

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C. 43, AS AMENDED

MOTION RECORD

(Interim Distribution Motion, returnable Tuesday June 3, 2014)

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AND TO: THIS HONOURABLE COURT

Court File No. CV13-10331-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C. 43, AS AMENDED

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Court File No. CV13-10331-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C. 43, AS AMENDED

NOTICE OF MOTION

BDO CANADA LIMITED ("**BDO**" or the "**Receiver**"), in its capacity as receiver of the assets, undertakings and properties of Sun Pac Foods Limited (the "**Debtor**") will make a Motion before a Judge to be heard on **Tuesday, June 3, 2014**, at 10:00 a.m. or as soon after that time as the Motion can be heard at the Court House, 330 University Avenue, Toronto, Ontario, M5G 1E6.

PROPOSED METHOD FOR HEARING: The Motion is to be heard orally.

THE MOTION IS FOR:

1. If necessary, an Order abridging the time for service and validating service of this Notice of Motion and Motion Record in the manner effected by the Receiver and an Order dispensing with service thereof of any party other than the parties served;

2. an Order approving the Second Report of the Receiver, including the Supplement to the Second Report (the “**Second Report**”) and the actions of the Receiver described therein;
3. an Order approving the professional fees and disbursements of the Receiver and its legal counsel;
4. an Order approving the Receiver's Statement of Receipts and Disbursements;
5. An Order authorizing and directing the Receiver to make distributions and maintain the reserve holdback in accordance with paragraph 69 of the Second Report save and except the proposed distribution of the surplus proceeds in the amount of \$383,381.00 (the “**Surplus Proceeds**”) to 8527504 Canada Inc. (“852”).
6. An Order that the funds contemplated in the Receiver’s proposed distribution to 852 be held by the Receiver subject to further order of this Honourable Court.
7. such further and other relief as to the Receiver may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. By Order of the Honourable Madam Justice Mesbur dated November 12, 2013 (the “**Receivership Order**”), BDO was appointed as the receiver of all of the assets, undertakings and properties acquired for and used in relation to a business carried on by the Debtor including all proceeds thereof with authority limited to the provisions of the Receivership Order.

2. The largest secured creditor of the Debtor is 8527504 Canada Inc. (“**852**”). 852 was owed approximately \$3,100,000.00 as at the date of the Receivership Order. Menkes GTA Industrial Holdings Inc. (“**Menkes**”) and Liquibrands Inc. (“**Liquibrands**”) appear to be the other secured creditors of the Debtor. Menkes is owed approximately \$447,491.00 and Liquibrands is owed approximately \$2,700,000.00.
3. Following the granting of the Receivership Order, the Receiver took possession and secured the Debtor’s property.

The Sales Process

4. The Receiver conducted a sales and marketing process to market for sale the Debtor’s Property (as defined in the Receivership Order).
5. Ultimately, the Receiver recommended completing a transaction pursuant to a Liquidated Services Agreement with Maynards Industries Inc. (“**Maynards**”) to have it act as the agent for the Receiver to liquidate the Debtor’s Property by public auction (the “**Maynards Transaction**”). The Maynards Transaction initially provided for a net minimum guarantee (the “**NMG**”) of \$1,010,000.00. The NMG was subsequently adjusted down to \$880,000.00 (the “**Adjusted NMG**”).
6. On January 9, 2014, the Honourable Mr. Justice Brown granted an Approval and Vesting Order (the “**Approval and Vesting Order**”) in which, *inter alia*, the Court approved the Maynards Transaction.
7. In accordance with the Approval and Vesting Order, the Receiver completed the Maynards Transaction and received payment of the Adjusted NMG.

Actions involving Liquibrands

8. Liquibrands has brought a Motion seeking, *inter alia*, an Order that it is entitled to the Additional Surplus Proceeds in priority to 852 (the “**Liquibrands Motion**”).
9. 852 opposes the relief being sought by Liquibrands in the Liquibrands Motion.
10. In a separate proceeding, 852 has brought an application to appoint a receiver over all of the properties, assets and undertakings of Liquibrands (the “**852 Application**”).
11. Liquibrands is opposing the relief sought by 852 in the 852 Application.
12. The Receiver, 852 and Liquibrands have agreed to have the Liquibrands motion heard on the same day as the 852 Application.
13. Such further and other relief as counsel may advise and this Honorable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion: *(list all affidavits or other documentary evidence to be relied on).*

1. The Second Report of the Receiver dated April 10, 2014, and exhibits attached thereto.
2. The Supplement to the Second Report of the Receiver dated May 28, 2014.
3. Such further and other material as counsel may produce and this Honorable Court may permit

DATED: May 29, 2014

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Court File No. CV-13-10331-OOCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

8527504 Canada Inc.

Applicant

- and -

Sun Pac Foods Limited

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O 1990, c. C. 43, AS AMENDED

**SECOND REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY
AS COURT APPOINTED RECEIVER**

April 10, 2014

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- O Receiver's Schedule of Receipts and Disbursements
- P Receiver's Fee Affidavit
- Q Fee Affidavit of Lipman, Zener & Waxman LLP

INTRODUCTION AND BACKGROUND

Introduction

1. By Order of the Honourable Madam Justice Mesbur made November 12, 2013 (the "Receivership Order") BDO Canada Limited was appointed as Receiver ("BDO" or the "Receiver") over the properties, assets and undertakings (the "Property") of Sun Pac Foods Limited ("Sun Pac" or the "Company") pursuant to the application of 8527504 Canada Inc. ("852"). A copy of the Receivership Order is annexed hereto as **Appendix A**.

2. In accordance with the Receivership Order, the Receiver conducted a sales process (the "Sales Process") to market for sale the Company's Property (as defined in the Receivership Order).

3. A description and the outcome of the Receiver's Sales Process is more fully detailed in the Receiver's First Report and the Confidential Supplement to the Receiver's First Report both dated January 3, 2014 (collectively referred to hereinafter as the "First Report") attached hereto (excluding appendices) as **Appendix B**. Ultimately, the Receiver recommended completing a transaction pursuant to a Liquidation Services Agreement with Maynards Industries Inc. ("Maynards") to have it act as the agent for the Receiver to liquidate Sun Pac's Property by public auction (the "Maynards Transaction").

Purpose of the Report

4. The purposes of this report dated April 10, 2014 (the “**Second Report**”) are to:
- a) report on the completion of the Maynards Transaction;
 - b) seek the Court’s approval of the Receiver’s Schedule of Receipts and Disbursements;
 - c) seek the Court’s approval of the proposed distributions of proceeds in the hands of the Receiver as set out in the “Distributions” section of this Second Report and authority and direction to make such distributions;
 - d) seek the Court’s approval of the fees and disbursements, as set out herein, of the Receiver and its counsel, Lipman, Zener & Waxman LLP (“LZW”); and
 - e) inform the Court and seek its approval of the Receiver’s activities and conduct since the First Report as set out in this Second Report.

Disclaimer

5. This Second Report is prepared solely for the use of the Court, for the purpose of assisting the Court in making a determination whether to approve the Receiver’s proposed distributions, and other relief being sought. It is based on the Receiver’s analysis of information provided to it by the management and directors of Sun Pac, which included unaudited financial statements and internal financial reporting. The Receiver’s procedures did not constitute an audit or review engagement of Sun Pac’s financial reporting. The Receiver has relied upon the financial statements and

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financial and other records of Sun Pac in reaching the conclusions set out in this Second Report.

6. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

Background

7. Sun Pac is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario). Sun Pac is a privately owned corporation which manufactured juices and sport drinks under the Sun Pac brand and for private label customers. Sun Pac also manufactured croutons and breadcrumbs under the "McDowell Ovens" banner.

8. The Receiver understands that in November 2011, Sun Pac was acquired by Liquibrands Inc. ("Liquibrands"), a private investment firm owned by Csaba Reider, at which time Csaba Reider became President and Chief Executive Officer of Sun Pac. Liquibrands is the sole shareholder of Sun Pac.

9. Sun Pac's head office and manufacturing facility was located at a leased facility municipally known as 10 Sun Pac Boulevard, Brampton, Ontario (the "Premises").

10. Additional background information concerning Sun Pac and the events leading to its receivership proceeding can be found in Paragraphs 3 to 19 of the Affidavit of Len Kofman dated November 12, 2013 annexed hereto as **Appendix C**.

852's Security

11. Pursuant to an Amended and Restated Letter Agreement accepted by Sun Pac and Liquibrands on January 18, 2013, (as amended, the "Credit Agreement") Bridging Capital Inc. ("Bridging") provided credit facilities to Sun Pac which were payable on demand and secured, by *inter alia*, a General Security Agreement dated October 1, 2012. Liquibrands guaranteed \$1.0 million, plus interest and costs, of Sun Pac's debt.

12. The Credit Agreement was assigned by Bridging to 852 in May 2013.

13. Sun Pac and 852 entered into a Forbearance Agreement dated September 11, 2013 (the "Forbearance Agreement") pursuant to which, *inter alia*, 852 agreed not to take any further enforcement steps until the earlier of December 9, 2013 or the occurrence of an event of default under the Forbearance Agreement.

14. Sun Pac defaulted on its obligations under the Forbearance Agreement, ceased operations on November 7, 2013 and had previously consented to the appointment of a receiver in the event of a default.

15. By virtue of the Credit Agreement assignment, 852 is the Company's senior secured lender. 852 was owed approximately \$3.1 million at the receivership date.

Security Opinion

16. The Receiver requested that its independent legal counsel, LZW, provide the Receiver with a security opinion on the validity and enforceability of 852's security. A copy of LZW's security opinion is attached hereto as **Appendix D**. 852 appears, by virtue of a subordination agreement entered into between Liquibrands and Bridging, and subject to the assumptions and qualifications set out in the security opinion, to have a valid and enforceable first ranking security interest against the Property of Sun Pac.

Other Secured Creditors

17. Liquibrands, by virtue of subordinating its security interest in the Property of Sun Pac in favour of Bridging, is a subordinate ranking secured creditor that is owed approximately \$2.7 million.

18. Menkes GTA Holdings Inc. ("**Menkes**" or the "**Landlord**") is the Landlord and also, pursuant to various lease amendments and arrangements, is a subordinate ranking secured creditor that is owed approximately \$447,491.

19. The Receiver does not expect to make any distributions to either Liquibrands or Menkes given that the senior secured creditor, 852, will likely suffer a significant shortfall on the loans it advanced to Sun Pac.

ACTIVITIES OF THE RECEIVER

20. In addition to the initial activities of the Receiver as described in the First Report, the Receiver has engaged in the following activities since that time.

Menkes Litigation

21. In July of 2013, Bridging entered into an "Agreement of Landlord" with Menkes (the "Landlord Agreement") which provided, *inter alia*, that certain Sun Pac assets, as defined in Schedules "A" and "C" of the agreement, would not be deemed fixtures or part of the real estate but would be considered personal property. Additionally, the Landlord Agreement afforded Bridging, or any Receiver (private or Court-appointed) a rent free period for a term of 12 weeks (the "Rent Free Period") to deal with Sun Pac's Property in a security enforcement scenario.

22. On January 8, 2014, the solicitors for Menkes notified the Receiver that Menkes was objecting to the sale by the Receiver of the Ammonia Compressors (defined below) which the Landlord considered fixtures or leasehold improvements and not property owned by Sun Pac.

23. On January 9, 2014, the Honourable Mr. Justice Brown granted an Approval and Vesting Order (the "Approval and Vesting Order") in connection with, *inter alia*, the Maynards Transaction. The Approval and Vesting Order is annexed hereto as **Appendix E**.

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24. While Mr. Justice Brown approved the Approval and Vesting Order, he ordered, with the consent of the Receiver, Maynards, Menkes and 852 to exclude the Ammonia Compressors (defined below) from the auction sale unless the respective parties reached an agreement with respect to same or until the issue was decided by further order of this Court. A copy of the endorsement is annexed hereto as **Appendix F**.

25. An agreement could not be reached between 852 and Menkes with respect to the 12 Vilter ammonia compressors that were connected to the freezers used at the Premises to preserve and store frozen juice products ("the "Ammonia Compressors").

