

**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.**

**SEVENTH REPORT OF THE MONITOR**

**April 29, 2015**

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## I. INTRODUCTION

1. This is the seventh report (the “**Seventh Report**”) prepared by Collins Barrow Toronto Limited (the “**Monitor**”), in its capacity as the Monitor of Martin Ross Group Inc. (“**MRG**” or the “**Company**”) appointed pursuant to section 11.7 of the *Companies’ Creditors Arrangement Act* by an Order of Mr. Justice Penny dated August 7, 2014 (the “**Initial Order**”). The Initial Order stayed all proceedings against the Company until September 6, 2014 (the “**Stay Period**”). A copy of the Initial Order is attached hereto as Appendix “**A**”. The Stay Period was subsequently extended by further Orders of the Court, and the Stay Period expires on May 1, 2015.
2. The Initial Order, Monitor’s reports and other documents filed in these proceedings (the “**CCAA Proceedings**”) have been posted on the Monitor’s website at [www.collinsbarrow.com/en/toronto-ontario/martin-ross-group](http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group). The Monitor will continue to post to its website documents in accordance with the E-service Protocol for the Commercial List in the Toronto region.
3. Capitalized terms not otherwise defined in the Seventh Report are as defined in the Initial Order, and in the first six reports of the Monitor.

## II. PURPOSE OF REPORT

4. The purpose of this Seventh Report is to provide the Court with information regarding:
  - a) realizations from the Company’s assets, including:
    - i. results of a revised inventory liquidation process (the “**Revised Inventory Liquidation Process**”); and
    - ii. sales of other assets comprising fixed assets and other equipment and unsold finished goods;
  - b) a proposed sale of certain finished goods (the “**Purchased Assets**”) to 1028462 Ontario Ltd. o/a Bearington Fine Jewellery (“**Bearington**”);

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- c) termination of the license agreement between MRG and Mimran Inc. (“**Mimran**”);
  - d) the status of whether any further payments are expected to be made to former employees of the Company;
  - e) the engagement of certain former employees of MRG to assist with accounts receivable collections and the wind down of the Company;
  - f) the status of the Company’s remaining assets, including cash, outstanding accounts receivable and other assets;
  - g) a further distribution to be made to Sherfam Inc. (“**Sherfam**”), MRG’s remaining secured creditor;
  - h) the Company’s proposed claims solicitation procedure and the Monitor’s recommendation in this regard;
  - i) the Monitor’s observations in respect of the Company’s updated cash flow forecast to July 31, 2015;
  - j) the Company’s request for an extension of the Stay Period to July 31, 2015 and the Monitor’s recommendation thereon;
  - k) the Monitor’s activities since the Monitor’s report dated January 28, 2015 (the “**Monitor’s Sixth Report**”) and the Company’s request for an Order approving the Monitor’s activities and its invoices #6, 7 and 8 for the period January 1, 2015 to March 31, 2015; and
  - l) the Company’s request for an Order approving the accounts of Torkin Manes LLP for the period January 5, 2015 to April 28, 2015.

### **III. TERMS OF REFERENCE**

- 5. In preparing this Seventh Report and making the comments herein, the Monitor has relied upon unaudited financial information prepared or provided by the Company, discussions

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with management of the Company, MRG's counsel and information from other third-party sources (collectively, the "**Information**"). As the Information included in this Seventh Report has been provided by MRG or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

6. All references to dollars are in Canadian currency unless otherwise noted.

#### **IV. REALIZATIONS FROM SALE OF ASSETS**

##### **Revised Inventory Liquidation Process**

7. In its order dated January 29, 2015, the Court approved the Revised Inventory Liquidation Process which was to be conducted to liquidate what remained of the Company's finished goods inventory. Details of the sale process are set out in the Monitor's Sixth Report, which is attached hereto without appendices as Appendix "**B**".
8. As set out in the affidavit of Allen Shechtman sworn April 23, 2015 (the "**April 2015 Shechtman Affidavit**"), six offers were received by the Company for that inventory. A summary of the offers received on March 12, 2015 is attached hereto as Appendix "**C**".
9. After the Company's discussions and/or negotiations with certain parties that submitted offers for all of the lots offered for sale, the Company accepted an offer from SimplexDiam Inc. ("**Simplex**") for \$4.1 million (the "**Simplex Offer**"), which was subsequently adjusted to \$4,064,349.57 after a final physical count of the inventory.
10. The transaction between Simplex and MRG was concluded on April 8, 2015 after the Company's receipt of (i) the deposit the Monitor had received from Simplex as part of the Revised Inventory Liquidation Process and the balance of the purchase price from

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Simplex, and (ii) the delivery to Simplex by MRG of the purchased inventory and a bill of sale.

### **Sale of Other Assets**

#### *Fixed Assets and Other Equipment*

11. As set out in the April 2015 Shechtman Affidavit, the Company could not find any purchasers for its fixed assets in situ who would lease or purchase the premises from which MRG operates. On this basis and as further set out in the April 2015 Shechtman Affidavit, four equipment liquidators were contacted to provide offers on the fixed assets.
12. Of the four liquidators contacted, only three submitted proposals that were on commission terms only. No minimum guarantees were provided. TCL Asset Group Inc. (“**TCL**”) also provided an outright purchase offer for \$50,000 for the fixed assets. This offer was subsequently amended to \$42,500, as a result of the sale of certain assets by MRG in separate discrete transactions (the “**Separate Sales**”). The Company accepted this amended offer and the transaction closed on that basis. Realizations from the Separate Sales totaled approximately \$14,000. As a result, the total realizations from the fixed assets were approximately \$56,500.
13. On April 9, 2015, the Monitor informed counsel to the Company that, among other things, the Monitor had no objection to the proposed transaction with TCL, assuming that MRG was content with the provision in the proposed transaction that permitted TCL to abandon unsold assets.

#### *Sale of Unsold Finished Goods*

14. As set out in the April 2015 Shechtman Affidavit, there were a number of finished goods not sold in the Revised Inventory Liquidation Process (the “**Unsold Finished Goods**”), as these items had not been catalogued and processed for the Revised Inventory Liquidation Process due to their quantity and relatively low value.
15. MRG organized the Unsold Finished Goods into two lots and offered them for sale to three parties, one of which declined to make an offer. One of the two remaining parties,

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Simplex, introduced another party, Sparkling Jewellery, to the transaction. The result was that MRG received offers for US\$60,000 and US\$77,500 from Simplex and Sparkling Jewellery, respectively, for the Unsold Finished Goods. MRG accepted those offers and has completed the transactions.

16. On April 10, 2015, after considering the information provided by the Company to the Monitor on the Company's activities to sell the Unsold Finished Goods, the Monitor informed the Company that the Monitor had no objection to MRG accepting the above-mentioned offers.

## V. SALE TO BEARINGTON

17. The April 2015 Shechtman Affidavit sets out that MRG invited potential purchasers to view and inspect its remaining finished goods and four parties inspected the various items. MRG negotiated an offer from Bearington to purchase the Purchased Assets, representing a significant portion of the remaining finished goods inventory.
18. On April 23, 2015, the Company and Bearington agreed to enter into an agreement, subject to Court approval as the consideration is in excess of \$100,000, for the sale of the Purchased Assets (the "**Bearington Agreement**"). The Bearington Agreement was signed by Bearington and MRG on April 24, 2015. An unexecuted copy of this agreement with the purchase price and deposit amount redacted is attached to the April 2015 Shechtman Affidavit as Exhibit F.
19. The Company has requested that the full version of the Bearington Agreement be the subject of a sealing order. The Monitor considers the sealing of the Bearington Agreement appropriate so that MRG's ability to sell the Purchased Assets is not prejudiced in the event that the Court does not approve the transaction (the "**Bearington Transaction**") or the Bearington Agreement, or the Bearington Transaction does not close.
20. Based on the efforts taken by the Company to market its finished goods inventory and its knowledge of the parties which would be interested in making an offer for the inventory,



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the Monitor has informed MRG that the Monitor does not oppose MRG's completion of the transaction with Bearington.

## **VI. ADDITIONAL MATTERS**

### **Termination of Licence Agreement**

21. The April 2015 Shechtman Affidavit sets out that an exclusive licence agreement (the "**License Agreement**") between Mimran and MRG was entered into for the design, manufacture and sale of certain inventory with a brand or logo (the "**Brand**"), which agreement expires on December 15, 2015.
22. Since the outset of the CCAA Proceedings, MRG has removed the Brand from the applicable inventory as MRG determined that the royalties payable on sale of the branded product were greater than the benefit to be gained from selling the inventory with the Brand intact.
23. MRG and Mimran entered into discussions that culminated in an agreement on March 16, 2015 that provided for the termination of the Licence Agreement in exchange for a release by Mimran of any and all claims against MRG, including any claims in respect of royalty payments. The Monitor signed an acknowledgement signifying its consent to the termination of the Licence Agreement.

### **Eligible Employee Payment and Employees**

24. As set out in the April 2015 Shechtman Affidavit, on October 8, 2014, the Court granted an order authorizing and directing MRG to receive certain amounts from 2436768 Ontario Inc. for payment to employees of MRG. As part of that Order, MRG was directed to bring a motion for payment of a Contingent Additional Payment following the liquidation of MRG's assets, if the net amount payable for distribution to MRG's unsecured creditors was greater than \$9 million.
25. Based on (i) MRG's cash balances as at April 23, 2015 of approximately CDN \$6.43 million and USD \$1.12 million, (ii) the estimated realizations from MRG's remaining assets ,(iii)

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remaining employees continuing to be paid to the end of April 2015 and (iv) ongoing professional and consulting fees and other sundry amounts continuing to be paid by MRG, it appears unlikely that the Company's distributable balance will exceed \$9 million. On this basis, the Monitor concurs with the Company's view set out in the April 2015 Shechtman Affidavit that it does not appear that additional funds will be available for payment to employees of MRG.

26. The Monitor supports MRG's decision to engage a consultant (the "**Consultant**") or other persons on an as needed basis to assist with remaining accounts receivable collections and other matters relating to the wind down of the Company. The Consultant is familiar with the operations and accounts of the Company and the Consultant's involvement will facilitate the completion of MRG's orderly wind down.

## **VII. REMAINING ASSETS**

27. The Company's remaining assets and their net book values are set out in the below chart.

<b>Description</b>	<b>Net Book Value</b>
Cash – Canadian dollars	\$6.43 million
Cash – United States dollars	1.12 million
Accounts receivable	2.12 million
Other assets – surplus finished goods, precious scrap metal, loose diamonds	Not quantified by MRG

28. MRG advises that it does not expect to collect all outstanding accounts receivable by April 30, 2015 and that collection efforts will continue through the use of collection agents and/or legal counsel. Certain accounts that are considered to have a good chance of recovery will attempt to be collected by the Consultant at a commission rate of 12.5%.
29. As stated in the April 2015 Shechtman Affidavit, the Company is continuing to make efforts to sell its remaining finished goods, precious scrap metal and loose diamonds. MRG has advised that the Company will advise the Court when the sales of these assets are completed.

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## VIII. SHERFAM DISTRIBUTION

30. On January 14, 2015, the Court issued an interim distribution order (the “**Interim Distribution Order**”), a copy of which is attached to the April 2015 Shechtman Affidavit. The Interim Distribution Order authorized the Company to pay CDN \$3.4 million and USD \$1.8 million to its secured lenders, RP Holdings Inc. (“**RP**”) and Sherfam Inc. respectively. The payment to RP fully satisfied its secured claim.
31. In the Monitor’s report to the Court dated January 12, 2015 (the “**Fifth Report**”), a copy of which is attached hereto without exhibits as Appendix “**D**”, the Monitor advised that it had reviewed for reasonableness certain documentation supporting that the amount owed to Sherfam was USD \$1,886,995.48 and that it had received an independent legal opinion on the validity and enforceability of Sherfam’s security.
32. As set out above, the amount distributed to Sherfam previously was USD \$1.8 million. As such, the Monitor has no objection to the Company’s request for approval to make a further distribution of USD \$86,995.48 to Sherfam.

