam and RP, which is related to Sherfam.

88. By contrast, several of MRG's unsecured creditors have been enquiring about the company's financial position and payment of its outstanding accounts. In particular, several trade creditors have advised that, unless they receive payment in the next short while, they will likely take steps to recover the amounts owing to them.

**Net Losses**

89. As indicated in the company's income statement included at Exhibits D, E, F and G to my affidavit, MRG has been struggling to be profitable for a number of years. For the recent fiscal period ending May 31, 2014, MRG incurred a loss of approximately \$2.75 million, while cumulative losses total almost \$9 million. Without further capital injections, MRG must restructure its business if it hopes to become profitable.

90. For the reasons described above, MRG is clearly insolvent and has debts in excess of \$5 million.

#### **THE NEED FOR AN INITIAL ORDER**

91. Although MRG has suffered a number of setbacks in its efforts to operate its business profitably, in my view, it is possible for MRG to be reorganized to the point where it may be able to become profitable or at least sold on a going concern basis.

92. MRG has, among other things, valuable inventory, a strong reputation among jewellers in (and to a lesser extent, outside of) Canada, good brand recognition in the Canadian market, and excellent relationships with its customers.

93. At the time of the signing of this affidavit, MRG continues to operate and hopes to be able to continue production to be able to supply its customers with product until such time as it can be determined how to restructure the company, and thereby maximize value for the company's creditors and numerous stakeholders.

94. MRG currently estimates that it will have sufficient funds and sufficient raw materials on hand to be able to continue operations through to October 31, 2014. Attached hereto and marked as **Exhibit "J"** to this my Affidavit is a true copy of a cash flow forecast prepared for MRG, on a weekly basis for the three-month period ending October 31, 2014, as well as a Report on the cash flow statement.

95. I was involved in the preparation of the cash flow statement and believe that the statement is reasonable and that the cash generated from new sales and the collection of accounts receivable will be sufficient to permit MRG to continue to operate for the period indicated.

96. Thus, MRG has not requested, and does not anticipate at this time requiring, any external interim or debtor in possession (“DIP”) financing over the course of the three-month period ending October 31, 2014.

97. Thus, MRG is not seeking any DIP charge at this time either.

98. Further, neither MRG, nor its current officers and director, seek any charge in respect of their continued service for the company if this court sees fit to grant an Initial Order under the CCAA. MRG expects to be able to cover any liabilities or make alternate arrangements in respect of any matters that may arise in that regard.

99. MRG therefore requests an Initial Order and a stay of proceedings under the CCAA so that it can continue its operations while also considering its options, and preparing a plan that will hopefully maximize realizations and generate the greatest good for all of MRG’s stakeholders

100. In particular, in my view, an Initial Order, in the form submitted with this Affidavit will benefit all of MRG’s stakeholders, in that:

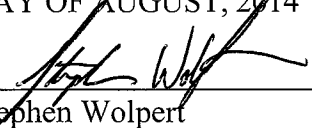
- (a) the operations of MRG will continue over the short term;
- (b) MRG’s employees will continue to be employed, with the possibility that some may be recalled from lay-off;
- (c) MRG will be able to pay its suppliers for any purchases on a go-forward basis;
- (d) MRG will be able to supply its customers with additional product;

- (e) MRG will be able to plan with its customers and suppliers with respect to the upcoming Christmas retail season, thus permitting greater stability within the marketplace;
- (f) Collection of accounts receivable will likely be preserved along with other recovery and realization strategies; and,
- (g) Without it, the assets of MRG will likely have to be liquidated, likely resulting in lower realizations and recoveries for all creditors.

**THE MONITOR**

101. Collins Barrow has consented to act as Monitor (the “**Monitor**”) of MRG in the CCAA proceedings, should this Court see fit to grant the Initial Order and appoint Collins Barrow to act as Monitor. To the best of my knowledge, Collins Barrow has not previously acted for MRG in any capacity prior to these proceedings, but has acted as a consultant to RP, as noted above.

SWORN BEFORE ME AT THE CITY )  
 OF TORONTO, IN THE PROVINCE )  
 OF ONTARIO, THIS 5<sup>TH</sup> )  
 DAY OF AUGUST, 2014 )

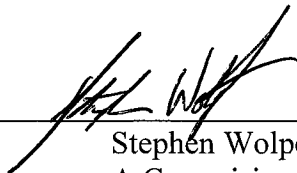
  
 \_\_\_\_\_  
 Stephen Wolpert  
 A Commissioner, etc.

  
 \_\_\_\_\_  
 CAMERON GILLIES

**TAB A**



THIS IS EXHIBIT "A" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

A handwritten signature in black ink, appearing to read "Stephen Wolpert", is written over a horizontal line.

Stephen Wolpert  
A Commissioner, etc

**MARTIN ROSS GROUP INC.**

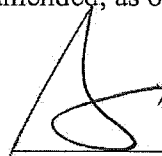
Resolutions of the Board of Directors of MARTIN ROSS GROUP INC. (the "Corporation") passed by the consent of the sole director of the Corporation as of the 31st day of July, 2014.

**CCAA FILING**

**RESOLVED THAT:**

1. The Corporation is hereby authorized to apply for protection from its creditors pursuant to the provisions of the Companies' Creditors Arrangement Act, R.S.C. 1985, as amended.
2. Any director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, whether under the corporate seal of the Corporation or otherwise and to deliver all such further and other documents, and to do all such acts and things as in his or her discretion he or she may deem necessary or desirable in connection with or to carry out the foregoing and matters ancillary thereto, such approval or determination to be conclusively evidenced by his or her execution of such documents and doing of all such acts or things.

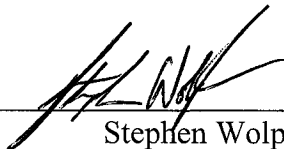
The foregoing resolutions are hereby consented to by the sole director of the Corporation as evidenced by the signature hereto of the sole director of the Corporation pursuant to the Business Corporations Act, R.S.O. 1990, as amended, as of the 31st day of July, 2014.



\_\_\_\_\_  
Allen Shechtman

**TAB B**

THIS IS EXHIBIT "B" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

A handwritten signature in black ink, appearing to read "S. Wolpert", is written over a horizontal line.

Stephen Wolpert  
A Commisioner, etc



PERSONAL PROPERTY SECURITY  
REGISTRATION SYSTEM (ONTARIO)  
ENQUIRY RESULTS

Prepared for :	KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP
Reference :	PPSA SEARCH
Docket :	111809
Search ID :	544528
Date Processed :	8/5/2014 8:58:55 AM
Report Type :	PPSA Electronic Response
Search Conducted on :	MARTIN ROSS GROUP INC.
Search Type :	Business Debtor

DISCLAIMER :

This report has been generated using data provided by the Personal Property Registration Branch, Ministry of Government Services, Government of Ontario. No liability is undertaken regarding its correctness, completeness, or the interpretation and use that are made of it.

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE  
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT  
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: MARTIN ROSS GROUP INC.

FILE CURRENCY: August 4, 2014

RESPONSE CONTAINS: APPROXIMATELY 6 FAMILIES and 18 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS  
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME  
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE  
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT  
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY  
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER  
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS  
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE  
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 6 ENQUIRY PAGE : 1 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 601160958 EXPIRY DATE : 20NOV 2018 STATUS :  
 01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :  
 REG NUM : 20031120 1404 1462 4879 REG TYP: P PPSA REG PERIOD: 10  
 02 IND DOB : IND NAME:  
 03 BUS NAME: JALTEX INC.  
 OCN :  
 04 ADDRESS : 1001 PETROLIA ROAD  
 CITY : TORONTO PROV: ON POSTAL CODE: M3J2X7  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

SHERFAM INC.

09 ADDRESS : 150 SIGNET DRIVE

CITY : WESTON

PROV: ON

POSTAL CODE: M9L1T9

CONS.

MV

DATE OF OR NO FIXED

GOODS	INVTRY.	EQUIP	ACCTS	OTHER	INCL	AMOUNT	MATURITY	MAT DATE
10	X	X	X	X	X			

YEAR MAKE

MODEL

V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 COLLATERAL LOCATED AT 1001 PETROLIA ROAD, TORONTO, ONTARIO M3J 2X7

14  
 15

16 AGENT: KRONIS, ROTSZTAIN, MARGLES, CAPPEL

17 ADDRESS : 700-25 SHEPPARD AVENUE WEST

CITY : TORONTO

PROV: ON

POSTAL CODE: M2N6S6

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 6 ENQUIRY PAGE : 2 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

FILE NUMBER 601160958

PAGE TOT

REGISTRATION NUM REG TYPE

01 CAUTION : 01 OF 001 MV SCHED: 20040916 1410 1462 5703

21 REFERENCE FILE NUMBER : 601160958

22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: JALTEX INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :

PROV :

POSTAL CODE :

CONS.