26. Menkes not only sought in its responding motion to exclude the Ammonia Compressors from the Receiver's auction sale but also brought a separate motion to invalidate the Landlord Agreement on a legal technicality thereby eliminating the Rent Free Period and resulting in Bridging, or possibly the Receiver, having to pay \$675,107 in occupation rent for the 12 week period from November 12, 2013 to February 4, 2014. The motions were both returnable on February 7, 2014, four days before the Receiver's planned auction sale.

27. The aforementioned motions were heard by the Honourable Mr. Justice McEwen who rendered a decision in his endorsement dated February 8, 2014 annexed hereto as **Appendix G**. Ultimately, it was determined that 1) the Ammonia Compressors were owned by Menkes and therefore excluded from the Receiver's auction sale; 2) 852 was not liable for occupation rent as there was a valid agreement in place notwithstanding the technical error in recording the Landlord Agreement; and 3) Mr. Justice McEwen accepted the Receiver's position regarding equitable estoppel

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in that the Receiver had relied on the Rent Free Period in conducting the receivership administration.

Completion of the Maynards Transaction

28. The Maynards Transaction initially provided for a net minimum guarantee (“NMG”) from the auction sale of \$1,010,000. Additionally, the Receiver could further benefit from an “up-side” sharing provision if the gross realization from the auction sale exceeded a certain dollar threshold above the NMG.

29. After reviewing Sun Pac’s vendor agreements, the Receiver was advised by its counsel that certain private label inventory and packaging, representing a significant dollar value of Sun Pac’s inventory, had to be exclusively sold to the respective Sun Pac customers for which such inventory was produced (the “Private Label Inventory”). Given that the Receiver was prevented from selling private label goods to third parties, the Private Label Inventory had to be excluded from the public auction sale.

30. In view of having to exclude the Ammonia Compressors and the Private Label Inventory from the public auction sale, Maynards’ NMG was reduced by \$130,000 from \$1,010,000 down to \$880,000 (the “Adjusted NMG”). Maynards nevertheless agreed to liquidate what Sun Pac inventory could be sold by the Receiver on a 15% commission basis.

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31. In accordance with the Approval and Vesting Order the Receiver completed the Maynards Transaction and received the Adjusted NMG the day before the auction sale as set out the in the Liquidation Services Agreement.

32. The Receiver has received Maynards' sale accounting report from the auction sale. Based on the figures reported in Maynards' sale accounting, gross sale proceeds of approximately \$998,695 were generated from the auction sale.

33. Based on the gross recovery from the auction, the Receiver received an additional recovery of approximately \$38,948 above the Adjusted NMG from the auction sale.

Accounts Receivable Collection Efforts

34. The Receiver maintained the Company's blocked accounts with Bank of Montreal so as not to disturb any electronic funds transfer ("EFT's") from the larger retailers paying their respective accounts for pre-receivership sales. After allowing EFT's to post into the blocked accounts for approximately 1 month, the Receiver then contacted the larger retailers and reconciled Sun Pac's accounts.

35. The Receiver also signified the remaining smaller accounts receivable by sending collection letters.

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36. Based on the Receiver's dealings with Sun Pac's customers and the Receiver's collections efforts to date, the Receiver has been able to collect approximately \$273,338 of a total balance of \$361,707 in outstanding accounts receivable.

37. The remaining outstanding accounts receivable balances totaling \$88,369 have been determined to be not collectible for a myriad of reasons mostly relating to overstated balances due to Sun Pac accounting errors, and to a lesser extent, provision for rebates and discounts.

Inventory Realization

38. The book value of the inventory at the date of the receivership was estimated to have a value of \$1,592,000. The inventory consisted of \$524,000 worth of finished goods and a \$1,068,000 of raw materials. The finished goods valued at \$524,000 included \$295,000 worth of private label product. As stated earlier, the contracts under which the private label/branded goods were manufactured would not permit the Receiver from selling those goods to third parties.

39. Loblaws, Walmart and Metro were contacted in an attempt to sell the private labeled goods. Loblaws was concerned about the reputational risk associated with the quality of the goods so they refused to purchase those goods. Metro had switched suppliers and had delisted all of its branded products with Sun Pac due to the latter's inability to fill customer orders given its cash flow constraints prior to the receivership. Consequently, Metro would not purchase any of the private labeled goods from the Receiver.

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40. The raw materials valued at \$1,068,000 included packing materials valued at \$715,000. A significant portion of the packaging on hand was branded and subject to the same sale restrictions as the Private Label Inventory while the remaining packaging was also not saleable.

41. Sales of unrestricted inventory amount to approximately \$75,949.

42. In the end, in excess of \$1.0 million worth of Sun Pac's inventory was not commercially saleable. The majority of the inventory had to be either donated to pre-approved charities or destroyed along with the packaging in compliance with environmental regulations at a significant cost to the Receiver.

Losses For Tax Purposes

43. In reviewing the Company's 2012 tax return, it was determined that there are over \$26 million of losses that could be of interest to potential purchasers.

44. The Receiver initially indicated the availability of the losses to certain purchasers as part of its Sales Process. The Receiver made similar statements in a "teaser" letter to prospective purchasers indentified through the Sales Process and to numerous additional parties disclosed to the Receiver by Bridging. Attached as **Appendix H**, is a copy of the "teaser letter" and a list of the parties that received the "teaser" letter.

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45. The Company's internal financial statements show a further operating loss for the 9 months ended September 30, 2013 of approximately \$4.5 million.

46. The Receiver is advised by Bridging that it has had ongoing discussions with parties interested in entering into a transaction that would allow Sun Pac to receive value for its losses which may require the Receiver in the future to 1) file a Proposal under the *Bankruptcy and Insolvency Act* ("BIA") on behalf of the Company; and 2) file the Company's corporate income tax return for fiscal 2013.

Statutory Government Returns

47. The Receiver may be required to file the Company's outstanding 2013 corporate income tax return and has completed all pre-receivership outstanding HST and T4 returns for 2013.

Choses in Action

48. At the date of the Receivership the Company was involved as a Plaintiff (or Plaintiff by Counterclaim) in ongoing litigation as follows: 1) Sun Pac and Liquibrands against 852 and Bridging as action CV-13-492612 (the "Bridging Action") and; 2) the counterclaim by Sun Pac against John A. Riddell as action CV-12445723 (the "Riddell Counterclaim").

49. The Bridging Action is a claim of Sun Pac and Liquibrands against 852 and Bridging in excess of \$100 million for, *inter alia*, breach of contract for allegedly

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failing to advance the agreed upon "Facility D" loan pursuant to the Forbearance Agreement which allegedly caused irreparable damage to Sun Pac's business and ultimately lead to its demise. A copy of the Bridging Action is included hereto as Appendix I.

50. The initial claim of John A. Riddell against Sun Pac appears to be for breach of a consulting agreement which was a condition, among others, of the closing of the acquisition of the shares of Sun Pac by Liquidbrands.

51. The Riddell Counterclaim is a counterclaim of Sun Pac against the former owner, John A. Riddell, in excess of \$10 million for, *inter alia*, allegedly misappropriating funds, breach of fiduciary duties to Sun Pac and failing to act honestly and in the best interests of Sun Pac by making false representations about Sun Pac's position, history, accounts receivable, inventory, accounts payable, and accrued liabilities, that artificially inflated the value of Sun Pac and its assets, and which had the result of inducing Liquibrands to purchase the shares of Sun Pac at a higher price than it would otherwise pay. A copy of the Riddell Counterclaim is attached hereto as Appendix J.

52. The Receiver neither has the funding nor sufficient knowledge of the history or allegations to pursue either of the litigation claims referenced above.

53. The Receiver has contacted Liquidbrands through its counsel, Wires Jolly LLP, to enquire about Csaba Reider and/or Liquidbrands' interest in purchasing the aforementioned litigation claims. To date, the Receiver has not received a response.

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Landlord Communications

54. During the course of the receivership, representatives of the Receiver were in regular contact with representatives from Menkes. The Receiver together with a representative from Maynards met with Menkes at the Premises to discuss machinery, equipment and "tank-farm" removal procedures following the auction sale and to discuss maintaining the ammonia compressors and freezers.

55. In order to reduce the exorbitant monthly utility costs, the Receiver engaged a licensed refrigerator contractor to shut down the "sub-zero" flash freezer and to raise the temperature in the plant cooler and larger primary freezer. The refrigerator contractor conducted regular inspections of the ammonia compressors and restored the cooler and both freezers to original working condition a few days prior to the Receiver relinquishing vacant possession of the Premises to the Landlord on Saturday, March 15, 2014.

56. The Receiver provided the Landlord with WSIB certificates and evidence of insurance for the rigger engaged by Maynards to remove the machinery, equipment and "tank-farm". Representatives of the Landlord frequented the Premises regularly while the equipment, machinery and "tank-farm" were being dismantled and removed.

57. The Receiver conducted a "walk-through" inspection of the Premises with Menkes on March 12, 2014 (the "Inspection"), three days prior to vacating the premises. The Landlord provided a list of its concerns and alleged deficiencies to the Receiver immediately following the inspection.

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58. Over the course of the next two days the Receiver again met with representatives from Menkes to address its concerns and to correct certain deficiencies deemed by the Receiver to be its responsibility to correct.

59. The Receiver invited the Landlord to attend at the premises on Saturday, March 15, 2014 to conduct a final inspection before the Receiver relinquished vacant possession of the Premises, however, the Landlord did not attend the requested meeting.

60. On Monday, March 17, 2014 the Receiver couriered a Notice of Vacant Possession effective March 15, 2014 together with the keys to the premises and a cheque for \$135,404.07 for the outstanding rent as set out in the Landlord's invoice covering the period March 1, 2014 to March 15, 2014. Copies of the Notice of Vacant Possession and rent cheque are enclosed hereto as **Appendix K**.

61. The Landlord has not made the Receiver aware of any significant issues with regard to the Premises since receiving the Notice of Vacant Possession so the Receiver therefore concludes that the Premises was turned over in satisfactory condition.

DEEMED TRUSTS & PRIORITY CLAIMS

62. The Receiver scheduled an audit with Canada Revenue Agency ("CRA") for the Company's payroll account. CRA completed its audit and filed a deemed trust claim of \$31,352.28 for outstanding payroll source deductions. This deemed trust in respect of the employee portion of unremitted payroll source deductions enjoys a super-priority

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over Sun Pac's Property. Attached as **Appendix L**, is a copy of the deemed trust claim filed by CRA.

63. The Receiver sent notice to former Sun Pac employees advising them of the existence of, and their rights under, the WEPPA. The Receiver also provided the former Sun Pac employees with a Proof of Claim form in order for them to file claims with the Receiver for outstanding wages, expenses, vacation, termination and severance pay. The Receiver determined that up to \$3,102.79 is payable by the Receiver, out of any recovery from the current assets of Sun Pac, in respect of subrogated employee claims under WEPPA that are otherwise payable by the Receiver under Section 81.4 (1) of the BIA in priority to 852. Copies of Service Canada's WEPPA Payment Letters are attached hereto as **Appendix M**.

64. The Receiver is aware of an additional \$4,192.06 owing in respect of vacation pay that is payable to two former Sun Pac's executives out of the current assets of the Company by virtue of the deemed trust provisions contained in Section 40(1) of the *Employment Standards Act (Ontario)* ("ESA") and the priority afforded to this deemed trust pursuant to Section 30 (7) of the *Personal Property Security Act (Ontario)* ("PPSA").

65. Sun Pac had set up a contributory defined benefit pension plan for its employees registered with the Financial Services Commission of Ontario ("FSCO") as plan registration number 0368381 (the "Pension Plan"). Following the receivership, FSCO appointed Mercer (Canada) Limited ("Mercer") as the Administrator of the Pension Plan.

-20-

66. The Receiver has received a pension claim from Mercer in respect of the Pension Plan totaling \$3,813,966 annexed hereto as **Exhibit N**. In accordance with section 81.6(1) of the BIA, unremitted employee withholdings in respect of pension contributions including the employer's normal contributions totaling \$55,914 is a secured claim with priority status in a receivership. Accordingly, \$55,914 of the pension claim received from Mercer has priority over the secured claim of 852.