## IX. PROPOSED CLAIMS PROCEDURE

33. As set out above, the Company’s cash balances as at April 23, 2015 are CDN \$6.43 million and USD \$1.12 million and many of MRG’s assets have been realized. Accordingly, the Company is now in a position to solicit claims from unsecured creditors in order to confirm the amounts owed to these creditors, which information is critical in order to make a distribution to them.
34. The Company, in conjunction with the Monitor, has developed a proposed claims solicitation procedure (the “**Claims Procedure**”) to identify and determine the validity, classification and quantum of claims against MRG as at the date of the Initial Order (the “**Claims**”).
35. The significant steps under the Claims Procedure are set out below. Defined terms are those set out in the proposed Claims Procedure Order:

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- a) the Monitor will prior to May 9, 2015, send to each known Affected Creditor a Proof of Claim together with a copy of the Claims Procedure Order and will send these documents to any claimant who requests same;
  - b) the Monitor shall cause the Notice to Creditors (Schedule "A" to the proposed Claims Procedure Order) to be placed in The Globe and Mail (National Edition) as soon as practicable after the date of issuance of the proposed Claims Procedure Order;
  - c) any Affected Creditor asserting a claim against the Company must file a Proof of Claim (including all supporting documentation) with the Monitor by no later than June 5, 2015, the Claims Bar Date. The Monitor is to forthwith provide a copy of such Proof of Claim to the Company;
  - d) Any Affected Creditor who does not file a Proof of Claim with the Monitor by the Claims Bar Date: (a) will not be entitled to attend or vote at any Affected Creditors Meeting; (b) will not be entitled to receive any distribution and the creditor's Claim will be forever extinguished and barred; and (c) will not be entitled to notice of any further matters in the CCAA Proceedings;
  - e) Unaffected Creditors are not required to participate in the Claims Procedure in respect of their Unaffected Claims;
  - f) the Monitor will review all Proofs of Claim that are received by the Claims Bar Date, and prior to June 18, 2015, or such other date as the Monitor may determine, the Monitor will notify each Creditor that has filed a Proof of Claim as to whether such Creditor's Claim as set out therein has been revised or rejected, and the reasons therefor, by sending a Notice of Revision or Disallowance. Where the Monitor does not send by such date a Notice of Revision or Disallowance to a Creditor who has submitted a Proof of Claim, the Company will be deemed to have accepted such Creditor's Claim in the amount set out in the Proof of Claim;

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- g) any Creditor that intends to dispute a Notice of Revision or Disallowance , by no later than 5:00 pm on the day that is ten (10) calendar days after the Creditor's deemed receipt of the Notice of Revision or Disallowance, is to serve a Notice of Motion on the Monitor seeking to appeal the Monitor's determination. The motion is to be returnable for scheduling on July 15, 2015, or such other date as the Monitor and the Creditor may agree in writing;
  - h) the Monitor, with the assistance of the Company, may resolve any dispute with any Creditor, who has served a Notice of Motion seeking to appeal the Monitor's determination, at any time prior to the return date of any such motion; and
  - i) where a Creditor that receives a Notice of Revision or Disallowance does not serve a Notice of Motion by the date required, the value of such Creditor's Claim will be deemed to be as set out in the Notice of Revision or Disallowance.

36. The Monitor considers the Claims Procedure to be reasonable and recommends that the Court approve the Claims Procedure.

## **X. CASH FLOW FORECAST**

37. In support of the Company's April 24, 2015 motion, MRG presented the Monitor with an updated cash flow forecast for the period ending July 31, 2015 (the "**Updated Cash Flow Forecast**"), a copy of which is attached hereto as Appendix "**E**". Implicit in the Updated Cash-Flow Forecast are the Company's hypothetical and probable assumptions that the Company continues to finalize the liquidation of its assets and the wind-down of its operations. The Updated Cash Flow Forecast provides for MRG's projected receipts and disbursements to July 31, 2015 as the Company continues to finalize the liquidation of its assets and the wind-down of its operations.

38. The Monitor's review of the Updated Cash Flow Forecast consisted of enquiries, analytical procedures and discussions related to information supplied to the Monitor by the Company.

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39. The Monitor's observations in respect of the Updated Cash Flow Forecast are set out below:

- a) The opening cash balance is projected to be \$7.85 million;
- b) Forecast receipts and disbursements total \$402,000 and \$525,000 respectively and the net cash outflow for the forecast period is \$123,000;
- c) Forecast receipts comprise amounts received from the disposition of finished goods and other inventory liquidations of \$280,000 and accounts receivable collections of \$122,000;
- d) The most significant disbursements are payments for harmonized sales tax of \$82,000, professional fees of \$150,000 and the proposed distribution to Sherfam of \$107,000 (USD \$86,995.48 converted to Canadian funds); and
- e) MRG's ending cash balance is forecast to be \$7.73 million as at July 31, 2015.

40. Based on the Monitor's review, nothing has come to the Monitor's attention that causes the Monitor to believe that, in all material respects:

- a) the hypothetical assumptions implicit in the Updated Cash Flow forecast are not consistent with the purpose of the forecast;
- b) the probable assumptions developed by the Company implicit in the Update Cash-Flow Forecast are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the forecast, given the hypothetical assumptions; and
- c) the Updated Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

41. The Monitor is satisfied that the Updated Cash Flow Forecast is reasonable having regard to the implicit assumptions underlying same. Since the Updated Cash Flow Forecast is based on assumptions regarding future events, actual results may vary from the

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information presented and the variations may be material. Accordingly, the Monitor provides no assurances that the Updated Cash Flow Forecast will be achieved.

## **XI. EXTENSION TO STAY OF PROCEEDINGS**

42. The Stay Period, pursuant to the Order of the Court dated January 29, 2015 (the “**January 29<sup>th</sup> Order**”) expires on May 1, 2015. A copy of the January 29<sup>th</sup> Order is attached hereto as Appendix “**F**”.
43. The Company wishes to extend the Stay Period in order to allow the Company and the Monitor to undertake and complete the Claims Procedure. The Monitor is of the view that extending the stay period will allow the Company to continue to realize on its assets, primarily its remaining accounts receivable, with the least amount of disruption while at the same time allowing for the disposition of the claims of MRG’s creditors through the Claims Procedure.
44. The Monitor is of the view that the Company is continuing to proceed in good faith and diligently during these proceedings and that the Company’s request for an extension of the stay period to July 31, 2015 is appropriate and reasonable in the circumstances. Accordingly, the Monitor recommends to the Court that it grant the requested extension.

## **XII. MONITOR’S FEES AND DISBURSEMENTS**

45. The Monitor has maintained detailed records of its professional fees and disbursements during the course of these proceedings.
46. The Monitor’s accounts for the period ended December 31, 2014 have been approved by the Court. For the period January 1, 2015 to March 31, 2015, the Monitor’s accounts total \$54,973.66 consisting of \$48,437.50 in fees, \$211.76 in disbursements plus HST of \$6,324.40 (the “**Monitor’s Accounts**”). Copies of the Monitor’s Accounts, together with a summary of the accounts, the total billable hours charged per the accounts, and the

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average hourly rate charged per the accounts, is set out in the Affidavit of Daniel Weisz sworn April 29, 2015 that is attached hereto as Appendix “G”.

47. The accounts of the Monitor’s counsel, Torkin Manes LLP for the period ended December 23, 2014 have been approved by the Court. The accounts of Torkin Manes LLP for the period January 5, 2015 to April 28, 2015 total \$18,437.50 in fees, \$459.00 in disbursements and \$2,456.55 in HST for a total of \$21,353.05 (the “**Torkin Accounts**”). A copy of the Torkin Accounts, together with a summary of the personnel, hours and hourly rates described in the Torkin Accounts, supported by the Affidavit of Adrian Myers sworn April 29, 2015, is attached hereto as Appendix “H”.

### **XIII. MONITOR’S RECOMMENDATIONS AND REQUEST**

48. As set out earlier in this Seventh Report, the Monitor has no objection to (i) MRG’s completion of the transaction with Bearington described herein and (ii) the Company’s request for approval to make a further distribution of USD \$86,995.48 to Sherfam.
49. The Monitor recommends that:
- a) the Court approve the Claims Procedure; and
  - b) the Stay Period be extended to July 31, 2015.
50. The Monitor requests that the Court grant an Order:
- a) approving the Seventh Report and the Monitor’s activities described herein;
  - b) approving the fees and disbursements of the Monitor to March 31, 2015; and
  - c) approving the fees and disbursements of Torkin Manes LLP to April 28, 2015.



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All of which is respectfully submitted to this Court as of this 29th day of April, 2015.

**COLLINS BARROW TORONTO LIMITED**  
in its capacity as the Monitor appointed in  
the CCAA proceedings of Martin Ross Group Inc.,  
and not in its personal capacity



Per: Daniel R. Weisz, CPA, CA, CIRP  
Senior Vice President

# **APPENDIX A**

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.

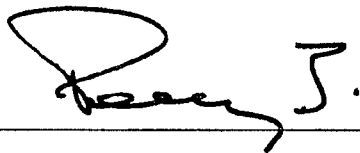
39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

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.

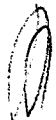
41. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court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



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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**

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# **APPENDIX B**

**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.**

**SIXTH REPORT OF THE MONITOR**

**January 28, 2015**

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**Appendices**

Appendix A – Initial Order

Appendix B – Fifth Report (without appendices) of the Monitor dated January 12, 2015

Appendix C – Extended Cash Flow Projection

Appendix D – October 17, 2014 Stay Extension Order

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## I. Introduction

1. This is the sixth report (the “**Sixth Report**”) prepared by Collins Barrow Toronto Limited (the “**Monitor**”), in its capacity as the Monitor of Martin Ross Group Inc. (“**MRG**” or the “**Company**”) appointed pursuant to section 11.7 of the *Companies’ Creditors Arrangement Act* by an Order of Mr. Justice Penny dated August 7, 2014 (the “**Initial Order**”). The Initial Order stayed all proceedings against the Company until September 6, 2014 (the “**Stay Period**”). A copy of the Initial Order is attached hereto as Appendix “**A**”. The Stay Period was subsequently extended by further Orders of the Court, and the Stay Period expires on January 31, 2015.
2. The Initial Order, Monitor’s reports and other documents filed in these proceedings have been posted on the Monitor’s website at [www.collinsbarrow.com/en/toronto-ontario/martin-ross-group](http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group). The Monitor will continue to post to its website documents in accordance with the E-service Protocol for the Commercial List in the Toronto region.
3. Capitalized terms not otherwise defined in the Sixth Report are as defined in the Initial Order, and in the first five reports of the Monitor.

## II. Purpose of Report

4. The purpose of this Sixth Report is to:
  - a) provide the Court with an update on the Company’s interim distribution to the Company’s secured lenders, RP Holdings Inc. (“**RP**”) and Sherfam Inc. (“**Sherfam**”);
  - b) comment on the status of the inventory liquidation activities to date, including its sale of: loose diamonds (the “**Loose Diamonds Liquidation Process**”), gold and other precious metals (the “**Precious Metals Refinery Sale**”), remaining assets (the “**Remaining Assets**”) and the retail liquidation of its finished goods (the “**Retail Inventory Liquidation Process**”);

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- c) comment and provide the Court with a recommendation on the Company's proposed revised liquidation process (the "**Inventory Liquidation Process**");
  - d) provide information on the updated Cash Flow Statement filed by the Company; and
  - e) comment and provide the Court with a recommendation on the Company's motion for an extension of the stay of proceedings until May 1, 2015.

### **III. Terms of Reference**

- 5. In preparing this Sixth Report and making the comments herein, the Monitor has relied upon unaudited financial information prepared or provided by the Company, discussions with management of the Company, the Company's counsel and information from other third-party sources (collectively, the "**Information**"). As the Information included in this Sixth Report has been provided by the Company or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.
- 6. All references to dollars are in Canadian currency unless otherwise noted.

### **IV. Interim Distribution to Secured Lenders**

- 7. As set out in the Monitor's report to the Court dated January 12, 2015 (the "**Fifth Report**"), the Company sought an order approving its proposed interim distribution to its secured lenders, RP and Sherfam in the amounts of \$3.4 million (CDN) and \$1.8 million (USD), respectively (the "**Interim Distribution**"). A copy of the Fifth Report, without appendices, is attached hereto as Appendix "**B**".