MV

DATE OF

NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER

INCL

AMOUNT

MATURITY OR

MAT DATE

10

11

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15

16 NAME : KRONIS, ROTSZTAIN, MARGLES, CAPPEL

17 ADDRESS : 700-25 SHEPPARD AVENUE WEST

CITY : TORONTO

PROV : ON

POSTAL CODE : M2N6S6

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*



MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 6 ENQUIRY PAGE : 3 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.  
 FILE NUMBER 601160958

PAGE TOT REGISTRATION NUM REG TYPE  
 01 CAUTION : 01 OF 001 MV SCHED: 20060105 1402 1462 3541  
 21 REFERENCE FILE NUMBER : 601160958  
 22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:  
 23 REFERENCE DEBTOR/ IND NAME:  
 24 TRANSFEROR: BUS NAME: JALTEX INC.

25 OTHER CHANGE:  
 26 REASON: TO CHANGE THE NAME OF THE DEBTOR AS IT HAS AMALGAMATED WITH  
 27 /DESCR: ARTISTIC JEWELLERY INC. TO CONTINUE AS MARTIN ROSS GROUP INC.  
 28 :  
 02/05 IND/TRANSFEE:  
 03/06 BUS NAME/TRFEE:  
 OCN:  
 04/07 ADDRESS:  
 CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
 CITY : PROV : POSTAL CODE :  
 CONS. MV DATE OF NO FIXED  
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE  
 10  
 11  
 12  
 13  
 14  
 15  
 16 NAME : KRONIS, ROTSZTAIN, MARGLES, CAPPEL  
 17 ADDRESS : 700-25 SHEPPARD AVENUE WEST  
 CITY : TORONTO PROV : ON POSTAL CODE : M2N6S6

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 6 ENQUIRY PAGE : 4 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

FILE NUMBER 601160958

PAGE TOT REGISTRATION NUM REG TYPE  
 01 CAUTION : 01 OF 001 MV SCHED: 20060111 1000 1462 4660

21 REFERENCE FILE NUMBER : 601160958

22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: JALTEX INC.

25 OTHER CHANGE:

26 REASON: TO ADD NAME AND ADDRESS OF THE NEW DEBTOR

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE: MARTIN ROSS GROUP INC.

OCN:

04/07 ADDRESS: 1001 PETROLIA ROAD

CITY: TORONTO PROV: ONT POSTAL CODE: M3J2X7

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :	PROV :	POSTAL CODE :	DATE OF	NO FIXED
CONS.	MV	AMOUNT	MATURITY OR	MAT DATE
GOODS	INCL			
10				
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14				
15				

16 NAME : KRONIS, ROTSZTAIN, MARGLES, CAPPEL

17 ADDRESS : 700-25 SHEPPARD AVENUE WEST

CITY : TORONTO PROV : ON POSTAL CODE : M2N6S6

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 6 ENQUIRY PAGE : 5 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.  
 FILE NUMBER 601160958

PAGE TOT REGISTRATION NUM REG TYPE  
 01 CAUTION : 001 OF 1 MV SCHED: 20061130 1248 1590 6213  
 21 REFERENCE FILE NUMBER : 601160958  
 22 AMEND PAGE: NO PAGE: CHANGE: J OTHER REN YEARS: CORR PER:  
 23 REFERENCE DEBTOR/ IND NAME:  
 24 TRANSFEROR: BUS NAME: MARTIN ROSS GROUP INC.

25 OTHER CHANGE: SUBORDINATION  
 26 REASON: THIS REGISTRATION IS SUBORDINATED IN FAVOUR OF REFERENCE FILE NO.  
 27 /DESCR: 630658773  
 28 :  
 02/05 IND/TRANSFEE:  
 03/06 BUS NAME/TRFEE:  
 OCN:  
 04/07 ADDRESS:  
 CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
 CITY : PROV : POSTAL CODE :  
 CONS. MV DATE OF NO FIXED  
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE  
 10  
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16 NAME : CASSELS BROCK & BLACKWELL LLP [C. NEWMAN]  
 17 ADDRESS : SUITE 2100, 40 KING STREET WEST  
 CITY : TORONTO PROV : ON POSTAL CODE : M5H 3C2

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 6 ENQUIRY PAGE : 6 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

FILE NUMBER 601160958

PAGE TOT REGISTRATION NUM REG TYPE  
 01 CAUTION : 001 OF 1 MV SCHED: 20110920 1532 1590 8312

21 REFERENCE FILE NUMBER : 601160958

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: MARTIN ROSS GROUP INC.

25 OTHER CHANGE:

26 REASON: TO CHANGE THE ADDRESS OF THE DEBTOR TO 250 CANARCTIC DRIVE, TORONTO,  
 27 /DESCR: ONTARIO M3J 2P4 AND TO DELETE THE GENERAL COLLATERAL DESCRIPTION

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :	PROV :	POSTAL CODE :		
CONS.	MV	DATE OF	NO FIXED	
GOODS	INCL	MATURITY OR	MAT DATE	
10	X	X	X	X
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13				
14				
15				

16 NAME : KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP

17 ADDRESS : 1100-25 SHEPPARD AVENUE WEST

CITY : TORONTO PROV : ON POSTAL CODE : M2N 6S6

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 6 ENQUIRY PAGE : 7 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.  
 FILE NUMBER 601160958

PAGE TOT REGISTRATION NUM REG TYPE  
 01 CAUTION : 01 OF 001 MV SCHED: 20111011 1451 1529 9617  
 21 REFERENCE FILE NUMBER : 601160958  
 22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:  
 23 REFERENCE DEBTOR/ IND NAME:  
 24 TRANSFEROR: BUS NAME: MARTIN ROSS GROUP INC.

25 OTHER CHANGE:  
 26 REASON: RELEASING SUBORDINATION IN FAVOUR OF RBC REFERENCE FILE NO.  
 27 /DESCR: 630658773.  
 28 :  
 02/05 IND/TRANSFEE:  
 03/06 BUS NAME/TRFEE:  
 OCN:  
 04/07 ADDRESS:  
 CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :  
 CITY : PROV : POSTAL CODE :  
 CONS. MV DATE OF NO FIXED  
 GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE  
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16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS  
 17 ADDRESS : 4126 NORLAND AVENUE  
 CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 6 ENQUIRY PAGE : 8 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 661544325 EXPIRY DATE : 21MAY 2020 STATUS :  
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
 REG NUM : 20100521 0918 1590 3327 REG TYP: P PPSA REG PERIOD: 10  
 02 IND DOB : IND NAME:  
 03 BUS NAME: MARTIN ROSS GROUP INC.  
 OCN :  
 04 ADDRESS : 1001 PETROLIA ROAD  
 CITY : NORTH YORK PROV: ON POSTAL CODE: M3J 2X7  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
 RP HOLDINGS INC.

09 ADDRESS : 1 CITY CENTRE DRIVE, SUITE 620  
 CITY : MISSISSAUGA PROV: ON POSTAL CODE: L5B 1M2  
 CONS. MV DATE OF OR NO FIXED  
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
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 YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 GENERAL SECURITY AGREEMENT

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16 AGENT: TORKIN MANES LLP [A. MCCARTNEY]

17 ADDRESS : 1500 151 YONGE STREET

CITY : TORONTO PROV: ON POSTAL CODE: M5C 2W7

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 2 OF 6 ENQUIRY PAGE : 9 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

FILE NUMBER 661544325

PAGE TOT

REGISTRATION NUM

REG TYPE

01 CAUTION : 001 OF 1 MV SCHED: 20110922 1029 1590 8418

21 REFERENCE FILE NUMBER : 661544325

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: MARTIN ROSS GROUP INC.

25 OTHER CHANGE:

26 REASON: TO CHANGE THE ADDRESS OF THE DEBTOR TO 250 CANARCTIC DRIVE, TORONTO,

27 /DESCR: ONTARIO M3J 2P4

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :

PROV :

POSTAL CODE :

CONS.

MV

DATE OF

NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER

INCL

AMOUNT

MATURITY OR

MAT DATE

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15

16 NAME : KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP

17 ADDRESS : 1100-25 SHEPPARD AVENUE WEST

CITY : TORONTO

PROV : ON

POSTAL CODE : M2N 6S6

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 6 ENQUIRY PAGE : 10 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 680521464 EXPIRY DATE : 07AUG 2022 STATUS :  
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
 REG NUM : 20120807 1633 1590 5683 REG TYP: P PPSA REG PERIOD: 10  
 02 IND DOB : IND NAME:  
 03 BUS NAME: MARTIN ROSS GROUP INC.  
 OCN :  
 04 ADDRESS : 250 CANARCTIC DRIVE  
 CITY : TORONTO PROV: ON POSTAL CODE: M3J 2P4  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

HRA GROUP HOLDINGS LTD.

09 ADDRESS : 2160 - 1066 WEST HASTINGS STREET

CITY : VANCOUVER PROV: BC POSTAL CODE: V6E 3X1  
 CONS. MV DATE OF OR NO FIXED  
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
 10 X X X X X  
 YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP

17 ADDRESS : 1100-25 SHEPPARD AVENUE WEST

CITY : TORONTO PROV: ON POSTAL CODE: M2N 6S6

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*



MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 3 OF 6 ENQUIRY PAGE : 11 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.  
 FILE NUMBER 680521464

PAGE TOT REGISTRATION NUM REG TYPE  
 01 CAUTION : 001 OF 001 MV SCHED: 20140801 1701 1862 7811  
 21 REFERENCE FILE NUMBER : 680521464  
 22 AMEND PAGE: NO PAGE: X CHANGE: D ASSGNMT REN YEARS: CORR PER:  
 23 REFERENCE DEBTOR/ IND NAME:  
 24 TRANSFEROR: BUS NAME: MARTIN ROSS GROUP INC.

