

**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.**

MOTION RECORD OF 2436768 ONTARIO INC.

**FOR RELIEF RELATED TO THE PAYMENT OF FUNDS
TO FORMER EMPLOYEES OF MARTIN ROSS GROUP INC.
AND FOR APPOINTMENT OF REPRESENTATIVE COUNSEL**

Returnable October 8, 2014

October 6, 2014

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto, Ontario, M5C 3G5

Eric Golden (LSUC # 38239M)
Chad Kopach (LSUC # 48084G)

(416) 593-3927/2985 (Tel)
(416) 593-5437 (Fax)

Lawyers for 2436768 Ontario Inc.

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OR ARRANGEMENT OF MARTIN ROSS GROUP INC.**

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TAB 1

Court File No. CV-14-10655-00CL

**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 MOTION

2436768 ONTARIO INC. (the "Moving Party"), a corporation wholly owned by Allen Shechtman ("**Shechtman**"), the chief executive officer, sole director and 25% shareholder of Martin Ross Group Inc. ("**MRG**"), will make a motion to a judge presiding over the Commercial List at 10:00 a.m. on Wednesday, October 8, 2014, at 330 University Avenue, Toronto, Ontario.

THE PROPOSED METHOD OF HEARING: The motion will be heard orally.

THE MOTION IS FOR an Order substantially in the form of the draft attached as Schedule "A" hereto:

1. if necessary, abridging the time for service of the notice of motion and motion record herein, validating service, and dispensing with further service thereof;
2. declaring that, upon payment of the Eligible Employee Payment (as defined below) by the Moving Party to MRG, such monies shall be held in trust by MRG for the benefit of the Eligible Employees (as defined below), and shall not form part of the property of MRG for distribution to its creditors;

3. authorizing and directing MRG to distribute the Eligible Employee Payment to the Eligible Employees in accordance with the distribution schedule attached as Exhibit F to the Shechtman Affidavit sworn October 5, 2014 (the “**Shechtman Affidavit**”), provided that prior to issuing a payment to an Eligible Employee, such Eligible Employee shall have delivered to MRG an executed acknowledgment and release in the form attached as Exhibit G to the Shechtman Affidavit (the “**Acknowledgment and Release**”);
4. declaring that any portion of the Eligible Employee Payment not paid out to the Eligible Employees on or before October 17, 2014, shall forthwith be returned by MRG to the Moving Party, without right of setoff;
5. declaring that the Acknowledgment and Release shall be an absolute full and final defence in disallowing an Eligible Employee’s proof of claim;
6. directing the Moving Party to bring a further motion for payment and distribution of the Contingent Surplus Payment (as defined below) if, and only if, the net proceeds of the sale of MRG’s assets available for distribution to MRG’s unsecured creditors exceed \$9,000,000.00;
7. appointing Dewart Gleason LLP (“**Dewart Gleason**”) as representative counsel for the Eligible Employees with respect to their acceptance of payment of the Eligible Employee Payment and the Contingent Surplus Payment (if any), and execution of the Acknowledgment and Release (the “**Acknowledgment and Release Issue**”); and,
8. such further and other relief as counsel may request and this Court may permit.

THE GROUNDS FOR THE MOTION ARE:**MRG CCAA**

1. pursuant to the Order of Justice Penny dated August 7, 2014 (the “**Initial Order**”), MRG sought and was granted protection from its creditors under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to the Initial Order, among other things, Collins Barrow Toronto Limited (“**Collins Barrow**”) was appointed as Monitor over the business and financial affairs of MRG;
2. pursuant to the Order of Justice Hainey dated August 27, 2014, the Stay Period in the Initial Order was extended from September 6, 2014, to September 11, 2014;
3. pursuant to the order of Justice Newbould dated September 11, 2014 (the “**Newbould Order**”), the Stay Period was extended to October 31, 2014, and a sale process (the “**Sale Process**”) was approved for the marketing and sale of all or a portion of MRG’s assets;

Process of Sale

4. the Monitor marketed the sale of MRG’s assets, and, pursuant to the Sale Process, required any offers to purchase to be made on or before September 30, 2014, at 12:00 noon. The Monitor received no material offer;
5. MRG’s assets will therefore be liquidated. MRG expects to recover approximately \$15 million through this process. After deducting the costs of sale and paying out the secured creditors, MRG expects that the sum of approximately \$9 million (the “**Expected Net Liquidation Proceeds**”) will be available to MRG’s unsecured creditors;

6. MRG's unsecured creditors are owed approximately \$33.7 million. This amount does not take into account unsecured claims from the Eligible Employees relating to their termination of employment, which Eligible Employees' unsecured claims, as set out in more detail below, MRG valued at approximately \$3.8 million, and the value of which claims may be in fact a lesser amount, for total unsecured claims of approximately \$37.5 million;
7. based on the above, the unsecured creditors (including the Eligible Employees) would recover approximately \$0.24 per dollar claimed from the Expected Net Liquidation Proceeds if the Eligible Employees advance claims against MRG's assets as unsecured creditors. This would translate into an aggregate payment to the Eligible Employees of almost \$910,000 (the "**Eligible Employee Expected CCAA Proceeds**");
8. notwithstanding that Shechtman is not personally responsible for any payments to the Eligible Employees resulting from their termination, he has agreed to make funds available to the Moving Party in order to make payments to MRG within the next two weeks for the benefit of the Eligible Employees in the total gross amount of \$947,679.38 (the "**Eligible Employee Payment**"), being an amount equal to one week of pay for every year of service to a maximum of 26 weeks, as soon as possible. The payment is being made to MRG because it already has a payroll program account in place with the Canada Revenue Agency ("CRA") to facilitate the proper administration of the employee source deductions for remittance to the CRA;

9. further, so that the Eligible Employees are not at a disadvantage by accepting the Eligible Employee Payment, Shechtman is also willing to make additional funds available for them in the event that the net proceeds of the sale of MRG's assets available for distribution to MRG's unsecured creditors exceed \$9,000,000.00;

Termination of the Eligible Employees

10. as of the date of the Initial Order, MRG employed 82 non-unionized employees;
11. on or about August 7, 2014 (after the Initial Order), MRG provided eight weeks written notice of termination of employment, effective October 3, 2014, to all but two of MRG's employees (including 13 MRG employees temporarily laid off in or about April, 2014). This eight week notice period is the maximum required pursuant to the *Employment Standards Act, 2000*, S.O. 2000, c. 41 (the "ESA");
12. on or about August 7, 2014, MRG also recalled the 13 employees on temporary lay-off, and terminated their employment with eight weeks written notice;
13. 11 of the 13 laid-off employees returned to work at MRG. The other two laid-off employees did not respond to the recall notice, and thereby abandoned their employment with MRG;
14. in or about early-September, 2014, one of the remaining employees resigned her employment with MRG, and another was terminated for cause;
15. accordingly, as of early-October, 2014, MRG employed 78 employees, 76 of whom (the "Eligible Employees") have now been terminated from their employment with MRG effective October 3, 2014;

16. many of the Eligible Employees are long-term employees. 49 have been employed with MRG for more than 10 years. Of these, 14 have 25 years of service or more;

ESA Entitlement, the Common Law Claims, and MRG's Obligation to Pay

17. the Eligible Employees with more than five years of service with MRG (being 68 of the 76 Eligible Employees) are, at a minimum, entitled to claim as unsecured debtors of MRG for their severance pay under the ESA equal to one week of pay for every year of service, to a maximum of 26 weeks;
18. MRG has prepared a distribution schedule setting out the ESA severance payment for the 68 Eligible Employees with more than five years of service. The distribution schedule includes a similar calculation (that is, one week of pay for each year of service) for those eight employees who have less than five years of service with MRG, notwithstanding that these employees are not entitled to severance pay under the ESA;
19. the Eligible Employees will also rank as unsecured creditors for claims they could make in respect of the termination of their employment at common law, calculated at approximately one **month's** payment of salary and benefits per year of service, subject to mitigation. Given that the distribution schedule is based on one **week's** payment of salary per year of service, the likely maximum aggregate of the Eligible Employees' unsecured claims could therefore be approximately \$3,790,717.56, being the total amount set out in the distribution schedule (\$947,679.38), multiplied by four;

20. however, MRG cannot currently pay any amount to the Eligible Employees. To obtain payment, the Eligible Employees will have to wait for MRG's assets to be liquidated (which MRG expects will take at least three months), and participate in a claims process. The Eligible Employees would likely incur legal costs to participate in the claims process;

The Eligible Employee Payment Proposal

21. to ensure the Eligible Employees will receive their severance pay, Shechtman feels a personal obligation and will make funds available to the Moving Party to make the Eligible Employee Payment to MRG provided that a Court order is obtained (i) declaring that the Eligible Employee Payment is not subject to claims by MRG's creditors, and (ii) if any Eligible Employee decides not to receive his or her share by October 17, 2014, directing the balance of the Eligible Employee Payment be returned to the Moving Party forthwith after October 17, 2014. Further, each Eligible Employee who accepts payment of their share of the Eligible Employee Payment must sign an Acknowledgment and Release. Among other things, the Court order the Acknowledgment and Release and will prohibit each Eligible Employee who accepts the Eligible Employee Payment from advancing a claim against the assets of MRG;
22. the Moving Party proposes to pay the Eligible Employee Payment to MRG in trust, which would in turn make a distribution to the Eligible Employees in accordance with a distribution schedule established by an Order of this Court, and pay the applicable withholding payment to the CRA (see paragraph 8, above). MRG is not receiving or making the payment in its capacity as employer of the Eligible Employees, and the

Eligible Employee Payment will not at any time belong to MRG or be able to be used by MRG for any purpose other than the distribution to the Eligible Employees;

23. the Eligible Employee Payment will ensure that the Eligible Employees receive, within the next two weeks, the funds that they would otherwise not receive until after the liquidation process is complete (likely sometime in the new year), if at all. Further, as set out below, the appointment of Representative Counsel, funded by the Moving Party, will mean that the Eligible Employees will not have to incur legal fees, which they might otherwise, were they to make claims as unsecured creditors;

Proposal is a Net Benefit to the Eligible Employees

24. as set out above, the maximum aggregate of the Eligible Employees' unsecured claims will be approximately \$3,790,717.56;
25. if the Eligible Employees advance claims as unsecured creditors for \$3,790,717.56, the total amount of unsecured creditors' claims will increase to approximately \$37,569,617.99, and the Eligible Employees will likely only recover the Eligible Employee Expected CCAA Proceeds of about \$910,000.00, which is approximately \$37,000.00 less than they would receive under the Eligible Employee Payment;
26. however, the Eligible Employees may actually recover less than Eligible Employee Expected CCAA Proceeds if they proceed with their unsecured claims, as the Eligible Employee Expected CCAA Proceeds does not take into account the circumstances of each individual claim (including mitigation), nor does it take into account the cost of the claims process which would likely further erode the Expected Net Liquidation Proceeds.

In addition, the Eligible Employees will have to wait until a claims process is established and all unsecured claims are vetted before any distribution can be made;

The Contingent Surplus Payment

27. since the Eligible Employees are being asked to sign an Acknowledgment and Release and release their rights to submit a proof of claim in the CCAA proceeding, the Moving Party is also establishing a mechanism to ensure the Eligible Employees will not be out of pocket in the event the net proceeds from the liquidation process are actually greater than the \$9 million Expected Net Liquidation Proceeds;
28. in this regard, Shechtman will make additional funds available to the Moving Party, and the Moving Party will bring a further motion to permit it to make an additional payment to MRG in trust on similar terms as the Eligible Employee Payment (the “**Contingent Surplus Payment**”). The Contingent Surplus Payment will be 10% of any net liquidation proceeds over \$9 million, to a maximum of \$2,843,038.18 (in addition to the Eligible Employee Payment). The rate of 10% is based on the Eligible Employees’ maximum aggregate unsecured claim of \$3,790,717.56, being approximately 10% of the total unsecured claims (if the Eligible Employee Payment were not made) of \$37,569,617.99. The maximum of \$2,843,038.18 is based on the Eligible Employees maximum aggregate secured claim (\$3,790,717.56), less the Eligible Employee Payment of \$947,679.38;

29. in the event the Contingent Surplus Payment is made, each participating Eligible Employee will receive a share of the Contingent Surplus Payment in the same proportion as their share of the Eligible Employee Payment set out in the Proposed Distribution Chart. The Contingent Surplus Payment will also be subject to withholding for payments to the CRA;
30. as with the Eligible Employee Payment, in the event that some Eligible Employees decide not to receive the proposed distribution, then not all of the Contingent Surplus Payment will be paid out. In that circumstance, any remaining funds from the Contingent Surplus Payment will be returned to the Moving Party within a reasonable time after the Contingent Surplus Payment has been distributed to the participating Eligible Employees;
31. if it is necessary for the Moving Party to make the Contingent Surplus Payment, the Moving Party will bring a further motion to this Court for an order for the payment and distribution of the Contingent Surplus Payment to MRG, in trust for the Eligible Employees;

Proposal Benefits the Other Unsecured Creditors

32. the Eligible Employee Payment and the Contingent Surplus Payment are not being made out of MRG's assets, and the effect of the payment is to remove the Eligible Employees from the pool of MRG's unsecured creditors;
33. given the Expected Net Liquidation Proceeds of \$9 million, and the current total of unsecured creditor claims of approximately \$33.8 million, the other unsecured creditors should recover approximately \$0.27 per dollar claimed if the Eligible Employee Payment is made (because the Eligible Employees will release their rights as unsecured creditors),

versus approximately \$0.24 per dollar claimed if the Eligible Employee Payment is not made (and the Eligible Employees advance their maximum aggregate unsecured claims). The within proposal is therefore a benefit to the other unsecured creditors;

Representative Counsel

34. the Monitor and its counsel support the Moving Party's proposal, and agree that the making of the proposed Eligible Employee Payment and the Contingent Surplus Payment, in exchange for the Acknowledgment and Release, will be a net benefit to the Eligible Employees and to the non-employee unsecured creditors.
35. because the Moving Party is asking the Eligible Employees to sign the Acknowledgment and Release and release their rights to participate in the CCAA process, the Moving Party requires the Eligible Employees to receive independent legal advice. In that regard, the Moving Party is concerned that a number of different counsel will be engaged by the Eligible Employees, without any quality control or comfort that proper independent legal advice was given;
36. as the circumstances relating to each of the Eligible Employee's interests as unsecured creditors are similar, and since it would be more efficient for the Eligible Employees, the Monitor, and the Court if the interests of the Eligible Employees were represented by one law firm ("**Representative Counsel**"), the Moving Party is requesting:
 - (a) that Representative Counsel be appointed for the Eligible Employees with respect to the Acknowledgment and Release Issue; and
 - (b) that Dewart Gleason LLP be appointed as Representative Counsel and that its fees and costs in that role be funded by the Moving Party;

37. Dewart Gleason LLP has agreed to be appointed as Representative Counsel;

Notice to the Eligible Employees

38. on or about October 2, 2014, after the expiry of the deadline for offers under the Sale Process had expired, a letter from Eric Golden of Blaney McMurtry LLP, the Moving Party's lawyers in the within matter, was delivered to all Eligible Employees (the "**First Eligible Employee Letter**"). The First Eligible Employee Letter advised the Eligible Employees of the intention to bring the within motion, and advised that they would receive a second letter by October 6, 2014;
39. all Eligible Employees save for six received the First Eligible Employee Letter. The six who did not receive it were not present at work on October 2, 2014, and a copy of the letter was sent to their last known address by courier on October 2, 2014;
40. at the time they were provided with the First Eligible Employee Letter, the Eligible Employees were asked to provide their e-mail addresses. 37 Eligible Employees provided their e-mail addresses;
41. for the 37 Eligible Employees who provided their e-mail addresses, notice of this motion is being provided to each Eligible Employee by way of a letter sent to them at their respective e-mail addresses. For the 39 Eligible Employees who did not provide their e-mail addresses, notice is being provided by way of a letter sent by courier to their last known home address. The form of letter to each employee includes the amount he or she will receive from the proposed distribution of the Eligible Employee Payment, and when it is expected he or she can meet with Representative Counsel;

42. a complete copy of the motion materials has been posted on Collins Barrow's website, and all of the Eligible Employees have been directed to the relevant link on the website for access to those materials;
43. section 11 of the CCAA;
44. Rule 10.01 of the *Rules of Civil Procedure*; and,
45. such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

1. the Affidavit of Allen Shechtman sworn October 6, 2014;
2. the First Report of the Monitor dated September 5, 2014;
3. the Second Report of the Monitor dated October 6, 2014; and
4. such further and other evidence as counsel may advise and this Court permit.

October 6, 2014

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto, Ontario, M5C 3G5

Eric Golden (LSUC # 38239M)
Chad Kopach (LSUC # 48084G)

(416) 593-1221 (Tel)
(416) 593-5437 (Fax)

Lawyers for the Moving Party,
2436768 Ontario Inc.