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8. On January 14, 2015, the Court granted an order (the “**Interim Distribution Order**”) which, among other things, approved and authorized the Company to pay the Interim Distribution. A copy of the Interim Distribution Order is attached as Exhibit C to the affidavit of Allen Shechtman affirmed January 26, 2015 (the “**Shechtman Affidavit**”). These amounts have now been paid by the Company to RP and Sherfam. As set out in the Shechtman Affidavit, there continue to be funds outstanding and owing to Sherfam on a secured basis, and Sherfam and the Company are working together to confirm the balance owing to Sherfam.

**V. Inventory Liquidation Process**

**Loose Diamonds Liquidation Process and Precious Metals Refinery Sale**

9. As set out in the Fifth Report, the Loose Diamonds Liquidation Process was concluded on or about December 9, 2014.
10. With reference to the Company's gold and precious metals, the Company has arranged to sell additional quantities of gold and precious metals to refineries for approximately \$106,000.

**Remaining Assets**

11. As set out in the Fifth Report, the Company sold certain assets of its “Persona” and “My First Diamond” branded inventory to First Jewelry Limited. The sales proceeds for this inventory were to be paid in three installments with the final installment to be paid on February 1, 2015. Upon conclusion of the sale, the Monitor will execute and issue its certificate in respect of this sale.
12. In addition to its remaining inventory, as set out in the Shechtman Affidavit, the only significant assets remaining are MRG's fixed assets and accounts receivable. The Company has been unable to find anyone interested in purchasing the fixed assets in conjunction with a lease or sale of the premises and, as a result, will solicit bids from equipment liquidators/auctioneers to conduct a liquidation auction of the fixed assets.

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13. With respect to the accounts receivable, for the period October 6, 2014 to January 16, 2015, the Company reports its accounts receivable collections at \$2,853,000 compared to projected collections of \$3,920,000, representing the projected collections set out in the Cash Flow Statement filed with the Court in support of the Company's motion for the extension of the stay of proceedings to January 31, 2015. As set out in the Shechtman Affidavit, the Company will continue to collect the outstanding accounts as it has been doing. The Monitor notes that the Company continues through its own efforts to settle accounts, or through its referral of certain accounts to legal counsel for collection.

**Retail Inventory Liquidation Process and Inventory Liquidation Process**

14. As set out in the Fifth Report, the results of the Company's Retail Inventory Liquidation Process were materially below forecast amounts. Detailed results of the Retail Inventory Liquidation Process and reasons for the poor results are set out in the Shechtman Affidavit.
15. There is a significant quantity of finished goods inventory remaining due to the results achieved from the Retail Inventory Liquidation Process and this finished goods inventory is currently being catalogued and categorized into lots.
16. The Company has proposed the Inventory Liquidation Process to sell the balance of its finished goods inventory. The Inventory Liquidation Process involves contacting certain wholesalers and liquidators and advising them of the opportunity to inspect and submit bids for specific lots of MRG's finished goods.
17. Details of the Inventory Liquidation Process are set out in the Shechtman Affidavit, including exhibits. Set out below is a summary of the timeline proposed by MRG for the Inventory Liquidation Process:

<b>Description</b>	<b>Date</b>
Completion of cataloguing and categorizing of finished goods inventory into lots	February 13, 2015
Contact of certain wholesalers and liquidators to advise of the opportunity	Commencing February 18, 2015
Inspection period for potential purchasers	February 23 to March 11, 2015
Date by which offers are to be submitted	March 12, 2015
Opening of offers	March 12, 2015
Notification to successful purchasers of acceptance of their offers and make arrangements to close transaction(s)	Commencing March 20, 2015
Completion of purchase	March 27, 2015

18. Significant terms of the Inventory Liquidation Process include:
- a) Bids (“**Offers**”) are to be provided to the Company on a specific form of offer and are subject to specific terms and conditions set out in Exhibit “D” of the Shechtman Affidavit;
  - b) A deposit (the “**Deposit**”) in the amount of 10% of the purchase price is required to be provided with any offer (9% if the Deposit is provided in USD) in the form of a bank draft payable to Martin Ross Group Inc.;
  - c) Offers and Deposits are to be delivered to the offices of the Monitor at 700-11 King Street West, Toronto, ON M5H 4C7, Attention: Daniel Weisz;
  - d) If an Offer is accepted, the Deposit shall be deemed to be a cash deposit without interest against the aggregate offered purchase price; and
  - e) All sales are to be on an “as is, where is” basis with no representation or warranty expressed or implied as to title, merchantability, conditions, description, fitness for purpose, quality, quantity or any other matter or thing whatsoever.
19. For the reasons set out in the Shechtman Affidavit, namely that the Inventory Liquidation Process provides for the exposure of the inventory to potential purchasers and permits a reasonable time for inspection and thereafter bids by potential purchasers, the Monitor is of the view that the Inventory Liquidation



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Process is reasonable, taking into account that the Company has already conducted a retail sale of its finished goods inventory.

**VI. Extended Cash Flow Projection**

20. As was described in the Fifth Report, the results of the retail liquidation sale were significantly below projected amounts. This has caused the actual net cash flow for the period ending January 16, 2015 to be significantly below the amounts projected in the materials previously filed with the Court.
21. Attached hereto as Appendix “C” is MRG’s cash flow projection for the period February 2, 2015 to May 1, 2015 (the “**Extended Cash Flow Projection**”) that is included in the Shechtman Affidavit. The Monitor has reviewed the Extended Cash Flow Projection and the assumptions included therein.
22. The Extended Cash Flow Projection sets out that the Company will generate sufficient cash to fund operations and pay its debts as they generally come due for the period of the Extended Cash Flow Projection. A summary of the projected results for the period of the Extended Cash Flow Projection is set out below:
- a) the Company’s opening cash balance is estimated to be \$3.15 million;
  - b) total receipts and disbursements for the period of the Extended Cash Flow Projection are forecast to be \$3.3 million and \$725,000 respectively with net cash flow of approximately \$2.6 million; and
  - c) the Company’s closing cash balance is forecast to be \$5.75 million.
23. Based on the Monitor’s review of the Extended Cash Flow Projection, nothing has come to the Monitor’s attention that causes the Monitor to believe that, in all material respects, the assumptions developed by the Company are not suitably supported and consistent with the Company’s plan or do not provide a reasonable basis for the Extended Cash Flow Projection. Since the Extended Cash Flow Projection is based on assumptions regarding future events, actual results may vary from the information presented, and such variations may be

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material. Accordingly, the Monitor provides no assurances that the Extended Cash Flow Projection will be achieved.

**VII. The Company's Request for an Extension of the Stay of Proceedings**

24. The Stay Period, pursuant to the Order of the Court dated October 17, 2014 (the "**October 17 Order**") expires on January 31, 2015. A copy of the October 17 Order is attached hereto as Appendix "**D**".
25. The Company wishes to extend the Stay Period in order to (i) undertake the Inventory Liquidation Process, (ii) continue its efforts to liquidate the Company's remaining assets, and (iii) have sufficient time to review the results and then report back to the Court. The Company also expects to be able to proceed with a form of claims process to be able to distribute the balance of the funds in its hands to MRG's creditors.
26. The Monitor is of the view that the Company is continuing to proceed in good faith and diligently during these proceedings and that the Company's request for an extension of the stay period to May 1, 2015 is appropriate and reasonable in the circumstances. Accordingly, the Monitor recommends to the Court that it grant the requested extension.

**VIII. Monitor's Recommendations and Request**

27. The Monitor recommends that:
- a) the Court approve the Inventory Liquidation Process; and
  - b) the Stay Period be extended to May 1, 2015.

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28. The Monitor requests that the Court grant an Order approving the Sixth Report and the Monitor's activities described herein.

All of which is respectfully submitted to this Court as of this 28th day of January, 2015.

**COLLINS BARROW TORONTO LIMITED**  
in its capacity as the Monitor appointed in  
the CCAA proceedings of Martin Ross Group Inc.,  
and not in its personal capacity



Per: Daniel R. Weisz, CPA, CA, CIRP  
Senior Vice President

# **APPENDIX C**

**Martin Ross Group Inc.  
Finished Goods Offer Summary**

Set out below are the offers received in relation to the Inventory Liquidation Process (as defined in the Sixth Report of the Monitor dated January 28, 2015). The offers were opened on March 12, 2015 at approximately 4:15 pm at the offices of the Monitor in accordance with the Inventory Liquidation Process.

#	Prospective Purchaser	Purchase Price	Purchase Price Currency (CDN/US)	Amount of Deposit	Deposit Currency (CDN/US)	Notes
1	James Levitt Barrington	\$ 2,500,000	CAD	\$ 250,000	CAD	Offer on all lots available
2	TCL Asset Group Inc.	101,000	CAD	10,000	CAD	Lot 18 only
3	Gemstar	109,000	CAD	10,900	CAD	Lots 42, 43 and 44 only
4	Gordon Bros.	3,918,000	CAD	352,620	USD	Offer conditional on receiving all lots (deposit is 9% of \$3,918,000)
5	Simplex Diam	3,416,000	CAD	307,440	USD	All lots (Deposit is 9% of \$3,416,000)
6	White Pine Trading LLC	532,000	USD	-	no deposit provided	Lots 1-14, 19 and 23 only

This Appendix forms part of the Monitor's Seventh Report to the Court dated April 29, 2015 and should be read in conjunction therewith.

# **APPENDIX D**

**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.**

**FIFTH REPORT OF THE MONITOR  
January 12, 2015**

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Appendix B – Third Report (without appendices) of the Monitor dated October 16, 2014

Appendix C – Fourth Report (without appendices) of the Monitor dated  
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Appendix D – Opinion on security of RP Holdings Inc.

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Appendix F – Letter from Sherfam, and schedule, re indebtedness to Sherfam

Appendix G – Letter from RP re indebtedness to RP

Appendix H – Monitor's Accounts

Appendix I – Torkin Manes LLP Accounts



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## I. Introduction

1. This is the fifth report (the “**Fifth Report**”) prepared by Collins Barrow Toronto Limited (the “**Monitor**”), in its capacity as the Monitor of Martin Ross Group Inc. (“**MRG**” or the “**Company**”) appointed pursuant to section 11.7 of the *Companies’ Creditors Arrangement Act* by an Order of Mr. Justice Penny dated August 7, 2014 (the “**Initial Order**”). The Initial Order stayed all proceedings against the Company until September 6, 2014 (the “**Stay Period**”). A copy of the Initial Order is attached hereto as Appendix “**A**”. The Stay Period was subsequently extended by further Orders of the Court, and the Stay Period expires on January 31, 2015.
2. The Initial Order, Monitor’s reports and other documents filed in these proceedings have been posted on the Monitor’s website at [www.collinsbarrow.com/en/toronto-ontario/martin-ross-group](http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group). The Monitor will continue to post to its website documents in accordance with the E-service Protocol for the Commercial List in the Toronto region.
3. Capitalized terms not otherwise defined in the Fifth Report are as defined in the Initial Order, and in the first four reports of the Monitor.

## II. Purpose of Report

4. The purpose of this Fifth Report is to:
  - i) provide the Court with an update on the Company’s liquidation process (the “**Liquidation Process**”), which was approved by the Court on October 17, 2014, including:

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- a) the results of the retail inventory liquidation (the “**Retail Inventory Liquidation Process**”);
  - b) the results of the loose diamond inventory liquidation (the “**Loose Diamonds Liquidation Process**”); and
  - c) the liquidation of certain of MRG’s remaining assets, which exclude those assets subject to a liquidation services agreement (the “**Liquidation Services Agreement**”) with Silverman Chapman & Reese Consulting Ltd. (“**SCR**”), the Loose Diamonds Liquidation Process, the liquidation of gold and other precious metals, and its accounts receivable;
- ii) provide the Court with an update on the transaction between the Company and First Jewelry Limited (“**FJL**”) (the “**FJL Transaction**”), which was approved by the Court on December 2, 2014;
  - iii) provide the Court with an update on the transaction between the Company and Corona Jewellery Company Ltd. (“**Corona**”) (the “**Corona Transaction**”), which was approved by the Court on December 2, 2014;
  - iv) provide the Court with information on the Company’s proposed interim distribution to the Company’s secured lenders, RP Holdings Inc. (“**RP**”) and Sherfam Inc. (“**Sherfam**”), and the Monitor’s position concerning same;
  - v) provide information on the Monitor’s activities since the Monitor’s report dated November 28, 2014 (the “**Fourth Report**”);
  - vi) seek an Order approving the Monitor’s activities and Monitor Invoices # 4 and 5 for the period November 1, 2014 to December 31, 2014; and
  - vii) seek an Order approving the accounts of Torkin Manes LLP for the period October 2, 2014 to December 23, 2014.