25 OTHER CHANGE:

26 REASON:

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY:

PROV:

POSTAL CODE:

29 ASSIGNOR:

HRA GROUP HOLDINGS INC.

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

SHERFAM INC.

09 ADDRESS : 10 DIRECTOR COURT, SUITE 302

CITY : WOODBRIDGE

PROV : ON

POSTAL CODE : L4L 7E8

CONS.

MV

DATE OF

NO FIXED

GOODS INVTRY EQUIP ACCTS OTHER

INCL

AMOUNT

MATURITY OR

MAT DATE

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16 NAME : LERNERS LLP [DRS]

17 ADDRESS : 130 ADELAIDE STREET WEST, SUITE 2400

CITY : TORONTO

PROV : ON

POSTAL CODE : M5H 3P5

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 6 ENQUIRY PAGE : 12 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 684687951 EXPIRY DATE : 13FEB 2018 STATUS :  
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
 REG NUM : 20130213 1111 1590 5532 REG TYP: P PPSA REG PERIOD: 5  
 02 IND DOB : IND NAME:  
 03 BUS NAME: MARTIN ROSS GROUP INC.  
 OCN :  
 04 ADDRESS : 250 CANARCTIC DRIVE  
 CITY : TORONTO PROV: ON POSTAL CODE: M3J 2P4  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
 SHERFAM INC.

09 ADDRESS : 150 SIGNET DRIVE  
 CITY : TORONTO PROV: ON POSTAL CODE: M9L 1T9  
 CONS. MV DATE OF OR NO FIXED  
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
 10 X X X X X  
 YEAR MAKE MODEL V.I.N.

11  
 12

GENERAL COLLATERAL DESCRIPTION

13  
 14  
 15

16 AGENT: KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP

17 ADDRESS : 1100-25 SHEPPARD AVENUE WEST  
 CITY : TORONTO PROV: ON POSTAL CODE: M2N 6S6

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 5 OF 6 ENQUIRY PAGE : 13 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 689577588 EXPIRY DATE : 19AUG 2016 STATUS :  
 01 CAUTION FILING : PAGE : 01 OF 004 MV SCHEDULE ATTACHED :  
 REG NUM : 20130819 1428 8077 3275 REG TYP: P PPSA REG PERIOD: 3  
 02 IND DOB : IND NAME:  
 03 BUS NAME: MARTIN ROSS GROUP INC  
 OCN :  
 04 ADDRESS : 250 CANARCTIC DRIVE  
 CITY : TORONTO PROV: ON POSTAL CODE: M3J2P4  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
 DELL FINANCIAL SERVICES CANADA LIMITED  
 09 ADDRESS : 155 GORDON BAKER RD, STE 501  
 CITY : NORTH YORK PROV: ON POSTAL CODE: M2H 3N5  
 CONS. MV DATE OF OR NO FIXED  
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
 10 X X X X X  
 YEAR MAKE MODEL V.I.N.

11  
 12

GENERAL COLLATERAL DESCRIPTION

13 ALL DELL AND NON DELL COMPUTER EQUIPMENT AND PERIPHERALS  
 14 WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED  
 15 PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS,  
 16 AGENT: REGISTRY = RECOVERY INC.  
 17 ADDRESS : 1551 THE QUEENSWAY  
 CITY : TORONTO PROV: ON POSTAL CODE: M8Z 1T5

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 5 OF 6 ENQUIRY PAGE : 14 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 689577588 EXPIRY DATE : 19AUG 2016 STATUS :  
 01 CAUTION FILING : PAGE : 02 OF 004 MV SCHEDULE ATTACHED :  
 REG NUM : 20130819 1428 8077 3275 REG TYP: REG PERIOD:  
 02 IND DOB : IND NAME:  
 03 BUS NAME:  
 OCN :  
 04 ADDRESS :  
 CITY : PROV: POSTAL CODE:  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :  
 CITY : PROV: POSTAL CODE:  
 CONS. MV DATE OF OR NO FIXED  
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
 10  
 YEAR MAKE MODEL V.I.N.  
 11  
 12

GENERAL COLLATERAL DESCRIPTION

13 ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND  
 14 HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH  
 15 EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR  
 16 AGENT:  
 17 ADDRESS :  
 CITY : PROV: POSTAL CODE:

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 5 OF 6 ENQUIRY PAGE : 16 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 689577588 EXPIRY DATE : 19AUG 2016 STATUS :  
 01 CAUTION FILING : PAGE : 04 OF 004 MV SCHEDULE ATTACHED :  
 REG NUM : 20130819 1428 8077 3275 REG TYP: REG PERIOD:  
 02 IND DOB : IND NAME:  
 03 BUS NAME:  
 OCN :  
 04 ADDRESS :  
 CITY : PROV: POSTAL CODE:  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :  
 CITY : PROV: POSTAL CODE:  
 CONS. MV DATE OF OR NO FIXED  
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
 10  
 YEAR MAKE MODEL V.I.N.  
 11  
 12  
 GENERAL COLLATERAL DESCRIPTION  
 13  
 14  
 15  
 16 AGENT:  
 17 ADDRESS :  
 CITY : PROV: POSTAL CODE:

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 6 OF 6 ENQUIRY PAGE : 17 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

00 FILE NUMBER : 698150214 EXPIRY DATE : 18JUL 2019 STATUS :  
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
 REG NUM : 20140718 1514 1590 6819 REG TYP: P PPSA REG PERIOD: 5  
 02 IND DOB : IND NAME:  
 03 BUS NAME: MARTIN ROSS GROUP INC  
 OCN :  
 04 ADDRESS : 250 CANARCTIC DRIVE  
 CITY : TORONTO PROV: ON POSTAL CODE: M3J 2P4  
 05 IND DOB : IND NAME:  
 06 BUS NAME:  
 OCN :  
 07 ADDRESS :  
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

SHERFAM INC

09 ADDRESS : 150 SIGNET DRIVE

CITY : TORONTO

PROV: ON

POSTAL CODE: M9L 1T9

CONS.

MV

DATE OF OR NO FIXED

GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 X X X X X

YEAR MAKE

MODEL

V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13 RE-PERFECTION OF SECURITY INTEREST PREVIOUSLY REGISTERED AS FILE NO.

14 601160958.

15

16 AGENT: KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP [HT]

17 ADDRESS : 1100-25 SHEPPARD AVENUE WEST

CITY : TORONTO

PROV: ON

POSTAL CODE: M2N 6S6

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR  
 CONDUCTED ON: MARTIN ROSS GROUP INC.  
 FILE CURRENCY: August 4, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 6 OF 6 ENQUIRY PAGE : 18 OF 18

SEARCH : BD : MARTIN ROSS GROUP INC.

FILE NUMBER 698150214

PAGE TOT REGISTRATION NUM REG TYPE  
 01 CAUTION : 001 OF 1 MV SCHED: 20140801 1057 1590 7626

21 REFERENCE FILE NUMBER : 698150214

22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:

23 REFERENCE DEBTOR/ IND NAME:

24 TRANSFEROR: BUS NAME: MARTIN ROSS GROUP INC.

25 OTHER CHANGE:

26 REASON: TO CORRECT NAME OF DEBTOR.

27 /DESCR:

28 :

02/05 IND/TRANSFEE:

03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:

CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :

CITY :	PROV :	POSTAL CODE :	DATE OF	NO FIXED
CONS.	MV		MATURITY OR	MAT DATE
GOODS INVTRY EQUIP ACCTS OTHER	INCL	AMOUNT		

10

11

12

13

14

15

16 NAME : KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP

17 ADDRESS : 1100-25 SHEPPARD AVENUE WEST

CITY : TORONTO PROV : ON POSTAL CODE : M2N 6S6

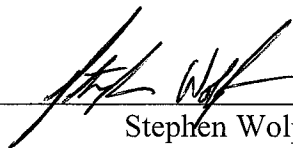
LAST SCREEN

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

**TAB C**



THIS IS EXHIBIT "C" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

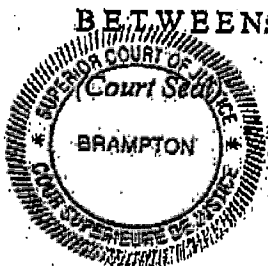
A handwritten signature in black ink, appearing to read 'Stephen Wolpert', is written over a horizontal line.

Stephen Wolpert  
A Commissioner, etc

Court File No.: CV-14-3028-00SR

ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN:



SIVAMBIKAI ARYHARAN

Plaintiff

and

MARTIN ROSS GROUP INC.

Defendant:

## STATEMENT OF CLAIM

TO THE DEFENDANT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

-2-

Date

July 2, 2014

Issued by

Susan E. Elliott  
Local Registrar

Address of court office: Brampton Superior Court  
7755 Hurontario  
Toronto, Ontario, L6W 4T1

TO:

MARTIN ROSS GROUP INC.  
250 Canartic Drive  
Toronto, Ontario  
M3J 2P4

-3-

THIS ACTION IS BROUGHT AGAINST YOU UNDER THE SIMPLIFIED PROCEDURE PROVIDED IN RULE 76 OF THE RULES OF CIVIL PROCEDURE.