DISTRIBUTIONS

Receipts and Disbursements

67. Attached hereto as **Appendix O** is the Receiver's Schedule of Receipts and Disbursements ("**R&D Statement**"). The R&D Statement reports actual receipts over disbursements from November 12, 2013 to April 1, 2014 of approximately \$719,117 before provision for payment of future professional fees, final operating costs and a reserve for contingencies.

68. Recovery from all of the Company's Property is expected to yield a significant shortfall to 852. No other creditor ranking in priority to 852 with respect to the proceeds, is affected by the Receiver's proposed distributions.

69. The Receiver proposes making an interim distribution in the amount of \$477,942 (the "**Interim Distribution**") as summarized below:

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Receipts over Disbursements (Receiver's R&D Statement)	\$719,117
Professional Fees Outstanding	(175,574)
Reserve for Professional Fees	(30,000)
Reserve for Future Operating Costs	(25,600)
Sub Total	<u>487,942</u>
Less: Holdback re Contingencies	(10,000)
Funds Available for Distribution	<u><u>\$477,942</u></u>
 <u>Proposed Distribution to:</u>	
Canada Revenue Agency (deemed trust payroll deductions)	(\$31,352)
Vacation Pay (deemed trust per <i>ESA</i>)	(4,192)
WEPPA (pursuant to S. 81.4(1) of <i>BIA</i>)	(3,103)
Mercer re: Pension Claim (pursuant to S. 81.6(1) of <i>BIA</i>)	(55,914)
8527504 Canada Inc.	(383,381)
Total Distribution	<u><u>(\$477,942)</u></u>

70. The Receiver has provided for its estimate of the future professional fees and operating costs that it will likely incur to finalize the administration of the receivership.

71. Following the Interim Distributions and subject to retaining the aforementioned reserves and an additional \$10,000 in the estate bank account as a "holdback" to cover any contingencies (collectively, the "Reserves"), the Receiver proposes to distribute to: i) BDO and LZW monies sufficient to cover the professional fees and disbursements rendered in this matter as set out in the respective fee affidavits appended to this Second Report as Appendix P and Appendix Q; and (ii) to 852, the balance of the Reserves, if any, together with any monies remaining in the Sun Pac estate, up to a maximum amount of the Company's indebtedness of approximately \$3.1 million (the "Secondary Distributions") without further order of the Court.

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FEES AND DISBURSEMENTS

72. Pursuant to the Receivership Order, the Receiver has provided services and incurred disbursements which are more particularly described in the affidavit and detailed invoices attached hereto as **Appendix P**.

73. The detailed time descriptions contained in the invoices provide a fair and accurate description of the services provided and the amounts charged by BDO as Receiver. Included with the invoices is a summary of the time charges of partners and staff, whose services are reflected in the invoices, including the total fees and hours billed.

74. Additionally, the Receiver has incurred legal fees of its counsel, LZW, in respect of these proceedings, including the 852 security review, as per the fee affidavit and exhibits attached hereto as **Appendix Q**.

75. The Receiver has reviewed LZW's fee affidavit and believes same to be fair and reasonable in the circumstances.

76. The Receiver requests that the Court approve its interim accounts from November 12, 2013 to March 31, 2014 in the amount of \$296,420.02 inclusive of HST of \$34,101.42.

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77. The Receiver also requests that the Court approve the accounts of its legal counsel for the period November 12, 2013 to March 27, 2014 in the amount of \$83,355.86 inclusive of HST of \$9,575.00

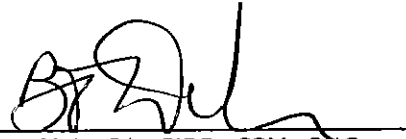
78. Additional time will be required to complete the Receiver's mandate. To complete the receivership proceedings the Receiver estimates its future professional fees and that of its counsel, provided no unforeseen issues arise, will be no greater than \$20,000 and \$10,000 respectively (together the "Fee Reserves" which form part of the Reserves). Accordingly, the Receiver requests the Court approve the Fee Reserves.

SUMMARY AND RECOMMENDATIONS

79. Based on the foregoing, the Receiver recommends that the Court:
- a) approve this Second Report of the Receiver, and the activities and conduct of the Receiver set out herein;
 - b) approve the Receiver's R&D Statement;
 - c) authorize and direct the Receiver to make the Interim Distributions and the Secondary Distributions as recommended herein; and
 - d) approve the professional fees and disbursements of the Receiver and its counsel, LZW, and the Fee Reserves as set out herein.

All of which is respectfully submitted this 10th day of April, 2014.

**BDO CANADA LIMITED Court Appointed Receiver of
Sun Pac Foods Limited
Per:**

A handwritten signature in black ink, appearing to read "Blair Davidson", written over a horizontal line.

**Blair Davidson, CPA, CA, CIRP, CBV, CMC
President**

APPENDIX "A"

Court File No. CV13-10331-00CL



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM)
JUSTICE MESBUR)

TUESDAY, THE 12TH DAY
OF NOVEMBER, 2013

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondent

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

ORDER

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing BDO Canada Limited as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Sun Pac Foods Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Len Kofman sworn November 12, 2013 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Respondent, and on reading the consent of BDO Canada Limited to act as the Receiver,

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SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

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- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

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- i. without the approval of this Court in respect of any transaction not exceeding \$_____, provided that the aggregate consideration for all such transactions does not exceed \$_____; and
- ii. with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

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- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give

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unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment,

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(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 THE RECEIVER

10. THIS COURT ORDERS that 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 Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor 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 Debtor 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current 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 Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for

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herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver 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

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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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

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23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

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

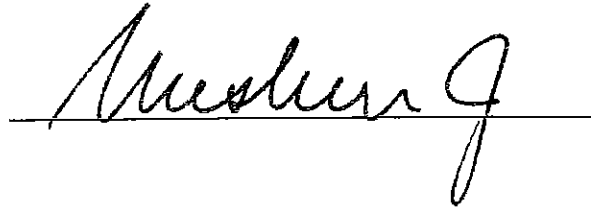
25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. THIS COURT ORDERS that the Receiver 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 Receiver 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.

28. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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



RECEIVED
COURT CLERK
LEWIS & CLARK COUNTY

NOV 12 2013

MB

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the "Receiver") of the assets, undertakings and properties of Sun Pac Foods Limited acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

BDO CANADA LIMITED, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

8527504 CANADA INC.

Applicant

and

SUN PAC FOODS LIMITED

Respondent

Court File No.

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

Proceedings commenced at TORONTO

ORDER

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario
M2N 7E9

George Benchetrit (LSUC #34163H)
Tel: 416-218-1141
Fax: 416-218-1841

Lawyers for the Applicant

APPENDIX "B"

Court File No. CV-13-10331-OOCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

8527504 Canada Inc.

Applicant

- and -

Sun Pac Foods Limited

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O 1990, c. C. 43, AS AMENDED

**FIRST REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY
AS COURT APPOINTED RECEIVER**

January 3, 2014

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INTRODUCTION AND PURPOSE OF THIS REPORT

1. Sun Pac Foods Limited ("Sun Pac" or the "Debtor") is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario). Sun Pac is a privately owned corporation which manufactured juices and sport drinks under the Sun Pac brand and for private label customers. Sun Pac also manufactured croutons and breadcrumbs under the "McDowell Ovens" banner.
2. In November 2011, Sun Pac was acquired by Liquibrands Inc. ("Liquibrands"), a private investment firm owned by Csaba Reider, at which time Csaba Reider became President and Chief Executive Officer of Sun Pac.
3. The Debtor's head office and manufacturing facility is located at a leased facility which is municipally known as 10 Sun Pac Boulevard, Brampton, Ontario (the "Premises").
4. Pursuant to an Amended and Restated Letter Agreement accepted by Sun Pac and Liquibrands on January 18, 2013, (as amended, the "Credit Agreement") Bridging Capital Inc. ("Bridging") provided credit facilities to Sun Pac which were payable on demand and secured, by among other things, a General Security Agreement dated October 1, 2012. Liquibrands agreed to be jointly and severally liable for repayment of the loans.
5. The Credit Agreement was assigned by Bridging to 8527504 Canada Inc. ("852") in May 2013.

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6. On September 5, 2013, 852 made written demand on the Debtor for payment of the indebtedness (the "Debtor Demand Letter"). The Debtor Demand Letter was accompanied by a Notice of Intention to Enforce Security addressed to the Debtor and prepared pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended from time to time ("BIA"). At the time of the demand, the Debtor was indebted to 852 in the amount of approximately \$3.95 million.

7. Sun Pac and 852 entered into a Forbearance Agreement dated September 11, 2013 (the "Forbearance Agreement") pursuant to which, among other things, 852 agreed not to take any further enforcement steps until the earlier of December 9, 2013 or the occurrence of an event of default under the Forbearance Agreement.

8. Sun Pac defaulted on its obligations under the Forbearance Agreement, ceased operations on November 7, 2013 and had previously consented to the appointment of a receiver in the event of a default.

9. On application by 852, the Debtor's senior secured lender, BDO Canada Limited was appointed as the Receiver (the "Receiver") without security, of all of the assets, undertakings and properties of the Debtor, pursuant to the order of the Honourable Madam Justice Mesbur made November 12, 2013 (the "Receivership Order"), a copy of which is annexed as Exhibit "A".

10. The Receiver has retained Lipman Waxman LLP as its legal counsel.

11. The purposes of this Report are to:

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- (a) inform this Honourable Court of the activities of the Receiver taken to date, in particular with respect to the marketing and sale process conducted and to request the Court's approval of the actions of the Receiver taken to date;
- (b) advise of the proposed liquidation of the inventory and equipment (the "Assets") via auction using the liquidator recommended in the Confidential Supplemental report (the "Liquidator") which is subject to this Honourable Court's approval (the "Sale");
- (c) to request approval and direction to complete the Sale of the Assets via auction with the Liquidator; and
- (d) to request a sealing order sealing the Confidential Exhibits to this First report, in order to preserve the integrity of the sales and marketing process, until the acceptance of the liquidation agreement, or until further Order of this Honourable Court.

BACKGROUND

12. The Debtor is a privately-owned corporation which manufactures juice and sport drink products. Customers include major grocery chains such as Loblaws, Metro and Walmart. In addition, the Debtor has a bread crumb and crouton manufacturing business which operated under the "McDowell Ovens" banner.

13. 852 is the Debtor's senior secured lender and is owed approximately \$3.1 million as at the receivership date.

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14. The Debtor's head office is located at a leased facility located in Brampton, Ontario. Menkes GTA Holdings Inc. ("Menkes") is the landlord and also, pursuant to various lease amendments and arrangements, is a subordinate ranking secured creditor in the amount of approximately \$447,491.

15. Liquibrands also appears to be a subordinate ranking secured creditor that is owed approximately \$2.7 million.

16. Over the past two years the Debtor began incurring significant losses due to the inability to generate sufficient revenue and margins to cover the fixed operating costs associated with the large manufacturing facility.

17. In or around September 2013, Sun Pac entered into a significant contract to supply Loblaws with private label soft drinks. To fulfill this long term contract, substantial capital expenditures would be required. Unfortunately, the Debtor was unable to raise the necessary financing to fund operating losses and the expansion.

18. The Debtor ceased operations on or about November 7, 2013 when it was unable to fund the payroll.

19. As a result of the liquidity issues the Debtor was forced to cut back manufacturing and shipping, deplete its accounts receivable and inventory and stretch payments to its suppliers. This resulted in the erosion of the customer base since Sun Pac was unable to fill customer orders. The liquidity issues also caused problems with

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suppliers who placed the Debtor on "C.O.D." terms. Certain suppliers initiated legal proceedings to recover amounts overdue.

20. The Receiver, with the assistance of former management personnel, prepared a financial forecast for the re-start of both the juice and bread crumb businesses. Unfortunately the expected cash requirements to bolster working capital and to fund the operating losses were too large to merit the operation of the businesses.