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### III. Terms of Reference

5. In preparing this Fifth Report and making the comments herein, the Monitor has relied upon unaudited financial information prepared or provided by the Company, discussions with management of the Company, the Company's counsel and information from other third-party sources (collectively, the "**Information**"). As the Information included in this Fifth Report has been provided by the Company or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.
6. All references to dollars are in Canadian currency unless otherwise noted.

### IV. Inventory Liquidation Process

7. The Company proposed the Liquidation Process, which was approved by the Court on October 17, 2014 pursuant to an order issued that day ("**Liquidation Process Order**"), details of which were set out in the Third Report. A copy of the Third Report is attached hereto, without appendices, as Appendix "**B**". MRG's Liquidation Process included the Retail Inventory Liquidation Process, which included executing the Liquidation Services Agreement with SCR that provided for the retail liquidation of a significant portion of the Company's finished goods inventory, the Loose Diamonds Liquidation Process, the liquidation of gold and other precious metals and the liquidation of the Company's remaining assets which exclude accounts receivable and those assets subject to the liquidation processes mentioned above (the "**Remaining Assets**").

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### **Retail Inventory Liquidation Process**

8. As set out in the Fourth Report, a copy of which is attached hereto, without appendices, as Appendix “C”, MRG conducted a retail liquidation sale of the majority of its finished goods inventory from MRG’s premises, which sale commenced on October 23, 2014 and ended on December 24, 2014 (the “**Sale Period**”).
9. Based on information provided to date by the Company to the Monitor, the retail sales for the Sale Period were materially below forecast. As set out in the Company’s weekly cash flow statement projection for the period October 6, 2014 to January 31, 2015, which was filed with the Company’s motion materials returnable October 17, 2014, MRG set out that sales from the Retail Inventory Liquidation Process were forecast to be approximately \$6.0 million net of harmonized sales tax (“**HST**”) of \$780,000. Actual results for the sale period were below \$2 million, net of HST, resulting in an unfavourable variance of approximately \$4 million.
10. As set out in the affidavit of Allan Shechtman sworn on January 12, 2015 in support of the Company’s motion for an interim distribution to RP and Sherfam (the “**Shechtman Affidavit**”), the Company is presently cataloguing the significant quantity of its remaining finished goods inventory and will assess its options for the sale of the remaining finished goods inventory and the Remaining Assets so as to realize further value for the Company’s stakeholders.

### **Loose Diamonds Liquidation Process**

11. As described in the Fourth Report, offers in respect of the Loose Diamonds Liquidation Process were to be received by the Monitor on or before November 24, 2014, 12:00 pm Eastern Standard Time (the “**Offer Deadline**”), together with an amount equal to 10% of the aggregate bid price (the “**Deposit**”). The Company, as permitted by the Liquidation Process Order, subsequently extended the Offer Deadline to November 25, 2014 at 5:00 pm. The offers were opened by the Monitor, in the presence of the Company, at that time.

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12. The Monitor received 12 offers from the 16 potential purchasers that attended MRG's premises to inspect the loose diamonds available for sale of which 8 were for the entire loose diamond inventory and 4 were for specific lots only. The Company advised that it was considering 3 offers received (the "**Offers of Interest**") as they were for the entire loose diamond inventory and the amounts offered exceeded other offers received by a significant amount.
  13. After receipt of the offers, the Company advised that one lot in the loose diamond inventory offered for sale consisted of diamonds branded with the Forevermark logo (the "**Forevermark Lot**") and that these diamonds could only be sold to authorized Forevermark dealers.
  14. On December 2, 2014, the Company contacted the 3 prospective purchasers that made the Offers of Interest to provide them with the opportunity to increase their offers, and to notify them of the circumstances surrounding the Forevermark Lot and if they were not authorized Forevermark dealers, to request that they revise their offers to exclude this lot.
  15. Based on the revised offers and correspondence received from the three prospective purchasers contacted by the Company, as set out in the Shechtman Affidavit, the Company has completed the sale of the loose diamond inventory, except for the Forevermark Lot, to SimplexDiam Inc., for a purchase price of \$2,503,333.30 USD which has been paid to MRG.
  16. On December 8, 2014, the Company informed all other potential purchasers that their bids were unsuccessful (the "**Unsuccessful Purchasers**"). On that same day, the Monitor returned, via courier, to Unsuccessful Purchasers deposits paid to the Monitor in connection with the offers submitted.
  17. As referred to in the Shechtman Affidavit, the Company was in the process of concluding a sale of the Forevermark Lot to HRA Group Holdings Limited for proceeds of \$35,000 USD. The sale has now been concluded and on January 9,

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2014, the Monitor forwarded to the Company the \$35,000 USD bank draft that HRA had provided to the Monitor.

### **Liquidation of Remaining Assets**

18. As set out in the Fourth Report, the Company was in negotiations with potential purchasers for some of the Remaining Assets, resulting in the FJL Transaction and the Corona Transaction. An update on each of the FJL Transaction and Corona Transaction is set out below.

## **V. FJL Transaction**

19. As part of its motion, returnable on December 2, 2014 (the “**December 2<sup>nd</sup> Motion**”), the Company sought approval for the FJL Transaction that provided for the purchase and sale of certain of the Company’s “Persona” and “My First Diamond” branded inventory (the “**FJL Assets**”).
20. As set out in the Fourth Report, the Company sought an approval and vesting order (the “**FJL AVO**”) from the Court for the second portion (the “**Excess Portion**”) of the FJL Transaction, which portion exceeded the \$100,000 threshold limit for an individual sale before an Order of the Court was required. On December 2, 2014, the Court granted the FJL AVO, with the condition that the FJL Assets would vest absolutely in the purchaser, free and clear of and from any and all security interests upon the delivery of a Monitor’s certificate (the “**FJL Certificate**”).
21. In accordance with the terms of the agreement with FJL, the purchase price for the FJL Assets was to be paid in three instalments, with the final balance to be paid 60 days following delivery of the Excess Portion to FJL.
22. As set out in the Shechtman Affidavit, the Company has received post-dated cheques for the balance of the purchase price, the last of which is dated

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February 1, 2015. Upon conclusion of the sale, the Monitor will execute and issue the FJL Certificate.

## **VI. Corona Transaction**

23. As further set out in the December 2<sup>nd</sup> Motion, the Company sought approval for the Corona Transaction, which contemplated the sale of assets of MRG's Libman Division (the "**Libman Assets**") to Corona.
24. As set out in the Fourth Report, the Company sought an approval and vesting order (the "**Corona AVO**") from the Court for the sale of the Libman Assets to Corona. The Court granted the Corona AVO on December 2, 2014, with the condition that the Libman Assets would vest absolutely in the purchaser, free and clear of and from any and all security interests upon the delivery of a Monitor's certificate (the "**Corona Certificate**").
25. On or about December 8, 2014, Corona paid to the Company the balance of the purchase price for the Libman Assets. The Company has provided the Monitor with its representation that all conditions to closing have been satisfied or waived with regard to the transaction; however, Corona has not yet done so. The Monitor is waiting for Corona to provide, in writing, its confirmation that all conditions to closing have been fulfilled. Upon receipt of that confirmation, the Monitor will be in a position to issue the Corona Certificate.

## **VII. Proposed Distribution to Secured Lenders**

26. As set out in the Shechtman Affidavit, the Company is seeking to repay \$3.4 million CDN to RP and \$1.8 million USD to Sherfam both of which parties are secured creditors of MRG.
27. The Monitor sought an opinion on the validity and enforceability of RP's security from Loopstra Nixon LLP, independent counsel retained by the Monitor.

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28. On January 9, 2015, the Monitor received an opinion from Loopstra Nixon LLP that subject to the assumptions and qualifications therein, the security interest granted in the General Security Agreement to RP, as concerns personal property situated in Ontario, is valid and enforceable against a trustee in bankruptcy of the Company as of the date of the security opinion. A copy of Loopstra Nixon LLP's opinion is attached as Appendix "D".
  29. The Monitor sought an opinion on the validity and enforceability of Sherfam's security from Torkin Manes LLP, counsel retained by the Monitor.
  30. On January 9, 2015, the Monitor received an opinion from Torkin Manes LLP that subject to the qualifications set out therein, the security held by Sherfam (which was assigned to Sherfam by HRA Group Holdings Limited) (the "**Sherfam Security**") has been validly perfected under the PPSA and constitutes a valid and binding obligation of the Company in favour of Sherfam and is enforceable by Sherfam in accordance with its terms against a Trustee. A copy of the opinion is attached as Appendix "E".
  31. As set out in the Shechtman Affidavit, Sherfam has advised the Company that in respect of the security held by Sherfam, Sherfam is owed \$2,303,643 USD based on amounts owing by MRG to HRA Group Holdings Ltd. and two of its related companies, Crossworks Manufacturing Ltd. and Worldwide Diamond Trademarks Limited at the time the Sherfam Security was assigned to Sherfam. The Shechtman Affidavit further states that the Company acknowledges that at least \$1.8 million USD is secured by the Sherfam Security.
  32. Attached as Appendix "F" is a letter from Sherfam to MRG (included in the Shechtman Affidavit) advising that Sherfam is owed \$2,303,643 USD and \$2,783.48 CDN (in addition to other amounts owing to Sherfam which are not secured by the Sherfam Security). Also attached as Appendix "F" is a schedule included in the Shechtman Affidavit which sets out that the Company's indebtedness to HRA is \$1,886,995.48 USD, which supports the \$1.8 million USD the Company is proposing to pay to Sherfam. The Monitor has reviewed for



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reasonableness documentation provided by the Company to support this outstanding balance.

33. Included in Exhibit "E" to the Shechtman Affidavit is a copy of an account statement provided by Torkin Manes LLP showing the advance of \$3.4 million to MRG. Attached as Appendix "G" is a letter from RP dated January 12, 2015 confirming that the \$3.4 million is still outstanding.

#### **MRG's Remaining Assets**

34. The Company reported its cash balances to the Monitor as at January 2, 2015, which totalled approximately \$7.9 million CDN. The Monitor has verified these balances by reviewing the Company's bank statements as at January 2, 2015. The cash balance of \$7.9 million is comprised of \$2.7 million USD (converted to CDN at \$1.15 USD/CDN) and \$4.8 million CDN.
35. In addition to its cash balance, the Company has advised the Monitor that it currently has inventory with an estimated cost value of approximately \$6.5 million and outstanding accounts receivable of approximately \$3.9 million.

#### **Proposed Distribution**

36. Based on the Company's cash balances as at January 2, 2015, there are currently sufficient funds available to pay the proposed distribution of \$1.8 million USD and \$3.4 million CAD to Sherfam and RP, respectively. Assuming payment of these amounts, MRG will then have cash balances of approximately \$900,000 USD and \$1.4 million CDN, plus the accounts receivable and inventory referred to above, available for the remaining unpaid secured indebtedness of Sherfam of approximately \$500,000 USD based on the Sherfam letter included in Appendix "F", unpaid priority payables, including the Monitor and its counsel's fees and expenses and the fees and expenses of the Company's counsel.
37. The Company has advised the Monitor that Canada Revenue Agency ("CRA") conducted a payroll audit in the last quarter of 2014 and that the Company's

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source deductions payments are current. The Company utilizes the services of a third-party payroll service provider and payroll is funded on a gross basis.