### CLAIM

1. The Plaintiff, claims:
  - (a) a declaration that her employment with the Defendant was wrongfully terminated on or about May 30, 2014;
  - (b) general damages as a result of the wrongful termination of the Plaintiff's employment, in the amount of ONE HUNDRED THOUSAND (\$100,000.00) DOLLARS;
  - (c) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
  - (d) postjudgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
  - (e) the costs of this proceeding, plus all applicable taxes, on a substantial indemnity basis;
  - (f) any transaction levy which may be payable; and
  - (g) such further and other relief as to this Honourable Court may seem just.
2. The Plaintiff resides in the City of Mississauga, Province of Ontario. The Plaintiff is currently 66 years of age.
3. The Defendant is a corporation duly incorporated pursuant to the laws of the Province of Ontario (hereinafter the "Defendant") in the City of Toronto.
4. The Plaintiff commenced full time employment with the Defendant in or about June of 1989. Over the course of her employment, the Plaintiff was promoted on various occasions and held the position of Vault Manager and Order Picker Supervisor at the date of her termination.

-4-

5. The Plaintiff pleads that she does not have any written employment contract or any other form of agreement which provides for a period of notice for any termination and that it was an implied term of her employment contract with the Defendant that she could not be terminated without reasonable notice as determined at common law.

6. The material terms of the Plaintiff's employment as at the date of her dismissal are, *inter alia*, as follows:

- (a) a base salary of \$53,706.81 per annum, payable monthly and in arrears;
- (b) annual non-discretionary bonuses of up to 25% of her base salary and which averaged in excess of \$8,000 annually;
- (c) company paid contributions to the Defendant's Defined Benefit Plan;
- (d) participation in the Defendant's full health, medical and vision benefit, disability and group life coverage plans; and
- (e) five weeks paid vacation.

7. The Plaintiff, as the Vault Manager and Order Picker Supervisor, had a staff of three (3) employees reporting to her. The responsibilities of this position included, without limitation, the following:

- (a) Inventory Control (vault);
- (b) Order fulfillment for retail outlets;
- (c) Arranging inventory by retail customers; and
- (d) Employee training.

-5-

8. Over the last four full years of her employment, the Plaintiff received the following gross income from the Defendant:
- (a) 2011 - \$47,348.65;
  - (b) 2012 - \$52,256.84; and
  - (c) 2013 - \$53,706.81.
9. Without any prior notice or warning, on April 25, 2014, the Plaintiff was abruptly advised that her position was being terminated as of May 30, 2014 as a result of a restructuring and the elimination of her position. At the conclusion of the 5 minute meeting, the Plaintiff was handed a letter dated April 25, 2014 verifying her termination as of May 30, 2014 and offering her a severance package which was not accepted.
10. On or about June 13, 2014, the Plaintiff received gross payments of \$26,790.00 and \$3,091.15 being the minimum amount of pay in lieu of notice and severance pay due to the Plaintiff under the *Employment Standards Act, 2000* (the "Act").
11. The Defendant has not offered or provided the Plaintiff with any letter of reference or employment despite the without cause nature of the employment.
12. Throughout the period of her employment with the Defendant, over a period of over 25 years, the Plaintiff fulfilled her job responsibilities and duties in a timely and superior manner, had never been disciplined and received numerous promotions.
13. The Plaintiff pleads that her employment with the Defendant was wrongfully terminated on May 30, 2014, without cause and without reasonable notice or compensation in lieu thereof. The Plaintiff pleads that she is entitled to a notice period of 22 months.

-6-

14. As a result of her dismissal, the Plaintiff is entitled to damages by reason of the breach of the contract of employment with the Defendant. The Plaintiff is further entitled to be compensated for the salary increments, fringe benefits, bonuses, lost pension contributions that she would have received over the period of reasonable notice.
15. As a result of her dismissal, the Plaintiff has been put to numerous and various expenses relating to her continuing attempts to mitigate her damages by seeking alternative comparable employment.
16. As a result of her wrongful dismissal and her current age, the Plaintiff has been placed in a position where she must seek employment in an extremely limited competitive job market and where similar employers and competitors have been downsizing and engaging in hiring freezes, of which the Defendant was well aware when it terminated the Plaintiff's employment. The present economic climate in conjunction with her age will make it extremely difficult for the Plaintiff to obtain a position with substantially similar compensation and benefits as that enjoyed by the Plaintiff with the Defendant.
17. As a result of her dismissal, the Plaintiff's enrolment in the Defendant's Defined Benefits Pension Plan has been discontinued and the Plaintiff is further entitled to be compensated for the loss of that portion of the monthly pension benefit payments that she would have otherwise accrued and earned over the period of her reasonable notice and would otherwise have been paid to her over her retirement years.
18. The Plaintiff proposes that this action be tried in the City of Brampton.

-7-

July 2, 2014

**THOMPSON, MACCOLL & STACY LLP**  
Barristers and Solicitors  
1020 Matheson Boulevard East  
Suite 5  
Mississauga, Ontario  
L4W 4J9

Rene Liebs-Benke (33352J)  
rliebs-benke@tmslaw.com  
Tel: (905) 625-5591  
Fax: (905) 238-3313

Lawyers for the Plaintiff

RCP-E 14A. (July 1, 2007)



SIVAMBIKAI ARYHARAN  
Plaintiff

-and- MARTIN ROSS GROUP INC.  
Defendant

Court File No. *Cv 07-3023-SF*

ONTARIO  
SUPERIOR COURT OF JUSTICE  
PROCEEDING COMMENCED AT  
BRAMPTON

STATEMENT OF CLAIM

THOMPSON, MACCOLL & STACY LLP  
Barristers and Solicitors  
1020 Matheson Boulevard East  
Suite 5  
Mississauga, Ontario  
L4W 4J9

Rene Liebs-Benke (33352J)  
rliebs-benke@tmslaw.com  
Tel: (905) 625-5591  
Fax: (905) 238-3313

Lawyers for the Plaintiff

RCP-E 4C (July 1, 2007)

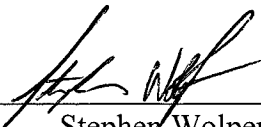
Service of a copy hereof *accepted* this

\_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
SOLICITOR FOR:

**TAB D**

THIS IS EXHIBIT "D" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014



---

Stephen Wolpert  
A Commissioner, etc

MR

**MARTIN ROSS GROUP INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**MARTIN ROSS GROUP INC.**

JUNE 30, 2011

**CONTENTS**

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	Page
Notice to reader	1
Balance sheet	2
Statement of operations and deficit	3
Schedule of expenses	4



4711 Yonge Street, Suite 1105  
Toronto, ON, Canada M2N 6K8  
Phone: (416) 224-2000  
Fax: (416) 224-2376  
Website: [www.prenicklanger.com](http://www.prenicklanger.com)

Branch Office: Brampton, ON, Canada  
By appointment (905) 793-8114

## NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Martin Ross Group Inc. as at June 30, 2011 and the statement of operations and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Toronto, Canada  
October 26, 2011

A handwritten signature in black ink that reads "Prenick Langer". The signature is written in a cursive, flowing style.

Chartered Accountants  
Licensed Public Accountants

**MARTIN ROSS GROUP INC.**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2011**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>ASSETS</b>	
<b>CURRENT</b>	
Cash	119,928
Accounts receivable	6,159,865
Inventories	11,180,273
Prepaid expenses and sundry assets	211,551
	<u>17,671,617</u>
<b>PROPERTY, PLANT AND EQUIPMENT,</b> net of accumulated amortization	417,736
<b>GOODWILL AND INTANGIBLES</b>	264,371
	<u>18,353,724</u>
<b>LIABILITIES</b>	
<b>CURRENT</b>	
Accounts payable and accrued liabilities	2,515,288
Gold lease	2,177,625
	<u>4,692,913</u>
<b>PROMISSORY NOTE</b>	4,000,000
<b>NOTE PAYABLE</b>	3,400,000
<b>ADVANCES FROM CORPORATE SHAREHOLDER</b>	21,925,983
	<u>34,018,896</u>
<b>SHAREHOLDERS' DEFICIENCY</b>	
<b>SHARE CAPITAL</b>	6
<b>DEFICIT</b>	(14,063,442)
<b>UNREALIZED LOSS ON TRANSLATION</b> <b>OF GOLD LEASE LIABILITY</b>	(1,601,736)
	<u>(15,665,172)</u>
	<u>18,353,724</u>

On behalf of the Board:

\_\_\_\_\_

**MARTIN ROSS GROUP INC.****STATEMENT OF OPERATIONS AND DEFICIT****FOR THE YEAR ENDED JUNE 30, 2011****UNAUDITED - SEE NOTICE TO READER**