TO: E Service List (see Schedule "B")

AND TO: Eligible Employees Service List (see Schedule "C")

TAB A

SCHEDULE "A"

Court File No. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)	DAY, THE	DAY
)		
JUSTICE)	OF	, 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.**

ORDER

THIS MOTION made by 2436768 Ontario Inc. (the "**Moving Party**") for an Order providing for the payment and distribution of an Eligible Employee Payment (as defined below) and certain declaratory and other relief related thereto as set out in the Notice of Motion dated October 6, 2014, and for an Order appointing Dewart Gleason LLP ("**Dewart Gleason**") as representative counsel in this proceeding for the Eligible Employees (as set out in **Schedule "A"** attached hereto), was heard this day at Toronto.

ON READING the Affidavit of Allen Shechtman sworn October 6, 2014 (the "**Shechtman Affidavit**"), and on hearing the submissions of counsel for the Moving Party, for Martin Ross Group Inc. ("**MRG**") and for the Monitor, Collins Barrow Toronto Limited ("**Collins Barrow**"), no one else appearing although served as evidenced by the Affidavit of Service of Elaine Persaud sworn October 6, 2014, filed;

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1. **THIS COURT ORDERS** that the timing and method of service of the Moving Party's Notice of Motion returnable October 8, 2014 (the "**Notice of Motion**"), and related motion material filed in support of that Notice of Motion (the "**Motion Material**") be and is hereby abridged, that service of the Notice of Motion and Motion Material is hereby validated such that service effected on the parties served with the Notice of Motion and Motion Material shall be good and sufficient notice thereof, and that further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS** and declares that, upon payment of the amount of \$947,679.38 (the "**Eligible Employee Payment**") from the Moving Party to MRG:

- (a) the Eligible Employee Payment shall be held in trust by MRG for the benefit of the Eligible Employees;
- (b) the Eligible Employee Payment shall not form part of the property of MRG for distribution to its creditors or any other purpose; and
- (c) other than the Eligible Employees, no creditor of MRG or any of its affiliates shall have any interest in, or shall be entitled to, or shall make a claim against the Eligible Employee Payment.

3. **THIS COURT ORDERS** that MRG is hereby authorized and directed to distribute the Eligible Employee Payment to the Eligible Employees in accordance with the distribution schedule attached as Exhibit "F" to the Shechtman Affidavit, provided that prior to issuing a payment to an Eligible Employee, such Eligible Employee shall have delivered to MRG an executed acknowledgment and release (the "**Acknowledgment and Release**") in the form

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attached as Exhibit "G" to the Shechtman Affidavit, and the distribution of the Eligible Employee Payment shall not constitute a preference.

4. **THIS COURT ORDERS** and declares that the Acknowledgment and Release shall be an absolute full and final defence in disallowing an Eligible Employee's proof of claim against the assets of MRG in the CCAA proceedings or otherwise.

5. **THIS COURT ORDERS AND DIRECTS** MRG to return to the Moving Party forthwith that part of the Eligible Employee Payment that has not been paid out to the Eligible Employees by October 17, 2014, and this return of the Eligible Employee Payment (or part thereof) to the Moving Party shall not constitute a preference.

6. **THIS COURT ORDERS AND DIRECTS** the Moving Party to bring a further motion for payment and distribution of the Contingent Additional Payment (as that term is defined in the Shechtman Affidavit) following the liquidation of MRG's assets, if, and only if, the funds available for distribution to MRG's unsecured creditors is greater than \$9,000,000.00.

7. **THIS COURT ORDERS** that the Moving Party shall not file a claim against MRG in the CCAA proceeding or otherwise in respect of the Eligible Employee Payment or the Conditional Additional Payment.

8. **THIS COURT ORDERS** that subject to paragraph 9 below, Dewart Gleason is hereby appointed in this proceeding as representative counsel ("**Representative Counsel**") for the Eligible Employees with respect to providing them with independent legal advice as to the meaning and effect of the Acknowledgment and Release (collectively the "**Mandate**").

9. **THIS COURT ORDERS** that the role of Representative Counsel for the Eligible Employees shall be limited to the Mandate.

10. **THIS COURT ORDERS** that any individual Eligible Employees who do not wish to be represented by Representative Counsel and be bound by this Order and all other orders which may subsequently be made in this proceeding related to the appointment of Representative Counsel, shall by October 14, 2014 (the “**Opt-Out Date**”) notify counsel for the Moving Party by facsimile, email or delivery, in the form attached hereto as **Schedule “B”** (the “**Opt-Out Letter**”), and shall thereafter not be represented by Representative Counsel for the purpose of the Mandate.

11. **THIS COURT ORDERS** that, in fulfilling its duties hereunder, Representative Counsel:

- (a) shall not be obligated to follow the instructions of, nor provide opinions to, any of the Eligible Employees; and,
- (b) shall act in the best interests of the Eligible Employees as a whole, and take such necessary and appropriate actions and steps as Representative Counsel deems advisable from time to time.

12. **THIS COURT ORDERS** that any expenditure or liability which shall properly be made or incurred by Representative Counsel, including the reasonable fees and disbursements of Representative Counsel, shall be paid by the Moving Party in a timely manner to allow Representative Counsel to fulfill its Mandate in accordance with this Order, but in the event of any disagreement regarding such fees and disbursements such matters will be dealt with on an assessment of the accounts in this proceeding and payment shall be deferred until that time.

13. **THIS COURT ORDERS** that, subject to further order of the Court, and without limitation to any other right or protection in favour of Representative Counsel, Dewart Gleason shall not be required to take any step or action if it reasonably believes that there will not be sufficient funds available to it to complete such step or action, and Dewart Gleason may apply to be discharged from its role as Representative Counsel at any time in its sole discretion, including, without limitation, on the basis that it reasonably believes that there are insufficient funds available to it to carry out the terms of this Order or otherwise fulfill its role as Representative Counsel.

14. **THIS COURT ORDERS** that the Moving Party shall provide notice of this Order to the Eligible Employees set out in **Schedule "A"** hereto by: (a) e-mailing, mailing or delivering a copy of the Moving Party's Notice attached as **Schedule "C"** hereto, together with a copy of this Order, after the issuance of this Order, to the Eligible Employees at their last known addresses, and by (b) posting a copy of the Moving Party's Notice on the Monitor's website as soon as practicable after the issuance of this Order.

15. **THIS COURT ORDERS** that Representative Counsel shall have no liability for any act or omission as a result of its appointment or the fulfillment of its duties in carrying out the provisions of this Order, save and except for any gross negligence or willful misconduct on its part, and that no action or other proceedings shall be commenced against Representative Counsel relating to its acting as such, except with prior leave of this Court to be obtained on at least (7) seven days' notice to Representative Counsel and upon further order in respect of security for costs on a substantial indemnity basis of Representative Counsel in connection with any such action or proceeding.

16. **THIS COURT ORDERS** that Representative Counsel shall be at liberty and is authorized at any time to apply to this Court for advice and directions in the discharge and variations of its powers and duties, including but not limited to whether or not any individual should be represented by Representative Counsel because of a potential conflict of interest or otherwise.

17. **THIS COURT ORDERS** that in the event this Order is later amended by further Order of the Court, the Moving Party shall arrange for the Monitor to post such further Order on the Monitor's website and such posting will constitute adequate notice to the Eligible Employees of such amended Order.

SCHEDULE "A"

Alyson Teacher	Kim Nguyen
Francis D'Souza	Donna Pelan
Corazon Zapanta	Gloria Ayala
Josie Medeiros	Kathy Yip
Frank Logiudice	Jean (Jian) Yang
Khamanee Moonilal	Manu Ruparelia
Camla Baig	Leslie Smith
Maritess Mamat	Roberto Cerda
Beci Midolo	Rosalia De Leon
Lucia Spinelli	Mei Ping Leung
Daniel Koffman	Marie Di Schiavi
Lisbeth Martinez	Juan Rodriguez
Betty Lin (Bixing Lin)	Chau Le Tran
Asdghig Garboushian	Hau Nguyen
Anu Vong (Nu Vong)	Pauly Chau
Raymundo Martin	Jamie Jukes
Mauro Girardo	Anh Bang
Kriquar Jamjekian	Madai Beharry
Ahmad Baig	Mego Kerjikian
Viet Hung Huynh	Tam Mihn Chau
Manuel Da Silva	Simon Kam
Dinis Augusto	Caner Sari
Rolando Orellano	Howard Shanfield
Maria Camilleri	Tuan Quang Truong
Ngoc Le Tran	Carlos Astudillo

Ronald Mendonca

Samantha Passarella

Heung Ming (Christina) Cheung

Anant Singh

Fon Que

Angelina Pacheco

Maria Araujo

Se Van Nguyen

Dung Van Hua

Bhavna Kacharawala

Patrick Ka Ki Ho

Ohanes Dankikian

Margaret Chan

Garrett Evans

Ying Chan Liu

Teresa Ng

Hanh Doan

Lan Bao

Phuong Truong

John Nguyen

Matthew Nelson

Hong Yu

Kei Cheong Tsang

Thanh Nguyen

Abby Wong

Chung Lung Matchy Ng

SCHEDULE "B"

Court File No. CV-14-10655-00CL

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

OPT-OUT LETTER

BLANEY McMURTRY LLP
 Barristers & Solicitors
 2 Queen Street East, Suite 1500
 Toronto, Ontario, M5C 3G5

Attention: Eric Golden/Chad Kopach

(416) 593-1221 (Tel)
 (416) 593-5437 (Fax)
egolden@blaney.com/ckopach@blaney.com

DEWART GLEASON LLP
 Barristers & Solicitors
 366 Adelaide Street West, Suite 102
 Toronto, Ontario, M5V 1R7

Attention: Sean Dewart

(416) 583-5755 (Tel)
 (416) 971-8001 (Fax)
sdewart@dglp.ca

I, _____, am an Eligible Employee as defined in the Order of
 Justice dated October _____, 2014 (the "**Representative Counsel Order**").

Under paragraph 10 of the Representative Counsel Order, Eligible Employees who do not wish
 Dewart Gleason LLP ("**Dewart Gleason**") to act as their Representative Counsel may opt out.

I hereby notify Dewart Gleason and Blaney McMurtry LLP, counsel for 2436768 Ontario Inc.,
 that I do not wish to be bound by the Representative Counsel Order.

 Date

 Signature

Name:

Telephone Number:

Email Address:

Contact Address:

SCHEDULE "C"

MOVING PARTY'S NOTICE

Pursuant to an Order (the "**Initial Order**") of Justice Penny of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 7, 2014 (the "**Appointment Date**"), Collins Barrow Toronto Limited ("**Collins Barrow**") was appointed as monitor (the "**Monitor**") to monitor the business and financial affairs of Martin Ross Group Inc. ("**MRG**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**").

Pursuant to an order of the Court dated October , 2014 (the "**Representative Counsel Order**"), Dewart Gleason LLP ("**Dewart Gleason**") was appointed as representative counsel ("**Representative Counsel**") of all Eligible Employees (as set out in Schedule "A" to the Representative Counsel Order) in all matters relating to the Mandate (as defined in the Representative Counsel Order).

The reasonable fees of and disbursements incurred by the Representative Counsel with respect to the Mandate shall be paid by 2436768 Ontario Inc. ("**243 Ontario**") on a periodic basis. Accordingly, **you are not required to contribute to the costs of the Representative Counsel.**

If you do not wish to be bound by this Order, you must notify 243 Ontario and Dewart Gleason in writing, by mail, e-mail or delivery on or before **October 14, 2014**. Your notice that you do not wish to be bound by the Representative Counsel Order must be in the form of a fully completed and enclosed "Opt-Out Letter" attached as Schedule "B" to the Representative Counsel Order and also available on the Monitor's website at:

<http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>

Additional information concerning the MRG CCAA proceeding, including previous Orders granted in the proceeding, can be also found on the Monitor's website at the same link. Eligible Employees may contact Dewart Gleason in confidence directly at:

DEWART GLEASON LLP
Barristers & Solicitors
366 Adelaide Street West, Suite 102
Toronto, Ontario, M5V 1R7

Attention: Sean Dewart

(416) 583-5755 (Tel)
(416) 971-8001 (Fax)
sdewart@dglp.ca

TAB B

SCHEDULE "B"
E SERVICE LIST

COUNSEL/PARTY	LAWYER(S)/ CONTACT PERSON(S)	PARTY REPRESENTING	E-MAIL ADDRESS
KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP 8 King Street East, #1000 Toronto, ON M5C 1B5	Mervyn Abramowitz Tel: 416-218-5620 Fax: 416-306-9874 Philip Cho Tel: 416-218-5620 Fax: 416-306-9874 Stephen Wolpert Tel: 416-218-5763 Fax: 416-306-9874	Martin Ross Group Inc.	mabramowitz@krmc-law.com pcho@krmc-law.com swolpert@krmc-law.com
COLLINS BARROW TORONTO LIMITED 11 King Street West, #700 Toronto, ON M5H 4C7	Daniel Weisz Tel: 416-646-8778 Fax: 416-480-2646 Eric Corrado Tel: 647-727-3659 Fax: 416-480-2646	Monitor	dweisz@collinsbarrow.com ejcorrado@collinsbarrow.com
TORKIN MANES LLP 1500-151 Yonge Street Toronto, ON M5C 2W7	Fay Sulley Tel: 416-777-5419 Fax: 1-888-587-5769	Monitor	fsulley@torkinmanes.com
DEPARTMENT OF JUSTICE CANADA Tax Section, Exchange Tower Suite 3400, P.O. Box 36 130 King Street West Toronto, ON M5X 1K6	Diane H. A. Winters Tel: 416-973-3172 Fax: 416-973-0810		diane.winters@justice.gc.ca

COUNSEL/PARTY	LAWYER(S)/ CONTACT PERSON(S)	PARTY REPRESENTING	E-MAIL ADDRESS
MINISTRY OF REVENUE (ONTARIO) Legal Services Branch 6 th Floor, P.O. Box 627 Station A 33 King Street West Oshawa, ON L1H 8H5	Kevin O'Hara Tel: 905-433-6934 Fax: 905-436-4510		kevin.ohara@ontario.ca
BLANEY MCMURTRY LLP 1500-2 Queen Street East Toronto, ON M5C 3G5	Eric Golden Tel: 416-593-3927 Fax: 416-593-5437	Sherfam Inc.	egolden@blaney.com
RP HOLDINGS INC. 1 City Centre Drive Suite 620 Mississauga, ON L5B 1M2	Craig Baxter Tel: 416-401-7380 Fax: 1-800-609-9444		cbaxter@apotex.ca
DELL FINANCIAL SERVICES CANADA LIMITED-LEGAL DEPARTMENT	Daniel Murphy		Daniel_e_murphy@dell.com
FARRIS, VAUGHAN, WILLS & MURPHY LLP 25 th Floor 700 W Georgia Street Vancouver, BC V7Y 1B3	Tim Louman- Gardiner Tel: 604-661-1729 Fax: 604-661-9349	S. Vinodkumar USA, Inc., creditor	tlouman-gardiner@farris.com
DEWART GLEASON LLP 102-366 Adelaide St West Toronto ON M5V1R9	Sean Dewart Tel: 416.583.5755 Fax: 416.971.8001	Eligible Employees	sdewart@dglp.ca

TAB C

SCHEDULE "C"

Alyson Teacher	Kim Nguyen
Francis D'Souza	Donna Pelan
Corazon Zapanta	Gloria Ayala
Josie Medeiros	Kathy Yip
Frank Logiudice	Jean (Jian) Yang
Khamanee Moonilal	Manu Ruparelia
Camla Baig	Leslie Smith
Maritess Mamat	Roberto Cerda
Beci Midolo	Rosalia De Leon
Lucia Spinelli	Mei Ping Leung
Daniel Koffman	Marie Di Schiavi
Lisbeth Martinez	Juan Rodriguez
Betty Lin (Bixing Lin)	Chau Le Tran
Asdghig Garboushian	Hau Nguyen
Anu Vong (Nu Vong)	Pauly Chau
Raymundo Martin	Jamie Jukes
Mauro Girardo	Anh Bang
Kriquar Jamjekian	Madai Beharry
Ahmad Baig	Mego Kerjikian
Viet Hung Huynh	Tam Mihn Chau
Manuel Da Silva	Simon Kam
Dinis Augusto	Caner Sari
Rolando Orellano	Howard Shanfield
Maria Camilleri	Tuan Quang Truong
Ngoc Le Tran	Carlos Astudillo

Ronald Mendonca

Samantha Passarella

Heung Ming (Christina) Cheung

Anant Singh

Fon Que

Angelina Pacheco

Maria Araujo

Se Van Nguyen

Dung Van Hua

Bhavna Kacharawala

Patrick Ka Ki Ho

Ohanes Dankikian

Margaret Chan

Garrett Evans

Ying Chan Liu

Teresa Ng

Hanh Doan

Lan Bao

Phuong Truong

John Nguyen

Matthew Nelson

Hong Yu

Kei Cheong Tsang

Thanh Nguyen

Abby Wong

Chung Lung Matchy Ng

TAB 2

Court File No. CV-14-10655-00CL

**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 ALLEN SHECHTMAN

I, **ALLEN SHECHTMAN**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the chief executive officer and the sole director of Martin Ross Group Inc. ("**MRG**"), and the sole officer and director of 2436768 Ontario Inc. (the "**Moving Party**"). I also own 25% of the shares of MRG, and 100% of the shares of the Moving Party. As such, I have knowledge of the matters to which I hereinafter depose.
2. Where the information in this affidavit is based upon information and belief, I have indicated the source, and do verily believe it to be true.
3. To the extent that any of the information set out in this affidavit is based on my review of MRG's documents, I verily believe the information in such documents to be true.
4. I make this affidavit in support of the Moving Party's motion for certain declaratory relief with respect to a proposed payment of monies to certain MRG employees whose employment has been terminated, and for an order appointing representative counsel for the terminated employees.