38. The Company further advises that CRA is in the process of conducting two harmonized sales tax (“HST”) audits. MRG does not anticipate any material reassessments as a result of these audits.
39. Based on the forgoing, there is sufficient liquidity for the Company to continue with its limited operations and there are significant assets remaining, which are available to meet any unforeseen liabilities that may arise.
40. Based on the above, the Monitor supports the Company’s request to make a distribution to its secured creditors as described herein.

#### **VIII. The Monitor’s Fees and Disbursements**

41. The Monitor has maintained detailed records of its professional fees and disbursements during the course of these proceedings.
42. The Monitor’s accounts for the period ending October 31, 2014 have been approved by the Court. For the period November 1, 2014 to December 31, 2014, the Monitor’s account totals \$65,712.35 consisting of \$54,966.50 in fees, \$3,186.02 in disbursements plus HST of \$7,559.83 (the “**Monitor’s Accounts**”). Copies of the Monitor’s Accounts, together with a summary of the accounts, the total billable hours charged per the accounts, and the average hourly rate charged per the accounts, is set out in the Affidavit of Daniel Weisz sworn January 12, 2015 that is attached hereto as Appendix “H”.
43. The accounts of the Monitor’s counsel, Torkin Manes LLP for the period ending September 30, 2014 have been approved by the Court. The accounts of Torkin Manes LLP for the period October 2, 2014 to December 23, 2014 total \$23,225.00 in fees, \$536.70 in disbursements and \$3,089.02 in HST for a total of \$26,850.72 (the “**Torkin Accounts**”). A copy of the Torkin Accounts, together

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with a summary of the personnel, hours and hourly rates described in the Torkin Accounts, supported by the Affidavit of Stewart Thom sworn January 9, 2015, is attached hereto as Appendix "I".

**IX. Monitor's Recommendations and Requests**

44. For the reasons set out above, the Monitor supports the Company's motion to make the payments to RP and Sherfam described herein.
45. The Monitor requests that the Court grant an Order that approves:
- a) the Fifth Report and the Monitor's activities described herein;
  - b) the fees and disbursements of the Monitor to December 31, 2014; and
  - c) the fees and disbursements of Torkin Manes LLP to December 23, 2014.

All of which is respectfully submitted to this Court as of this 12th day of January, 2015.

**COLLINS BARROW TORONTO LIMITED**  
in its capacity as the Monitor appointed in  
the CCAA proceedings of Martin Ross Group Inc.,  
and not in its personal capacity



Per: Daniel R. Weisz, CPA, CA, CIRP  
Senior Vice President

# **APPENDIX E**

Martin Ross Group Inc.  
 Projected Cash Flow  
 C000's

WEEKLY CASH FLOW - FROM MAY 1 TO JULY 31, 2015

	May 1 - 8	May 11 - 15	May 18 - 22	May 25 - 29	June 1 - 5	June 8 - 12	June 15 - 19	June 22 - 26	June 29-Jul 3	Jul 6 - 10	Jul 13 - 17	Jul 20 - 24	Jul 27 - 31	TOTAL
days	6	5	5	5	5	5	5	5	5	5	5	5	5	
<b>Cash Receipts</b>														
Receivables	6	3	4	17	20	4	3	5	18	3	3	3	33	122
Finished goods liquidations	230													230
Other inventory liquidations				50										50
<b>Total Receipts</b>	<b>236</b>	<b>3</b>	<b>4</b>	<b>67</b>	<b>20</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>18</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>33</b>	<b>402</b>
<b>Cash Disbursements</b>														
HST			52	10					10				10	82
PAYROLL		5		5		4		3		3		3	2	25
RENT	16				16				16					48
PROPERTY TAX	11									11				22
COLLECTION EXPENSES	10					5				5				20
FREIGHT/SHIPPING		1		1		1		1				2		6
UTILITIES	3	3	3	3	3	3	3	3	3	3	3	3	3	39
PROFESSIONAL FEES					50			50					50	150
DISTRIBUTION TO SECURED CREDITOR	107													107
OTHER Contingency	2	2	2	2	2	2	2	2	2	2	2	2	2	26
<b>Total Disbursements</b>	<b>149</b>	<b>11</b>	<b>57</b>	<b>21</b>	<b>71</b>	<b>15</b>	<b>5</b>	<b>59</b>	<b>31</b>	<b>24</b>	<b>5</b>	<b>10</b>	<b>67</b>	<b>525</b>
<b>Net Cash In / (Out)</b>	<b>87</b>	<b>-8</b>	<b>-53</b>	<b>46</b>	<b>-51</b>	<b>-11</b>	<b>-2</b>	<b>-54</b>	<b>-13</b>	<b>-21</b>	<b>-2</b>	<b>-7</b>	<b>-34</b>	<b>-123</b>
<b>Cash - Opening Balance</b> note	<b>7,850</b>	<b>7,937</b>	<b>7,929</b>	<b>7,876</b>	<b>7,922</b>	<b>7,871</b>	<b>7,860</b>	<b>7,858</b>	<b>7,804</b>	<b>7,791</b>	<b>7,770</b>	<b>7,768</b>	<b>7,761</b>	<b>7,850</b>
<b>Cash - Ending Balance</b>	<b>7,937</b>	<b>7,929</b>	<b>7,876</b>	<b>7,922</b>	<b>7,871</b>	<b>7,860</b>	<b>7,858</b>	<b>7,804</b>	<b>7,791</b>	<b>7,770</b>	<b>7,768</b>	<b>7,761</b>	<b>7,727</b>	<b>7,727</b>

Notes: The opening balance is estimated.

# **APPENDIX F**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE )  
JUSTICE NEWBOULD )

THURSDAY, THE 29<sup>TH</sup> DAY  
OF JANUARY, 2015



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**  
**(approving inventory liquidation process**  
**and extension of Stay Period)**

**THIS MOTION**, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order (i) approving a revised liquidation process for the liquidation of its finished goods inventory (the "**Inventory Liquidation Process**"); (ii) approving the Sixth Report (the "**Sixth Report**") of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the activities of the Monitor described therein, and, (iii) extending the Stay Period (as defined in the Order of Justice Penny dated August 7, 2014 (the "**Initial Order**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the Affidavit of Allen Shechtman affirmed on January 26, 2015 (the "**Shechtman Affidavit**") and the Sixth Report of the Monitor, and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Kelly Barrett and Janice Chen, filed:

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record and the Sixth Report is hereby abridged, and service of the Motion Record and the Sixth Report

is hereby validated, such that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Applicant be and is hereby authorized and directed to conduct the Inventory Liquidation Process as described in the Shechtman Affidavit, and that the Applicant is hereby authorized and directed to take such steps as are necessary or desirable to carry out the Inventory Liquidation Process and any step taken by the Applicant in connection with the Inventory Liquidation Process prior to the date hereof be and is hereby approved and ratified.

3. **THIS COURT ORDERS** that the Applicant and the Monitor and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery by the Applicant of a bill of sale or similar evidence of purchase to a purchaser (the "**Purchaser Bill of Sale**") pursuant to the Inventory Liquidation Process, all of the Applicant's right, title and interest in and to the assets described in the Purchaser Bill of Sale (the "**Purchased Assets**") shall vest absolutely in such purchaser, free and clear of, and from, any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial



or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets pursuant to the Inventory Liquidation Process shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Purchaser Bill of Sale, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS** that, notwithstanding:

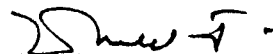
- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant,

the vesting of the Purchased Assets in a purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS AND DECLARES** that each of the sale transactions contemplated by this Order is exempt from the application of the *Bulk Sales Act* (Ontario).

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

9. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until May 1, 2015.



ENTERED AT / DÉPOSÉ À TORONTO  
ON / LE 2015  
LE / DA / LE / DÉPOSÉ NO.

JAN 20 2015

MB

**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**  
**(approving inventory liquidation process and extension of  
Stay Period)**

**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

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

Lawyers for the Applicant, Martin Ross Group Inc.

# **APPENDIX G**

**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 DANIEL WEISZ  
(Sworn on April 29, 2015)**

I, DANIEL WEISZ, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Senior Vice-President of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as Court-appointed Monitor (in such capacity, the “**Monitor**”), of all of the assets, undertakings and properties of Martin Ross Group Inc. (the “**Company**”) and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto and marked as **Exhibit “A”** are detailed invoices (the “**Invoices**”) issued to the Company by CBTL for fees and disbursements incurred by CBTL in connection with the Company’s proceedings pursuant to the Companies Creditors Arrangement Act for the period January 1, 2015 to March 31, 2015 (the “**Appointment Period**”). The total

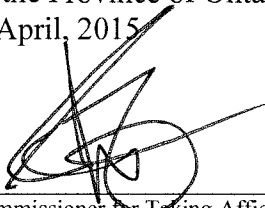
fees charged by CBTL to the Company during the Appointment Period were \$48,437.50 plus disbursements of \$211.76, plus HST of \$6,324.40 totaling \$54,973.66.

3. The Invoices are a fair and accurate description of the services provided and the amounts charged by CBTL.

4. Attached hereto and marked as **Exhibit "B"** is a schedule summarizing the invoices in Exhibit "A" including the total billable hours charged, the total fees charged and the average hourly rate charged.

5. I make this affidavit in support of a motion for an Order approving the Monitor's fees and disbursements and for no other or improper purpose.

**SWORN BEFORE ME** at the City of  
Toronto, in the Province of Ontario, on the  
29<sup>th</sup> day of April, 2015



Commissioner for Taking Affidavits  
(or as may be)



**DANIEL WEISZ**

This is Exhibit "A" to the Affidavit of  
Daniel Weisz sworn on April 29, 2015

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

---

A Commissioner for the taking of affidavits, etc.

# **EXHIBIT “A”**

## **Detailed Invoices**



**To** Martin Ross Group Inc.  
 250 Canarctic Drive  
 Toronto, Ontario  
 M3J 2N7

T. 416.480.0160  
 F. 416.480.2646

www.collinsbarrow.com

**Date** February 23, 2015

**Client File** 112096  
**Invoice** 6  
**No.** C000016

GST/HST: 80784 1440 RT 0001

For professional services rendered with respect to the appointment of Collins Barrow Toronto Limited as Court-appointed Monitor pursuant to the Companies' Creditors Arrangement Act ("**CCAA**") proceeding of Martin Ross Group Inc. ("**Martin Ross**" or the "**Company**") for the period January 1, 2015 to January 31, 2015.

Date	Professional	Description
1/2/2015	Daniel Weisz	Review email from A. Glasenberg and draft reply for review.
1/2/2015	Bryan Tannenbaum	Review response to A. Glasenberg regarding status update.
1/5/2015	Daniel Weisz	Telephone call with J. Grauman; telephone call in to F. Sulley of Torkin Manes LLP; review email from J. Grauman regarding RP Holdings; telephone call with F. Sulley regarding security opinion; telephone call in to J. Grauman; telephone call in to M. Abramowitz of Kronis, Rotsztain, Margles, Cappel LLP ("KRMC"), review and update summary of activities; telephone call with J. Grauman and call in to P. Cho of KRMC; prepare for telephone call with F. Sulley and information required from the Company; telephone call with P. Cho regarding matters with respect to the application to Court; telephone call with F. Sulley regarding same; telephone call with B. Boake of McCarthy Tetrault LLP.
1/5/2015	Bryan Tannenbaum	Email regarding funds requested by A. Glasenberg.
1/5/2015	Arif Dhanani	Attend to file administration.
1/6/2015	Daniel Weisz	Exchange emails with J. Grauman; telephone call with P. Cho regarding Court date; meet with A. Dhanani to discuss information requirements and email to M. Robinson regarding same; review security opinion; discussion with A. Dhanani on report to Court; conference call with M. Abramowitz and P. Cho regarding status; discussion with F. Sulley regarding security opinion on RP; discussion with J. Grauman on upcoming application to Court including conference call with J. Grauman and A. Glasenberg and email; discussion with A. Dhanani on insurance enquiry.
1/6/2015	Arif Dhanani	Review various emails; discussion with D. Weisz regarding meeting with M. Robinson on January 8, 2014; meet with D. Weisz regarding Monitor's fifth report and continue drafting same; telephone call with M. Robinson regarding Forevermark diamonds and sale of same.
1/6/2015	Bryan Tannenbaum	Telephone call with C. Baxter regarding status and results and go forward plan, etc.