	<i>2010</i>	\$
<b>REVENUE</b>	<u>10,549,000</u>	<b>20,239,738</b>
<b>COST OF SALES</b>		<b>17,432,844</b>
<b>GROSS PROFIT</b>		<b>2,806,894</b>
<b>EXPENSES</b>		
Administrative (page 4)		3,543,533
Selling (page 4)		2,678,441
		<b>6,221,974</b>
Loss before undernoted items		<b>(3,415,080)</b>
<b>UNDERNOTED ITEMS</b>		
Management fees		2,000,000
Profit on acquisition of Libman inventory		1,346,000
Gain on foreign exchange		108,570
Realized loss on gold lease		(2,918,074)
Non-recurring merger expenses		(492,598)
Non-recurring merger commissions		(235,104)
Inventory writedown		(100,000)
Loss on disposal of equipment		(101,432)
Loss on melting of gold		(93,735)
		<b>(486,373)</b>
<b>NET LOSS</b>		<b>(3,901,453)</b>
<b>DEFICIT, BEGINNING OF YEAR - AS PREVIOUSLY REPORTED</b>		<b>(10,770,708)</b>
Prior period adjustments		608,719
<b>DEFICIT, BEGINNING OF YEAR - AS RESTATED</b>		<b>(10,161,989)</b>
<b>DEFICIT, END OF YEAR</b>		<b>(14,063,442)</b>

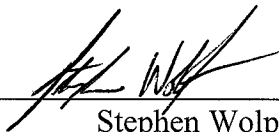


**MARTIN ROSS GROUP INC.**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>Administrative</b>	
Amortization	58,402
Bad debt	283,153
Computer	62,182
Consulting	272,527
Insurance	71,766
Interest and bank charges	293,055
Occupancy costs	70,380
Office and general	13,709
Professional fees	57,221
Purchase discounts	537,585
Salaries and benefits	1,642,737
Telephone	43,510
Travel	56,788
Office supplies and maintenance	80,518
	<u>3,543,533</u>
<b>Selling</b>	
Advertising, promotion and other	1,165,457
Commissions	1,195,367
Salaries and benefits	212,994
Travel	104,623
	<u>2,678,441</u>

# **T A B E**

THIS IS EXHIBIT "E" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

A handwritten signature in black ink, appearing to read 'S. Wolpert', is written over a horizontal line.

Stephen Wolpert  
A Commissioner, etc

MR copy  
cc to Mr.  
AS.  
B.C.  
CG.

**MARTIN ROSS GROUP INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**MARTIN ROSS GROUP INC.**

JUNE 30, 2012

**CONTENTS**

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	Page
Notice to reader	1
Balance sheet	2
Statement of operations and deficit	3
Schedule of expenses	4



*Partners:*  
Harvey G. Taraday  
Demetria Chios  
David Chung-Ki Hui

## NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Martin Ross Group Inc. as at June 30, 2012 and the statement of operations and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*TCH Partners LLP*

Toronto, Canada  
September 28, 2012

Chartered Accountants  
Licensed Public Accountants

**MARTIN ROSS GROUP INC.**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2012**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>ASSETS</b>	
<b>CURRENT</b>	
Cash	361,620
Accounts receivable	9,101,234
Inventories	12,652,759
Prepaid expenses and sundry assets	741,702
	<u>22,857,315</u>
<b>PROPERTY, PLANT AND EQUIPMENT,</b> net of accumulated amortization	391,738
<b>GOODWILL AND INTANGIBLES</b>	288,434
	<u>23,537,487</u>
<b>LIABILITIES</b>	
<b>CURRENT</b>	
Accounts payable and accrued liabilities	3,083,573
Gold lease	2,443,545
	<u>5,527,118</u>
<b>NOTE PAYABLE</b>	3,400,000
<b>ADVANCES FROM CORPORATE SHAREHOLDER</b>	22,839,030
	<u>31,766,148</u>
<b>SHAREHOLDERS' DEFICIENCY</b>	
<b>SHARE CAPITAL</b>	6
<b>DEFICIT</b>	(6,361,011)
<b>UNREALIZED LOSS ON TRANSLATION</b> <b>OF GOLD LEASE LIABILITY</b>	(1,867,656)
	<u>(8,228,661)</u>
	<u>23,537,487</u>

On behalf of the Board:

\_\_\_\_\_

**MARTIN ROSS GROUP INC.**  
**STATEMENT OF OPERATIONS AND DEFICIT**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>REVENUE</b>	<b>22,342,111</b>
<b>COST OF SALES</b>	<b>17,747,109</b>
<b>GROSS PROFIT</b>	<b>4,595,002</b>
<b>EXPENSES</b>	
Administrative (page 4)	3,260,537
Selling (page 4)	2,323,310
	<u>5,583,847</u>
Loss before undernoted items	<u>(988,845)</u>
<b>UNDERNOTED ITEMS</b>	
Management fees	9,000,000
Loss on foreign exchange	(129,744)
Severance	(166,746)
Loss on disposal of property, plant and equipment	(8,075)
	<u>8,695,435</u>
Income before income taxes	<u>7,706,590</u>
Income taxes- current	1,472,100
- application of prior years' losses	<u>(1,472,000)</u>
	<u>100</u>
<b>NET INCOME</b>	<b>7,706,490</b>
<b>DEFICIT, BEGINNING OF YEAR - AS PREVIOUSLY REPORTED</b>	<b>(14,063,442)</b>
Adjustments for prior years sales tax	<u>(4,059)</u>
<b>DEFICIT, BEGINNING OF YEAR - AS RESTATED</b>	<b>(14,067,501)</b>
<b>DEFICIT, END OF YEAR</b>	<b>(6,361,011)</b>

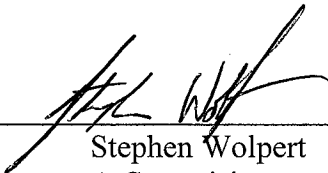


**MARTIN ROSS GROUP INC.**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>Administrative</b>	
Amortization	72,297
Bad debt	50,740
Computer	77,580
Consulting	226,684
Insurance	42,539
Interest and bank charges	137,074
Occupancy costs	64,544
Office and general	31,595
Office supplies and maintenance	48,766
Professional fees	43,494
Purchase discounts	562,958
Salaries and benefits	1,817,522
Telephone	32,331
Travel	52,413
	<u>3,260,537</u>
<b>Selling</b>	
Advertising, promotion and other	966,980
Commissions	1,150,167
Salaries and benefits	87,523
Travel	118,640
	<u>2,323,310</u>

**TAB F**

THIS IS EXHIBIT "F" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

A handwritten signature in black ink, appearing to read "Stephen Wolpert", is written over a horizontal line.

Stephen Wolpert  
A Commissioner, etc

**MARTIN ROSS GROUP INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**MARTIN ROSS GROUP INC.**

JUNE 30, 2013

**CONTENTS**

---

	Page
Notice to reader	1
Balance sheet	2
Statement of operations and deficit	3
Schedule of expenses	4



*Partners:*  
Harvey G. Taraday  
Demetria Chios  
David Chung-Ki Hui

## NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Martin Ross Group Inc. as at June 30, 2013 and the statement of operations and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*TCH Partners LLP.*

Toronto, Canada  
August 22, 2013

Chartered Accountants  
Licensed Public Accountants

**MARTIN ROSS GROUP INC.**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2013**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>ASSETS</b>	
<b>CURRENT</b>	
Cash	119,769
Accounts receivable	9,854,420
Inventories	18,680,374
Prepaid expenses and sundry assets	925,501
	<u>29,580,064</u>
<b>PROPERTY AND EQUIPMENT</b> , net of accumulated amortization	397,484
<b>GOODWILL AND INTANGIBLES</b>	<u>288,746</u>
	<u>30,266,294</u>
<b>LIABILITIES</b>	
<b>CURRENT</b>	
Accounts payable and accrued liabilities	5,258,379
Gold lease	1,879,545
	<u>7,137,924</u>
<b>NOTE PAYABLE</b>	3,400,000
<b>ADVANCES FROM CORPORATE SHAREHOLDER</b>	<u>25,939,030</u>
	<u>36,476,954</u>
<b>SHAREHOLDERS' DEFICIENCY</b>	
<b>SHARE CAPITAL</b>	6
<b>DEFICIT</b>	<u>(6,210,666)</u>
	<u>(6,210,660)</u>
	<u>30,266,294</u>

On behalf of the Board:

\_\_\_\_\_

**MARTIN ROSS GROUP INC.**  
**STATEMENT OF OPERATIONS AND DEFICIT**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>REVENUE</b>	<b>23,664,365</b>
<b>COST OF SALES</b>	<b>18,199,296</b>
<b>GROSS PROFIT</b>	<b>5,465,069</b>
<b>EXPENSES</b>	
Administrative (page 4)	3,413,760
Selling (page 4)	2,741,553
	<b>6,155,313</b>
Loss before undernoted items	<b>(690,244)</b>
<b>UNDERNOTED ITEMS</b>	
Management fees	3,400,000
Loss on foreign exchange	(227,536)
Royalties	(330,394)
Severance	(86,340)
Non-recoverable expenses	(47,023)
	<b>2,708,707</b>
Income before income taxes	<b>2,018,463</b>
Income taxes- current	<b>461</b>
<b>NET INCOME</b>	<b>2,018,002</b>
<b>DEFICIT, BEGINNING OF YEAR - AS PREVIOUSLY REPORTED</b>	<b>(6,361,012)</b>
Loss on translation of the gold lease liability	<b>(1,867,656)</b>
<b>DEFICIT, BEGINNING OF YEAR - AS RESTATED</b>	<b>(8,228,668)</b>
<b>DEFICIT, END OF YEAR</b>	<b>(6,210,666)</b>