21. Prior to the date of Receivership the Debtor had laid off its employees. The Debtor advised that as a result of the layoff, the employees did not report to work on the date of Receivership.

22. In reviewing the Debtor's 2012 tax return, it was determined that there are over \$26 million of tax losses which may be of interest to a potential purchaser of the business.

INITIAL RECEIVERSHIP ACTIVITIES

23. Following the granting of the Receivership Order on November 12, 2013 the Receiver attended at the Premises, to take possession and secure the Debtor's property. The initial activities of the Receiver included:

- (a) changing the locks;
- (b) contacting the utilities, alarm and insurance providers to give notice of the receivership and arrange for continued services;
- (c) meeting with Sun Pac's management to discuss the plans for the receivership administration including determining which of Sun Pac's

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employees could assist the Receiver with selling inventory in the ordinary course, assembling information to comply with the *Wage Earners Protection Program Act* ("WEPPA") updating accounting records, preparation of T-4's and records of employment as well as other administrative duties;

- (d) taking an inventory of the owned and leased equipment;
- (e) assessing the requirement to maintain the freezers which housed certain finished product and raw material inventory;
- (f) reviewing the Debtor's books and records to identify priority claims;
- (g) identifying third party owned goods and releasing such goods to third parties once proof of ownership was ascertained;
- (h) responding to creditor and employee inquiries;
- (i) preparing and issuing the prescribed notices and statements of the Receiver pursuant to sections 245 (1) and 246 (1) of the BIA, which were sent to creditors;
- (j) contacting lessors, requesting that they provide proof of their security, and, where the security was valid and there was no equity in the leased equipment, releasing such to the lessors;
- (k) sending notices, instructions and proofs of claim to the former employees of the Debtor pursuant to the prescribed requirements of the WEPPA;
- (l) identifying finished good branded inventory which could be sold to existing customers in the ordinary course;
- (m) contacting private label customers to determine if they would agree to accept their finished product; and

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- (n) contacting Financial Services Commission of Ontario to request them to appoint an Administrator to wind down/terminate Sun Pac's pension plan.

SALES AND MARKETING EFFORTS

24. Pursuant to its powers contained in the Receivership Order, the Receiver initiated a sales and marketing process (the "Sales Process") to invite offers to purchase the assets and tax losses of Sun Pac (the "Assets") on an en bloc or on a specific asset parcel basis. The Sales Process, consisted of the following steps:

- i. Preparing a list of over 130 parties to contact by telephone and email with a "teaser letter" including potential strategic buyers and liquidators.
- ii. Preparing a form of confidentiality agreement and a confidential information memorandum (the "CIM") to invite offers to purchase the Assets, which included the terms and conditions of sales (the "Terms and Conditions of Sale") and an offer form (the "Offer Form"). A copy of the CIM is attached hereto as Exhibit "B". A total of 57 prospective purchasers signed a Non Disclosure Agreement to gain access to an electronic data room which included the CIM and other financial information. The Terms and Conditions included in the CIM requested that offers be submitted no later than 5 pm on December 19, 2013 (the "Offer Deadline") and that the following be provided with the Offer Form:
 - Identity of the purchaser

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- Indication of the parcel of assets to be purchased and the dollar value of the offer by asset;
 - Whether the offer was to be considered an en bloc offer;
 - The total dollar value of the offer submitted; and
 - A deposit equal to 10% of the offer price.
- iii. Advertising the opportunity in the national edition of the Globe & Mail on November 29, 2013.
- iv. Creating a website promoting the opportunity to acquire Sun Pac which also provides access to all public Court documents. The website domain address is www.bdo.ca/sunpac.
- v. An internal email was sent to all partners of BDO informing them of the acquisition opportunity, and making it available to BDO clients.
- vi. The "teaser letter" was posted on the Axial website thereby promoting the acquisition opportunity to private market professionals.
- vii. Providing access to prospective purchasers to the Premises to view the assets (a total of 13 parties attended the Premises to view the assets).
- viii. Granting access to the Debtor's management and providing site visits.
- ix. Notifying prospective purchasers of the opportunity to obtain the tax losses by sending a specific teaser to additional potential candidates and providing copies of the tax returns in the electronic data (notifying all parties that had signed an NDA).
- x. Responding to additional information requests and questions.
- xi. Receiving and refining the proposals; and

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- xii. Selecting a winning bidder, executing a liquidation service agreement and preparing to seek Court approval to close the transaction.

25. The Debtor's machinery and equipment consists of juice processing and bottling line equipment, a group or farm of large holding tanks, freezers and bread crumb and crouton manufacturing equipment.

26. Prior to the date of Receivership the Debtor had engaged Sabito Machinery to appraise the machinery and equipment on a forced liquidation basis (the "Sabito Appraisal"). The Debtor also commissioned an independent appraisal on an orderly liquidation basis which was completed by Century Services Inc. (the "Century Appraisal"). An orderly liquidation appraisal of the inventory was prepared by Danbury Sales Limited ("Danbury") also at the request of the Debtor. The appraisals are annexed as Confidential Exhibits "A", "B" and "C", respectively, to the Confidential Supplement of this First Report and are to be the subject of a sealing order requested herein.

27. By the Offer Deadline seven liquidation proposals were received. No en bloc going concern offers were received. Two offers were received for the bread crumb manufacturing equipment.

28. The Receiver reviewed and assessed the seven liquidation proposals. A comparison of the proposals including the key terms is set out in a summary annexed as Confidential Exhibit "D", to the Sealed Portion of this First Report and subject to the sealing order requested herein. Copies of the proposals are annexed as

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Confidential Exhibits "E" to "L", to the Confidential Supplement of this First Report and are subject to the sealing order requested herein.

29. The Receiver considered the net minimum guarantee offer ("NMG") submitted by the Maynards Industries Inc ("Maynards") as the best offer as the Liquidator's proposal provides for: (i) a significant deposit (10% of the NMG) at the time of signing the liquidation agreement (the "Liquidation Agreement"); (ii) the NMG and date of agreed departure from the Premises generated the highest net realization from the assets. Accordingly, the Receiver, with the agreement of 852, accepted the Liquidator's proposal subject to Court approval.

30. The Liquidator required the Receiver to obtain an order from this Honourable Court that, among other things, (i) approves the Liquidation Agreement and the transactions contemplated herein; (ii) authorizes the Receiver to enter into the Liquidation Agreement, (iii) authorizes the Liquidator to act as the agent for the Receiver in selling the assets and (iv) provides that upon execution of an instrument of transfer, substantially in the form attached hereto as Confidential Exhibit "N", title to the Assets will vest in the ultimate purchasers thereof from the Liquidator free and clear of all liens and encumbrances (the "Sale Order"). The proposed Liquidation Agreement is annexed hereto as Confidential Exhibit "M".

31. Just prior to the receivership on November 12, 2013 Sun Pac and Liquibrands issued a Statement of Claim against 852 and Bridging for breach of contract relating to their dealings as operating lender. This cause of action was not offered as part of the Receiver's sales process. The Receiver has not yet made a determination as to the

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potential value of this contingent asset. Further, the principal of the Debtor, Mr. Reider, is the party most likely to be interested in and able to pursue this litigation.

LEASED ASSETS AND INVENTORY

32. The Receiver is only aware of certain leased tanks and vending machines at the time of preparing this Report. The Receiver is currently reviewing the leases to determine ownership interest in these assets.

33. The book value of the inventory at the date of the receivership is estimated to be \$1,592,000. There were approximately \$524,000 worth of finished goods which included \$295,000 of private label product. The receiver contacted Loblaws to attempt to sell the "President's Choice" labeled goods however, Loblaws were concerned about the reputational risk associated with the quality of the goods so they refused to purchase those goods. In addition, the contract under which the goods were manufactured would not permit the Receiver from selling those goods to third parties.

34. The inventory also consisted of raw materials of approximately \$1,066,000 which included packing materials of \$715,000. The raw materials of approximately \$352,000 included "tainted" or "stale dated" juice concentrate of approximately \$100,000. The Debtor planned to convert this product by combining it with new raw materials. The Receiver contacted the Canadian Food and Inspection Agency and was advised this tainted or stale dated product could not be combined with new raw materials and should be destroyed. Without converting raw material and packaging into finished product, the recoveries from inventory were expected to be quite low.

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POTENTIAL PRIORITY CLAIMS

35. A few minor property claims have been received since the Receivership date. The Receiver reviewed the claims along with supporting documentation and released the assets to their owners as appropriate. The Receiver received and reviewed a 30 day goods claim from Solocup in the amount of \$74,731.67, however, only \$15,478.74 of the goods claimed for repossession qualified within the appropriate time frame and were repossessed by the supplier.

36. The Receiver reviewed the books and records of the Debtor and identified potential priority/secured claims totaling approximately \$96,000, which consist of the following:

- (i) Source Deductions - Canada Revenue Agency ("CRA") has been contacted to conduct a source deductions audit. Based upon Sun Pac's books and records, preliminary estimates of the source deduction arrears amount to \$40,000.
- (ii) HST - CRA has been contacted to conduct an HST audit. The Debtor's books and records indicate that HST is consistently in a refund position.
- (iii) Unremitted pension contributions which would be a secured claim estimated at \$56,000. The Receiver is not aware at this time of any other amounts under the pension plan that would be considered a secured or trust claim.
- (iv) The Receiver is not aware of any amounts that would be secured under S. 81.4(1) of the BIA in respect of employee claims for outstanding wages and vacation pay as all such amounts were reportedly paid in full

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to the former employees by Sun Pac prior to it ceasing operations on November 7, 2013.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

37. The Receiver currently holds approximately \$413,486 in its trust account. The majority of the receipts relate to the collection of receivables, HST refunds received and the cash in the Debtor's bank accounts seized by the Receiver on the receivership date. A summary of the Receipts and Disbursements is appended hereto as Exhibit C.

SUMMARY AND RECOMMENDATIONS

38. The Receiver is satisfied that the sale and marketing process sufficiently exposed for sale the business and assets of the Debtor to the marketplace. Furthermore, the Receiver is of the view that the Liquidator's offer constitutes the best offer for the sale of the Debtor's assets. The Receiver's recommendation is supported by the senior secured lender, 852.

39. Accordingly, the Receiver respectfully requests an order:

- (i) Approving the Receiver's activities as set out herein;
- (ii) Approving the sale the Debtor's Assets pursuant to the terms of the Liquidation Agreement;
- (iii) Authorizing and directing the Receiver to take such steps as necessary to carry out the terms of the Liquidation Agreement; and
- (iv) Sealing the Sealed Portion of the First Report.

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All of which is respectfully submitted this 3rd day of January, 2014.

**BDO CANADA LIMITED Court Appointed Receiver of
Sun Pac Food Limited**

Per: _____

Name: Blair Davidson, CPA, CA, CBV, CIRP

Title: President

A handwritten signature in black ink, appearing to read 'BD Davidson', written over a horizontal line.

Court File No. CV-13-10331-0OCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

8527504 Canada Inc.

Applicant

- and -

Sun Pac Foods Limited

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O
1990, c. C. 43, AS AMENDED**

**CONFIDENTIAL SUPPLEMENT TO THE FIRST REPORT OF
BDO CANADA LIMITED, IN ITS CAPACITY
AS COURT APPOINTED RECEIVER**

January 3, 2014

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This Sealed Supplemental Report is intended to be read in conjunction with the Receiver's First Report. All terms not defined below have the meanings prescribed to them in the First Report.

APPRAISALS

1. Prior to the Receivership the Debtor had commissioned the Sabito Appraisal which appraised the Debtor's machinery and equipment on a forced liquidation basis. The Debtor also commissioned the Century Appraisal which appraised the Debtor's machinery and equipment on an orderly liquidation basis. The appraisals are annexed as Confidential Exhibits "A" and "B", to this Confidential Supplement. The Debtor also arranged for an inventory appraisal on an orderly liquidation basis by Danbury Sales Limited which is attached as Exhibit "C".