Date	Professional	Description
1/7/2015	Daniel Weisz	Telephone call with G. Phoenix of Loopstra Nixon LLP regarding security opinion required and forward information; finalize email to A. Glasenberg and send; review results from the Company compared to projections; review email from A. Glasenberg; review files and reply to same; telephone call with F. Sulley regarding status of opinion on Sherfam security; prepare for meeting at the Company tomorrow.
1/7/2015	Eric Corrado	Response to unsecured creditor regarding CCAA proceedings.
1/7/2015	Arif Dhanani	Working on Monitor's fifth report and discussions with D. Weisz thereon.
1/7/2015	Bryan Tannenbaum	Discussion with D. Weisz as to status and recommendation for moving forward.
1/8/2015	Daniel Weisz	Telephone call with M. Robinson regarding meeting today; attend meeting at Martin Ross with A. Dhanani and M. Robinson to discuss status of results, Company proposed course of action and discussion with B. Tannenbaum on same and email re same; discussion with P. Cho on status of security opinions to be provided to the Monitor and the status of the Monitor Certificate to Corona; review affidavit of A. Shechtman and work on the Monitor's Report to Court.
1/8/2015	Arif Dhanani	Attend at the Company to meet with M. Robinson and D. Weisz; complete first draft of Monitor's 5th report and send to D. Weisz for review.
1/8/2015	Bryan Tannenbaum	Review and revise status email to secured creditor; discussions with D. Weisz regarding same.
1/9/2015	Daniel Weisz	Review and update report; review security opinions received from Loopstra Nixon and Torkin Manes; discussion with G. Phoenix; discussion with F. Sulley; discussion with P. Cho regarding A. Shechtman affidavit; prepare affidavit of fees; letter to Martin Ross enclosing bank draft received regarding sale with respect to Forevermark diamonds; email draft monitor report to KRMC and the Company; discussion with P. Cho regarding comments on draft report; discussion with F. Sulley on status.
1/9/2015	Arif Dhanani	Final review of Monitor's fifth report prior to release to Torkin Manes for comments; discussions with D. Weisz.
1/11/2015	Daniel Weisz	Review and exchange emails with P. Cho; telephone call with P. Cho.
1/12/2015	Arif Dhanani	Discussion with D. Weisz regarding HRA debt supporting schedules; emails to M. Robinson regarding same; review of supporting schedules provided by M. Robinson; review of changes made to Monitor's fifth report and discussion with D. Weisz regarding same and finalize report.
1/12/2015	Daniel Weisz	Discussion with A. Dhanani on status; review changes to affidavit; review draft notice of motion and Court order and email to P. Cho on same; review information from M. Robinson regarding HRA indebtedness and email to M. Robinson on same; review final affidavit of A. Shechtman and update report to Court, discussion with F. Sulley on status of application to Court by the Company; finalize report; discussion with M. Robinson on cash flow; attend at Torkin Manes to deliver report and swear affidavit of fees.
1/13/2015	Eric Corrado	Reference fifth report of the Monitor including discussion with A. Dhanani regarding same.
1/13/2015	Bryan Tannenbaum	Review of the fifth report of the Monitor.
1/13/2015	Daniel Weisz	Arrange for posting of documents to website; discussion with B. Tannenbaum and M. Abramowitz on Company status and considerations relating thereto;

Date	Professional	Description
		review email from T. Louman-Gardiner regarding Company application to Court and subsequent discussion with M. Abramowitz and P. Cho re same.
1/14/2015	Eric Corrado	Review Court order and posting of same to Monitor's website.
1/14/2015	Bryan Tannenbaum	Discussions with D. Weisz as to status and Court and meeting with secured creditor; review of email from KRMC to M. Robinson regarding funds to be paid to the secured creditor.
1/14/2015	Daniel Weisz	Prepare for and attend in Court regarding the Company's application for an interim distribution.
1/15/2015	Eric Corrado	Review and update creditor listing and forward same to D. Weisz.
1/15/2015	Daniel Weisz	Prepare for meeting at Company tomorrow; discussion with P. Cho on Umicore and exchange emails with M. Robinson regarding same.
1/16/2015	Bryan Tannenbaum	Meeting with D. Weisz to prepare for meeting with secured creditor; attend meeting at Martin Ross with J. Grauman, M. Robinson and D. Weisz regarding status, outstanding issues and the status of the CCAA proceedings.
1/16/2015	Daniel Weisz	Meet with B. Tannenbaum to prepare for meeting with Sherfam; travel to Martin Ross premises and meet with J. Grauman, M. Robinson and B. Tannenbaum to discuss the status of the Company and the CCAA proceedings.
1/19/2015	Daniel Weisz	Discussion with M. Abramowitz on status; discussion with E. Corrado regarding Torkin Manes invoices and email to Torkin Manes regarding same.
1/19/2015	Eric Corrado	Discussion with D. Weisz regarding legal fees and email to M. Robinson regarding same.
1/20/2015	Arif Dhanani	Drafting sixth report of the Monitor.
1/20/2015	Daniel Weisz	Telephone call with J. Grauman on status including with A. Glasenberg in part; telephone call with M. Robinson regarding schedules circulated with respect to transactions with related parties; draft email to A. Shechtman and send; email to KRMC and Torkin Manes regarding proceedings under the CCAA.
1/21/2015	Daniel Weisz	Review email from A. Shechtman; telephone call with J. Grauman; draft reply to A. Shechtman; review correspondence from McMillan LLP regarding sale to Corona; discussion with J. Grauman on status and extension of CCAA; discussion with P. Cho on status of extension regarding CCAA proceedings; discussion with M. Robinson on schedules and cash flow to be prepared regarding extension of stay of proceedings and discussion with J. Grauman regarding same.
1/21/2015	Arif Dhanani	Review various emails among D. Weisz, M. Robinson and A. Schectman.
1/21/2015	Eric Corrado	Review proof of claim from unsecured creditor and draft letter to unsecured creditor regarding same and return proof of claim received.
1/22/2015	Daniel Weisz	Email to the Company regarding inventory; review and provide comments on draft affidavit of A. Shechtman, draft notice of motion and draft Court order; conference call with M. Abramowitz and P. Cho regarding same; telephone call with P. Resnick of KRMC regarding terms of sale process.
1/23/2015	Daniel Weisz	Telephone call with M. Abramowitz; email to KRMC regarding offer deadline date with respect to remaining inventory liquidation process.
1/23/2015	Arif Dhanani	Finalize first draft of Monitor's sixth report and send to D. Weisz for comments.
1/24/2015	Daniel Weisz	Review draft form of offer, conditions of sale, extended cash flow forecast and telephone call with M. Robinson on same; review and update sixth report to

Date	Professional	Description
		the Court; send various emails relating thereto.
1/26/2015	Daniel Weisz	Telephone call with M. Abramowitz on status; telephone call with J. Grauman; discussion with M. Robinson regarding status of proposed agreement with an account debtor with respect to outstanding account receivable; telephone call in to F. Sulley; review updated draft affidavit; telephone call with P. Cho regarding same; review updated draft Court order and notice of motion; reply to email from A. Shechtman; telephone call with F. Sulley on status of various matters; draft email to the account debtor and send in draft to F. Sulley; email to P. Cho regarding proposed settlement with the account debtor and discussion with P. Cho regarding same; review information provided by M. Robinson; discussion with P. Cho regarding transaction and company cash flow projection; review revised projection; telephone call with M. Robinson regarding same; review of emails; discussion with M. Robinson on sales results and email to P. Cho regarding same; conference call with M. Abramowitz, P. Cho, F. Sulley regarding proposed account receivable settlement; discussion with P. Resnick regarding form of offer; review revisions to draft documents.
1/26/2015	Arif Dhanani	Discussions with D. Weisz regarding the Monitor's report, cash flow and finalization of A. Shechtman affidavit.
1/27/2015	Daniel Weisz	Work on Monitor's report to Court; review account receivable settlement proposal and email to F. Sulley on same; telephone call with P. Cho regarding same and then with F. Sulley on same; review revised agreement and email to P. Cho regarding same; discussion with F. Sulley on draft report to Court and circulate to Company and KRMC and incorporate comments received; review M. Abramowitz comments and email to F. Sulley re same.
1/28/2015	Daniel Weisz	Attend at Martin Ross and meet with D. Moore and M. Robinson to discuss Company assets and disposition of same; review correspondence regarding Company proposed account receivable settlement agreement; telephone call with F. Sulley regarding the Monitor's report; update and finalize the Monitor's sixth report to the Court.
1/28/2015	Arif Dhanani	Finalize sixth report of Monitor and appendices thereto; review various emails from M. Robinson and D. Weisz.
1/29/2015	Daniel Weisz	Prepare for and attend in Court regarding motion for stay extension; review Court order issued; review account of Loopstra Nixon and emails regarding same.
1/30/2015	Bryan Tannenbaum	Review emails regarding orders obtained.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

**FEE SUMMARY**

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP	President	6.60	\$ 495	\$ 3,267.00
Daniel R. Weisz, CPA, CA, CIRP	Senior Vice President	47.10	\$ 495	23,314.50
Arif N. Dhanani, CPA, CA, CIRP	Senior Manager	16.10	\$ 350	5,635.00
Eric J. Corrado, CPA, CA	Senior Analyst	3.70	\$ 185	684.50
<b>Total hours and professional fees</b>		<b>73.50</b>		\$ 32,901.00
<b>Disbursements</b>				
Mileage	\$ 12.21			
Long distance call	15.04			
<b>Total disbursements</b>				27.25
<b>Total professional fees and disbursements</b>				\$ 32,928.25
HST @ 13%				4,280.67
<b>Total payable</b>				<b>\$ 37,208.92</b>

PAYMENT BY VISA ACCEPTED

VISA NUMBER \_\_\_\_\_ Expiry Date \_\_\_\_\_  
 Name on Card \_\_\_\_\_ Amount \_\_\_\_\_

WIRE PAYMENT DETAILS

For CAS Payments: For credit to the account of Collins Barrow Toronto Limited, Account No. 65-84918, Canadian Imperial Bank of Commerce  
 Branch No. 00002, Commerce Court Banking Centre, Toronto, ON M5L 1G9

**PLEASE RETURN ONE COPY WITH REMITTANCE**

Terms: Payment upon receipt. Interest will be charged at the rate of 12% per annum (1% per month) on overdue accounts.  
 The Collins Barrow trademarks are used under license.

**To** Martin Ross Group Inc.  
 250 Canarctic Drive  
 Toronto, Ontario  
 M3J 2N7

T. 416.480.0160  
 F. 416.480.2646

www.collinsbarrow.com

**Date** March 11, 2015

**Client File** 112096  
**Invoice** 7  
**No.** C000028

GST/HST: 80784 1440 RT 0001

For professional services rendered with respect to the appointment of Collins Barrow Toronto Limited as Court-appointed Monitor pursuant to the Companies' Creditors Arrangement Act ("**CCAA**") proceeding of Martin Ross Group Inc. ("**Martin Ross**" or the "**Company**") for the period February 1, 2015 to February 28, 2015.