**MARTIN ROSS GROUP INC.**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**UNAUDITED - SEE NOTICE TO READER**

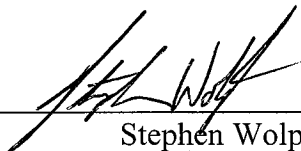
	\$
<b>Administrative</b>	
Amortization	95,112
Bad debt	146,022
Computer	63,471
Consulting	183,875
Insurance	35,479
Interest and bank charges	134,706
Occupancy costs	60,690
Office and general	17,212
Office supplies and maintenance	43,569
Professional fees	52,449
Purchase discounts	731,613
Salaries and benefits	1,759,005
Telephone	33,575
Travel	56,982
	<u>3,413,760</u>
<b>Selling</b>	
Advertising, promotion and other	1,328,626
Commissions	1,234,782
Salaries and benefits	76,527
Travel	101,618
	<u>2,741,553</u>

**MARTIN ROSS GROUP INC.**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**UNAUDITED - SEE NOTICE TO READER**

	\$
<b>Administrative</b>	
Amortization	95,112
Bad debt	146,022
Computer	63,471
Consulting	183,875
Insurance	35,479
Interest and bank charges	134,706
Occupancy costs	60,690
Office and general	17,212
Office supplies and maintenance	43,569
Professional fees	52,449
Purchase discounts	731,613
Salaries and benefits	1,759,005
Telephone	33,575
Travel	56,982
	<u>3,413,760</u>
<b>Selling</b>	
Advertising, promotion and other	1,328,626
Commissions	1,234,782
Salaries and benefits	76,527
Travel	101,618
	<u>2,741,553</u>

**TAB G**

THIS IS EXHIBIT "G" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

A handwritten signature in black ink, appearing to read "Stephen Wolpert", is written over a horizontal line.

Stephen Wolpert  
A Commissioner, etc

**Martin Ross Group Inc.,****Financial Statement  
May 31, 2014****Content**

Balance Sheet	Page 1
Statement of Income and Deficit	Page 2
Cost of Goods Sold	Page 3
Purchases	Page 4
Selling Expenses	Page 5
Administrative Expenses	Page 6

## MARTIN ROSS GROUP INC

## BALANCE SHEET

May 31, 2014

Page 1

	2014 C\$000's	2013 C\$000's
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	156	395
Accounts receivable	11,801	14,277
Inventories	18,797	19,167
Prepaid expenses and sundry assets	799	842
	<u>31,552</u>	<u>34,681</u>
<b>PROPERTY, PLANT AND EQUIPMENT, net of accumulated amortization</b>	336	384
<b>GOODWILL AND TRADE MARKS</b>	287	289
	<u>32,176</u>	<u>35,355</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	6,010	6,207
Gold lease	2,038	2,163
	<u>8,048</u>	<u>8,370</u>
<b>LOANS</b>		
RP Holdings	3,400	3,400
	<u>3,400</u>	<u>3,400</u>
<b>ADVANCE FROM CORPORATE SHAREHOLDER</b>	29,689	29,339
	<u>41,137</u>	<u>41,109</u>
<b>SHAREHOLDERS' DEFICIENCY</b>		
<b>SHARE CAPITAL</b>	0	0
<b>DEFICIT</b>	(8,962)	(5,754)
<b>UNREALIZED LOSS ON TRANSLATION OF GOLD LEASE</b>	0	0
	<u>(8,962)</u>	<u>(5,754)</u>
	<u>32,176</u>	<u>35,355</u>

**MARTIN ROSS GROUP INC**  
**STATEMENT OF INCOME AND DEFICIT**  
**May 31, 2014**

Page 2

	Monthly		YTD	
	2014 Actual C\$000's	2013 Actual C\$000's	2014 Actual C\$000's	2013 Actual C\$000's
NET SALES - Master Design	469	581	9,022	9,937
- Libman	753	1,216	12,406	12,733
<b>NET SALES</b>	<b>1,222</b>	<b>1,797</b>	<b>21,428</b>	<b>22,670</b>
<b>COST OF SALES</b>	<b>990</b>	<b>1,520</b>	<b>16,489</b>	<b>17,465</b>
<b>GROSS PROFIT</b>	<b>232</b>	<b>277</b>	<b>4,939</b>	<b>5,206</b>
Gross Profit (%)	19.02%	15.4%	23.1%	23.0%
<b>EXPENSES</b>				
Selling	200	192	2,689	2,608
Administrative	222	296	2,982	3,159
	422	488	5,671	5,767
Operating profit/ (loss) before undernoted items	(190)	(211)	(732)	(561)
<b>UNDERNOTED ITEMS</b>				
Severance Paid	(27)	0	(94)	(86)
Severance Pay Provision	27	0	(293)	0
Royalties - Canadian Rocks	(31)	(27)	(561)	(303)
Royalties - Olympia	0	0	0	(41)
Management fees	0	3,400	0	3,400
Loss on scraping of inventory	0	0	(560)	0
Loss on scraping of displays	0	0	(93)	0
Gain / (Loss) on foreign exchange	42	(111)	(172)	(172)
Loss on liquidation of diamonds	(222)	0	(222)	0
Non-recoverable - 141 Limestone exp.	0	0	(18)	(42)
	(210)	3,262	(2,013)	2,755
<b>NET PROFIT/- LOSS</b>	<b>(400)</b>	<b>3,051</b>	<b>(2,751)</b>	<b>2,194</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>(8,562)</b>	<b>(8,805)</b>	<b>(6,211)</b>	<b>(7,948)</b>
<b>DEFICIT, END OF PERIOD</b>	<b>(8,962)</b>	<b>(5,754)</b>	<b>(8,962)</b>	<b>(5,754)</b>

MARTIN ROSS GROUP INC  
COST OF GOODS SOLD

31, 2014

Page 3

	Monthly		YTD	
	2014 Actual C\$000's	2013 Actual C\$000's	2014 Actual C\$000's	2013 Actual C\$000's
Inventory - Beginning of Period	20,027	19,563	18,680	12,653
Add Purchases	-526	800	12,921	20,439
Direct Labour	176	214	2,280	2,187
Factory Overhead	110	110	1,404	1,352
Employee benefits	23	27	329	358
Building expenses	15	17	191	198
Depreciation	2	1	23	15
Factory expenses & supplies	5	13	157	156
Design department	15	18	184	180
Outside refining	5	8	45	42
Rent	13	12	142	136
Insurance	4	3	44	36
Displays	22	10	285	233
UK assay charges	5	0	5	0
Less Inventory - End of Period	18,797	19,167	18,797	19,167
Cost of Goods Sold	990	1,520	16,489	17,465



**MARTIN ROSS GROUP INC**  
**Purchase**  
**May 31, 2014**

Page 4

	Monthly Actual C\$000's	YTD Actual C\$000's
<b>Wholesaled Products</b>		
Odyssey	13	-101
Persona	21	811
Currency	0	292
My First Diamond	0	19
Gold 'n dreams (10k)	0	27
Gold 'n Gifts (14k)	0	-50
Eloquence	6	170
Midas Wedding Rings	1	15
Tresor Paris	0	0
Hot Diamonds	0	137
Absolute	0	0
Younique	0	-118
Wal -mart	0	346
Sears	0	103
Canadian Rocks	8	-401
CGS purchase	-1	-1
A	<u>48</u>	<u>1,250</u>
<b>For Manufacturing</b>		
Diamonds	-496	8,579
Gold	-42	2,052
R. S. E., Clrd. Stns	15	161
Chain, Findings	50	335
Finished Goods	3	355
Platinum	0	54
B	<u>-470</u>	<u>11,536</u>
<b>Gold Loan Adjustment</b>		
C	<u>-79</u>	<u>159</u>
<b>Brochure &amp; Billboard Purchases</b>		
Brochures	0	289
Billboard	0	61
D	<u>0</u>	<u>350</u>
<b>Canadian Rocks gross profit adjustment</b>		
E	<u>-25</u>	<u>-374</u>
<b>Total</b>	A+B+C+D+E	<u><u>-526</u></u>
		<u><u>12,921</u></u>

MARTIN ROSS GROUP INC  
 SELLING EXPENSES  
 May 31, 2014

Page 5

	Monthly		YTD	
	2014 Actual C\$000's	2013 Actual C\$000's	2014 Actual C\$000's	2013 Actual C\$000's
Commission	97	71	1,161	1,125
Sales salaries & benefits	0	3	30	74
Royalties - Alfred Sung	3	11	79	63
Advertising	42	37	594	490
Freight out ( net of recovery )	27	33	306	265
Trade association	1	1	22	28
General	6	6	92	34
Travel	9	13	63	101
Sample case	1	0	6	14
Designing	5	6	61	60
Sales meeting	1	3	13	19
Jewellery shows	6	8	249	288
Depreciation - show booth	2	1	12	7
Depreciation - consignment displays	0	0	0	39
<b>Total Selling Expenses</b>	<u>200</u>	<u>192</u>	<u>2,689</u>	<u>2,608</u>

→ General  
 (attached)