2. The equipment appraisal that is most relevant is the Sabito appraisal as it was prepared on a forced liquidation basis at \$2,158,360. As Sun Pac had discontinued operations prior to the receivership and the Receiver was unable to re-start operations economically, the orderly liquidation value is not relevant. Though the range of offers from the various liquidators was somewhat lower than the Sabito appraisal, a period of some 10 months had past since the date of that appraisal and the Debtor had incurred significant losses in the current year. The relatively small range of offers from the liquidators is the best indication of the current forced liquidation value. The Receiver is recommending an auction arrangement with a minimum net guarantee and a sharing formula for the proceeds greater than a specified amount. In this way, if the actual proceeds are higher at the auction, the estate will benefit.

3. The inventory appraisal prepared by Danbury dated June 30, 2012 presented an orderly liquidation value of inventory of \$1.3 million when the book value of inventory was \$3.2 million. The book value of inventory at the date of the receivership had reduced to \$1.6 million. When the assumptions used in the Danbury appraisal are applied to the current mix of inventory (i.e. deductions for packaging and stale dated raw materials) the resulting orderly liquidation value would be in the range of \$50,000 to \$200,000.

RESULTS OF THE SALES PROCESS

4. By the Offer Deadline seven liquidation proposals were received and four other small offers for specific pieces of equipment and/or the bread crumb manufacturing equipment. There were also two expressions of interest seeking more time to make an offer but without any indication of a possible dollar value. The Receiver reviewed and assessed the seven liquidation proposals. A comparison of the proposals including the key terms is set out in a summary annexed as Confidential Exhibit "D". Our comments include:

- i. No parties submitted going-concern offers for the company as a whole. Though several significant strategic buyers and/ or competitors such as Coca-Cola Ltd., Lassonde Beverages, and Cott Corporation did review the CIM and visited the Premises, there were various reasons given as to why they would not make an offer.
- ii. The three highest proposals were submitted by: (a) Asset Services, (b) Maynards and (c) Corporate Assets.
- iii. The Corporate Assets and Maynards' proposals were auction proposals with net minimum guarantees ("NMG") while the Asset Services offer was an outright purchase.
- iv. Subsequent to the deadline, the Receiver had further discussions with these three top bidders and certain enhancements to the proposals were negotiated.
- v. Copies of the proposals are attached hereto as Confidential Exhibits "E", "F" and "G", respectively.

5. The Asset Services outright purchase offer was for \$816,000 with free use of the Premises until February 28, 2014.

6. Maynards submitted an auction proposal with a NMG of \$1,010,000 with the next \$75,000 above the \$1,010,000 retained by Maynards. Any excess above \$1,085,000 is to be shared 90% in favour of the Receiver and 10% in favour of Maynards. Other terms of Maynard's proposal include:

- i. A 10% deposit (or \$100,000) to be advanced to the Receiver upon acceptance of the offer with the balance of the NMG to be paid one day prior to the auction;
- ii. Free use of the leased Premises to March 15, 2014;
- iii. Utilities and garbage removal at the Receiver's cost;
- iv. Maynards is responsible to relocate the assets not sold by the end of the liquidation period; and
- v. The Receiver is responsible for the cost of insurance.

7. Corporate Assets also submitted an auction proposal with a NMG of \$755,000 with the next \$65,000 above \$775,000 retained by the Corporate Assets Group. Any excess over \$820,000 is to be allocated 100% in favour of the Receiver. Other terms included in the Corporate Assets' proposal were similar to those of Maynards with a February 28, 2014 date for the end of the liquidation period.

8. Maynard's auction proposal with the \$1,010,000 net minimum guarantee are projected to generate the highest net realizations after deducting rent, utilities and other clean up

costs . Details of the analysis of the offers is included in the Confidential Exhibit "D". All of the other offers are included in Confidential Exhibits H through L.

RECOMMENDATION


9. The Receiver considered the NMG submitted by the Maynards as the best offer as the their proposal provides for: (i) a significant deposit of 10 % at the time of signing the Liquidation Agreement and which has been paid to the Receiver; (ii) the threshold in excess of the NMG which accrues to Maynards is low (\$75,000) and provides upside potential to the estate in comparison to the other liquidation proposals; (iii) the NMG was the highest and the net realizations are estimated to be the highest from that auction proposal.

10. The Liquidation Agreement is attached hereto as Confidential Exhibit "M". The Receiver with the Court's approval proposes to enter into the Liquidation Agreement with Maynards and complete the transaction which provides that upon execution of an instrument of transfer, substantially in the form attached hereto as Confidential Exhibit "N", title to the assets will vest in the purchasers thereof free and clear of all liens and encumbrances.

11. The offers were presented to 852 for their input and 852 agreed that the Maynards offer was the best. Accordingly, the Receiver, with the agreement of 852, accepted Maynards' proposal subject to Court approval.

All of which is respectfully submitted this 3rd day of January, 2014.

**BDO CANADA LIMITED Court Appointed Receiver of Sun Pac
Foods Limited**

Per: 
Name: Blair F. Davidson CPA, CA, CBV, CIRP
Title: President

APPENDIX "C"

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondent

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

AFFIDAVIT OF LEN KOFMAN

I, LEN KOFMAN, of the City of Vaughan, in the Province of Ontario, DO HEREBY MAKE OATH AND SAY AS FOLLOWS:

1. I am a Director with Bridging Capital Inc. ("**Bridging Capital**"), an affiliate of the Applicant, 8527504 Canada Inc. ("**852**"), and in such capacity I am familiar with the loan account of the Respondent, Sun Pac Foods Limited ("**Sun Pac**"). The facts set forth herein are within my personal knowledge or determined from the face of the documents attached hereto as exhibits and from information and advice provided to me from others. Where I have relied upon such information and advice I verily believe it to be true.

2. I swear this affidavit in support of an application by 852 for an order appointing BDO Canada Limited ("**BDO**") as receiver of the property, assets and undertaking of Sun Pac.

The Applicant

3. 852 is a company related to Bridging Capital. Bridging Capital is a privately held Canadian company that provides middle-market Canadian companies with alternative financing options to those offered by traditional lenders.

Sun Pac Foods Limited

4. Sun Pac is a privately-owned Canadian manufacturer of private label and branded beverage products, including juices, natural teas, sports drinks, juice concentrates, frozen juices and other beverage products. The company also manufactures croutons and bread crumbs under the 'McDowell Ovens' banner and private label brands owned by various large Canadian retailers. Sun Pac products are distributed throughout North America.

5. Sun Pac is headquartered in a 355,000 square foot facility at 10 Sun Pac Boulevard, Brampton, Ontario (the "**Brampton Property**"), housing production as well as refrigerated, frozen and dry warehousing. The Brampton Property is leased from Menkes GTA Holdings Inc. (the "**Landlord**").

6. In November 2011, Sun Pac was acquired by Liquibrands Inc. ("**Liquibrands**"), a private investment firm owned by Csaba Reider, at which time Mr. Reider became President and Chief Executive Officer of Sun Pac.

7. According to information provided by Sun Pac to 852, Sun Pac had approximately 52 employees until last week when, as described below, it appears to have terminated almost all of its employees. None of the employees are unionized.

8. The payroll of Sun Pac has been administered by ADP, and according to information provided by Sun Pac to 852, source deductions are current.

The Original Loans

9. Pursuant to an Amended and Restated Letter Agreement accepted by Sun Pac and Liquibrands on January 18, 2013 (the "**Loan Agreement**"), Bridging Capital provided the following financing facilities to Sun Pac (the "**Original Loans**"):

- (a) a demand revolving loan of up to \$5 million, which could be increased to up to \$7 million, based on a specific lending formula (the "**Facility A Loan**"); and
- (b) a demand revolving loan in the amount of the lesser of (i) \$2.25 million and (ii) 90% of the appraised amount of Sun Pac's machinery and equipment pursuant to an appraisal report satisfactory to Bridging Capital (the "**Facility B Loan**").

Attached hereto as **Exhibit "A"** is a copy of the Loan Agreement.

10. Pursuant to the Loan Agreement, the Original Loans were payable on demand and secured by, among other things, a General Security Agreement dated October 1, 2012, a copy of which is attached hereto as **Exhibit "B"**, and other security as specified therein (the "**Security**").

11. Also pursuant to the Loan Agreement, Liquibrands agreed to be jointly and severally liable for repayment of the Original Loans.

12. The Original Loans were assigned by Bridging Capital to 852 in May 2013.

Default Under the Original Loans

13. By letter from 852's lawyers dated September 5, 2013, a copy of which is attached hereto as **Exhibit "C"**, Sun Pac was notified that it was in default under the Original Loans.

14. The aforesaid letter also indicated that 852 declared the entire amount of the indebtedness of Sun Pac to be immediately due and payable, and enclosed a Notice of Intention to Enforce Security against Sun Pac pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA").

Forbearance Agreement

15. At the request of Sun Pac and Liquibrands, the parties entered into a Forbearance Agreement as of September 11, 2013, a copy of which is attached hereto as **Exhibit "D"** (the "Forbearance Agreement"), pursuant to which they agreed, among other things, as follows¹:

Acknowledgments

Liability – Sun Pac acknowledged that as of the close of business on September 4, 2013, the aggregate amount owing to 852 under the Loan Agreement was \$3,950,039.57 (for principal and interest plus costs).

Default – Sun Pac acknowledged and agreed that it was in default of its obligations contained in the Loan Agreement.

Forbearance

852 agreed not to take any steps to enforce any of the Loan Agreement or the Security, on terms set out in the Forbearance Agreement, prior to the earlier of (a) December 9, 2013; or (b) the occurrence of an Event of Default.

¹ All defined terms not defined in this affidavit are used as defined in the Forbearance Agreement.

Credit Facilities

852 agreed, on terms and conditions as set out therein, to extend the following additional demand credit facilities which were deemed to amend, *mutatis mutandis*, the terms of the Loan Agreement (the credit facilities referred to in the Loan Agreement, as amended, are hereinafter referred to as the "Credit Facilities"):

- a demand non-revolving loan of \$500,000 (the "Facility C Loan"); and
- a demand non-revolving loan in the amount of up to 2 times EBITDA of the Breadcrumbs Division, as determined by BDO Canada Transaction Advisory Services, Inc. in its report to Sun Pac and 852 in its sole discretion, less the aggregate amount advanced to Sun Pac under the Facility C Loan (the "Facility D Loan").

Without limiting the right of 852 to demand repayment at any time, the Facility C Loan and the Facility D Loan shall be repaid in full on the earlier of (a) the Forbearance Termination Date; (b) the sale of the Breadcrumbs Division; and (c) demand being made by 852.

Covenants and Agreements

Sale of Breadcrumbs Division

Sun Pac and Liquibrands agreed to diligently proceed with the marketing and sale of its croutons and breadcrumbs division that manufactures and produces products under the McDowell Ovens brand (the "Breadcrumbs Division") on terms and conditions as set out in the Forbearance Agreement.

In the event that Sun Pac failed to meet any of the Sale Milestones (as defined below), Sun Pac undertook to transfer to 852 or its permitted assign all of the property, assets and undertakings of Sun Pac with respect to the Breadcrumbs Division in full satisfaction of all obligations owing pursuant to the Facility C Loan and the Facility D Loan plus \$10.00.

Default

The Parties agreed that any one or more of the following events (among others) shall constitute an event of default under the Forbearance Agreement (each an "Event of Default"):

- the non-payment when due of any principal, interest or other amounts payable by Sun Pac to 852;
- a default or breach of any obligation, promise, covenant, term or condition under the Forbearance Agreement, the Loan Agreement or the Security;
- if Sun Pac failed to meet any of the following milestones in respect of the marketing and sale of the Breadcrumbs Division (the "Sale Milestones"):

Milestone	Deadline
Delivery to 852 of a binding sale agreement for the sale of the Breadcrumbs Division, that is acceptable to 852 in its sole and absolute discretion	November 6, 2013
Completion of the sale of the Breadcrumbs Division and payment to 852 in accordance with paragraph 20 hereof	December 6, 2013

- if any financial reporting information provided by or on behalf of Sun Pac or Liquibrands proves to be false, misleading, inaccurate or incorrect in any material respect, or if there is a material failure to provide 852 with such financial reporting or other information as they may require from time to time;
- if Sun Pac ceased or threatened to cease carrying on business in the ordinary course; and
- if 852, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment of the debt owed by Sun Pac or Liquibrands or performance by them of any of their obligations was or was about to be impaired or that all or any part of any of the property of Sun Pac or Liquibrands was or was about to be placed in jeopardy.