<b>Date</b>	<b>Professional</b>	<b>Description</b>
2/2/2015	Daniel Weisz	Review emails, email to P. Cho of Kronis, Rotsztain, Margles, Cappel LLP ("KRM") regarding auction proposals.
2/2/2015	Eric Corrado	Prepare finished goods inventory offer and appointment tracker and forward same to D. Weisz.
2/3/2015	Daniel Weisz	Reply to email from D. Moore regarding accounts receivable collections; request from A Teacher a copy of the January 31 accounts receivable listing; preliminary review of accounts receivable listings received and discussion with E. Corrado on same.
2/3/2015	Eric Corrado	Review accounts receivable listings provided by Martin Ross; sort and analyze accounts receivable listing provided by Martin Ross including discussion with D. Weisz regarding same.
2/4/2015	Daniel Weisz	Review email from A. Glasenberg and reply to same, review email from J. Grauman and respond to same, review email from SCR and forward to J. Grauman.
2/5/2015	Daniel Weisz	Review email from D. Moore and email to J. Grauman regarding same; review email from A. Teacher and forward to J. Grauman, review email from D. Moore regarding accounts receivable and reply to same; telephone call with J. Grauman regarding accounts receivable/inventory.
2/6/2015	Daniel Weisz	Review court order; telephone call with J. Grauman; email to A. Shechtman regarding accounts.
2/8/2015	Daniel Weisz	Email to the Company and to A. Shechtman regarding the inventory liquidation process.
2/9/2015	Daniel Weisz	Email to A. Glasenberg enclosing financial statements requested; review further emails and respond to same.
2/9/2015	Eric Corrado	Review email from D. Weisz concerning Martin Ross balance sheet including review of files and discussion with D. Weisz regarding same.
2/11/2015	Daniel Weisz	Exchange emails with D. Moore regarding attending at Martin Ross on Friday; exchange emails with A. Shechtman regarding inventory.

Date	Professional	Description
2/12/2015	Eric Corrado	Telephone call with creditor regarding CCAA proceeding including providing link to Monitor website; discussion with D. Weisz regarding finished goods inventory liquidation process.
2/12/2015	Daniel Weisz	Prepare for meeting at the Company on February 13, 2015.
2/13/2015	Daniel Weisz	Meet at the Company with D. Moore and A. Teacher to discuss inventory liquidation process; brief meeting with A. Shechtman; travel to office; discussion with P. Cho on the the Company's discussions with Mimram; review email from D. Moore regarding Bell Canada and reply to same; respond to email from A. Teacher regarding sale of individual pieces of equipment; provide status update to J. Grauman; email to D. Moore regarding results for the two weeks ended January 31, 2015.
2/17/2015	Daniel Weisz	Review emails regarding inventory liquidation process.
2/17/2015	Eric Corrado	Review email from creditor including forwarding same to A. Teacher.
2/18/2015	Daniel Weisz	Review emails, respond to A Teacher regarding inventory tracking schedule; telephone call with a party interested in the Company's finished goods inventory.
2/19/2015	Eric Corrado	Update to eservice list including discussion with D. Weisz and revision to Monitor website regarding same.
2/19/2015	Daniel Weisz	Discussion with E. Corrado regarding Monitor website.
2/20/2015	Daniel Weisz	Review and update summary of activities; file organization.
2/23/2015	Daniel Weisz	File organization.
2/25/2015	Daniel Weisz	Review draft proposed agreement with Mimram and discussion with F. Sulley of Torkin Manes LLP on same; email to P. Cho to quantify amounts referred to therein.
2/26/2015	Daniel Weisz	Finalize email to J. Grauman regarding proposed company settlement with Mimram; review cash flow information received; prepare for meeting on February 27, 2015 at the Company.
2/26/2015	Arif Dhanani	Review cash flow provided by D. Moore and email same regarding questions on cash flow.
2/27/2015	Daniel Weisz	Attend at Martin Ross and meet with D. Moore; travel to office and note to file.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

### FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CIRP	Senior Vice President	13.50	\$ 495	6,682.50
Arif N. Dhanani, CPA, CA, CIRP	Senior Manager	0.50	\$ 350	175.00
Eric J. Corrado, CPA, CA	Senior Analyst	1.90	\$ 185	351.50
<b>Total hours and professional fees</b>		<u>15.90</u>		\$ 7,209.00
<b>Disbursements</b>				
Courier			\$ 30.97	
Travel (Nov.14-21/14)			<u>75.68</u>	
<b>Total disbursements</b>				106.65
<b>Total professional fees and disbursements</b>				\$ 7,315.65
HST @ 13%				951.03
<b>Total payable</b>				<b>\$ 8,266.68</b>

PAYMENT BY VISA ACCEPTED

VISA NUMBER \_\_\_\_\_ Expiry Date \_\_\_\_\_  
 Name on Card \_\_\_\_\_ Amount \_\_\_\_\_

**WIRE PAYMENT DETAILS**

For CAS Payments: For credit to the account of Collins Barrow Toronto Limited, Account No. 65-84918, Canadian Imperial Bank of Commerce  
 Branch No. 00002, Commerce Court Banking Centre, Toronto, ON M5L 1G9

**PLEASE RETURN ONE COPY WITH REMITTANCE**

Terms: Payment upon receipt. Interest will be charged at the rate of 12% per annum (1% per month) on overdue accounts.  
 The Collins Barrow trademarks are used under license.



**To** Martin Ross Group Inc.  
 250 Canarctic Drive  
 Toronto, Ontario  
 M3J 2N7

T. 416.480.0160  
 F. 416.480.2646

www.collinsbarrow.com

**Date** April 6, 2015

**Client File** 112096

GST/HST: 80784 1440 RT 0001

**Invoice** 8

**No.** C000035

For professional services rendered with respect to the appointment of Collins Barrow Toronto Limited as Court-appointed Monitor pursuant to the Companies' Creditors Arrangement Act ("**CCAA**") proceeding of Martin Ross Group Inc. ("**Martin Ross**" or the "**Company**") for the period March 1, 2015 to March 31, 2015.

<b>Date</b>	<b>Professional</b>	<b>Description</b>
3/2/2015	Daniel Weisz	Email to Torkin Manes LLP ("Torkin Manes") regarding status of its account; telephone call with F. Sulley of Torkin Manes regarding company proposed settlement with Mimram; exchange emails with D. Moore regarding status of February reporting; review schedule regarding potential interested parties with respect to inventory liquidation process.
3/3/2015	Daniel Weisz	Review email from D. Moore regarding comparison of results; review email from D. Moore regarding accounts receivable and reply thereto.
3/4/2015	Daniel Weisz	Email to Company regarding status of Torkin Manes accounts; review updated agreement with Mimram regarding cancellation of royalty agreement; email comments to P. Cho of Kronis, Rotsztain, Margles, Cappel LLP ("KRMCM").
3/5/2015	Eric Corrado	Review proof of claim received from creditor including filing of same.
3/6/2015	Eric Corrado	Review email from party enquiring on results of Loose Diamond Liquidation Process and email response to same; review voicemail and return telephone call to vendor enquiring on status of CCAA proceedings.
3/6/2015	Daniel Weisz	Exchange emails with A. Teacher regarding possible Gemstar transaction.
3/9/2015	Daniel Weisz	Discussion with A. Dhanani on Bell Canada request for information; telephone call with M. Robinson; review request for information from J. Grauman and forward the information.
3/9/2015	Arif Dhanani	Review message from Bell Canada requesting information on CCAA proceedings and email to Bell Canada with copies of Initial Order and most recent stay extension order; attend to file administration.
3/10/2015	Daniel Weisz	Review Mimram changes to proposed agreement; review schedule regarding status of invitees with respect to inventory liquidation process and email to F. Sulley regarding same; review summary of activities.
3/10/2015	Eric Corrado	Review voicemail from former vendor and telephone call with same; review email from former vendor regarding collection of accounts receivable including forward of same to D. Weisz.

Date	Professional	Description
3/11/2015	Daniel Weisz	Email to J. Grauman regarding inventory liquidation process; telephone call with M. Robinson on his return to company; email to M. Robinson enclosing accounts; telephone call with T. Jacobs of TCL regarding offer being submitted.
3/12/2015	Daniel Weisz	Exchange emails with M. Robinson regarding opening of offers received with respect to inventory liquidation process; meet with M. Robinson, A. Teacher, A. Dhanani and B. Tannenbaum regarding opening of offers with respect to inventory liquidation process and discussion regarding status of remaining assets of the company.
3/12/2015	Bryan Tannenbaum	Attend opening of offers for remaining inventory with M. Robinson and A. Teacher.
3/12/2015	Arif Dhanani	Attend inventory liquidation offer opening; draft summary of offers and email same to D. Weisz.
3/13/2015	Arif Dhanani	Review inventory offer from an interested purchaser and confirm offer amount and currency via email to M. Robinson; revise offer summary spreadsheet to include offer from an interested party; email from Bell Canada and follow up with Martin Ross; email response to Bell Canada.
3/13/2015	Daniel Weisz	Review emails; forward revised schedule of offers to Sherfam and to respective counsel; review email from an interested purchaser.
3/14/2015	Daniel Weisz	Exchange emails with A. Shechtman regarding company matters.
3/16/2015	Daniel Weisz	Review emails; email to M. Robinson regarding status of offers with respect to inventory liquidation process and discussion with M. Robinson regarding same; file organization.
3/17/2015	Daniel Weisz	Telephone call with M. Robinson regarding accounts receivable collections; review of files and file organization.
3/18/2015	Daniel Weisz	Review emails regarding liquidation process, cash flow reports, accounts receivable collections.
3/18/2015	Arif Dhanani	Email to M. Robinson regarding biweekly reporting and request for responses to Monitor's unanswered queries; forward previous reporting from D. Moore and Monitor's questions to M. Robinson; review of correspondence between an interested party and Martin Ross; review of draft agreement for collection of balance of accounts receivable.
3/19/2015	Daniel Weisz	Telephone call with M. Robinson, A. Teacher and A. Shechtman regarding offer received from an interested purchaser; review offer received and email to the interested purchaser in connection with same; telephone call with M. Robinson.
3/19/2015	Bryan Tannenbaum	Email regarding A/R arrangement for collection by M. Robinson; email regarding sale of FG Inventory for \$4.1M.
3/20/2015	Daniel Weisz	Exchange emails with the Company regarding the inventory liquidation process; telephone call with P. Cho; forward email from an interested purchaser to P. Cho; respond to email from T. Jacobs.
3/23/2015	Daniel Weisz	Review email from M. Robinson regarding email requested by an interested purchaser from the Company; telephone call with M. Robinson on same; discussion with M. Abramowitz of KRMC on various matters; telephone call with M. Robinson regarding purchase price for assets; emails to SimplexDiam regarding the acceptance of its offer and the Monitor's position regarding acceptance of a wire transfer; review email from SimplexDiam and reply to

Date	Professional	Description
		same; draft letter to Martin Ross enclosing deposit cheque.
3/24/2015	Daniel Weisz	Email to M. Robinson regarding SimplexDiam deposit.
3/25/2015	Daniel Weisz	Review email from E. Golden of Blaney McMurtry LLP; review files and reply to email; review email from M. Robinson regarding completion of sale of remaining inventory.
3/26/2015	Daniel Weisz	Email to J. Levitt to enquire re pick up of deposit cheque.
3/27/2015	Daniel Weisz	Exchange emails with A. Shechtman regarding a claims process.
3/30/2015	Daniel Weisz	Telephone call with J. Grauman regarding claims process status; telephone call with M. Abramowitz regarding claims process, stay expiration and proposed motion to court.
3/31/2015	Arif Dhanani	Review Martin Ross reporting for the periods ended March 27, 2015.
3/31/2015	Daniel Weisz	Review company cash position.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

### FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP	President	0.70	\$ 495	\$ 346.50
Daniel R. Weisz, CPA, CA, CIRP	Senior Vice President	13.00	\$ 495	6,435.00
Arif N. Dhanani, CPA, CA, CIRP	Senior Manager	4.10	\$ 350	1,435.00
Eric J. Corrado, CPA, CA	Senior Analyst	0.60	\$ 185	111.00
<b>Total hours and professional fees</b>		<b><u>18.40</u></b>		<b>\$ 8,327.50</b>
<b>Disbursements</b>				
Couriers			\$ 77.86	
<b>Total disbursements</b>				<b>77.86</b>
<b>Total professional fees and disbursements</b>				<b>\$ 8,405.36</b>
HST @ 13%				1,092.70
<b>Total payable</b>				<b>\$ 9,498.06</b>

PAYMENT BY VISA ACCEPTED

VISA NUMBER \_\_\_\_\_ Expiry Date \_\_\_\_\_  
 Name on Card \_\_\_\_\_ Amount \_\_\_\_\_

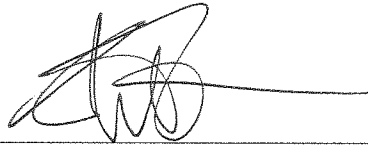
**WIRE PAYMENT DETAILS**

For CAS Payments: For credit to the account of Collins Barrow Toronto Limited, Account No. 65-84918, Canadian Imperial Bank of Commerce  
 Branch No. 00002, Commerce Court Banking Centre, Toronto, ON M5L 1G9

**PLEASE RETURN ONE COPY WITH REMITTANCE**

Terms: Payment upon receipt. Interest will be charged at the rate of 12% per annum (1% per month) on overdue accounts.  
 The Collins Barrow trademarks are used under license.