Introduction - The Reason For This Motion

5. As more fully set out below, many of the terminated employees were long-term employees of MRG. 49 of the employees have worked for MRG for more than 10 years, and 14 of these have 25 years or more of service.

6. If the terminated employees are to advance claims as unsecured creditors in the ongoing *Companies' Creditors Arrangement Act* (the "CCAA") process, they will have to wait for the liquidation process to be completed before any distribution is made. Given the amount MRG expects to receive from the liquidation, approximately \$9,000,000.00 should be available to MRG's unsecured creditors. The terminated employees would likely recover a maximum aggregate of almost \$910,000.00. This amount is slightly less than the aggregate severance payment that most terminated employees (i.e. those with more than five years of service) are entitled to under the *Employment Standards Act, 2000*, S.O. 2000, c. 41 (the "ESA"), and would be paid following the liquidation of MRG's assets and pursuant to a claims process that will take several months to complete. There is, of course, no guarantee that there will be as much as \$9,000,000.00 available to be distributed to the unsecured creditors at the end of the process.

7. Although I have no personal liability to the terminated employees, I know most if not all of these employees personally and feel a personal obligation to them in these circumstances. I have made arrangements to ensure that, within two weeks, they can each be paid a severance amount equal to one week of pay per year of service for a total payment of \$947,679.38 (the "**Eligible Employee Payment**"). This figure is based on the employees' ESA severance entitlement, but will be made available to all employees, not just those with five years of service.

The Initial Order and Expected Net Liquidation Proceeds

8. On August 7, 2014, MRG sought and was granted protection from its creditors under the CCAA. Collins Barrow Toronto Limited (“**Collins Barrow**”) was appointed Monitor of MRG. Attached hereto and marked as **Exhibit “A”** to this affidavit is a copy of the initial Order dated August 7, 2014, granted by Justice Penny (the “**Initial Order**”).

9. The stay period under the Initial Order was extended twice, once by Justice Hainey on August 27, 2014, and again by Justice Newbould on September 11, 2014. The stay period is set to expire on October 31, 2014. Attached hereto and marked as **Exhibits “B” and “C”** to this affidavit are copies of the Order of Justice Hainey dated August 27, 2014 (the “**Hainey Order**”) and the Order of Justice Newbould dated September 11, 2014 (the “**Newbould Order**”), respectively.

10. The Newbould Order included a sale process for the marketing and sale of MRG’s assets (the “**Sale Process**”). Pursuant to the Sale Process, any offers for all or part of MRG’s assets were to be made to the Monitor by September 30, 2014 at 12:00 noon. I am advised by Daniel Weisz, Senior Vice President of the Monitor, that no material offers were received by the Sale Process deadline.

11. In the circumstances, MRG’s assets will be sold on a liquidation basis. I am advised by Morris Robinson (“**Robinson**”), MRG’s Controller, that over the next three months, MRG’s assets can likely be sold for a total of approximately \$15 million. Of this, approximately \$6 million will be paid to MRG’s secured creditors, leaving a balance of approximately \$9 million available to the unsecured creditors (the “**Expected Net Liquidation Value**”).

The Eligible Employees

12. On August 7, 2014, after the Initial Order was issued, MRG provided eight weeks written notice to all but two existing employees (including 13 MRG employees temporarily laid off in or about April, 2014) that their employment would be terminated. The effective date of the notice of termination was October 3, 2014.

13. The eight weeks working notice of termination was based on the notice required to be given under the ESA.

14. The two MRG employees who were not given notice of termination were Robinson (MRG's Controller), and Cameron Gillies ("**Gillies**"), MRG's President and Chief Operating Officer. Robinson's and Gillies' employment with MRG continues after October 3, 2014.

15. On August 7, 2014, 67 MRG employees (that is, all employees at work on that date, save for Robinson and Gillies) were given their notice of termination at a staff meeting conducted by Gillies, as confirmed by the requisite Form 1 issued pursuant to the ESA and posted on MRG's notice board on the same date. Attached hereto and marked as **Exhibit "D"** to this affidavit is a copy of the ESA Form 1.

16. Gillies also provided the 13 employees on temporary lay-off with written notice of termination dated August 7, 2014, by mail to their last known address (the "**Notice to Laid-Off Employees**"). Attached hereto and marked as **Exhibit "E"** to this affidavit is a copy of the Notice to Laid-Off Employee provided to one of the temporarily laid-off workers, with the name and contact information redacted.

17. In the Notice to Laid-Off Employees, MRG also recalled the 13 employees that were on temporary lay-off. 11 returned to work at MRG, but two did not respond to the recall notice, and thereby abandoned their employment with MRG.

18. In or about early-September, 2014, one of the 78 remaining MRG employees whose employment was terminated effective October 3, 2014, resigned her employment, and another was terminated for cause.

19. Accordingly, as of October 1, 2014, after taking into account the circumstances of those three employees who resigned their employment and the employee terminated for cause, 76 of MRG's employees had been given notice of their termination effective October 3, 2014 (the "**Eligible Employees**").

20. Now shown to me and attached as **Exhibit "F"** to this affidavit is a chart setting out the 76 Eligible Employees (the "**Proposed Distribution Chart**"). The Proposed Distribution Chart sets out, among other things, the length of service of each Eligible Employee. The name of each employee has been left off the chart for privacy reasons.

21. The Proposed Distribution Chart sets out MRG's calculation of the Eligible Employees' entitlement to severance pay under the ESA, equal to one week of severance pay per year of service to a maximum of 26 weeks severance for those employees with five years of service or more.

22. That said, not all 76 Eligible Employees are entitled to severance pay under the ESA. Eight employees (numbers 12, 13, 17, 24, 52, 53, 75 and 76 on the Proposed Distribution Chart) have less than five years of service with MRG. Notwithstanding, MRG has calculated severance pay for these eight employees on the same basis of one week pay for each year of service, and I am prepared to make funds available to make payments to these eight employees.

23. As a result of the ongoing CCAA proceeding, MRG is not currently able to make any payments to the Eligible Employees' relating to termination of their employment, and they will rank as unsecured creditors in the within proceeding for any claim they may have in this regard, subject to the below.

24. Notwithstanding that I am not responsible for payment of the Eligible Employees' severance pay, I have agreed to make funds available to the Moving Party for the Eligible Employee Payment provided that a Court order is obtained (i) declaring that these funds do not form part of MRG's property and will not be subjected to claims by MRG's creditors, and (ii) returning to the Moving Party any part of the Eligible Employee Payment not paid out to the Eligible Employees by October 17, 2014. Further, each Eligible Employee must also release any right he or she may have to claim damages in respect of his or her termination of employment (including making a claim as an unsecured creditor) and sign an acknowledgment and release in the form attached as **Exhibit "G"** to this affidavit (the "**Acknowledgment and Release**").

25. I am also prepared to fund the retainer of representative counsel to advise each of the Eligible Employees as to the effect of accepting the Eligible Employee Payment and Contingent Additional Payment (set out below), and signing the Acknowledgment and Release.

Net Benefit to Eligible Employees

26. For the reasons that follow, I believe that the Eligible Employees will be better off accepting the Eligible Employee Payment than they would making claims as unsecured creditors of MRG.

27. My understanding is that the Eligible Employees will rank as unsecured creditors of MRG for any claims they could make pursuant to the ESA or in respect of the termination of their employment. I also understand that roughly calculated, the employees could claim approximately one **month** of salary and benefits per year of service, subject to mitigation. Given that the Eligible Employee Payment is based on one **week** pay per year of service, at one month per year of service the Eligible Employees' unsecured claims would be approximately \$3,790,717.56 (the Eligible Employee Payment (\$947,679.38), multiplied by four).

28. If the Eligible Employees advance their maximum aggregate unsecured claims, they will increase the total pool of unsecured creditors to approximately \$37,569,618.99. As a result, and given the Expected Net Liquidation Proceeds of \$9 million, the Eligible Employees (and the other unsecured creditors) would realize approximately \$0.24 per dollar claimed.

29. Based on the above, I believe that the Eligible Employees will each receive a greater amount by taking the Eligible Employee Payment and releasing their rights to make claims against MRG's assets, than they would pursuing their claims as unsecured creditors. They will also receive this payment within two weeks, as opposed to having to wait for MRG to liquidate its assets and proceeding through a claims process (which they would have to pay for themselves).

The Contingent Additional Payment

30. It is possible, though I do not believe likely, that the net liquidation proceeds available to unsecured creditors will be greater than the \$9 million Expected Net Liquidation Proceeds. To ensure that the Eligible Employees are not at a disadvantage by the within proposal in the event that recovery for the unsecured creditors is greater than the Expected Net Liquidation Proceeds, I am prepared to make additional funds available to the Moving Party. In the event that the net liquidation proceeds available to unsecured creditors will be greater than the \$9 million Expected Net Liquidation Proceeds, the Moving Party will bring a further motion to this Court to make a further payment to MRG in trust for each of the Eligible Employees who accepted the Eligible Employee Payment and signed the Acknowledgment and Release, on the same terms as the Eligible Employee Payment (the “**Contingent Additional Payment**”).

31. The Contingent Additional Payment (also to be paid to MRG in trust) will be 10% of any net liquidation proceeds over \$9 million, with a maximum Contingent Additional Payment of \$2,843,038.18. The rate of 10% is based on the total of the Eligible Employees’ unsecured claim of \$3,790,717.56, being approximately 10% of the total unsecured claims (if the Eligible Employees advanced unsecured claims) of \$37,569,617.99. The maximum of \$2,843,038.18 is based on the Eligible Employees’ maximum aggregate unsecured claim (\$3,790,717.56), less the Eligible Employee Payment (\$947,679.38).

32. If the funds available for unsecured creditors is more than \$9 million, then every Eligible Employee who has signed an Acknowledgment and Release will also receive a share of the Contingent Additional Payment in the same proportion as his or her share of the Eligible Employee Payment in the Proposed Distribution Chart. In the event that some Eligible

Employees decide not to receive the Eligible Employee Payment, then not all of the Contingent Additional Payment will be paid out and the excess will be returned to the Moving Party.

Eligible Employee Payment Will Benefit the Unsecured Creditors

33. The Eligible Employee Payment will not be made from the assets of MRG (and therefore is not otherwise available to the unsecured creditors), but the Eligible Employees will release their rights as unsecured creditors of MRG, and will not be entitled to share in the distribution of proceeds from the liquidation of MRG's assets. As a result, the Eligible Employees will not dilute the other unsecured creditors' pro-rata share of the net funds available following liquidation of MRG's assets.

Appointment of Representative Counsel

34. Because the Eligible Employees are being asked to sign the Acknowledgment and Release and release their rights to participate in the CCAA process, they will have to receive independent legal advice ("ILA") as a precondition to participating in the proposal. I am concerned that a number of different counsel will be engaged by the Eligible Employees, which could result in a delay in the completion of the process, and could create uncertainty regarding the quality of the ILA. It would also be costly for the individual Eligible Employees.

35. The circumstances relating to the Eligible Employees' interests as unsecured creditors appear to be similar. Therefore, it would be more efficient for the Eligible Employees, the Monitor, and the Court if the interests of the Eligible Employees were represented by one firm ("**Representative Counsel**").

36. I am advised by Eric Golden, a lawyer with Blaney McMurtry LLP, the Moving Party's lawyers in the within matter, that the law firm Dewart Gleason LLP ("**Dewart Gleason**") has expertise in both employment law and in insolvency law (and in CCAA proceedings specifically), and have the expertise, experience and resources necessary to provide ILA to the Eligible Employees as Representative Counsel.

37. In addition to the Eligible Employee Payment and the Contingent Surplus Payment, I have agreed to fund the retainer of Dewart Gleason as Representative Counsel.

Notice to the Eligible Employees

38. After the expiry of the September 30, 2014, deadline for offers set out in the Sale Process, the Eligible Employees were each given a copy of a letter from Mr. Golden. Attached hereto and marked as **Exhibit "H"** to this Affidavit is a copy of Mr. Golden's letter dated October 2, 2014 (the "**First Eligible Employee Letter**").

39. I am advised by Mr. Robinson that the First Eligible Employee Letter was given to the 70 Eligible Employees present at MRG's place of business at 250 Canarctic Drive, Toronto (the "**Canarctic Office**"), on October 2, 2014, and sent to the other six by courier to their last known home address.

40. I am further advised by Mr. Robinson that the 70 Eligible Employees present at the Canarctic Office on October 2, 2014, were asked to provide their e-mail addresses to receive further notice of the within motion. 36 of the Eligible Employees provided e-mail addresses.

41. Notice of this motion will be provided to each Eligible Employee in the form of a letter attached hereto as **Exhibit "I"** (the "**Second Eligible Employee Letter**").

42. The Second Eligible Employee Letter will be personalized in that each will set out the employee's share of the Eligible Employee Payment, and will enclose a copy of the Acknowledgment and Release.


43. The Second Eligible Employee Letter will be sent by e-mail to the 36 Eligible Employees who provided their e-mail addresses, and by courier to the other 40 Eligible Employees.

44. A complete copy of the motion materials will be posted on Collins Barrow's website, and all of the Eligible Employees have been directed to the relevant link on the Collins Barrow website for access to those materials.

45. This affidavit is sworn in support of the Moving Party's motion to pay funds to MRG for the benefit of the Eligible Employees, for the appointment of Representative Counsel, and for related relief, and for no improper purpose.

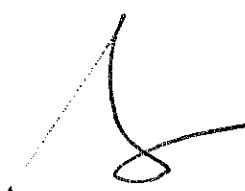
SWORN BEFORE ME

at the City of Toronto
in the Province of Ontario,
on October 6, 2014



A Commissioner for Taking Affidavits
C. Kopach

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ALLEN SHECHTMAN

TAB A

This is **Exhibit "A"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

A Commissioner, etc.

Court File No. CV-14-10655-001

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE Mr.)
JUSTICE Penny)

THURSDAY, THE 7TH
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.

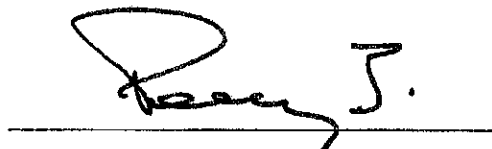
39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

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.

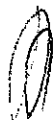
40. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and 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.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO.:
LE / DANS LE REGISTRE NO.:



AUG 7 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.**

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

INITIAL ORDER

KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP
Barristers and Solicitors
8 King Street East, Suite 1000
Toronto ON M5C 1B5

Mervyn D. Abramowitz (LSUC # 28323R)
mabramowitz@krmc-law.com

Philip Cho (LSUC #456125U)
pcho@krmc-law.com


Stephen Wolpert (LSUC # 57609Q)
swolpert@krmc-law.com

Tel: (416) 225-8750
Fax: (416) 306-9874

Lawyers for the Applicant, Martin Ross Group Inc.

TAB B

This is **Exhibit "B"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

A Commissioner, etc.

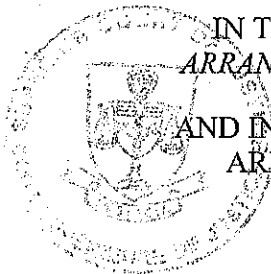
Court File No. CV-14-10655-00CL

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

THE HONOURABLE)

WEDNESDAY, THE 27THJUSTICE *HAINES*)

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.

ORDER

(Stay Period extension to September 11, 2014)

THIS MOTION, made by the Applicant, for an Order extending the Stay Period, as defined in paragraph 13 of the Initial Order of the Honourable Mr. Justice Penny granted on August 7, 2014 (the "**Initial Order**") in these proceedings, from September 6, 2014 to September 11, 2014, was read, in chambers, this day at 330re University Avenue, 8th Floor, Toronto, Ontario.