MARTIN ROSS GROUP INC  
 ADMINISTRATIVE EXPENSES  
 May 31, 2014

Page 6

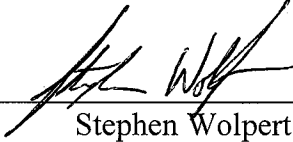
	Monthly		YTD	
	2014 Actual C\$000's	2013 Actual C\$000's	2014 Actual C\$000's	2013 Actual C\$000's
Consulting fees	12 ✓	9	109	177
Office salaries	112	135	1,460	1,405
Employee benefits	12 ✓	14	177	193
US office fee	2	4	39	39
Bad debt & collection expenses	8 ✗	8	67	97
Building	3 ✓	3	34	35
Rent	2 ✓	2	25	24
Data processing services	5	8	69	61
Depreciation	8 ✗	9	89	87
Auto	6	6	56	52
General	10 ✓	2	43	17
Office maintenance & supplies	1 ✓	3	38	41
Professional fees	-1 ✓	5	36	48
Professional development	0	3	8	9
Telephone	4 ✓	3	30	31
Insurance	4 ✓	3	44	36
Card discounts	27	62	593	682
Travel	0	0	0	0
Bank charges	5 ✓	10	59	68
Interest on gold lease	5 ✓	5	55	61
Interest on past due receivables	-5 ✓	0	-50	-1
<b>Total Administrative Expenses</b>	<u>222</u>	<u>296</u>	<u>2,982</u>	<u>3,159</u>

**TAB H**

THIS IS EXHIBIT "H" REFERRED TO

IN THE AFFIDAVIT OF CAMERON GILLIES

SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

A handwritten signature in black ink, appearing to read "Stephen Wolpert", is written over a horizontal line.

Stephen Wolpert  
A Commisioner, etc

**Accounts Receivable Aging Analysis**  
*(In Canadian Dollars unless stated otherwise)*

<b>MASTER DESIGN</b> (as of July 3, 2014)	A/R balance (total)	Future Not yet due	Current Due Jul 2014	0-30 Due Jun 2014	30-60 Due May 2014	60-90 Due Apr 2014	90-120 Due Mar 2014	120+ Due Feb or earlier
<b>MDJ - CAD\$</b>								
Total A/R - MDJ CAD\$	4,294,437	1,294,138	530,252	(37,896)	487,027	350,296	239,826	1,430,794
% in each Aging Category		30%	12%	-1%	11%	8%	6%	33%
<b>MDJ - USD\$</b>								
Total A/R- MDJ USD\$	448,861	95,574	34,782	5,359	8,195	89,628	52,073	163,250
Total A/R- MDJ US (in CAD)	475,792	101,309	36,869	5,681	8,686	95,006	55,197	173,045
% in each Aging Category		21%	8%	1%	2%	20%	12%	36%
<b>MDJ - GBP</b>								
Total A/R- MDJ GBP (in GBP)	145,762	66,189	44,518	3,358	5,039	2,173	8,169	16,317
Total A/R- MDJ GBP (in CAD)	265,288	120,464	81,024	6,112	9,170	3,954	14,868	29,697
% in each Aging Category		45%	31%	2%	3%	1%	6%	11%
<b>TOTAL A/R MASTER DESIGN</b>	<b>5,035,517</b>	<b>1,515,910</b>	<b>648,145</b>	<b>(26,104)</b>	<b>504,884</b>	<b>449,256</b>	<b>309,891</b>	<b>1,633,535</b>
		30%	13%	-1%	10%	9%	6%	32%

Note: The MD aged A/R lists do not include a column for balances dated October 31, 2013 or earlier. While this overdue amount is captured in the A/R balance column, there is not a separate column to indicate what this overdue balance is. For the purposes of this schedule, the overdue balance is included in the 120+ column.

LIBMAN (as of June 30, 2014)	A/R balance (total)	Future Not yet due	Current Due July 2014	0-30 Due June 2014	30-60 Due May 2014	60-90 Due April 2014	90-120 Due March 2014	120+ Due Feb or earlier
<b>LIBMAN &amp; COMPANY LTD. - CANS</b>								
Total A/R- LIBMAN CAD\$	5,633,629	2,079,356	739,293	448,128	450,395	644,871	193,528	1,078,057
% in each Aging Category		37%	13%	8%	8%	11%	3%	19%
<b>THE LIBMAN COMPANY INC. - USD\$</b>								
Total A/R- LIBMAN USD\$	171,814	10,879	21,486	24,943	31,003	11,196	4,796	67,511
Total A/R- LIBMAN US (in CAD\$)	182,123	11,531	22,775	26,440	32,864	11,867	5,084	71,562
% in each Aging Category		6%	13%	15%	18%	7%	3%	39%
<b>TOTAL A/R LIBMAN</b>	<b>5,815,751</b>	<b>2,090,888</b>	<b>762,068</b>	<b>474,568</b>	<b>483,258</b>	<b>656,739</b>	<b>198,612</b>	<b>1,149,619</b>
		36%	13%	8%	8%	11%	3%	20%
<b>MDJ and Libman A/R (in CAD\$)</b>	<b>10,851,268</b>	<b>3,606,797</b>	<b>1,410,213</b>	<b>448,464</b>	<b>988,142</b>	<b>1,105,994</b>	<b>508,503</b>	<b>2,783,155</b>
		33%	13%	4%	9%	10%	5%	26%

Note 1 - Conversion from GBP to CAD, reflects a conversion rate as at July 3, 2014 of 1.82.

Note 2 - Conversion from USD to CAD, reflects a conversion rate as at July 3, 2014 of 1.06.

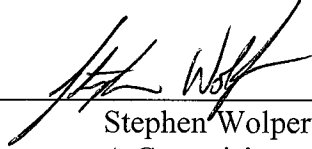
**TAB I**



THIS IS EXHIBIT "I" REFERRED TO

IN THE AFFIDAVIT OF CAMERON GILLIES

SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014

A handwritten signature in black ink, appearing to read "Stephen Wolpert", is written over a horizontal line.

Stephen Wolpert  
A Commissioner, etc

## MARTIN ROSS GROUP

## INVENTORY AT JUNE 30 2014

C\$000'S

Raw Materials

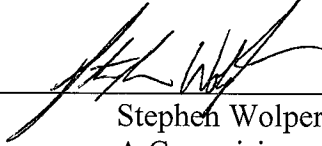
Gold	494	
Diamonds	7,560	
Coloured Stones	1,032	
Components	193	
WiP	<u>81</u>	9,359

Finished Goods

Current	4,082	
Discontinued for mark-downs	2,761	
Discontinued for melting	<u>1,084</u>	7,927
		<u><u>17,286</u></u>

**TAB J**

THIS IS EXHIBIT "J" REFERRED TO  
IN THE AFFIDAVIT OF CAMERON GILLIES  
SWORN BEFORE ME THIS 5<sup>th</sup> DAY OF AUGUST, 2014



---

Stephen Wolpert  
A Commissioner, etc

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

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.**

**REPORT ON CASH FLOW STATEMENT  
(Section 10(2)(b) of the Companies' Creditors Arrangement Act ("CCAA"))**

Martin Ross Group Inc ("MRG"). has prepared the attached cash flow statements as of August 1, 2014 consisting of a 13-week cash flow for the period August 1, 2014 to October 31, 2014 (the "Cash Flow Statement"). MRG developed the assumptions contained in the notes to the Cash Flow Statement (the "Notes").

The hypothetical assumptions are reasonable and consistent with the purpose of the projections described herein, and the probable assumptions are suitably supported and consistent with the plans of MRG and provide a reasonable basis for the projections. All such assumptions are disclosed in the Notes.

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

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes

DATED AT TORONTO, this 5<sup>th</sup> day of August, 2014.

**MARTIN ROSS GROUP INC.**

Per:



Name: **CAMERON GILLIES**

Title: **PRESIDENT & COO**

IN THE MATTER OF THE COMPANIES' CREDITORS' ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

Court File No.

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

PROCEEDING COMMENCED AT  
TORONTO

**REPORT ON CASH FLOW STATEMENT**

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**WEEKLY CASH FLOW - AUGUST THROUGH OCTOBER 2014**

Martin Ross Group Inc.  
Projected Cash Flow

Each week Monday to Friday ( except first week includes Friday August 1 )