In addition to 852's rights and remedies available under the Loan Agreement, the Security, the Forbearance Agreement, at law or in equity, upon the occurrence of an Event of Default:

- the balance owing to 852 shall, at the option of 852, become immediately due and payable; and
- the Loan Agreement and the Security shall, at 852's option, become enforceable in accordance with their terms, including without limitation 852's right to the appointment of a private receiver or the court appointment of an interim receiver, national receiver and receiver and manager of the Obligors' respective property, assets and undertaking.

Consent

Sun Pac and Liquibrands each irrevocably consented to the making of a bankruptcy order and the private or court appointment of a receiver or receiver and manager in respect of any or all of their property or assets upon the occurrence of an Event of Default. Attached hereto collectively as Exhibit "E" are copies of Consent forms signed by Sun Pac and Liquibrands.

Default Under the Forbearance Agreement

16. By letter dated October 10, 2013, a copy of which is attached hereto as **Exhibit "F"**, 852's lawyers notified Sun Pac of 852's serious concerns as set out therein.

17. The aforesaid letter also confirmed that in light of the foregoing, 852's lack of confidence in management, 852 determined that there had been a material deterioration in the prospects and financial condition of Sun Pac. Accordingly, pursuant to its rights under the Loan Agreement and the Forbearance Agreement, 852 notified Sun Pac that it would not be making any Facility D advances to Sun Pac and that the Facility D availability was thereby terminated.

18. Sun Pac and Liquibrands failed to deliver by November 6, 2013 a binding agreement for the sale of the Breadcrumbs Division. This alone constituted an Event of Default under the Forbearance Agreement.

19. I am informed by Harvey Chaiton, a partner of Chaitons LLP, that on November 11, 2013, he spoke with James Grout, a partner of Thornton Grout Finnigan LLP, and that Mr. Grout informed him that:

- (a) Mr. Grout was retained by Sun Pac last week; and
- (b) Mr. Reider informed Mr. Grout that Sun Pac's operations were shut down last Thursday, at which time all but a few employees were terminated.

Attached hereto as **Exhibit "G"** is a true copy of an email exchange between Mr. Chaiton and Mr. Grout on November 11, 2013.

Other Creditors

20. Attached hereto as **Exhibit "H"** is a copy of a search conducted against Sun Pac under the Ontario personal property registry, and which discloses that the only secured creditors of Sun Pac appear to be 852, Liquibrands and the Landlord.

21. Attached hereto as **Exhibit "I"** is a copy of an agreement signed by the Landlord in July 2013 pursuant to which the Landlord agreed, among other things, that the Landlord waives, releases and postpones in favour of Bridging Capital or its assigns for as long as they hold a security interest in the property of Sun Pac.

22. According to information provided by Sun Pac to 852, Sun Pac is current in its remitting of HST and source deductions.

23. Also according to information provided by Sun Pac to 852, Sun Pac is in arrears of its rent payments owed to the Landlord for the months of October and November 2013 in the total amount of approximately \$447,490.

It Is Just and Convenient to Appoint a Receiver

24. Sun Pac is in default of its obligations to 852, it appears to have ceased operating and it has previously consented to the appointment of a receiver by the Court in the event of a default.

25. 852 is the stakeholder with the largest economic interest in the property of Sun Pac.


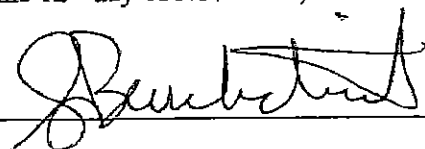
26. 852 believes that it is in the best interests of 852 and Sun Pac's other stakeholders that a receiver be appointed immediately in order to, among other things, assess whether to resume some or all of its operations and carry out a sale process with a view to maximizing value for

Sun Pac's stakeholders. 852 is prepared to advance funds to a court-appointed receiver for that purpose.

27. 852 proposes that BDO be appointed as receiver. BDO has agreed to accept the appointment, and a copy of its consent is attached hereto as Exhibit "J".

28. This affidavit is sworn in support of an application by 852 for an order appointing BDO as receiver of the property, assets and undertaking of Sun Pac and for no other or improper purpose.

SWORN BEFORE ME at the City of)
Toronto, in the Province of Ontario,)
this 12th day of November, 2013)
)
)
)
)
)
)
)
)
)
A Commissioner, Etc.)


LEN KOFMAN

APPENDIX "D"



LIPMAN ZENER WAXMAN LLP
BARRISTERS AND SOLICITORS

1220 Eglinton Avenue West
Toronto, Ontario M6C 2E3
Telephone (416) 789-0652
Facsimile (416) 789-9015

Jason D. Spetter, B.A., LL.B
Tel: (416) 789-0652 ext 367
jspetter@lzwlaw.com

Our File No. 63412

VIA E-MAIL

April 10, 2014

BDO Canada Limited
123 Front Street West
Suite 1200
Toronto, Ontario
M5J 2M2

Attention: Gary Cerrato

Dear Sirs:

Re: In the matter of the Receivership of Sun Pac Foods Limited (the "Company")

You have requested our opinion as to the validity and enforceability of certain security interests and charges granted by the Company to and in favour of 8527504 Canada Inc. (hereinafter referred to as the "852") upon the assets, undertakings and properties of the Company.

In forming the opinions expressed below, we have examined the following documentation:

1. photocopy of a General Security Agreement dated October 1, 2012 between the Company and Bridging Capital ("Bridging");
2. Assignment Agreement as between Bridging, as assignor, and 852 as assignee dated May 23, 2013;
3. certified searches obtained under the *Personal Property Security Act* dated November 21, 2013 for the Company;
4. corporation profile report issued by the Ministry of Consumer and Commercial relations with respect to the Company dated November 28, 2013;

The documents referred to in paragraphs 1-2 will hereinafter be called the "Security Documents" and the documents referred to in paragraphs 3-4 as the "Other Documents".

In forming the opinions expressed below, we have:

- (a) assumed that the Security Documents were executed on the dates indicated thereon and were delivered by the Company to Bridging/ 852 as security for advances to be made by Bridging/852 to the Company;
- (b) assumed that monies were in fact advanced by Bridging/852 and that monies are owing by the Company to Bridging/852 with respect to those advances;
- (c) assumed the genuineness of signatures, the legal capacity of natural persons whose signatures appear on the Security Documents and the Other Documents, the conformity to the original documents of all documents submitted to us as photocopies or facsimiles of such documents;
- (d) assumed that the Security Documents were duly authorized, executed and delivered by the parties thereto and that each of the parties thereto were duly organized and subsisting corporations when the documentation was executed and delivered;
- (e) assumed that the security interests created by the Security Documents, subject to the PPSA, have attached in accordance with Section II of the PPSA;
- (f) relied upon certificates of public officials as to the matters of fact not stated herein to have been assumed or independently verified or established by us;
- (g) assumed the accuracy and currency of the indices and filing systems maintained at the public offices where we have searched or inquired or have caused such searches or inquiries to be conducted, as set forth herein;
- (h) assumed that the Company has no legal defence against Bridging/852 for, without limitation, absences of legal capacity, fraud by or to the knowledge of Bridging/852, misrepresentation, undue influence or duress.

With respect to our assumptions referred to above, we would suggest at the very least, the Receiver of the Company should satisfy itself that the monies referred to in subparagraph (b) above were actually advanced to the Company and that the Company is still indebted to Bridging/852.

The opinions set forth in this letter are subject to the following qualifications and limitations:

- (a) we are qualified to render opinions only as to the laws in force in the Province of Ontario and the applicable Federal laws of Canada as currently applied and enforced in Ontario;
- (b) the enforceability of the Security Documents is subject to the powers of the court to stay proceedings under the *Bankruptcy and Insolvency Act*;
- (c) to the extent that the PPSA applies to the Security Documents;
- (d) there is no perfected security interest in proceeds that are not identifiable or traceable;

- (e) this opinion is confined to statements of fact or other matters set forth herein as existing as of the date of this opinion;
- (f) we express no opinion as to the title of the Company to any collateral subject to the security interest of Bridging/852 or any other secured party referred to herein; and
- (g) we express no opinion as to whether or not there are any perfected security interests registered against motor vehicles of the Company pursuant to the PPSA which make reference to the V.I.N. number of such motor vehicles but do not properly refer to the name of the Company.

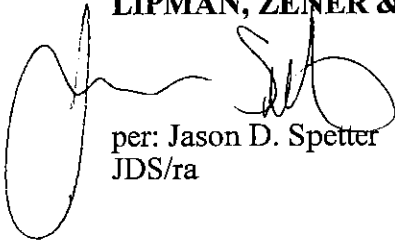
Based upon and subject to the foregoing and subject also to the qualifications set forth herein, we are of the opinion that:

1. the Company is a Corporation validly incorporated pursuant to the laws of the Province of Ontario by articles of incorporation certified by the Ministry of Consumer and Commercial Relations;
2. our search pursuant to the PPSA indicated there were the following security interests in collateral of the Companies perfected by registration pursuant to the PPSA:
 - (i) a financing statement registered on August 14, 2013 by Menkes GTA Industrial Holdings Inc. for a period of 5 years confirming its security in inventory, equipment, accounts and other assets;
 - (ii) a financing statement registered on September 14, 2012 by Bridging for a period of 5 years confirming its security interest in inventory, equipment, accounts and other assets, including motor vehicle;
 - (iii) a financing statement registered on July 12, 2012 by Liquibrands Inc. for a period of 5 years confirming its security interest in inventory, equipment, accounts and other assets, including motor vehicle; and
 - (iv) a financing change statement registered on October 10, 2012 confirming that Liquibrands Inc. had subordinated its security interest in the assets of the Company in favour of Bridging Capital Inc.
4. the General Security Agreement granted by the Company in favour of the Bridging/852 constitutes a legal, valid and binding obligation of the Company and is enforceable in accordance with its terms, subject to the qualifications as hereinbefore indicated and subject to valid equipment leases or equipment purchase money security interests, if any.

The foregoing opinions are provided solely for your use in your capacity as Receiver of the Company and may not be used or relied upon by any other person in connection with the receivership of the Company or for any other matter or purpose whatsoever.

Yours very truly,

LIPMAN, ZENER & WAXMAN LLP



per: Jason D. Spetter
JDS/ra

APPENDIX "E"

Court File No. CV-13-10331-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) THURSDAY, THE 9TH DAY OF
)
JUSTICE D. M. BROWN) JANUARY, 2014

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO CANADA LIMITED in its capacity as the Court-appointed receiver (the "Receiver") of the undertakings, properties and assets of SUN PAC FOODS LIMITED (the "Debtor"), for an Order approving the sale transaction (the "Transaction") contemplated by the Liquidation Services Agreement (the "Liquidation Agreement") negotiated between the Receiver and Maynards Industries Inc. (the "Liquidation Party"), and vesting in each purchaser (each a "Purchaser") of assets described in the Liquidation Agreement (the "Purchased Assets"), all of the Debtor's

right, title and interest in such Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report of the Receiver dated January 3, 2014, (the "First Report"), the Confidential Supplement to the First Report of the Receiver dated January 3, 2014 (the "Confidential Report") and on hearing the submissions of counsel for the Receiver, and such other parties in attendance at the hearing as indicated on the counsel slip.

1. THIS COURT ORDERS that the time for service of the Notice of Motion and Motion Record is hereby abridged so that this motion is properly returnable today and further service thereof is hereby dispensed with.
2. THIS COURT ORDERS that the First Report and the Confidential Report and the activities of the Receiver set out therein be and the same are hereby approved.
3. THIS COURT ORDERS that the Confidential Report be and is hereby sealed until the completion of the Transaction or until further order of this Court.
4. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved and that the Liquidation Agreement is commercially reasonable and in the best interest of the Debtor and its stakeholders. The execution of the Liquidation Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and to execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of any of the Purchased Assets of the Debtor sold to any Purchaser in accordance with the Liquidation Agreement (each an "Auctioned Asset" and collectively the "Auctioned Assets").