ON READING the draft Notice of Motion for an order extending the Stay Period and approving a sale process, returnable September 11, 2014, and on hearing the submissions of the lawyers for the Applicant and the Monitor,

1. THIS COURT ORDERS that the Stay Period be and is hereby extended from September 6, 2014 to September 11, 2014.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO.:
LE / DANS LE REGISTRE NO.:

AUG 27 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.

Court File No. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

(Stay Period extension to September 11, 2014)

KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP
Barristers and Solicitors
8 King Street East, Suite 1000
Toronto ON M5C 1B5

Mervyn D. Abramowitz (LSUC # 28323R)
mabramowitz@krmc-law.com

Philip Cho (LSUC #456125U)
pcho@krmc-law.com

Stephen Wolpert (LSUC # 57609Q)
swolpert@krmc-law.com

Tel: (416) 225-8750

Fax: (416) 306-9874

Lawyers for the Applicant, Martin Ross Group Inc.

TAB C

This is **Exhibit "C"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014



A Commissioner, etc.

Court File No. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)



THE HONOURABLE

JUSTICE NEWSBOULD

) THURSDAY, THE 11TH
)
) DAY OF SEPTEMBER, 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.

ORDER
(Sale process approval and Stay extension)

THIS MOTION, made by the Applicant for an Order, among other things:

- (a) Approving the sale process ("**Sale Process**"), attached as Schedule "A" to this Order;
- (b) Extending the Stay Period, as defined in the Initial Order of the Honourable Mr. Justice Penny granted on August 7, 2014 (the "**Initial Order**") in these proceedings, from September 11, 2014 to October 31, 2014; and,
- (c) Approving the First Report of Collins Barrow Toronto Limited ("**CBTL**"), in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the actions and activities of the Monitor described therein,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cameron Gillies sworn September 5, 2014 and the Exhibits thereto, the First Report of the Monitor, and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one else from the Service List appearing, although

properly served as appears from the affidavit of service of Kelly Barrett, sworn September 5, 2014,

SERVICE

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

SALE PROCESS

2. THIS COURT ORDERS that the Sale Process, attached as Schedule "A" to this Order, be and is hereby approved.

3. THIS COURT ORDERS that the Applicant and the Monitor be and are hereby authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the Sale Process and any step taken by the Applicant or the Monitor in connection with the Sale Process prior to the date hereof be and is hereby approved and ratified.

4. THIS COURT ORDERS that the Monitor shall have no personal or corporate liability in connection with the Sale Process, including, without limitation:

(a) by advertising the Sale Process, including, without limitation, the opportunity to acquire all or a portion of the Applicant's assets (the "Assets");

(b) by exposing the Assets to any and all parties, including, but not limited to, those parties who have made their interests known to the Monitor;

- (c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Applicant or the Assets;
- (d) by disclosing any and all information regarding the Applicant or the Assets arising from, incidental to, or in connection with, the Sale Process; and,
- (e) in respect of any and all offers received by the Applicant in accordance with the Sale Process; and,
- (f) in respect of any agreements entered into by the Applicant in respect of the sale of any of the Assets of the Applicant's business.

5. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or bidders and to their advisors but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a "Transaction"). Each prospective purchaser or bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall:

- (i) return all such information to the Applicant or the Monitor;
- (ii) destroy all such information;
- or, (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so.

6. THIS COURT ORDERS that, pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic*

Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act, S.C. 2010, c. 23, the Applicant and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to the Sale Process.

STAY EXTENSION

7. THIS COURT ORDERS that the Stay Period be and is hereby extended from September 11, 2014 to October 31, 2014.

APPROVAL OF THE FIRST REPORT AND MONITOR'S ACTIVITIES

8. THIS COURT ORDERS that the First Report of the Monitor, and the actions and activities of the Monitor as described therein, be and are hereby approved.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 11 2014

MB

9. THIS COURT FURTHER ORDERS that the Confidential Information Memorandum attached as Appendix I to the First Report of the Monitor be sealed pending further order of this Court.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 11 2014

21man J.

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APPENDIX A



Prime opportunity to purchase the assets of a well-established fine gold and diamond jewellery manufacturer

**For Sale – Assets of Martin Ross Group Inc.
250 Canartic Dr., North York, ON**



HIGHLIGHTS

- **Opportunity to purchase a going concern business**
- **Large selection of finished goods inventory**
- **Raw materials inventory including gold, diamonds, emeralds, rubies and other coloured stones**
- **Well-recognized trademarks and trade names**
- **State-of-the-art manufacturing equipment**
- **Sophisticated CAD/CAM technology**

THE OPPORTUNITY

Martin Ross Group Inc. ("**MRG**" or the "**Company**") is a manufacturer and wholesaler of fine jewellery, including rings, earrings and necklaces.

On August 7, 2014, MRG sought and obtained an Order of the Ontario Superior Court of Justice pursuant to the Companies Creditors Arrangement Act and in which, Collins Barrow Toronto Limited ("**CBTL**"), was appointed to act as the monitor (the "**Monitor**"). CBTL, solely in its capacity as Monitor, was appointed to implement and conduct the process for the marketing and sale of all of the current and future assets, undertakings and properties (collectively the "**Property**") of MRG.

The Monitor will receive offers to purchase up to and including 12:00 PM on September 30, 2014.

OVERVIEW OF THE COMPANY

MRG is one of Canada's dominant, domestic manufacturers of fine-gold and diamond jewellery specializing in Canadian diamonds. In 2005, it acquired the assets of Master Design Jewellery Limited and in 2010 it acquired the assets of Libman & Company Ltd., which was originally founded in 1934. It currently operates these two divisions as separate units, emphasizing as part of marketing that its jewellery is manufactured in Canada and contains gold from the Royal Canadian Mint and precious stones that are mined in Canada.

OVERVIEW OF THE ASSETS FOR SALE

The assets available for sale include:

Parcel A: MRG's Libman & Company ("**Libman**") division, to be sold on a going concern basis. Libman offers a full line of rings, pendants, and earrings, which are primarily positioned to appeal to the middle market of the jewellery industry, and are designed to fulfill the essential inventory requirements of its customers. This parcel includes Libman's models and molds, trademarks and trade names, and marketing materials. If needed, skilled, non-unionized employees are available for hire

Parcel B: Trademarks and trade names not included in Parcel A. MRG owns well-recognized trade names which would be highly attractive to a buyer seeking to establish or enhance its presence in North America. In Canada, products have been marketed up to 80 years under the trade names of *Columbia*, *GoldMaster*, and *Syndicate Designs*.

Parcel C: Machinery, equipment and furniture. The Company's extensive and technologically advanced manufacturing equipment produce a full line of rings, pendants, and earrings. The Company also maintains its own in-house refinery which converts scrap karat gold back to fine gold at the rate of approximately 300 ounces per week.

Parcel D: All of MRG's property (Parcels A-C), including raw materials inventory, finished goods inventory, and accounts receivable. Raw materials inventory consists of gold, diamonds, sapphires, emeralds, rubies and other coloured stones. Finished goods inventory consists primarily of rings, earrings, pendants, etc. Accounts receivable represents amounts due from large, well-recognized customers, cooperatives composed of many smaller independent members, and small, independent retailers.

PLEASE NOTE THAT PREFERENCE WILL BE GIVEN TO EN BLOC OFFERS FOR ALL THE ASSETS.

LOCATION

The subject Company and related assets for sale are located in Toronto, Ontario.

TRANSACTION AND COMPETITIVE BIDS PROCESS

To receive additional information including the Confidential Information Memorandum, interested parties must execute the enclosed Confidentiality Agreement and return a copy to the Monitor via e-mail to ejcorrado@collinsbarrow.com or by facsimile at (416) 480-2646, attention Mr. Eric Corrado.

The information contained in this document is based on information made available to the Monitor by the Company. The information is intended for informational purposes only. The Monitor has not verified the information and does not represent, warrant or guarantee the accuracy, correctness and completeness of the information. The Monitor does not accept or assume any responsibility or liability of any kind in connection with the information and the recipient's reliance upon the information. The recipient should take such steps as it may deem necessary to verify the information prior to placing any reliance upon it. The information may change and any property described in the information may be withdrawn from the market at any time without notice or obligation to the recipient from the Monitor.

APPENDIX B

CONFIDENTIALITY AGREEMENT**Martin Ross Group Inc.**

BETWEEN:

Martin Ross Group Inc.

A corporation amalgamated pursuant to the laws of the Province of Ontario (the "Company")

- and -

Collins Barrow Toronto LimitedSolely in its capacity as the Court-Appointed Monitor
of Martin Ross Group Inc. and not in its personal capacity

- and -

(hereinafter, the "Recipient")

WHEREAS:

- A. The Company is a corporation amalgamated pursuant to the laws of the Province of Ontario. The Company is a manufacturer and wholesaler of fine jewelry.
- B. The Company sought and obtained on August 7, 2014 protection pursuant to the provisions of the Companies Creditors Arrangement Act. Pursuant to the Order of the Ontario Superior Court of Justice (the "Court") dated August 7, 2014 (the "Initial Order"), Collins Barrow Toronto Limited was appointed as the Monitor of the Company (the "Monitor").
- C. The Recipient has expressed an interest in potentially acquiring (the "Potential Transaction") certain, or all, of the right, title and interest, if any, in and to the assets of the Company ("the Property").
- D. The Company and/or the Monitor intend to provide certain confidential information pertaining to the Company and the Property to the Recipient for its review and consideration in connection with the Potential Transaction.

FOR GOOD AND VALUABLE consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The Company and/or the Monitor shall furnish to the Recipient certain information pertaining to the Company and the Property that is either non-public, confidential or proprietary in nature, including, but not limited to, property, financial and operating information, trade secrets, business methods and plans, customer information and an information memorandum. All such information furnished to the Recipient, its directors, officers, employees, agents or representatives, including, without limitation, its lawyers, accountants, consultants or financial and other advisers (collectively "**Representatives**") by the Company and/or Monitor, and all analyses, compilations, data, studies, derivative works or other documents prepared by the Recipient or its Representatives containing or based upon, in whole or in part, any such furnished information is herein referred to as the "**Information**". Information includes, but is not limited to, information about identifiable individuals ("**Personal Information**").
2. The Information will be kept confidential by the Recipient and its Representatives and will not, without the prior written consent of the Company and the Monitor, be disclosed by the Recipient or its Representatives, in any manner whatsoever, in whole or in part, and will not be used by the Recipient or its Representatives, directly or indirectly, for any purpose other than in connection with the evaluation and possible completion of the Potential Transaction and not in any way that is, directly or indirectly, detrimental to the interests of the Company or the Monitor.
3. The Recipient acknowledges that the Information is being furnished to the Recipient solely to assess the Potential Transaction. The Recipient acknowledges that neither the Company nor the Monitor makes any express or implied representation or warranty as to the accuracy, sufficiency or completeness of the Information and agrees that neither the Company nor the Monitor shall have any liability, direct or indirect, to the Recipient or its Representatives relating to or resulting from the Information or the use by the Recipient or its Representatives thereof, errors therein, or omissions therefrom, except in accordance with any specific representation or warranty made in any definitive agreement entered into in respect of the Potential Transaction.
4. The Recipient agrees to furnish the Information only to those Representatives who need to know the Information for the purpose of evaluating the Potential Transaction and who are informed by the Recipient of the confidential nature of the Information and who agree in writing to be bound by the terms of this Agreement. The Recipient further agrees to be responsible for any breach of this Agreement by any of its Representatives. The Recipient will make all reasonable, necessary and appropriate efforts to safeguard the Information and prevent its disclosure to anyone other than as permitted hereby.
5. Without the prior written consent of the Company and the Monitor, the Recipient will not, and will direct its Representatives not to disclose to any other person that the Information has been made available, that this Agreement has been entered into, that discussions or negotiations are taking place concerning the Potential Transaction, or any of the terms, conditions or other facts with respect to the Potential Transaction, unless and only to the extent that in the opinion of its counsel disclosure is required to be made under applicable laws or regulations or as required by any competent governmental, judicial or other authority, provided that the Recipient will advise the Company and the Monitor prior to such disclosure concerning the Information the Recipient proposes to disclose so the

Company and/or the Monitor may seek a protective order or other appropriate remedy. The Recipient shall co-operate with the Company and / or the Monitor on a reasonable basis to obtain such protective order or other appropriate remedy. In any event, the Recipient or the Representatives will only furnish such part of the Information which is required by law to be furnished or disclosed and will use reasonable effort to obtain reliable assurances that confidential treatment will be accorded to all the Information.

6. The Recipient shall keep a record of each location of the Information and its Representatives to whom the Information is provided and provide the Company and the Monitor with such information forthwith upon request. If the Recipient determines not to enter into an offer to purchase the Property, or if an offer to purchase the Property is not concluded, the Recipient shall promptly (a) notify the Monitor of that decision, if applicable, and (b) destroy all physical and electronic copies of the Information and all notes prepared by the Recipient or any of its Representatives, including electronic back-ups of the foregoing in a manner that ensures that such data may not be retrieved or undeleted. Without limiting the generality of the foregoing, the Recipient shall not retain for any longer than necessary, and shall destroy or make anonymous, any records pertaining to Personal Information in accordance with applicable law. Further, no reproduction or extracts of the Information will be retained, and all notes, analyses, compilations, studies, summaries and other materials prepared by Recipient or the Recipient's Representatives containing or based on, in whole or in part, any of the Information will be destroyed. The Recipient will cause each of its Representatives to comply with the foregoing requirements.
7. The Recipient shall store the Personal Information properly and securely and ensure that appropriate technical and organizational means are in place to protect the Personal Information against unauthorized or unlawful processing and against accidental loss, destruction or damage, including taking reasonable steps to ensure the reliability of any person permitted by the Recipient to have access to the Personal Information.
8. Save and except with respect to Personal Information, this Agreement shall be inoperative as to such portions of the Information which: (a) are or become generally available to the public other than as a result of the disclosure by the Recipient or its Representatives; (b) become available to the Recipient or its respective Representatives from a source other than the Company or the Monitor, provided that such source, so far as the Recipient is aware, is not bound by a confidentiality agreement with the Company or the Monitor or otherwise prohibited from transmitting the Information to the Recipient by a contractual or legal obligation; or (c) were known to the Recipient prior to their disclosure to the Recipient by the Company or the Monitor, as evidenced by the Recipient's written records.
9. The Recipient's right to receive information hereunder may be terminated by the Company or the Monitor at any time upon written notice to the Recipient whereupon the Recipient shall destroy, without any cost to the Company or the Monitor, the Information and all notes and writings in respect thereof, which the Recipient or its Representatives may have in their possession at that time and provide evidence of same upon request.
10. The Recipient hereby agrees to indemnify the Company and the Monitor against any damages, liability or expense (including legal fees and disbursements) caused to the Company and/or the Monitor, or their respective agents and arising from any breach by the Recipient of its obligations under the terms of this Agreement.

11. The Recipient acknowledges that it has not been introduced to the Property through any registered intermediary and agrees to work directly through the Company and the Monitor with respect to any purchase of the Property. The Recipient and its Representatives will not communicate directly with any of the Company's suppliers or customers or with any officer or employee of the Company in connection with the valuation or completion of the Potential Transaction or any other matter relating to the Information without the prior written consent of the Monitor and the Company. The foregoing shall expire when the Potential Transaction is completed.
12. The Recipient acknowledges that the Information encompasses proprietary confidential information and business secrets of the Company and that disclosure of the Information and breach of this Agreement would cause the Company and the Monitor irreparable harm for which damages would not be an adequate remedy. The Recipient agrees that the Company will be entitled to an injunctive relief to prevent breaches of this Agreement and will specifically enforce the terms and conditions of this Agreement in addition to any other remedy to which the Company may be entitled at law or in equity.
13. No failure or delay by any party hereto in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise preclude any other or further exercise of any right, power or privilege under this Agreement.
14. The Recipient acknowledges that disclosure of the Information or other breach of this Agreement would cause serious and irreparable damage and harm to the Company and the Monitor and that remedies at law would be inadequate to protect against breach of this Agreement, and each party agrees in advance to the granting of injunctive relief in favour of the Company and/or the Monitor for any breach of the provisions of this Agreement and to the specific enforcement of the terms of this Agreement, without proof of actual damages, in addition to any other remedy to which the Company and/or the Monitor would be entitled.
15. No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party hereto, shall be binding unless executed in writing by the party to be bound thereby.
16. The confidentiality and non-use obligations described in this Agreement shall terminate two (2) years from the date of this Agreement.
17. This Agreement shall not be assigned without the prior consent of the Company, the Monitor and the Recipient.
18. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
19. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

DATED at Toronto this ____ day of _____ 2014.