C000's	Aug 1-8	Aug 11-15	Aug 18-22	Aug 25-29	Sep 1-5	Sep 8-12	Sep 15-19	Sep 22-26	Sep 29-Oct 3	Oct 6-10	Oct 13-17	Oct 20-24	Oct 27-31	TOTAL
<b>Cash Receipts</b>														
A/R Collections	525	170	175	450	340	90	190	100	394	135	225	120	360	3,274
Inventory liquidations												753		753
<b>Total Receipts</b>	<b>525</b>	<b>170</b>	<b>175</b>	<b>450</b>	<b>340</b>	<b>90</b>	<b>190</b>	<b>100</b>	<b>394</b>	<b>135</b>	<b>225</b>	<b>873</b>	<b>360</b>	<b>4,027</b>
<b>Cash Disbursements</b>														
HST					85				50					185
PAYROLL	135		153		153				153		110			906
COMMISSION		44		20	36				20		16			156
GOLD	45				45									90
RENT	16				16									48
PROPERTY TAX	11				11				16					22
FREIGHT/SHIPPING	40	10	5	5	5	5	5	5	5	5	5	3	2	100
UTILITIES	4			3	6				9					25
MANUFACTURING/OFFICE SUPPLIES	5	5	5	5	5	5	5	5	5	5	5	5	5	65
EMPLOYEE BENEFITS	14	18	18	18	18	18	18	18	18	18	15			107
GOLD LEASE INTEREST	5				5					5				15
SECURITY	2	2	2	2	2	2	2	2	2	2	2	2	2	26
PROFESSIONAL FEES	50			30			20		25		20		25	170
OTHER	7	7	7	7	7	7	7	7	7	7	7	7	7	91
Contingency														
<b>Total Disbursements</b>	<b>280</b>	<b>122</b>	<b>190</b>	<b>72</b>	<b>352</b>	<b>25</b>	<b>246</b>	<b>19</b>	<b>310</b>	<b>24</b>	<b>180</b>	<b>17</b>	<b>169</b>	<b>2,006</b>
<b>Net Cash In / (Out)</b>	<b>245</b>	<b>48</b>	<b>-15</b>	<b>378</b>	<b>-12</b>	<b>65</b>	<b>-56</b>	<b>81</b>	<b>84</b>	<b>111</b>	<b>45</b>	<b>856</b>	<b>191</b>	<b>2,021</b>
<b>Cash - Opening Balance</b>	<b>380</b>	<b>625</b>	<b>673</b>	<b>658</b>	<b>1,036</b>	<b>1,024</b>	<b>1,089</b>	<b>1,033</b>	<b>1,114</b>	<b>1,198</b>	<b>1,309</b>	<b>1,354</b>	<b>2,210</b>	<b>380</b>
<b>Cash - Ending Balance</b>	<b>625</b>	<b>673</b>	<b>658</b>	<b>1,036</b>	<b>1,024</b>	<b>1,089</b>	<b>1,033</b>	<b>1,114</b>	<b>1,198</b>	<b>1,309</b>	<b>1,354</b>	<b>2,210</b>	<b>2,401</b>	<b>2,401</b>

- Notes:
1. Manufacturing operations will continue to September 30 in order to process existing orders and also to manufacture finished goods for sale from existing raw material inventory
  2. 13 employees on lay-off will be recalled to report for duty on August 8
  3. Staff will be reduced on October 1 to those considered necessary to facilitate the sale of inventory
  4. A/R collections represent collection of invoices issued in respect of sales occurring both before and after July 1, 2014 and are assumed to not be significantly affected by an Order issued pursuant to the CCAA.
  5. Inventory liquidations represent the sale of inventory not considered by MRG to be saleable at retail
  6. Gold represents an estimate of gold purchases that may be required

**TAB 3**



Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

**CONSENT**

The undersigned, Collins Barrow Toronto Limited, hereby consents to act as the Court-appointed monitor of Martin Ross Group Inc. pursuant to the terms of an order substantially in the form filed in the above proceeding.

DATED AT TORONTO, this 15<sup>th</sup> day of August, 2014.

**COLLINS      BARROW      TORONTO  
LIMITED**

Per:



Name:

DANIEL WEISZ

Title:

SENIOR VICE PRESIDENT

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

Court File No.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
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PROCEEDING COMMENCED AT  
TORONTO

**CONSENT TO ACT AS MONITOR**

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Lawyers for Martin Ross Group Inc.

**TAB 4**

Revised: January 21, 2014

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	<del>WEEKDAY</del> <u>THURSDAY</u> , THE # <u>7TH</u>
	)	
JUSTICE	)	DAY OF MONTH <u>AUGUST</u> , <u>20YR2014</u>

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF MARTIN ROSS GROUP INC.  
{APPLICANT'S NAME} (the "Applicant")

**INITIAL ORDER**

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cameron Gillies{NAME} sworn August 5\_\_\_\_, 2014 {DATE} and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for {NAMES} the Applicant, no one appearing for Sherfam Inc., RP Holdings Inc., or Dell Financial Services Canada Limited, {NAME}<sup>†</sup> although duly served as appears from the affidavit of service of Stephen Wolpert{NAME} sworn affirmed {DATE} August 5\_\_\_\_, 2014 and on reading the consent of Collins Barrow Toronto Limited {MONITOR'S NAME} to act as the Monitor,

<sup>†</sup>Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).

## SERVICE

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

## APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

## PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

## POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. ~~THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system<sup>3</sup> currently in place as described in the Affidavit of [NAME]~~

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<sup>2</sup> If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.

~~sworn [DATE] or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.]~~

6.5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and ~~pension~~ benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7.6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

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<sup>3</sup> This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8.7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, ~~(iii) Quebec Pension Plan,~~ and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

~~9.8.~~ THIS COURT ORDERS that until a real property lease is disclaimed ~~{or resiliated}~~<sup>4</sup> in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

~~10.9.~~ THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

~~11.10.~~ THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, ~~{and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate}~~<sup>5</sup>

<sup>4</sup> ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

<sup>5</sup> ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~



- (b) ~~{~~terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate~~}~~; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

~~12.11.~~ THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims ~~{or resiliates}~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~{or resiliation}~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

~~13.12.~~ THIS COURT ORDERS that if a notice of disclaimer ~~{or resiliation}~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~{or resiliation}~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~{or resiliation}~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

### **NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY**

~~14.13.~~ THIS COURT ORDERS that until and including September 6, 2014~~[DATE—MAX. 30 DAYS]~~, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

### **NO EXERCISE OF RIGHTS OR REMEDIES**

~~15.14.~~ THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

~~16.15.~~ THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

### **CONTINUATION OF SERVICES**

~~17.16.~~ THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or

services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

~~18.~~17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>6</sup>

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

~~19.~~18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such

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<sup>6</sup>This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).

obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

~~20,19.~~ THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,<sup>7</sup> except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

~~21.~~ ~~THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")<sup>8</sup> on the Property, which charge shall not exceed an aggregate amount of \$●, as security for the indemnity provided in paragraph [20] of this Order. The Directors' Charge shall have the priority set out in paragraphs [38] and [40] herein.~~

~~22.~~ ~~THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [20] of this Order.~~

### **APPOINTMENT OF MONITOR**

~~23,20.~~ THIS COURT ORDERS that ~~[MONITOR'S NAME]~~ Collins Barrow Toronto Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the

<sup>7</sup> The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.

<sup>8</sup> Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.

business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24.21. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- ~~(c)~~ assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- ~~(d)~~(c) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;
- ~~(e)~~(d) advise the Applicant in its development of the Plan and any amendments to the Plan;
- ~~(f)~~(e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- ~~(g)~~(f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the

Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

(h)(g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(i)(h) perform such other duties as are required by this Order or by this Court from time to time.

~~25.22.~~ THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

~~26.23.~~ THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

~~27.24.~~ THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor

shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

~~28.~~25. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

~~29.~~26. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a ~~[TIME INTERVAL]~~monthly basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of ~~\$●-\$50,000~~ ~~[, respectively,]~~ to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

~~30.~~27. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

~~31.~~28. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00●, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~[38]~~ and ~~[40]~~30 hereof.

**DIP FINANCING**

~~32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~

~~33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs [38] and [40] hereof.~~

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

~~37. the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~

~~38. upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may~~



~~exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and~~

~~39. — the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.~~

~~40. — THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

~~41. — THIS COURT ORDERS that the priorities of the Directors' Charge, and the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows<sup>9</sup>:~~

~~First — Administration Charge (to the maximum amount of \$●);~~

~~Second — DIP Lender's Charge; and~~

~~Third Second — Directors' Charge (to the maximum amount of \$●).~~

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<sup>9</sup>The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.

~~42.29.~~ THIS COURT ORDERS that the filing, registration or perfection of the ~~Directors' Charge, or the Administration Charge or the DIP Lender's Charge~~ (collectively, the "Charges") shall not be required, and that the Administration Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

~~43.30.~~ THIS COURT ORDERS that ~~each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge~~ (all ~~both~~ as constituted and defined herein) shall constitute a charge on the Property and such ~~Charges~~ shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

~~44.31.~~ THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, ~~any of the Directors' Charge or, the Administration Charge or the DIP Lender's Charge~~, unless the Applicant also obtains the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~, or further Order of this Court.

~~45.32.~~ THIS COURT ORDERS that ~~the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~ shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charges (collectively, the "Chargees") ~~and/or the DIP Lender thereunder~~ shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither the creation of the Administration Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;~~
- (b) ~~none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Administration Charges, or the execution, delivery or performance of the Definitive Documents; and~~
- (c) ~~the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Administration Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.~~

~~46.33. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.~~

### **SERVICE AND NOTICE**

~~47.34. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The Globe and Mail ~~The National Post~~ ~~[newspapers specified by the Court]~~ a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.~~

~~48.35. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service->~~

protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-groupebn/martin-ross-group-inc> '@'.

~~49.~~36. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

## **GENERAL**

~~50.~~37. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

~~51.~~38. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

~~52.~~39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to

assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

53.40. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

54.41. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

55.42. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern ~~Standard~~ Daylight Time on the date of this Order.

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

Court File No. CV14-10655-CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**APPLICATION RECORD  
(RETURNABLE AUGUST 7, 2014)**

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