5. THIS COURT ORDERS that upon the Liquidation Party completing the sale of any of the Auctioned Assets to a Purchaser in accordance with the terms of the Liquidation Agreement, and delivering a bill of sale to such a Purchaser (a "Bill of Sale"), all of the Debtor's right, title and interest in and to the Auctioned Assets described in such Bill of Sale 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 Order of the Honourable Madam Justice Mesbur dated November 12, 2013; (ii) all charges, security interests and claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) any royalty claims whatsoever.
6. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of any Auctioned Asset shall stand in the place and stead of that Auctioned Asset, and that from and after the delivery to the relevant Purchaser of the Bill of Sale conveying such Auctioned Asset, all Claims shall attach to the net proceeds from the sale of the Auctioned Asset with the same priority as they had with respect to the Auctioned Asset immediately prior to the sale, as if the Auctioned Asset had not been sold and remained in the possession or control of the person having that possession nor control immediately prior to the sale.
7. 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 Debtor and any bankruptcy order issued pursuant to any such applications; and
- c. any assignment in bankruptcy made in respect of the Debtor;

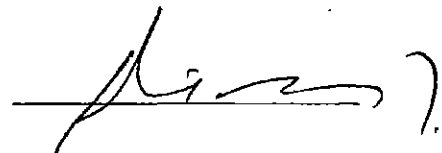
the vesting of the Purchased Assets in any Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor nor shall it constitute nor be deemed to be a settlement, fraudulent preference, 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.

- 8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).
- 9. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

ENTREPOSÉ / ENREGISTRÉ À TORONTO
 ON / ONTARIO NO:
 LE / DANS LE REGISTRE NO:

JAN 09 2014

MB



8527504 CANADA INC.
Applicant

-and-

SUN PAC FOODS LIMITED
Respondent

Court File No. CV13-10331-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at
TORONTO

APPROVAL AND VESTING ORDER

LIPMAN, ZENER & WAXMAN LLP
Barristers and Solicitors
1220 Eglinton Avenue West
Toronto, Ontario
M6C 2E3

JASON D. SPETTER
Law Society Registration No. 461055

ANTHONY J. O'BRIEN
Law Society Registration No. 27440E
Tel.: (416) 789-0652
Fax: (416) 789-9015
Emails: jspetter@lzwlaw.com;
tobrien@lzwlaw.com

Lawyers for the Receiver

APPENDIX "F"

8527504 CANADA INC.
Applicant

-and-

JANUARY 9, 2014
SUN PAC FOODS LIMITED
Respondent

Court File No. CV13-10331-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at
TORONTO

MOTION RECORD
(Sale and Vesting Order, returnable
Thursday January 9, 2014)

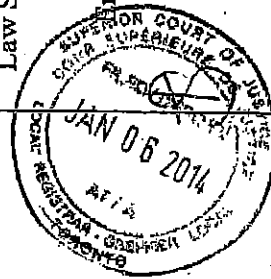
LIPMAN, ZENER & WAXMAN LLP
Barristers and Solicitors
1220 Eglinton Avenue West
Toronto, Ontario
M6C 2E3

JASON D. SPETTER
Law Society Registration No. 46105S

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Tel: (416) 789-0652
Fax: (416) 789-9015
Emails: jspetter@lzwlaw.com;
to'brien@lzwlaw.com

Lawyers for the Receiver



Jan 9/14
~~King Royal wants to talk with Receiver about whether
certain equipment should be included in the asset assets.
On consent, adj'd to Jan 21/14, 1 hour, adj'd by
[Signature]
D.M. BROWN T.~~

Jan 9/14
Soundair has been met. The landlord disputes that the
assets identified in Sch A Assets should be included in
the asset order. The parties have agreed that for purposes
of the order presented today, the Sch A Assets shall not be
included and the parties shall return before the court on
Jan 21/14 to argue the issue, if they have not settled it.
As a part 2 of the proposed order, liquid brands
has made the submissions found at Sch B to my
order and I attach those submissions so that
liquid brands' position is clear. Order to go in accordance
with draft filed which I have signed. [Signature]
D.M. BROWN T.

Sol A for
Jan 9/14 endorsement *[Signature]*
D. M. DREWRY

Freezers, Vilter ammonia compressors
and related auxiliary freezer components
shall be excepted from sale until an
agreement is reached between the parties
with respect thereto or until further order
of this Honorable Court.

Schedule B by endorsement of Jan 9/14 by ^{D. H. DROWNY} 7
LIQUIBRANDS DOES NOT OBJECT TO
THE SALE ORDER. Jan 9, 2014.

LIQUIBRANDS HAS AN OUTSTANDING
ACTION AGAINST 852 + BRIDGING.
AS DOES SUN PAC. THE RECEIVER HAS
NOT ASSESSED THE SUN PAC CLAIM.
LIQUIBRANDS, SERVED WITH THE MOTION
APPEARS TO VOICE DISAGREEMENT
WITH ASSERTIONS IN PARAS. 8, 17 + 34
OF THE RECEIVER'S REPORT + TO ENSURE
THEY ARE NOT SEEN TO ACQUIESCE TO THE

ASSERTIONS OR BE ESTOPPED IN COLLATERAL
PROCEEDINGS.

LIQUIBRANDS AND OBJECTORS
THEIR POSITION IS SO NOTED

AND THE SALE ORDER DOES NOT ESTOP.

~~ASSUMES THAT~~ LIQUIBRANDS IS BOUND FROM ENTERING

BY OR AGREES WITH THE ASSERTIONS

IN PARAS. 8, 17 + 34 OF THE RECEIVER'S

REPORT IN THE LITIGATION.

APPENDIX "G"



8 Feb 14

Benchetrit G - App'ic.
Rubin T. - member
O'Brien A - Receiver

The parties appeared before me on Feb 7/14 on an urgent basis since one of the matters in issue required a decision by Monday, Feb 10/14 given the fact that the Receiver was conducting an auction on Feb 11/14.

The two discrete issues to be determined on the motion are as follows:

- ① is the App'ic. liable for occupation rent to members for the 12 mth period commencing November 13/13; and;
- ② Can the Receiver include the Ammonia Compressors ("the Compressors") in its auction for the sale of the Sun Pac assets?

For the reasons below the answers to the questions are as follows:

- ① The App'ic is not liable for occupation rent to members, and
- ② The Receiver cannot include the Compressors in its auction.

(2)

Occupation Rent

Menkes concedes that its argument is a technical one. It further does not allege that it has suffered any prejudice as a result of BCI assigning the loan agreement to the Applic. Further, there has been no evidence adduced by Menkes to contradict the Applic's position that the Applic + BCI are affiliated companies and that the agreement of landlord was signed by BCI rather than the Applic due to inadvertence. Lastly, the Applic was always identified in the proceedings and the Receiver relied on Menkes' assurances concerning the rent free period.

In my view the motion by Menke for occupation rent should fail for the following reasons:

- The Applic has never been in occupation of the premises. * Thus not liable for rent -

- The totality of the evidence supports the Applic's position that there was a valid agreement in place but that there was an error regarding it -

(3)

• Member is equitably estopped from invalidating the agreement of landlord. It assumed the Receiver that it would not seek occupation rent during the 12 wk period & the Receiver relied upon that assurance

Member is \therefore not entitled to the occupation rent.

The Compressors

I agree with the submission of the Applic that the key question to be answered is whether the compressors were owned by Sunpac or Member. For this reason the Agreement of Purchase and Sale ("the APS") wording is critical to the analysis.

In the APS, all ~~chattel~~ⁱⁿ chattels (a defined term) were sold to Member with exclusions set out in Schedule C. The agreement of landlord included the Schedule C in the definition of ~~chattel~~ⁱⁿ collateral.

The APS is silent with respect to the specific issue of the compressors, as is the agreement of the landlord.

(4)

In my view the compressors were sold to Member and should not be considered as part of the collateral.

First, the defin of chattels in the APS is broad. The language of Schedule C could have wanted to include the compressors and it is noteworthy that there is no mention of refrigeration. I accept that the language of Schedule A to the agreement of landlord is inclusive & not exhaustive but it is not broad enough to capture the compressors.

Second, when one considers the construction of the building, the nature of the premises and the use to which the compressors were put I find that they were used in operation and maintenance of the property as contemplated in the defin of chattels. They constitute a substantial part of the premises' functionality.

On a final note; both the Applicant and Member filed experts reports on the the issue of the compressors. Given the fact that the result

(3)

hinged on the interpretation of the above agreements and the inherent difficulties in relying upon filed experts reports (that raise problems with lack of *intra voce* evidence and for filed affidavits) I placed very little emphasis on the reports. I was struck however by the fact that, although the Applicant provided a report that concluded the compressors was not necessary for the maintenance and operation of the building, it does not analyse Schedule C & provide an opinion as to where the compressors could be included therein.

The APS, read as a whole, with regard to the nature and use of the premises, provides that the compressors were acquired by member. They cannot \therefore be sold by the Receiver at auction, as the agreement of landlord does nothing to alter member's rights obtained pursuant to the APS.

Disposition

The answer to both questions, as noted above, is "no." Since success was divided neither the Applicant nor member shall pay or receive costs. The Receiver, in the usual way, will be entitled to its

©

Costs from the estate. Given the submission
of the motion & the urgency, I did not
deal with the issues as to whether the
two waiver agreements between Merker &
BCI, in totality, are valid. If a decision
is required in this regard, although I doubt
it is, further submissions can be made
to me.

McE

APPENDIX "H"

Schedule "D"

SUN PAC FOODS LIMITED

Company Name	Contact Name	Comments	Contact Date	Issue Suits	NDA Suits	NDA Received	Living to Date	Officer Status
Acquerra Corporation Ltd.	Mecall, Mengo meng.mecall@acquerra.com Director of Business Development - Americas America Murphy	Emailed Mengo. Left voicemail and emailed Monica.	01/03/2014	Yes	Yes			
Columbia Ice, Ltd.	Owner www.physcol.com	Emailed Tim Hill	01/06/2014	Yes	Yes			
d'Angelo Brands, Inc.	Tim Hill - Sales Manager Tim.Hill@angelbrands.com		01/03/2014	Yes	Yes			
Eau Vieve Water Inc.	CEO Jim jim@euvieve.com	Emailed info@euvieve.com	01/06/2014	Yes	Yes			
Global Water Asset Corp.	CEO Walter, Michael walter@globalwaterasset.com President John john@globalwaterasset.com	Emailed info@globalwaterasset.com, listed number was not in service.	01/03/2014	Yes	Yes			
Great Lakes Water Corp.		No listed number or website.	01/03/2014	Yes	Yes			
Ice River Springs Water Co. Inc.	Brian Ebbel brian@iceinternational.com Veggi Samik - General Manager veg@jrdinc.com	Emailed Brian Ebbel. Emailed Veggi.	01/03/2014 01/06/2014	Yes Yes	Yes Yes	Yes Yes	Yes	
Nara Beverages		No listed number or website.						
Novifey Santé Active Inc.	Finance Department - www.novifey.com www.novifey.com	Emailed	01/06/2014	Yes	Yes			
Stonejoint Global Brands Inc.	Chairman of Board and CEO John Kovacs johnkovacs@stonejoint.net Terry Koudy Manager Operations and Customer Service tkoudy@stonejoint.net	Emailed both Terry and James.						
Arctic Glacier Inc.	Bailey, Douglas A. Chief Financial Officer info@arcticglacier.com	Emailed info@arcticglacier.com	01/03/2014	Yes	Yes			
Archedes Spring Water Ltd.		Now under Nestle North America. Contacted Nestle in early December.	01/03/2014	Yes	Yes			
Arthur's Fresh Company Ltd.		Operates as a subsidiary of H.J. Heinz Company of Canada Ltd. - Heinz has already indicated it is not interested.						
Bay Hill Impex, Ltd.	Rajedris, Raj Principal Owner raj@bayhill.com Alice Hellawell - Brand Manager Alice.hellawell@maya.com	Emailed Raj. Emailed Alice Hellawell.	01/03/2014	Yes	Yes			
Dwayne Hays Waters Inc.								
Dunhillon Citrus Juice LP	Paul McGovern Director of Corporate Development p.mcgovern@dunhillon.com	Emailed Paul	01/03/2014 01/03/2014	Yes Yes	Yes Yes			
Mr. Softwater, Ltd.		Number no longer in service and no website						
Pepsi-Cola Canada Ltd.		Mailed Isser and NDA to their headquarters.	01/06/2014	Yes	Yes			

SUN PAC FOODS LIMITED TAX TEASER

Schedule TD

SUN PAC FOODS LIMITED

Company Name	Contact Name	Comments	Contact Date	Trainer Sent	NDA Sent	NDA Received	Info to Data Room	Other Media
Polaris Water Company	Rhize Gemmel - Director of Sales Rgemmel@whiterwater.com	Emailed Rhize.		Yes	Yes			
Pure Water Supply, Inc.		Number no longer in service and no website.	01/09/2014					
Sparkling Spring Water Group Limited		Number is now directed to Aqua Term which we have contacted.	01/03/2014					
Spring Aqua Light Inc.		Number no longer in service and no website.						