Martin Ross Group Inc., a corporation
amalgamated under the laws of the Province of
Ontario

Per: _____

Name:

Title:

Collins Barrow Toronto Limited, solely in its
capacity as Court-Appointed Monitor of Martin
Ross Group Inc. and not in its personal capacity

Per: _____

Name:

Title:

NAME OF RECIPIENT

Per: _____

Name:

Title:

APPENDIX C

Ontario Superior Court of Justice
Court File No. CV-14-10655-00CL

Martin Ross Group Inc.

Request for Offers

Martin Ross Group Inc. ("MRG") is a manufacturer and wholesaler of fine jewellery including rings, earrings and necklaces, a significant portion of which contain diamonds and precious stones.

On August 7, 2014, MRG sought and obtained an order of the Ontario Superior Court of Justice ("Court") pursuant to the Companies' Creditors Arrangement Act ("CCAA"). Collins Barrow Toronto Limited was appointed as Monitor ("Monitor") in the CCAA proceedings. Pursuant to a further order of the Court dated September 11, 2014, the Court approved a process to be conducted by the Monitor for the marketing and sale of all of MRG's assets.

The assets available for sale include:

- i) The Libman & Company division of MRG available for purchase on a going concern basis
- ii) Various trademarks and trade names
- iii) Machinery, equipment and furniture
- iv) All of the above items as one package

All of the above items are for sale together as one package or as separate packages, and all as described in greater detail in a Confidential Information Memorandum (CIM) prepared by the Monitor and MRG. Pursuant to the Terms and Conditions of Sale approved by the Court, all offers for the assets of MRG are required to be submitted to the Monitor by (insert date). To obtain a copy of the Confidential Information Memorandum, please contact the Monitor at:

COLLINS BARROW TORONTO LIMITED
Solely in its capacity as Monitor of Martin Ross Group Inc.,
and not in its personal capacity
11 King Street West, Suite 700, PO Box 27
Toronto, ON M5H 4C7
Attn: Mr. Eric Corrado, CPA, CA
Telephone: (647) 727-3659
Facsimile: (416) 480-2646
E-mail: ejcorrado@collinsbarrow.com



APPENDIX D

TERMS AND CONDITIONS OF SALE

1. Collins Barrow Toronto Limited, solely in its capacity as the Monitor (the "**Monitor**") of Martin Ross Group Inc. (the "**Vendor**"), appointed pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 7, 2014, shall be supervising and conducting a sale process (the "**Sale Process**") pursuant to the Order of the Court dated September 11, 2014, of all of the current and future assets, undertakings and properties of the Vendor of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.
2. Pursuant to these Terms and Conditions of Sale, the Vendor, through the Sale Process being conducted by the Monitor, is offering for sale the Vendor's right, title and interest, if any, in the Property as defined in the Confidential Information Memorandum (the "**CIM**") dated September 5, 2014.
3. A listing of the various items comprising the Property is contained in the CIM. All information contained in the CIM, including without limitation, the lists and descriptions of the Property, has been prepared solely for the convenience of the party submitting an offer to purchase some or all of the Property (an "**Offeror**") and are not warranted to be complete or accurate and do not form part of these Terms and Conditions of Sale.
4. The Property is available for inspection by contacting the Monitor's representative identified below to arrange for an appointment:

 Mr. Eric Corrado, CPA, CA
 Telephone: 647-727-3659
 E-mail: ejcorrado@collinsbarrow.com
5. The Monitor and the Vendor will consider offers for individual parcels or assets within parcels. The parcels available for sale are:

<u>Parcel</u>	<u>General Description of Parcel</u>
A	The Libman & Company division of the Vendor, to be sold as a going concern
B	Trademarks and trade names that are not part of the Libman & Company division of the Vendor
C	Machinery, equipment and furniture
D	All of the Vendor's property (Parcel A-C)

6. To submit an offer for all or part of the Property, a completed sealed offer marked "Offer — Martin Ross Group Inc." shall be delivered or mailed, postage prepaid, to Collins Barrow Toronto Limited, 11 King Street West, Suite 700, PO Box 27, Toronto, Ontario, M5H 4C7, to the attention of Daniel Weisz. All offers must be received by the Monitor by 12:00 noon, Eastern Daylight Time, on September 30, 2014 (the "**Offer**")

Date). The Monitor reserves the right to extend the Offer Date at any time for any reason.

7. The Monitor reserves the right to amend or terminate the Sale Process at any time.
8. Every offer submitted should be in the form of offer attached hereto. Offers received by the Monitor which are not in such form may be rejected. Offers shall be opened by the Monitor in the presence of, and reviewed with, representatives of the Vendor. No Offeror shall be entitled to be present for the opening of offers.
9. The Vendor and Monitor shall have no obligation, at law or in equity or otherwise, to any Offeror or any other person or party, to:
 - (a) consider any offer which:
 - (i) specifies a purchase price as an amount or percentage in excess of any other offer or otherwise as a function of the purchase price offered by any other Offeror;
 - (ii) has not been fully completed and duly executed;
 - (iii) is not accompanied by the Deposit (as defined below) required hereunder;
 - (iv) is conditional on the outcome of unperformed due diligence by the Offeror;
 - (v) has not been delivered to and received at the offices of the Monitor as required hereunder; or
 - (b) negotiate with any Offeror after the Offer Date with respect to any provision of the offer or request or agree to any changes therein,

but nothing in these Conditions of Sale shall preclude the Vendor and Monitor from taking any of the foregoing steps if, in their sole and unfettered discretion, they decide to do so; however the taking of any such step shall not constitute a waiver by the Vendor or Monitor of the provisions of this paragraph or an obligation on the part of the Vendor or Monitor to take any further or other steps referred to above with the same or any other Offeror. The Vendor or Monitor will be under no obligation to negotiate identical terms with, or extend identical terms to, each Offeror.

10. The Offeror shall, with its offer (the "Offer"), deliver to the Monitor the following:
 - (a) an amount equal to 10% of the purchase price specified in the Offer by certified cheque or bank draft drawn on or issued by a Schedule 1 Canadian chartered bank or trust company, which shall be held in a non-interest bearing account by the Monitor. If the Offer is accepted by the Vendor and Monitor said cheque shall be deemed to be a cash deposit (the "Deposit") to be applied against the aggregate offered purchase price (the "Purchase Price") and, subject to Court approval of the Offer, the Offeror (hereinafter called the "Purchaser") under an Approved Sale Agreement (as defined below) shall

- pay the balance of the Purchase Price to the Vendor, by certified cheque or bank draft drawn on or issued by a Schedule 1 Canadian chartered bank or trust company on the Closing Date as defined below of the transaction under the Approved Sale Agreement;
- (b) an executed copy of the template agreement of purchase and sale prepared by the Vendor ("**Template Sale Agreement**"), amended to reflect matters specific to the Offer (the Template Sale Agreement as amended, the "**Offeror Sale Agreement**"), which shall be binding and irrevocable until October 9, 2014;
 - (c) a comparison of the Template Sale Agreement to the executed and amended Offeror Sale Agreement;
 - (d) a representation of the Offeror that the Offeror has, and written evidence satisfactory to the Monitor and Vendor of, available cash and/or a commitment for financing to evidence the Offeror's ability to close the proposed transaction as the Vendor may reasonably request;
 - (e) a copy of a resolution of the Offeror's board of directors or similar document demonstrating the Offeror's authority to make an irrevocable Offer and to execute the transaction contemplated by the Offeror Sale Agreement; and
 - (f) disclosure of the identity of each entity (including its ultimate beneficial shareholders) that has submitted the Offer.
11. Following the Offer Date, the Vendor specifically reserves its right to negotiate with one or more Offerors with respect to any provision of the offer or to request or agree to any changes in any such Offer. The Vendor and Monitor each may choose to take such steps with respect to one or more Offers but the Vendor and Monitor each shall have no obligation to negotiate identical terms with, or extend identical terms to each Offeror. The Vendor and Monitor each reserves its right to request some, but not all, Offerors to submit a revised offer reflecting improved terms or other amendments requested by the Vendor. The Vendor and Monitor will be under no obligation to provide to each Offeror the opportunity to improve the terms of any offer submitted to the Vendor following the Offer Date.
12. If the Vendor and Monitor accept an offer and the subject Offeror Sale Agreement, the Vendor and Monitor shall seek Court approval of such Offeror Sale Agreement as soon as reasonably possible. Any Offeror Sale Agreement accepted by the Vendor and Monitor and approved by the Court is referred to herein as an "**Approved Sale Agreement**".
13. If the Vendor and Monitor accept an offer but the terms of that offer or the Offeror Sale Agreement are not approved by the Court then the Vendor and Monitor may, in their sole and unfettered discretion, terminate the proposed transaction and any Offeror Sale Agreement accepted by the Vendor and Monitor, whereupon the Deposit shall forthwith be returned to the Offeror without credit for any accrued interest thereon and the Vendor and Monitor may then accept any other offer to purchase the Property.
14. Notwithstanding any other provision contained in these Conditions of Sale, nothing

herein shall constitute an assignment or attempted assignment of any of the Property subject to an Approved Sale Agreement ("**Purchased Assets**") which is not assignable without the consent of any person if such consent is not obtained by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents, approvals or any further documentation or assurances which may be required to carry out the terms of the sale of the Purchased Assets, including, without limitation, any approvals with respect to the assignment of any of the Purchased Assets not assignable without the consent or action of a third party or parties. Specifically, and without limiting the generality of the foregoing, by submitting an Offer, an Offeror acknowledges that it has conducted its own investigations with respect to any licences, approvals or third party consents which are necessary to purchase any of the Property, to develop or construct improvements upon lands or any other activity utilizing or in connection with any of the Property.

15. Cheques accompanying Offers that are not accepted will be returned to the Offeror by registered mail addressed to the Offeror at the address set out in its Offer or made available for pick up not later than eighteen (18) days following the opening of Offers unless otherwise arranged with the Offeror.
16. The closing of the Approved Sale Agreement shall take place at the office of the Vendor's solicitor, 25 Sheppard Avenue West, Suite 1100, Toronto, Ontario or at the option of the Vendor, at the offices of the Monitor's solicitors, 151 Yonge Street, Suite 155, Toronto, Ontario at 11:00 a.m. on the 31st day after approval by the Court of the Approved Sale Agreement (the "**Closing Date**") or such other date as the Vendor and the Purchaser may agree.
17. Upon closing of the sale of the Purchased Assets contemplated by the Approved Sale Agreement (the "**Closing**"), the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, to possession of the Purchased Assets and to such bills of sale or assignments as may be considered necessary by the Vendor to convey the Purchased Assets to the Purchaser provided that the Purchaser shall remain liable under the Approved Sale Agreement. Any such deeds, bills of sale or assignments shall contain only a release of the Vendor's interest in the Purchased Assets and shall not contain any covenants.
18. The Purchaser shall pay on closing in addition to the Purchase Price all applicable federal, provincial and municipal taxes.
19. The Purchaser shall assume at the Purchaser's cost complete responsibility for compliance with all laws, municipal, provincial or federal in so far as same apply to the Purchased Assets and the use thereof by the Purchaser.
20. The Vendor shall not be required to furnish or produce any abstract of title, title deed, survey, declaration or other document or evidence as to title, other than those in its possession.
21. Prior to the Closing, the Purchased Assets shall be and remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event of substantial damage to the Purchased Assets

occurring on or before Closing, the Purchaser may either have the proceeds of the insurance and complete the Approved Sale Agreement or may cancel such Approved Sale Agreement and have the Deposit paid thereunder, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever.

22. All adjustments of such taxes and other items as are specified herein will be made as of Closing under the Approved Sale Agreement. The Purchaser shall arrange its own insurance and there shall be no adjustment with respect to insurance.
23. No adjustments will be allowed by either the Vendor or the Purchaser for changes in the condition or quantity of any of the Property comprising the Purchased Assets. The Vendor shall remain in possession of the Purchased Assets until the Purchase Price therefor has been paid in full. The Purchaser will take possession of the Purchased Assets at Closing.
24. If the Purchaser fails to comply with the Approved Sale Agreement, the Purchaser's deposit shall be forfeited to the Vendor and the Purchased Assets may be resold by the Vendor, and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Approved Sale Agreement exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Approved Sale Agreement.
25. By submitting an Offer, a Purchaser acknowledges that it has inspected the Purchased Assets and that the Purchased Assets are sold on an "as is, where is" basis at the time of Closing and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever. Each Purchaser acknowledges that the Vendor is not required to inspect, or provide any inspection of the Purchased Assets or any part thereof and each Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to the transfer of the Purchased Assets and any further documents or assurances which are necessary or desirable in the circumstances. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the Sale of Goods Act (Ontario) do not apply to the sale of the Purchased Assets and have been waived by the Purchaser.
26. Each Offeror acknowledges that Collins Barrow Toronto Limited acts solely in its capacity as the court-appointed Monitor of the Vendor and shall have no personal or corporate liability in connection with the Vendor offering the Property for sale and the Monitor conducting the Sale Process, pursuant to these Terms and Conditions of Sale, the CIM or under any Offer, Offeror Sale Agreement or Approved Sale Agreement.
27. The highest or any offer will not necessarily be accepted.
28. The acceptance of any offer and any Offeror Sale Agreement entered into by the Vendor shall be subject to the condition that the sale and the terms thereof be

approved by the Court.

29. No Offeror shall be at liberty to withdraw, vary or countermand an Offer once received by the Vendor. Each Offer shall be irrevocable until October 9, 2014.
30. The Vendor, at its sole discretion, may waive or vary any or all of the terms and conditions hereof. The terms and conditions contained herein shall not merge on the Closing of the transaction contemplated by any Approved Sale Agreement but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.
31. These Conditions of Sale and the validity and interpretation of any offer, Offeror Sale Agreement or Approved Sale Agreement shall be governed by the laws of Ontario, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be.
32. The submission of an offer by a resident of the province of Quebec shall be deemed to constitute the declaration and acknowledgement by the Offeror that it has requested the Conditions of Sale, the form of the offer referred to herein, any Offeror Sale Agreement and all other documentation relating to its offer and to the acceptance thereof to be drawn up in the English language only.
33. All stipulations as to time are strictly of the essence.
34. Any offer of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be paid by certified cheque or bank draft drawn on or issued by a Schedule 1 Canadian chartered bank or trust company.
35. The obligations of the Vendor to complete an Approved Sale Agreement shall be relieved if, on or before the Closing of such sale, the Order of the Court approving the subject Approved Sale Agreement is subject to appeal, any of the Purchased Assets subject to the sale have been removed from the control of the Vendor by any means or process, or if any of the Purchased Assets subject to the sale is redeemed, whereupon the only obligation of the Vendor shall be to return the applicable Deposit, without interest, costs or compensation.
36. The Vendor shall not be bound to sell any of the Property until it is authorized by the Court to accept and enter into an Approved Sale Agreement. The Vendor reserves the right to enter into one or more agreements to sell any or all of the Property at any time and to withdraw any or all of the Property from the sale.

APPENDIX E

AGREEMENT OF PURCHASE AND SALE

This AGREEMENT made the [] day of [] 2014.

BETWEEN:

MARTIN ROSS GROUP INC.

A corporation amalgamated pursuant to the laws of the Province of Ontario

(the "Vendor")

and

[]

(the "Purchaser")

RECITALS:

- A. The Vendor is a corporation amalgamated pursuant to the laws of the Province of Ontario and is a manufacturer and wholesaler of fine jewelry.
- B. The Vendor sought and obtained on August 7, 2014 protection pursuant to the provisions of the Companies' Creditors Arrangement Act. Pursuant to the Initial Order made on August 7, 2014, Collins Barrow Toronto Limited was appointed as the monitor of the Vendor (the "Monitor").
- C. Pursuant to the Marketing Order, the Court approved the sale process proposed by the Vendor for the sale of certain assets.
- D. The Vendor desires to sell and the Purchaser desires to purchase the Purchased Assets, as more particularly set out herein, subject to the terms and conditions hereof.