This is Exhibit "B" to the Affidavit of  
Daniel Weisz sworn on April 29, 2015

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

---

A Commissioner for the taking of affidavits, etc.

## EXHIBIT "B"

### Calculation of Average Hourly Billing Rates of Collins Barrow Toronto Limited for the Appointment Period

Invoice No.	Billing Period	Total Fees	Disbursements	HST	Hours	Average Hourly Rate	Total
6	January 1, 2015 to January 31, 2015	\$32,901.00	\$27.25	\$4,280.67	73.50	\$447.63	\$37,208.92
7	February 1, 2015 to February 28, 2015	7,209.00	106.65	951.03	15.90	453.40	8,266.68
8	March 1, 2015 to March 31, 2015	8,327.50	77.86	1,092.70	18.40	452.58	9,498.06
	<b>Total</b>	<b>\$48,437.50</b>	<b>\$211.76</b>	<b>\$6,324.40</b>	<b>107.80</b>	<b>\$449.33</b>	<b>\$54,973.66</b>

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**

**AFFIDAVIT OF DANIEL WEISZ  
DATED APRIL 29, 2015**

**TORKIN MANES LLP**

Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto ON M5C 2W7

S. Fay Sulley (24257D)  
fsulley@torkinmanes.com  
Tel: 416-777-5419  
Fax: 1-888-587-5769

Tel: 416-863-1188  
Fax: 416-863-0305

Lawyers for the Monitor  
Collins Barrow Toronto Limited

# **APPENDIX H**



**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 ADRIAN MYERS**

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

1. I am an Associate with the law firm of TORKIN MANES LLP ("**Torkin Manes**"), which has been engaged as independent counsel to Collins Barrow Toronto Limited, ("**Collins Barrow**"), in its capacity as Monitor, over all of the assets, undertakings and properties of Martin Ross Group Inc. ("**Martin Ross**") in this proceeding and as such have knowledge of the matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.

2. Attached hereto as **Exhibit "A"** is a true copy of the accounts issued by Torkin Manes to Collins Barrow, in its capacity as Monitor in this proceeding, which includes detailed descriptions for the work performed for the period from January 5, 2015 to and including April 28, 2015. The total fees charged by Torkin Manes to Collins Barrow during this period were \$18,437.50 plus HST of \$2,396.88, plus disbursements of \$459.00 plus HST of \$59.67 for a total invoice of \$21,353.05.

3. I confirm that the accounts described above accurately reflect the services provided by Torkin Manes in this matter and the fees and disbursements claimed by it during the period described above.

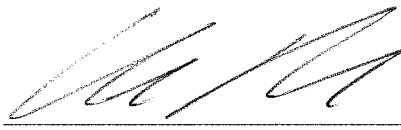
4. Additionally, attached hereto as **Exhibit "B"** is a summary of additional information with respect to the aforesaid account indicating all members of Torkin Manes who worked on this matter during the period described above, their year of call to the bar, total time charges and hourly rates, and I hereby confirm that this list represents an accurate account of such information.

**SWORN** before me at the City of Toronto, in the Province of Ontario, this 29<sup>th</sup> day of April, 2015.



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A Commissioner for taking affidavits.



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**ADRIAN MYERS**

This is Exhibit "A" to the Affidavit of  
Adrian Myers sworn on April 29, 2015

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

---

A Commissioner for the taking of affidavits, etc.

Torkin Manes LLP  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto, ON M5C 2W7

Tel: 416 863 1188  
Fax: 416 863 0305  
torkinmanes.com



March 5, 2015

Invoice No.: 260075

Attention: Bryan Tannenbaum  
Collins Barrow Toronto Limited  
11 King St. W., Suite 700  
Box 27  
Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

---

RE: Martin Ross Group Inc.  
File No.: 34487.0001

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Jan 05 15	SFS	Telephone discussion with Daniel Weisz; telephone discussion with Phillip Cho; review of security and provide security opinion	1.50
Jan 06 15	SFS	Telephone discussion with Phillip Cho; correspondence to and from Phillip Cho	0.50
Jan 07 15	SFS	Correspondence relating to upcoming proceedings and Court date and purpose of proceedings; telephone discussion with Philip Cho	0.30
Jan 08 15	SFS	Review of draft affidavit; telephone discussion with Daniel Weisz and Philip Cho; consideration of issues relating to next Court proceeding further extension of CCAA proceedings	1.50
Jan 09 15	SFS	Review of Monitor's report; telephone discussion with Daniel Weisz	1.40

Page 2  
March 5, 2015  
Our File No.: 34487.0001  
Invoice # 260075

**Torkin | Manes**  
Barristers & Solicitors

Jan 11 15	SFS	Review of correspondence to and from Morris, Daniel Weisz and Philip Cho re next Court proceedings and evidence to be filed; review of affidavits	1.40
Jan 12 15	SFS	Review and finalization of Fifth Report of Monitor; telephone discussion with Daniel Weisz; meeting with Daniel Weisz	1.50
Jan 13 15	SFS	Review of correspondence from Philip Cho and Daniel Weisz re objection to Court order; telephone discussion with Philip Cho and Daniel Weisz; consideration of legal issues re same	2.00
Jan 14 15	SFS	Preparation for and attendance at Court; correspondence re distribution payment	2.50
Jan 15 15	SFS	Telephone discussion with client re payment of partial amount owing to RP Holdings;	1.20
Jan 20 15	SFS	Telephone discussion with Daniel Weisz and Philip Cho re options for company to consider including continuing with CCAA proceedings	0.50
Jan 22 15	SFS	Review of correspondence relating to sale of finished goods including Bill of Sale and form of offer; telephone discussion with Daniel Weisz	0.50
Jan 23 15	SFS	Review of revised form of offer; conference call with all parties; correspondence to and from Philip Cho and Mervyn Abramovitz	1.20
Jan 24 15	SFS	Review of correspondence relating to finished goods; review of correspondence to and from Morris Robinson; telephone discussion with Daniel Weisz	0.80

Page 3  
 March 5, 2015  
 Our File No.: 34487.0001  
 Invoice # 260075



Jan 28 15	SFS	Review of Court materials including application, affidavit and draft order; telephone discussion with Philip Cho; telephone discussion with Daniel Weisz	1.50
Jan 28 15	SFS	Review of Monitor's report to Court; telephone discussion and meeting with Daniel Weisz	1.70
Jan 29 15	SFS	Preparation for and attendance at Court; review final Court order as issued; telephone discussion with Daniel Weisz	3.00
Feb 03 15	SFS	Correspondence re opinions	0.20
Feb 24 15	SFS	Review of correspondence from Philip Cho re minutes of settlement; telephone discussion with Danny Weisz re same	0.50
Feb 26 15	SFS	Telephone discussion with Danny Weisz	0.30
Feb 26 15	SFS	Telephone discussion with Danny Weisz	0.50
Mar 02 15	SFS	Telephone discussion with Danny Weisz	0.20
Mar 04 15	SFS	Telephone discussion with Philip Cho	0.30
		Total Hours:	25.00

OUR FEE:	\$15,625.00
HST:	\$2,031.25
SUB-TOTAL:	<hr/> \$17,656.25

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Fay Sulley	625.00	25.00

Page 4  
March 5, 2015  
Our File No.: 34487.0001  
Invoice # 260075

**Torkin | Manes**  
Barristers & Solicitors

TOTAL HOURS 25.00

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Laser copies	226.80
Process Server	135.00
	<hr/>
	361.80

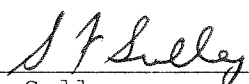
Total Disbursements	\$361.80
HST on Disbursements	\$47.03

TOTAL DISBURSEMENTS AND HST: \$408.83

TOTAL FEE, DISBURSEMENTS & HST \$18,065.08

BALANCE DUE AND OWING BY YOU \$18,065.08

TORKIN MANES LLP

Per:   
Fay Sulley

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.  
Interest will be charged pursuant to the Solicitors Act at the  
rate of 1.0 percent per year.

Torkin Manes LLP  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto, ON M5C 2W7

Tel: 416 863 1188  
Fax: 416 863 0305  
torkinmanes.com

Torkin|Manes  
Barristers & Solicitors

April 29, 2015

Invoice No.: 261350

Attention: Bryan Tannenbaum  
Collins Barrow Toronto Limited  
11 King St. W., Suite 700  
Box 27  
Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

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RE: Martin Ross Group Inc.  
File No.: 34487.0001

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Apr 09 15	SFS	Review of correspondence relating to distributions to creditors	0.50
Apr 10 15	SFS	Review of correspondence and agreement relating to sale of assets; telephone discussion with client; correspondence to client	1.00
Apr 15 15	SFS	Correspondence relating to scheduling of motion	0.30
Apr 17 15	SFS	Correspondence to Philip Cho	0.20
Apr 27 15	SFS	Review of Motion Materials prepared by Debtor's counsel; telephone discussion with client; correspondence to and from Debtor's counsel	1.00
Apr 28 15	SFS	Review of report; telephone discussion with client; telephone discussion with counsel; review of revisions to report	1.50



Page 2  
April 29, 2015  
Our File No.: 34487.0001  
Invoice # 261350

**Torkin|Manes**  
Barristers & Solicitors

Total Hours: 4.50

OUR FEE: \$2,812.50  
HST: \$365.63  
SUB-TOTAL: \$3,178.13

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Fay Sulley	625.00	4.50
TOTAL HOURS		4.50

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Document Scanning	8.10
Laser copies	89.10
	<u>97.20</u>

Total Disbursements \$97.20  
HST on Disbursements \$12.64

TOTAL DISBURSEMENTS AND HST: \$109.84

TOTAL FEE, DISBURSEMENTS & HST \$3,287.97

Page 3  
April 29, 2015  
Our File No.: 34487.0001  
Invoice # 261350

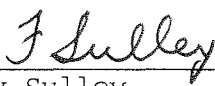
**Torkin|Manes**  
Barristers & Solicitors

BALANCE DUE AND OWING BY YOU

\$3,287.97

TORKIN MANES LLP

Per:

  
\_\_\_\_\_  
Fay Sulley

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.  
Interest will be charged pursuant to the Solicitors Act at the  
rate of 1.0 percent per year.

This is Exhibit "B" to the Affidavit of  
Adrian Myers sworn on April 29, 2015

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

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A Commissioner for the taking of affidavits, etc.

Summary of Lawyers

<b>Lawyer</b>	<b>Year of Call</b>	<b>Hours Billed</b>	<b>Hourly Rate</b>	<b>Total Billed</b>
S. Fay Sulley	1984	29.50	\$625.00	\$18,437.50
<b>TOTAL</b>				<b>\$18,437.50</b>

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

**AND**

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

Court File Number CV-14-10655-00CL

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

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF ADRIAN MYERS  
DATED APRIL 29TH, 2015**

**TORKIN MANES LLP**  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto ON M5C 2W7

S. Fay Sulley (24257D)  
fsulley@torkinmanes.com  
Tel: 416-777-5419  
Fax: 1-888-587-5769

Tel: 416-863-1188  
Fax: 416-863-0305

Lawyers for the Monitor, Collins Barrow Toronto Limited

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

AND

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

**SEVENTH REPORT OF THE MONITOR  
COLLINS BARROW TORONTO LIMITED  
APRIL 29, 2015**

**COLLINS BARROW TORONTO LIMITED**  
11 King St. W., Suite 700  
Box 27  
Toronto, ON M5H 4C7