FOR VALUE RECEIVED, the Parties agree as follows:


SECTION 1 - INTERPRETATION

1.1 Definitions

In this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- (a) "**Acceptance Date**" means the day on which this Agreement is executed by both parties hereto;
- (b) "**Agreement**" means this Agreement of Purchase and Sale;

- (c) "**Applicable Laws**" means, with respect to any person, property, transaction or event, all laws, by-laws, rules, regulations, orders, judgments, decrees, decisions or other requirements having the force of law relating to or applicable to such Person, property, transaction or event;
- (d) "**Approval and Vesting Order**" has the meaning set out in Section 4.3(a);
- (e) "**Assets**" means the right, title and interest of the Debtor in and to the assets described in Schedule "A";
- (f) "**Assignment of Leases**" means an Assignment by the Vendor without any warranties, representations and on a non-recourse basis and an Assumption by the Purchaser of the Leases, for the Lease(s) that the Purchaser elects in writing to assume;
- (g) "**Assumed Encumbrances**" means the encumbrances set out in Schedule "B" to this Agreement being assumed by the Purchaser on Closing;
- (h) "**Business Day**" means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday, or statutory holiday in the Province of Ontario;
- (i) "**CIM**" means the confidential information memorandum prepared by the Vendor and/or the Monitor;
- (j) "**Claim**" means any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;
- (k) "**Closing**" means the successful completion of the Transaction;
- (l) "**Closing Date**" means the earlier of ~~§ 5.1~~ or 5 business days after the granting of the Approval and Vesting Order and subject to Section 4.5, and in no event later than ~~§ 5.1~~;
- (m) "**Conditions of Sale**" means the conditions of sale approved pursuant to the Marketing Order;
- (n) "**Court**" means the Ontario Superior Court of Justice (Commercial List);
- (o) "**Encumbrance**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), claim, title retention agreement or arrangement, restrictive covenant, rights of way, easements, encroachments, reserves, or other encumbrance of any nature or any other arrangement or condition which, in substance, secures payment or performance of an obligation;
- (p) "**Environmental Laws**" means all Applicable Laws concerning pollution or protection of the natural environment or otherwise relating to the environment or health or safety matters, including Applicable Laws pertaining to (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Materials, and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, release and disposal of Hazardous Materials;
- (q) "**ETA**" means the Excise Tax Act (Canada);

- (r) **"Government Authority"** means any person, body, department, bureau, agency, board, tribunal, commission, branch or office of any federal, provincial or municipal government having or claiming to have jurisdiction over part or all of the Assets being purchased pursuant to the Agreement, the transaction contemplated in this Agreement or one or both of the parties and shall include a board, commission, courts, bureau, agency or any quasi-governmental or private body exercising any regulatory authority including an association of insurance underwriters;
- (s) **"Hazardous Materials"** means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health or safety matters;
- (t) **"HST"** means all goods and services taxes and harmonized sales tax payable under the ETA;
- (u) **"Initial Order"** means the order set out in recital B herein appointing Collins Barrow Toronto Limited, as Monitor of the Company;
- (v) **"Leases"** means all subsisting offers to lease, agreements to lease, leases, and renewals of leases;
- (w) **"Marketing Order"** means the Order of the Court dated September 11, 2014 authorizing the Company and the Monitor to market and sell the Assets;
- (x) **"Monitor"** is Collins Barrow Toronto Limited appointed pursuant the provisions of the Initial Order;
- (y) **"Parties"** means the Vendor, the Purchaser and any other Person who may become a party to this Agreement. "Party" means any one of the foregoing;
- (z) **"Person"** means an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;
- (aa) **"Project Documents"** means, the documents made available to the Purchaser including, the CIM;
- (bb) **"Purchase Price"** shall have the meaning ascribed to it in Section 2.4. For greater certainty, the Purchase Price shall be exclusive of Transfer Taxes and any other taxes payable as a result of or in connection with the Transaction;
- (cc) **"Purchased Assets"** means the Assets subject to this Agreement;
- (dd) **"Purchaser"** ;

- (ee) **"Release"** means, in addition to the meaning given to it under any applicable Environmental Laws, any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit spraying, burial, abandonment, incineration, seepage or placement of any Hazardous Materials;
- (ff) **"Time of Closing"** means 2.00 p.m. (EDT) on the Closing Date or such other time on the Closing Date as the Parties may mutually agree;
- (gg) **"Transaction"** means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement;
- (hh) **"Transfer Taxes"** means all HST, Land Transfer Tax, sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, duties or other like charges, however denominated and by whomever levied together with interest, penalties and additional amounts imposed with respect thereto; and
- (ii) **"Vendor"** means Martin Ross Group Inc..

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

1.4 Schedules

The following Schedules are incorporated in and form part of this Agreement;

Schedule "A"	Purchased Assets
Schedule "B"	Assumed Encumbrances
Schedule "C"	Form of Approval and Vesting Order

SECTION 2 — SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof, the Vendor, exercising the powers of sale granted in the Approval and Vesting Order, shall sell to the Purchaser, and the Purchaser shall purchase, the Purchased Assets on the Closing Date. The Purchaser acknowledges that it is not purchasing any other property or assets of the Debtor other than the Purchased Assets.

2.2 "As is, Where is"

The Purchaser acknowledges and agrees that:

(a) It had access to the CIM and any other information and documentation provided by the Vendor or the Monitor or at its request by the Vendor or the Monitor and that same has been made available for informational and convenience purposes only and do not constitute any express, or implied representation or warranty by the Vendor or the Monitor, or any other representative of the Vendor or the Monitor to the Purchaser as to the contents thereof, the completeness and accuracy thereof, or otherwise and although believed to be correct, if any misstatement, error or omission is found in the particulars thereof, the Purchaser shall not be entitled to any abatement, damages, reimbursement, in respect thereof. Without limiting the generality of the foregoing, in respect of any financial data, forecasts, and any like material provided by the Vendor, the Monitor and/or described in the CIM (collectively, "**Forward Looking Information**"), it is acknowledged by the Purchaser that (i) there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, (ii) the Purchaser is familiar with such uncertainties, (iii) the Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of any Forward Looking Information (including the reasonableness of any underlying assumptions), and (iv) the Purchaser will have no claim against the Vendor or the Monitor, or any other parties in respect of any Forward Looking Information;

(b) It has inspected the Assets and that it is relying entirely upon its own investigations and inspections in proceeding with this transaction and has relied solely upon its own judgment therefrom and not in reliance on any information, including the Forward Looking Information provided by the Vendor or the Monitor, or any other person or entities on behalf of or at the direction of the Vendor or the Monitor;

(c) The Purchased Assets are being purchased, accepted and assumed by the Purchaser "As Is, Where Is". The term "As Is, Where Is" means in its condition or state on the date of this Agreement and Closing and without any agreement, representation or warranty, statutory or otherwise as to the suitability of the Purchased Assets, the existence of patent and latent defects and the quality of the Purchased Assets, compliance with Applicable Laws and Environmental Laws (including any environmental condition thereof arising as a result of the presence of Hazardous Materials or the Release thereof) and subject to the Permitted Encumbrances;

(d) The Vendor and the Monitor make no representation or warranties with respect to the physical condition or any other aspect of the Purchased Assets, the Forward Looking Information, or any other aspect of the transaction contemplated by this Agreement including the presence of Hazardous Materials;

(e) As part of its agreement to purchase and accept the Purchased Assets on an "As Is, Where Is" basis, and not as a limitation on such agreement, the Purchaser hereby unconditionally and irrevocably waives any and all actual or potential rights the Purchaser might have against the Vendor and the Monitor regarding any form of warranty, express or implied, of any kind or type, (including all applicable statutory warranties), such waiver is absolute, complete, total and unlimited in every way. Such waiver includes, but is not limited to, a waiver of express warranties, implied warranties, warranties of fitness for a particular use or purpose, warranties of merchantability, warranties of occupancy, all applicable statutory warranties, strict liability rights, and claims of every kind and type, including, but not limited to, claims regarding defects which might have been discoverable, claims regarding defects which were not or are not discoverable, product liability claims, product liability type claims, and all other extent or later created or conceived of strict liability or strict liability type claims and rights. The Purchaser acknowledges to the Vendor and the Monitor that the Purchaser has inspected the Purchased Assets and that the Vendor is selling the Purchased Assets on an "as is, where is" basis with all faults known,

or unknown, as they shall exist as of the date of execution of this Agreement, or on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor and the Monitor do not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to any matter including, title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, latent defects, cost, size, value, state of repair, environmental condition, Environmental Laws, zoning, permitted uses, permits, compliance with Applicable Laws of the Governmental Authorities, threatened claims, litigation, or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the Sale of Goods Act (Ontario) or similar legislation do not apply hereto and are hereby waived by the Purchaser. The description of the Purchased Assets contained in the Schedules hereto, and in any marketing material is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor or the Monitor concerning completeness or the accuracy of such descriptions. The Purchaser acknowledges that it has relied entirely upon its own inspections and investigations with respect to the purchase of the Purchased Assets including the quantity, quality and value thereof. The information contained in the description of the Purchased Assets in any marketing material, and any like material delivered or made available by the Vendor or the Monitor, agents or any other party on their behalf to the Purchaser or its representatives are believed to be correct, but if any misstatement, error, inaccuracy or omission (collectively the 'Inaccuracies') is found in the particulars thereof the Purchaser shall not be entitled to any abatement, damages, reimbursement, costs or to termination of this Agreement as a result thereof and the Purchaser hereby releases the Vendor and the Monitor from any claims, damages, suits, costs, etc., the Purchaser had, has or may have as a result of such Inaccuracies.

2.3 Assumed Encumbrances

The Purchaser acknowledges that the Vendor is selling the Purchased Assets subject to the Assumed Encumbrances and that the Vendor undertakes no obligation to discharge such Assumed Encumbrances on the Closing or thereafter.

2.4 Purchase Price

The Purchase Price for the Purchased Assets shall be the sum of ~~████~~ (\$~~████~~). The Purchase Price shall be payable to Collins Barrow Toronto Limited, Monitor re Martin Ross Group Inc.

2.5 Taxes

In addition to the Purchase Price, the Purchaser shall pay all applicable Transfer Taxes exigible in connection with the purchase and sale of the Purchased Assets, including, without limitation, HST.

The Purchaser will be a HST registrant under the ETA on or before the Closing Date and will provide its registration number to the Vendor on or before the Closing Date.

If part or all of the said transaction is subject to HST and:

- (i) the Vendor is a non-resident of Canada or the Vendor would be a non-resident of Canada but for Subsection 132(2) of the ETA; and/or

(ii) the Purchaser is a "prescribed recipient" under the ETA and/or is registered under the ETA, then the Purchaser shall deliver, prior to Closing, its certificate in form prescribed by the Act or, if no such form is prescribed, then in reasonable form, certifying that the Purchaser shall be liable for, shall self-assess and shall remit to the appropriate Governmental Authority all HST payable in respect of the transaction contemplated hereunder. If sub-paragraph (a) (ii) above is applicable, then the Purchaser's certificate shall also include certification of the Purchaser's prescription and/or registration as the case may be, and the Purchaser's HST registration number. If the Purchaser shall fail to deliver its certificate, then the Purchaser shall tender to the Vendor at Closing, in addition to the balance due on Closing, an amount equal to the HST that the Vendor shall be obligated to collect and remit in connection with the said transaction.

The Purchaser hereby indemnifies and holds the Vendor and the Monitor harmless from and against any liability for Transfer Taxes, including, without limitation, HST arising out of any failure to pay such taxes as and when due, together with all interest, penalties and expenses resulting from such failure.

2.6 Inspections

The Vendor will permit the Purchaser, its consultants, agents and representatives to carry out, at the Purchaser's sole expense and risk, such tests and investigations and inspections as the Purchaser, acting reasonably, may deem necessary with respect to the Assets, provided that no invasive testing shall be conducted in or under the premises where the assets are located and any other invasive testing shall require the Vendor's written approval prior to such testing and:

- (a) the Purchaser shall provide at least two Business Days' Notice to the Vendor of any such tests and inspections and the Vendor will be entitled to have a representative present during all such tests and inspections;
- (b) any damage to the Property caused by such tests and inspections will be promptly repaired by the Purchaser and the Purchaser will indemnify and save the Vendor harmless from all losses, costs, claims, third party actions, damages and expenses which the Vendor may suffer directly as a result of the said tests and inspections or any other breach of this Section by the Purchaser; and
- (c) prior to entering the Property to conduct the Purchaser's tests and investigations, the Purchaser shall deliver (or shall cause its representatives completing the Purchaser's investigations on its behalf to deliver) to the Vendor evidence of liability insurance coverage for at least \$2,000,000 from an insurer acceptable to the Vendor.

SECTION 3 — REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Ontario;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly

authorized by all necessary corporate action on the part of the Purchaser;

- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;
- (d) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success;
- (e) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (f) the Purchaser is not a non-Canadian person as defined in the Investment Canada Act; and
- (g) the Purchaser is registered or will be registered on Closing under Part IX of the ETA.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser as follows:

- (a) the Vendor has the right to enter into this Agreement and to complete the Transaction, subject to the granting of the Approval and Vesting Order;
- (b) the Vendor is not a non-resident of Canada for purposes of Section 116 of the *Income Tax Act* (Canada).

SECTION 4— CONDITIONS AND TITLE

4.1 Conditions - Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following condition precedent being fulfilled or performed at or prior to the Time of Closing:

- (a) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;

The foregoing condition is for the exclusive benefit of the Purchaser. Such condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

4.2 Conditions — Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;
- (c) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (d) the Vendor shall not have lost possession or control of the Purchased Assets or any part thereof.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

4.3 Approval and Vesting Order

The obligations of the Vendor and the Purchaser are subject to the conditions that:

- (a) the Approval & Vesting Order shall have been obtained, the terms of the Approval & Vesting Order shall not differ materially from the form of Order at Schedule "C" (the "**Approval & Vesting Order**"), and such Order shall not have been stayed, reversed or dismissed, and shall vest in the Purchaser all the right, title and interest of the Vendor in the Purchased Assets free and clear of any and all liabilities and encumbrances except for the Assumed Encumbrances; and
- (b) no order shall have been issued which restrains or prohibits the completion of the Transaction.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 Non-Satisfaction of Conditions

If any condition set out in this Section 4 is not satisfied or performed prior to the time specified therefore, the party for whose benefit the condition is inserted may

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

4.5 Title Examination

SECTION 5 — CLOSING

5.1 Closing

The completion of the Transaction shall take place on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the Parties in writing.

5.2 Purchaser's Deliveries on Closing

At or before the Time of Closing, the Purchaser shall execute or deliver as applicable, to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment of the Purchase Price;
- (b) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (c) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (d) an Assignment and Assumption of Leases, if applicable;
- (e) an assumption of the Assumed Encumbrances;
- (f) a certificate of the Purchaser executed by a senior officer of the Purchaser confirming that the Purchaser (or such permitted assignee of the Purchaser) is purchasing the Purchased Assets on its own account and not as agent, trustee or nominee for any other Person and that it is a registrant for HST purposes under the ETA as at the Closing Date and setting out the registration number of the Purchaser for HST purposes;
- (g) an undertaking of the Purchaser to remit to the Receiver General for Canada on a timely basis, to the extent required under the ETA, any HST exigible in connection with the transactions contemplated by this Agreement and to indemnify and hold the Vendor harmless from and against any and all Claims that may be suffered or incurred by the Vendor arising from or in respect of the Purchaser's failure to register for the purposes of the HST or to perform its obligations under the ETA in connection with the completion of the transactions contemplated by this Agreement;
- (h) certified copy of a resolution of the board of directors of the Purchaser authorizing the execution of this Agreement and performance of each of the Purchaser's obligations hereunder;
- (i) a certificate of status and certified copy of the Articles of Incorporation of the Purchaser;
- (j) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement; and,
- (k) a corporate opinion letter from the solicitor of the Purchaser in a form satisfactory to the Vendor.

5.3 Vendor's Deliveries on Closing

At the time of Closing the Vendor shall execute and deliver to the Purchaser the following, each of

which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) Notarial copy of the Approval and Vesting Order;
- (b) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 4.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (c) an Assignment and Assumption of Leases, if applicable; and
- (d) such other documents as may be reasonably requested by the Purchaser's solicitors to give effect to this Agreement.

5.4 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling its rights, title and interests in and to the Purchased Assets pursuant to the Approval and Vesting Order. The Purchaser agrees to purchase and accept the Vendor's rights, title and interests in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement, the Terms and Conditions of Sale and the Approval and Vesting Order.

5.5 Possession of Purchased Assets

On Closing, the Purchaser shall take possession of the Purchased Assets where situate at the Time of Closing. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 5.2.

5.6 Risk

The Purchased Assets shall be and remain at the risk of the Vendor until Closing and at the risk of the Purchaser from and after Closing.

5.7 Termination

If either the Vendor or the Purchaser validly terminates this Agreement pursuant to the provisions of Section 4.4,

- (a) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end except as set out in this Agreement; and
- (b) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

5.8 Breach by Purchaser

If all of the conditions contained in Section 4.1 have been complied with, or waived by the Purchaser and the Purchaser fails to comply with the terms of this Agreement, the Vendor may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In addition, the Purchaser shall pay to the Vendor, on demand, the deficiency, if any, arising upon such resale (after deducting the expenses of resale) together with interest and all other damages or charges occasioned by or resulting from

the default by the Purchaser.

SECTION 6 - GENERAL

6.1 Further Assurances

Each of the Parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

6.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed:

in the case of the Purchaser, as follows:

Attention:
Telephone No:
Fax No.
Email

and in the case of the Vendor, as follows:

Martin Ross Group Inc.
250 Canarctic Drive
Toronto, Ontario
M3J 2P4

Attention: Morris Robinson
Fax No.:
Email:

With a copy to:

Collins Barrow Toronto Limited, Court-Appointed
Monitor of Martin Ross Group Inc.
11 King Street West
Suite 700, PO Box 27
Toronto ON M5H 4C7

Attention: Eric Corrado, CPA, CA
Fax No.: 416-480-2646

Email: eicorrado@collinsbarrow.com

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if *transmitted by fax* before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on that Business Day, and if transmitted by fax after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

6.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

6.4 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

6.5 Survival

The representations and warranties of the Parties hereto contained in this Agreement shall survive Closing.

6.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns, provided that the Purchaser shall not assign the benefit of this Agreement without the prior written consent of the Vendor.

6.7 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the Parties with respect to the subject matter and supersede all prior negotiations, understandings and agreements provided, however, that the Conditions of Sale continue to bind the Parties. This Agreement may not be amended or modified in any respect except by written instrument executed by the Parties. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the Party to be bound thereby. Subject to the Approval & Vesting Order being issued by the Court, this Agreement is intended to create binding obligations on the part of the Vendor as set forth herein and on acceptance by the Purchaser, is intended to create binding obligations on the part of the Purchaser, as set out herein.

6.8 Paramourncy

In the event of any conflict or inconsistency between the provisions of this Agreement and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

6.9 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

6.10 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

6.11 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

6.12 Certain Words

In this Agreement, the words "third party" means any Person who is not a Party.

6.13 Statutory References

All references to any statute is to that statute or regulation as now enacted or as may from time to time be amended, re-enacted or replaced and includes all regulations made thereunder, unless something in the subject matter or context is inconsistent therewith or unless expressly provided otherwise in this Agreement.

6.14 Actions to be Performed on a Business Day

Whenever this Agreement provides for or contemplates that a covenant or obligation is to be performed, or a condition is to be satisfied or waived on a day which is not a Business Day, such covenant or obligation shall be required to be performed, and such condition shall be required to be satisfied or waived on the next Business Day following such day.

6.15 Strict Construction

Each party to this Agreement hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

6.16 Monitor

Notwithstanding any other term in this Agreement, the Parties acknowledge that notwithstanding that the Monitor is not a party to this Agreement, the Monitor shall be entitled to rely on the representations, warranties, covenants, acknowledgements and other terms of this Agreement as if it were a signatory thereto.

6.17 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

Transmission by facsimile or electronic mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

6.18 Assignment

The Vendor acknowledges that the Purchaser has the right, and is permitted, provided it is not in breach and or in default of, its obligations hereunder, on five (5) Business Days prior written notice to the Vendor, to assign this Agreement and all the benefits contained herein, or the rights under this Agreement, to an affiliated entity only, subject to the assignee entering into an assumption agreement with the Vendor assuming the within Agreement.

The Parties have executed this Agreement by their duly authorized officers.

MARTIN ROSS GROUP INC.

Per: _____
Name:
Title:



Per: _____
Name:
Title:

APPENDIX F

FORM OF OFFER

To: Martin Ross Group Inc. (the "Vendor")

1. _____

 (Name of Offeror)

2. _____

 (Address of Offeror)

3. _____

 (Telephone Number) (Facsimile Number) (E-mail address)

4. We/I hereby submit this offer for the purchase of the parcel(s) listed in Schedule A hereto for the _____ total purchase price of CAD\$ _____ (_____ dollars), excluding applicable taxes.

5. We/I agree, that in the event this offer is accepted, to be bound by the Terms and Conditions of Sale dated August __, 2014 which shall form part of this offer.

6. This Offer is irrevocable and shall remain open for the consideration of the Company until 12:00 o'clock noon Eastern Standard Time on the 9th day of October, 2014.

7. Warranty - We/I represent and warrant to the Monitor that we are /I am/ not a non-Canadian, as defined by the *Investment Canada Act*, R.S.C. 1985, as amended.

8. Enclosed is our/my certified cheque payable to Collins Barrow Toronto Limited, Monitor re Martin Ross Group Inc., as a deposit in the amount of \$_____, representing 10% of the total amount of our/my Offer submitted herein.

DATED at _____ this _____ day of _____, 2014.

[NAME OF OFFEROR]

Per: _____
 Name:
 Title:

Per: _____
 Name:
 Title:

We/I have authority to bind the Corporation.

SCHEDULE A

Parcel	Purchase Price
A	
B	
C	
D	
Total	

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. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

(Stay extension and Sale Process approval)
(returnable September 11, 2014)

KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP
Barristers and Solicitors
8 King Street East, Suite 1000
Toronto ON M5C 1B5

Mervyn D. Abramowitz (LSUC # 28323R)
mabramowitz@krmc-law.com

Philip Cho (LSUC #456125U)
pcho@krmc-law.com

Stephen Wolpert (LSUC # 57609Q)
swolpert@krmc-law.com

Tel: (416) 225-8750

Fax: (416) 306-9874

Lawyers for the Applicant

TAB D

This is **Exhibit "D"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014



A Commissioner, etc.



Ontario

Ministry
of Labour

Form 1

Notice of Termination of Employment

under Subsection 58 (2) of *Employment Standards Act, 2000*

1. Name of Employer (Company) Martin Ross Group Inc.	2. Employer's Mailing Address 250 Canartic Dr North York, ON M3J 2P4															
3. Location(s) where termination of employment will occur: 250 Canartic Dr North York, ON M3J 2P4																
4. Total workforce at each location who are paid:	5. Number of employees at each location whose employment will be terminated and anticipated dates:															
1. Hourly _____ 2. Salaried <u>81</u> 3. Other _____	<table border="1"> <thead> <tr> <th colspan="3">Date Terminations Effective</th> </tr> <tr> <th>Day</th> <th>Month</th> <th>Year</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>03</td> <td>10</td> <td>2014</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> 1. Hourly _____ 2. Salaried <u>81</u> 3. Other _____	Date Terminations Effective			Day	Month	Year				03	10	2014			
Date Terminations Effective																
Day	Month	Year														
03	10	2014														
6. Name(s) of the trade union local, if any, representing employees whose employment is being terminated. N/A																
7. What are the economic circumstances surrounding the terminations? Martin Ross Group Inc. is experiencing significant financial difficulties and has obtained an order under the Companies																
8. Has the employer implemented or discussed with employees (or their agent) any alternatives to termination? Please describe alternatives to termination implemented or discussed. <p>Alternatives Implemented: None to date.</p> <p>Alternatives Discussed: None to date.</p>																
9. Has the employer implemented or proposed any adjustment measures with employees (or their agent)? No.																

Name of Employer's Official (Please Print)
Cameron GilliesTitle
President and Chief Operating Officer

Signature

Telephone Number (Incl. Area Code)
416.667.1800 Ex 248Date
August 7, 2014

TAB E

This is **Exhibit "E"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014



A Commissioner, etc.

MARTIN ROSS

GROUP INC.

250 Canarctic Drive, Toronto, Ontario M3J 2P4

August 7, 2014

Dear [REDACTED]

Please be advised that you are hereby being recalled from lay-off and are required to report for work on Wednesday August 13, 2014.

At the same time, I regret to tell you that Martin Ross Group has been experiencing significant financial difficulties. The Company has commenced court proceedings under the Companies' Creditors Arrangements Act ("CCAA") and has obtained a court order protecting it from its creditors while it considers various options to try to restructure its business.

As a result of these financial difficulties, the Company will be terminating the employment of all of its employees, including all employees who return to work in accordance with this recall notice. The termination will be effective on Friday October 3, 2014. Between your recall date of August 13, 2014 and the termination date of October 3, 2014, you will be expected to fulfill your regular job duties, and you will be paid your salary and vacation pay and will continue to participate in the Company's benefit program, all in accordance with the *Employment Standards Act, 2000*.


If you decide that you do not wish to return to work in accordance with this recall notice, please advise your supervisor immediately. We will consider any employees who do not return to have resigned, and will not pay those employees any further amounts or provide those employees with any further benefits.

Employees who return in accordance with this recall notice:

1. will, with the approval of your supervisor, be provided with time off to attend interviews for potential new jobs;
2. will, on request, be provided with a letter of reference; and
3. may be entitled to severance pay in accordance with the Employment Standards Act, which typically amounts to one week of pay for each year of service with the company (or its predecessors Libman & Master Design) , up to a maximum of 26 weeks. While the CCAA proceedings would normally prevent us from simply paying these amounts, we have made arrangements with the shareholders to ensure that all of these amounts are paid out to you regardless of what happens in the CCAA proceedings.

While these are truly difficult circumstances for our company, I look forward to welcoming you back to work on August 13, 2014.

Yours truly,


Cameron Gillies
President/COO



T: 416-661-2661 1-800-268-1995
F: 416-667-8830 libmanco@libman.ca

T: 416-667-1800 1-800-589-9047
F: 416-667-8671 1-800-268-1801 info@martinross.ca

TAB F

This is **Exhibit "F"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014



A Commissioner, etc.

Date of Birth	Occupation	Rate/hour	Annual Pay	Termination Date	START DATE	Number of Years Worked	ESA Years of Service			Net	
							Gross	wh%	w/h \$		
10-Oct-54	Maintenance/Shipper	\$ 18.76	\$ 39,020.80	3-Oct-14	10-Sep-02	12.07	12.1	9,058.25	20%	1,811.65	7,246.60
22-Nov-57	Director Administration	107,100.00	\$ 99,299.98	3-Oct-14	17-Nov-77	36.90	26.0	53,550.00	30%	16,065.00	37,485.00
16-Mar-57	Repair co-ordinator		\$ 36,920.52	3-Oct-14	24-Jul-89	25.21	25.0	17,900.03	30%	5,370.01	12,530.02
17-Jul-77	Administrative assistant		\$ 61,499.88	3-Oct-14	16-Dec-88	15.81	15.8	18,696.22	30%	5,608.87	13,087.36
5-May-64	Technology supervisor		\$ 62,500.10	3-Oct-14	22-Apr-03	11.46	11.5	13,771.10	20%	2,754.22	11,016.88
1-Jul-81	Customer Service rep		\$ 35,525.10	3-Oct-14	7-Oct-03	11.00	11.0	7,513.05	20%	1,502.61	6,010.44
24-Jun-70	Customer Service rep		\$ 44,749.90	3-Oct-14	4-Jan-99	15.76	15.8	13,569.36	20%	2,711.87	10,847.49
9-Sep-59	Shipping/Receiving Clerk		\$ 31,464.94	3-Oct-14	5-Jun-98	16.34	16.3	9,887.09	20%	1,977.42	7,909.67
25-Jan-53	Receptionist		\$ 39,499.98	3-Oct-14	12-Jun-06	8.32	8.3	6,316.25	20%	1,263.25	5,053.00
13-Dec-60	Customer Service Manager		\$ 57,601.18	3-Oct-14	4-Jul-06	8.25	8.3	9,143.96	20%	1,828.79	7,315.17
29-Oct-84	Brand Coordinator		\$ 47,999.90	3-Oct-14	9-Nov-09	4.90	4.9	4,524.33	10%	452.43	4,071.90
10-Nov-65	Director Product Development		\$ 93,639.98	3-Oct-14	9-Nov-09	4.90	4.9	8,845.09	20%	1,769.02	7,076.07
3-Feb-62	Customer Service rep		\$ 38,500.00	3-Oct-14	2-Sep-99	15.10	15.1	11,176.77	20%	2,235.35	8,941.41
31-May-82	Administrative clerk		\$ 30,000.00	3-Oct-14	3-Nov-03	10.92	10.9	6,301.90	20%	1,260.38	5,041.52
7-Dec-49	Customer Service rep		\$ 44,431.66	3-Oct-14	3-May-04	10.42	10.4	8,907.40	20%	1,781.48	7,125.92
13-Dec-67	Order entry Clerk		\$ 28,499.90	3-Oct-14	16-Jun-04	10.30	10.3	5,647.42	20%	1,129.48	4,517.94
19-Dec-40	Customer Service rep		\$ 21,702.72	3-Oct-14	8-Jan-13	1.73	1.7	723.81	0.10	72.38	651.42
30-Jul-62	Credit Manager		\$ 57,855.00	3-Oct-14	25-May-98	16.37	16.4	18,213.05	30%	5,463.91	12,749.13
6-Sep-51	Accounts Payable clerk		\$ 38,158.96	3-Oct-14	9-Jun-92	22.33	22.3	16,387.42	30%	4,916.23	11,471.19
21-Jun-66	Payroll Administrator		\$ 37,229.92	3-Oct-14	23-Sep-02	12.04	12.0	8,617.02	20%	1,723.40	6,893.62
25-Dec-62	Accountant		\$ 67,899.00	3-Oct-14	4-Apr-94	20.51	20.5	26,783.97	30%	8,035.19	18,748.78
5-Nov-56	Director Inventory Control/QC		\$ 63,749.92	3-Oct-14	7-Aug-76	38.18	26.0	34,425.00	30%	10,327.50	24,097.50
19-Feb-51	Inventory Clerk/QC		\$ 38,522.12	3-Oct-14	16-Aug-76	38.16	26.0	19,261.06	30%	5,778.32	13,482.74
30-May-75	Inventory Clerk/QC	\$ 13.00	\$ 27,040.00	3-Oct-14	7-Mar-13	1.58	1.6	819.18	10%	81.92	737.26
18-Aug-63	Inventory Clerk/QC		\$ 29,435.12	3-Oct-14	26-Jun-02	12.28	12.3	6,950.91	20%	1,390.18	5,560.73
10-Aug-45	Inventory Clerk/QC		\$ 28,999.88	3-Oct-14	17-Sep-02	12.05	12.1	6,721.31	20%	1,344.26	5,377.05
4-Nov-60	Inventory Clerk/QC		\$ 28,999.88	3-Oct-14	5-Nov-07	6.92	6.9	3,856.46	10%	385.65	3,470.82
21-Jul-49	Refinery operator	\$ 17.50	\$ 36,400.00	3-Oct-14	12-May-03	11.40	11.4	7,981.92	20%	1,586.38	6,385.53
20-Dec-57	Director-Manufacturing & Planning	107,100.00	\$ 101,099.96	3-Oct-14	24-Feb-04	10.61	10.6	21,960.14	30%	6,568.04	15,392.10
15-Oct-56	Production manager		\$ 84,150.04	3-Oct-14	20-Jul-76	38.23	26.0	42,075.02	30%	12,622.51	29,452.51
22-Feb-69	Jeweler	\$ 17.50	\$ 36,400.00	3-Oct-14	5-Sep-05	9.08	9.1	6,357.53	20%	1,271.51	5,086.03
2-Jun-59	Jeweler	\$ 16.77	\$ 34,881.60	3-Oct-14	7-Jun-95	21.34	21.3	14,312.85	20%	2,862.57	11,450.28
21-Aug-51	Jeweler	\$ 23.50	\$ 48,880.00	3-Oct-14	7-Apr-80	34.51	26.0	24,440.00	30%	7,332.00	17,108.00
3-Dec-65	Jeweler	\$ 24.23	\$ 50,398.40	3-Oct-14	2-Aug-88	26.19	26.0	25,199.20	30%	7,569.76	17,629.44
20-Dec-50	Jeweler	\$ 22.50	\$ 46,800.00	3-Oct-14	10-Aug-95	19.16	19.2	17,245.48	30%	5,173.64	12,071.84
8-Mar-64	Jeweler	\$ 16.85	\$ 35,048.00	3-Oct-14	5-Mar-97	17.59	17.6	11,856.86	20%	2,371.37	9,485.49
13-Apr-69	Jeweler	\$ 15.28	\$ 31,782.40	3-Oct-14	14-Feb-00	14.64	14.6	8,950.31	20%	1,790.06	7,160.25
16-May-81	Jeweler		\$ 28,496.00	3-Oct-14	18-Jun-07	7.30	7.3	3,989.65	10%	399.96	3,589.68
6-Feb-55	Jeweler	\$ 19.00	\$ 39,520.00	3-Oct-14	13-Jul-95	19.24	19.2	14,621.15	20%	2,924.23	11,696.92
25-Oct-52	Colour Store Supervisor		\$ 59,287.52	3-Oct-14	6-Jun-73	41.35	26.0	26,643.76	30%	7,993.13	18,650.63

Date of Birth	Occupation	Rate/hour	Annual Pay	Termination Date	START DATE	Number of Years Worked	ESA Years of Service	Severance on Oct 3 2014
41 25-Aug-57	Stone Setter		\$ 27,399.00	3-Oct-14	6-Jun-95	19.34	19.3	10,190.18 20%
42 11-Jul-67	Casting Working supervisor	\$ 17.50	\$ 36,400.00	3-Oct-14	26-Aug-08	6.11	6.1	4,274.79 10%
43 20-Jul-70	Stone Setter	\$ 28.56	\$ 59,404.80	3-Oct-14	2-Sep-99	15.10	15.1	17,245.55 30%
44 25-Apr-65	Stone Setter		\$ 25,993.00	3-Oct-14	21-Mar-88	26.55	26.0	12,996.50 20%
45 11-Jul-60	Stone Setter		\$ 25,993.00	3-Oct-14	25-Apr-06	8.45	8.4	4,222.15 10%
46 13-Jun-65	Stone Setter		\$ 25,993.00	3-Oct-14	3-Dec-07	6.84	6.8	3,418.26 10%
47 17-Dec-59	Stone Setter		\$ 25,993.00	3-Oct-14	3-Jun-85	29.35	26.0	12,996.50 20%
48 13-Apr-52	Director-Diamonds & Coloured stones	153,000.00	\$ 145,200.12	3-Oct-14	14-Mar-83	31.58	26.0	72,600.06 30%
49 8-May-79	Diamond Sorter/Grader		\$ 31,972.46	3-Oct-14	9-Feb-00	14.66	14.7	9,012.26 20%
50 3-Jun-71	Diamond Sorter/Grader		\$ 26,136.24	3-Oct-14	5-Jun-05	9.33	9.3	4,691.58 10%
51 22-Aug-64	Diamond Supervisor		\$ 57,249.92	3-Oct-14	16-Apr-07	7.47	7.5	8,225.53 20%
52 3-Jun-88	Diamond Sorter/Grader		\$ 29,272.62	3-Oct-14	4-Jun-11	3.33	3.3	1,876.96 10%
53 23-Sep-68	Administrative Assistant		\$ 35,360.00	3-Oct-14	20-May-14	0.37	0.4	253.37 10%
54 29-Aug-52	Polishing supervisor	\$ 23.50	\$ 48,880.00	3-Oct-14	5-May-97	17.42	17.4	16,379.18 30%
55 12-Nov-57	Polisher	\$ 22.00	\$ 45,760.00	3-Oct-14	2-May-89	25.44	25.4	22,385.75 30%
56 1-Sep-53	Polisher	\$ 18.65	\$ 38,792.00	3-Oct-14	28-Feb-78	36.62	26.0	19,396.00 30%
57 8-Feb-46	Washer	\$ 14.90	\$ 30,992.00	3-Oct-14	22-Mar-76	38.56	26.0	15,496.00 30%
58 2-Feb-67	Polisher	\$ 18.35	\$ 38,168.00	3-Oct-14	17-May-99	15.39	15.4	11,297.57 20%
59 9-Apr-62	Grinder		\$ 35,776.00	3-Oct-14	12-Aug-02	12.15	12.2	8,359.67 20%
60 16-Feb-66	Washer	\$ 11.25	\$ 23,400.00	3-Oct-14	3-Sep-02	12.09	12.1	5,440.68 20%
61 20-Dec-63	Polisher	\$ 18.30	\$ 38,064.00	3-Oct-14	8-Mar-04	10.58	10.6	7,743.16 20%
62 21-Feb-47	Polisher	\$ 18.65	\$ 38,792.00	3-Oct-14	12-May-06	8.40	8.4	6,266.40 20%
63 27-Apr-49	Wax caster	\$ 21.00	\$ 43,680.00	3-Oct-14	22-Sep-82	32.05	26.0	21,840.00 30%
64 6-Jun-52	Wax caster	\$ 11.79	\$ 24,523.20	3-Oct-14	23-Aug-05	9.12	9.1	4,299.96 10%
65 30-Oct-50	Wax caster	\$ 12.24	\$ 25,459.20	3-Oct-14	16-Aug-93	21.15	21.1	10,352.89 20%
66 29-Sep-69	Wax caster	\$ 11.50	\$ 23,920.00	3-Oct-14	12-Sep-05	9.06	9.1	4,168.99 10%
67 26-Jun-63	Wax caster	\$ 12.81	\$ 26,644.80	3-Oct-14	7-Mar-07	7.58	7.6	3,884.41 10%
68 21-Jun-67	Wax caster	\$ 11.25	\$ 23,400.00	3-Oct-14	31-Jul-08	6.18	6.2	2,780.14 10%
69 18-Nov-79	Caster	\$ 14.64	\$ 30,451.20	3-Oct-14	31-Aug-01	13.10	13.1	7,670.56 20%
70 2-Oct-81	Caster	\$ 17.50	\$ 36,400.00	3-Oct-14	12-Jul-06	8.23	8.2	5,763.01 20%
71 8-Feb-67	Model Maker	\$ 26.52	\$ 55,161.60	3-Oct-14	3-May-06	8.42	8.4	8,936.88 20%
72 23-May-48	Model Maker	\$ 19.29	\$ 40,123.20	3-Oct-14	17-Feb-97	17.64	17.6	13,607.64 20%
73 6-Oct-51	Model Maker	\$ 20.91	\$ 43,492.80	3-Oct-14	16-Jun-08	6.30	6.3	5,270.47 20%
74 15-Nov-57	Costing Clerk		\$ 40,000.00	3-Oct-14	25-Jul-06	8.20	8.2	6,305.98 20%
75 21-Jan-64	Model Maker	\$ 26.14	\$ 54,371.20	3-Oct-14	21-Aug-12	2.12	2.1	2,214.38 10%
76 19-Apr-85	Model Maker	\$ 16.73	\$ 34,798.40	3-Oct-14	13-Sep-10	4.06	4.1	2,715.30 10%
								239,065.79 708,613.59
								947,679.38

TAB G

This is **Exhibit "G"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014



A Commissioner, etc.

ACKNOWLEDGEMENT AND RELEASE

IN CONSIDERATION OF the payment of \$_____ from **MARTIN ROSS GROUP INC.** less statutory deductions, the receipt and sufficiency of which is hereby acknowledged, I, _____ (hereinafter referred to as the "Releasor") hereby release, remise and forever discharge **MARTIN ROSS GROUP INC., COLLINS BARROW TORONTO LIMITED, ALLEN SHECHTMAN and 2436768 ONTARIO INC.** and any and all associated or related entities and their respective corporate officers, directors, shareholders, employees, servants, agents, heirs, administrators, executors, privies, successors and assigns (hereinafter referred to as the "Releasees") jointly and severally from any and all actions, causes of actions, contracts, covenants, whether express or implied, claims and demands, including but not limited to any claims for salary, wages, benefits, vacation pay, holiday pay, termination and severance pay, disability insurance benefits, extended health and welfare benefits, reinstatement, or any other form of compensation or remuneration, damages, indemnity, costs, interest, loss or injury of every nature and kind whatsoever and howsoever arising, whether statutory or otherwise, in any way relating to the Releasor's employment and the termination of the Releasor's employment with Martin Ross Group Inc. and any and all claims which were made or could have been made, or may hereafter arise, under the *Employment Standards Act, 2000*, the *Human Rights Code*, the *Wage Earner Protection Program Act*, or at common law, save and except any payment to which I, the Releasor, may become entitled by virtue of an Order dated October __, 2014 of the Ontario Superior Court of Justice In The Matter of the Companies' Creditors Arrangement Act, R.S.O. 1985, c. C-36, as amended and In The Matter of a Plan of Compromise or Arrangement of Martin Ross Group Inc., in Court File No. CV-14-10655-00CL.

FOR THE SAID CONSIDERATION the Releasor does hereby agree and undertake that the Releasor will not bring any claim, assert any cause of action, or initiate any proceeding against any person, partnership, corporation, or other entity who or which might claim contribution, indemnity or other relief over as against the Releasee, under the provisions of any statute or otherwise, in respect of the subject matter of this Release.

AND FOR THE SAID CONSIDERATION, the Releasor acknowledges that the Releasor has specifically considered the Releasor's legal rights, under statute, common law or in equity, with the benefit of legal counsel, and the Releasor acknowledges and agrees that the Releasor does not have any ongoing claim, complaint or legitimate reason to commence any action, claim or complaint and undertakes not to commence any action, claim or complaint against any person, corporation or other legal entity at common law, or pursuant to any statutory authority including but not limited to the *Employment Standards Act, 2000*, the *Human Rights Code*, the *Wage Earner Protection Program Act*, or otherwise, in respect of the subject matter of this Release. The Releasor further acknowledges that the Releasee is expressly relying upon the Releasor's acknowledgement and agreement, herein, and that the Releasor is estopped from asserting any such claim or complaint now or in the future.

IT IS UNDERSTOOD AND AGREED that the terms referred to herein are deemed to be no admission of liability on the part of the Releasee.

AND THE RELEASOR HEREBY DECLARES that the Releasor fully understands the terms of this Full and Final Release, and that the Releasor voluntarily accepts same with independent legal advice, or alternatively full opportunity to obtain independent legal advice, for the purpose of making full and final compromise, adjustment and settlement of all claims as aforesaid.

DATED this day of October, 2014.

SIGNED, SEALED AND DELIVERED

in the presence of

)
)
)
)
)
)
)

[Name of Employee]

Witness: _____

TAB H

This is **Exhibit "H"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014



A Commissioner, etc.



EXPECT THE BEST

October 2, 2014

DELIVERED

Martin Ross Group Employees

Dear Sir/Madam:

Re: Martin Ross Group Inc. - CCAA Proceeding

2 Queen Street East
Suite 1500
Toronto, Canada M5C 3G5
416.593.1221 TEL
416.593.5437 FAX
www.blaney.com

As you know, on August 7, 2014, Martin Ross Group Inc. (“**MRG**”) became insolvent and was required to obtain protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Collins Barrow Toronto Limited (“**Collins Barrow**”) was appointed by the Ontario Superior Court of Justice as the Monitor to oversee the sale of MRG’s assets, and distribute to MRG’s creditors the proceeds which will be realized from the sale.

Eric Golden
416.593.3927
egolden@blaney.com

On the same day that it obtained CCAA protection (August 7, 2014), MRG gave written notice of termination of employment to substantially all of its employees (the “**Employees**”), effective October 3, 2014. You are one of the Employees.

Since August 7, 2014, Collins Barrow and MRG’s management team have been taking steps to try to maximize recovery of MRG’s assets to maximize the amount that will be available for all unsecured creditors, including the Employees. Aside from any unsecured employee claims, there are currently secured creditor claims of approximately \$5.9 million (which take priority to the unsecured claims), and unsecured claims of over \$30 million. The secured claims take priority to the unsecured claims, and the unsecured claims share *pro rata* in any remaining distribution.

A Court supervised sale process was established, and offers to purchase MRG’s assets were due by 12:00 noon on September 30, 2014. Unfortunately, no material offers were received. In the next several months, MRG will therefore be liquidating its assets under supervision of the Monitor.

In the ordinary course, you would have to wait for the liquidation process to be completed before you could seek payment of any severance amounts you may be claiming from MRG. In addition, based on MRG’s projected net proceeds of sale to be generated from the liquidation process, there will likely be insufficient funds to satisfy your severance claims under the *Employment Standards Act, 2000* (the “**ESA**”), which are unsecured debts.

The statutory minimum severance payments under the ESA are approximately one week of pay for every year of service, for employees with greater than five years of service, to a maximum of 26 weeks severance pay.

- 2 -

Arrangements have been made, subject to Court approval, to make available within the next two weeks sufficient funds to make a lump sum payment to all Employees, including you, equal to one week of pay for every year of service at MRG, to a maximum of 26 weeks (less withholding for taxes to be paid to the Canada Revenue Agency) (the "**Employee Payment**").

You would therefore be paid the ESA severance payments, being approximately one week of pay for every year of service, regardless of the outcome of the CCAA process.

MRG had hoped the Employee Payment could be made on October 3, 2014, but a motion to the Court is required before the payment can be made, and the sales process (which only expired on September 30, 2014) had to run its course before the motion could be brought.

Once the liquidation process has been completed, steps will also be taken to make available additional funds for a further lump sum payment to Employees in the event that the net proceeds of sale of the MRG assets are actually greater than it currently expects (the "**Contingent Surplus Payment**"). The intention of the Contingent Surplus Payment is to make sure that any Employees will be in the same or a better position than they would otherwise have been as an unsecured creditor of MRG making a claim against its net proceeds of sale in the CCAA proceeding (but taking into account the set-off adjustment that will be factored in for the Employee Payment previously made). In addition, the Employee Payment and the Contingent Surplus Payment will both significantly reduce the time and expense you would have incurred to make a claim in the CCAA proceeding.

In exchange for your share of the Employee Payment and the Contingent Surplus Payment, you will be required to sign an acknowledgment and release.

By signing the acknowledgment and release, you will acknowledge your acceptance of the proposal to distribute the Employee Payment (and possibly the Contingent Surplus Payment), and give up your right to make additional claims arising from your employment and the termination of your employment with MRG.

In order to ensure that you understand the benefits of this proposal and the rights you are giving up by signing the acknowledgment and release, we will be asking the Court to appoint a Toronto law firm approved by Collins Barrow (the Monitor) as representative counsel (the "**Representative Counsel**") to provide independent legal advice ("**ILA**") to all of the Employees. You will not have to pay Representative Counsel's legal fees, as steps will also be taken to have those fees paid on your behalf. You can of course use your own lawyer for the ILA, but that would be at your expense.

We are currently preparing motion material for the Employee Payment and for the appointment of Representative Counsel. We expect that both motions will be heard next week, and, if allowed by the Court, the Employee Payments can be made by October 17, 2014.

- 3 -

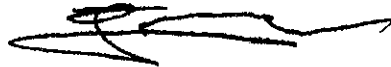
You will receive another letter once the motion material has been finalized and uploaded to Collins Barrow's website: www.collinsbarrow.com/en/toronto-ontario/martin-ross-group.

The letter will set out the details of the Court hearing, including the time, date and location, and will provide you with an online link to all of the motion material. The letter will also set out your share of the Employee Payment, and let you know how to contact Representative Counsel prior to October 17, 2014, to obtain independent legal advice. A version of the letter will also be posted to the Collins Barrow website at the above link, and a copy will be sent to each of you by e-mail.

If you have any questions, or if you have not received a further letter from me by noon on October 6, 2014, please do not hesitate to contact me by e-mail (MRG will be requesting your e-mail address when it provides you with a copy of our letter herein dated October 2, 2014).

Yours very truly,

Blaney McMurtry LLP



Eric Golden
EG/pk

TAB I

This is **Exhibit "I"** referred to
in the Affidavit of Allen Shechtman
sworn before me, this
6th day of October, 2014



A Commissioner, etc.



EXPECT THE BEST

October 6, 2014

BY EMAIL [or DELIVERED]

[name]
[Address1]
[Address2]
[Address3]

Dear Sir/Madam:

Re: Martin Ross Group Inc. - CCAA Proceeding

This letter is further to my letter dated October 2, 2014 (the “**October 2 Letter**”).

2436768 Ontario Inc. (“**243 Inc.**”) will be bringing a motion (the “**Motion**”) before the Commercial Court of the Ontario Superior Court of Justice located at 330 University Avenue, Toronto (the “**Court**”) to be heard on October 8, 2014, for certain relief dealing with the payment of the Employee Payment and the Contingent Surplus Payment to the Employees (as those terms were defined in the October 2 Letter).

243 Inc. will also seek an order appointing the law firm of Dewart Gleason LLP as your Representative Counsel (as defined in the October 2 Letter) to provide independent legal advice regarding the acknowledgment and release (the “**Acknowledgment and Release**”) that you will be asked to sign (a copy of which is attached to this letter).

The amount payable to you under the proposed distribution is \$[Gross Payment], less withholding of \$[Withholding], for a total payment of \$[Net Payment].

The motion record in respect of the Motion can be found at:

<http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>.

Assuming the Motion is granted, you will receive a further letter from me enclosing a copy of the Court order allowing the payments and appointing Representative Counsel. You will then be able to meet with a lawyer from Dewart Gleason LLP at their offices at Suite 102, 366 Adelaide Street West, in Toronto, starting on October 9, 2014, to obtain independent legal advice.

2 Queen Street East
Suite 1500
Toronto, Canada M5C 3G5
416.593.1221 TEL
416.593.5437 FAX
www.blaney.com

Eric Golden
416.593.3927
egolden@blaney.com

Please contact Sean Dewart at sdewart@dglp.ca or (416) 583-5755 as soon as possible after October 8, 2014, to arrange a time to meet with a lawyer from Dewart Gleason LLP.

Yours very truly,

Blaney McMurtry LLP

Eric Golden
EG/pk

**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.**

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

Proceeding commenced at **TORONTO**

MOTION RECORD OF 2436768 ONTARIO INC.

BLANEY McMURTRY LLP
Barristers and Solicitors
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Eric Golden (LSUC# 38239M)
Chad Kopach (LSUC # 48084G)
(416) 593-3927/2985 (Tel)
(416) 593-5437 (Fax)
egolden@blaney.com/ckopach@blaney.com

Lawyers for 2436768 Ontario Inc.