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Sponsors solicited by Graham Marr and James

Company Name	Contact Name	Comments	Contact Date	Trainer Sent	NDA Sent	NDA Received	Info to Data Room	Other Media
Humpy Dumpty	Gary Schmitz - ex-CEO of Humpy Dumpty gschmitz@humpy.com		12/24/2013	Yes	Yes	Yes	Yes	
Collina Barrow	Doreen McEachy - SVP djmceachy@collinabarrow.com	To discuss with Collina Barrow clients.	12/23/2013	Yes	Yes	Yes	Yes	
Drive Products	Robert Edmunds Jason Frieden jason.j.frieden@gmail.com	The pair is part of Steve Abblant's team.	01/24/2014	Yes	Yes	Yes	Yes	
ESGROW Investment Corp.	Elly Grossman - Director Elly@esgrow.com		01/09/2014	Yes	Yes	Yes	Yes	
Puller Lendau	James Cohen - Director jacob@pullerlendau.com		01/09/2014	Yes	Yes	Yes	Yes	
Kingmill Food	Tony Yiu tony@kingmillfoods.com		01/16/2014	Yes	Yes	Yes	Yes	
Nutrioya	Marjorie marjorie@nutrioya.com		01/16/2014	Yes	Yes	Yes	Yes	
Scallabank	Glennorio D'Alazzo glennorio.dalazzo@scallabank.com		01/07/2014	Yes	Yes	Yes	Yes	
Stratum Advisory Group	Steven J Abblant s.abblant@stratumadvisorygroup.com		01/21/2014	Yes	Yes	Yes	Yes	
Mitch Products of Canada	President james@mitchproducts.com	James has sent NDA to president, however they are not in service.	12/24/2013	Yes	Yes	Yes	Yes	
Wetle Waters	President of the North American Tea Division	James has sent NDA to president.	12/24/2013	Yes	Yes	Yes	Yes	

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**UNIQUE BUSINESS OPPORTUNITY TO ACQUIRE \$25 MILLION OF
TAX LOSSES AND A MANUFACTURER AND DISTRIBUTOR OF
FRUIT JUICES, FROZEN JUICES, AND JUICE CONCENTRATES**

BDO Canada Limited, in its capacity as court-appointed receiver ("BDO"), is inviting offers for the purchase on an "as is, where is" basis for all of the property, assets and undertaking of Sun Pac Foods Limited ("Sun Pac").

The over \$25 million of eligible tax losses are a key element of this acquisition available to profitable companies in the food and beverage industry.

Sun Pac, located in a 355,000 sq. ft. leased facility in Brampton ON, is one of the largest independent hot fill beverage manufacturers in North America, best known for its brand of fruit juices, frozen juices and juice concentrate. Sun Pac products are distributed throughout Canada, the United States and the Caribbean. Sun Pac manufactures single serve and multi-serve formats in glass, tetra, "PET", aluminum and steel tins, in a full range of sizes and package configurations. Capabilities include the production of juice, natural teas, sport drinks and energy drinks for branded and private label programs. Sun Pac also manufactures croutons and breadcrumbs under the McDowell Ovens banner and private label brands owned by some of Canada's largest food retailers.

Parties interested in this unique opportunity may contact Blair Davidson at (416) 369-3112 or at bdavidson@bdo.ca to receive information with respect to this sale process and the tax losses. All offers will be considered on an individual basis as and when received.

BDO

APPENDIX "I"

Court File No. CV-13-492612

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

SUN PAC FOODS LIMITED and LIQUIBRANDS INC.

Plaintiffs

and

8527504 CANADA INC. and BRIDGING CAPITAL INC.

Defendants

AFFIDAVIT OF MARY ANN FISHER


I, *MARY ANN FISHER*, of the Town of Caledon, in the Regional Municipality of Peel,
MAKE OATH AND SAY:

1. I am a legal assistant with the law firm of WIRES JOLLEY LLP ("Wires Jolley"), the lawyers for the plaintiffs, and, as such, have knowledge of the matters contained in this affidavit.
2. Our office has issued a statement of claim (action No. CV-13-492612) to be served on the defendants. Attached hereto and marked as **Exhibit "A"** is a true copy of the statement of claim.
3. Our office has also prepared and delivered preservation letters to the corporate defendants and certain of their officers and directors by fax and email:
 - (a) Attached hereto and marked as **Exhibit "B"** is a true copy of the letter from David Wires to 8527504 Canada Inc. and Bridging Capital Inc. dated November 12, 2013, faxed to the defendant corporations;

-2-

- (b) Attached hereto and marked as **Exhibit "C"** is a true copy of the letter from David Wires to Natasha Sharpe dated November 12, 2013, together with the email enclosing the letter sent from Krista Bulmer to Natasha Sharpe dated November 12, 2013;
- (c) Attached hereto and marked as **Exhibit "D"** is a true copy of the letter from David Wires to David Sharpe dated November 12, 2013, together with the email enclosing the letter sent from Krista Bulmer to David Sharpe dated November 12, 2013;
- (d) Attached hereto and marked as **Exhibit "E"** is a true copy of the letter from David Wires to Jenny Coco dated November 12, 2013, together with the email enclosing the letter sent from Krista Bulmer to Jenny Coco dated November 12, 2013; and
- (e) Attached hereto and marked as **Exhibit "F"** is a true copy of the letter from David Wires to Len Kofman dated November 12, 2013, together with the email enclosing the letter sent from Krista Bulmer to Len Kofman dated November 12, 2013.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on the 12th
day of November, 2013.



Commissioner for Taking Affidavits
(or as may be)



MARY ANN FISHER

CV-13-00492612-0000

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

SUN PAC FOODS LIMITED and LIQUIBRANDS INC.

Plaintiffs

and

8527504 CANADA INC. and BRIDGING CAPITAL INC.

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT(S):

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

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

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

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

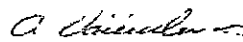
Exhibit A to the Affidavit
Of Mary Ann Fisher
Sworn on the 12th day of
November 2013
[Signature]
Commissioner for Taking Oaths

-2-

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

Date November 12, 2013

Issued by



Local Registrar

Address of

court office: 393 University Avenue, 10th Floor
Toronto, Ontario
M5G 1E6

TO: Bridging Capital Inc.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
MSK 1 K7

8527504 CANADA INC.
BRIDGING CAPITAL INC.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
MSK 1 K7

CLAIM

1. The plaintiffs claim: *(State here the precise relief claimed.)*
 - (a) the sum of \$100,000,000.00 as general damages for breach of contract, breach of fiduciary duty to the plaintiffs as de facto managers of Sun Pac Foods Limited and waiver of tort; loss of goodwill and loss of future economic value of Sun Pac Foods Limited as a going concern;
 - (b) the sum of \$500,000.00 as exemplary, aggravated and punitive damages;
 - (c) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
 - (d) post judgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
 - (e) the substantial indemnity costs of this proceeding, plus all applicable taxes; and
 - (f) such further and other Relief as to this Honourable Court may seem just.

2. The plaintiff, Sun Pac Foods Limited ("Sun Pac"), is a corporation incorporated under the laws of Ontario, known for its production of fruit juices, frozen juices, juice concentrates and other beverage products in Brampton, Ontario, which are distributed throughout Canada, the U.S. and the Caribbean.

3. The plaintiff, Liquibrands Inc. ("Liquibrands"), is a corporation incorporated under the laws of Ontario which owns the shares of Sun Pac.

-2-

4. The defendant, 8527504 Canada Inc. ("852"), is a corporation incorporated under the laws of Canada and is in the private lending business.
5. The defendant, Bridging Capital Inc. ("BCI"), is a corporation incorporated under the laws of Canada and is in the private lending business.
6. Sun Pac began negotiations with Canada's largest food retailer in August, 2012 to manufacture carbonated juice, sports drinks and soft drinks. Long and detailed negotiations commenced and continued during the winter and into the spring of 2013.
7. Sun Pac required interim financing pending completion of the negotiations and approached BCI.
8. BCI made demand credit facilities available to Sun Pac on September, 2012 (the "Loan Agreement").
9. The plaintiffs gave security for the loan. Sun Pac machinery, accounts receivable, equipment and collateral manufacturing operations had a value of approximately \$8,000,000.00.
10. BCI assigned the Loan Agreement and Security to 852.
11. Negotiation of the food retailer contract continued during the spring and summer of 2013 and resulted in a signed agreement dated September 24, 2013. The contract creates potential gross revenue for Sun Pac in the amount of \$250,000,000.00 and a five year exit value of approximately \$70,000,000.00
12. Prior to completion of the food retailer contract 852 demanded repayment of indebtedness owing under the September, 2012 and January, 2013 Loan Agreement from Sun Pac.

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13. 852 agreed to forbear enforcing its security pursuant to a Forbearance Agreement on September 13, 2013 (the "Agreement"). The Agreement was entered into in anticipation of the completion of the food retailer contract and a period of time for financing the purchase of machinery to perform the food retailer contract through to December 6, 2013.
14. On September 4, 2013, Sun Pac owed the defendants \$3,950,039.57. Sun Pac had no other debt other than ordinary course trade supplier invoices.
15. Liquibrands guaranteed \$1,000,000.00 of Sun Pac debt.
16. 852 agreed to finance Sun Pac pending completion of the food retailer contract negotiations and agreed not to enforce its security prior to the earlier of December 9, 2013 or an Event of Default.
17. 852 extended Sun Pac additional demand credit facilities consisting of:
 - (a) Facility C: a demand non-revolving loan of Five Hundred Thousand Dollars (\$500,000), and
 - (b) Facility D: a demand non-revolving loan in the amount of up to 2 times EBITDA of the Breadcrumbs Division as determined by BDO Canada Transaction Advisory Services, Inc. ("BDO") in its report dated September 25, 2013 to Sun Pac and 852 less the amount advanced to Sun Pac under the Facility C Loan.
18. 852 advanced the Facility C Loan.
19. Sun Pac signed the retailer supply contract on September 24, 2013. Sun Pac met the conditions for an advance on the Facility D loan on October 1, 2013.

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20. On October 1, 2013 the amount available under the Facility D loan was \$1.1 million.
21. On October 4, 2013 the defendants refused to advance the Facility D Loan. The defendants knew or ought to have known acting reasonably that breach of their obligation to advance the Facility D loan endangered the continued operations of Sun Pac until it could arrange financing for execution of the food retailer contract; close the sale of the Breadcrumb Division and continue operations in the ordinary course until December 6, 20113.
22. The defendants continued to take predatory interest on the Facility C loan of 36% calculated on the daily outstanding balance, compounded monthly, not in advance and with no deemed reinvestment of monthly payments.
23. The Facility C Loan and the Facility D Loan were to be repaid the earlier of (i) the Forbearance Termination Date; (ii) the sale of the Breadcrumbs Division; and (iii) demand being made by 852. Repayment is not due.
24. Sun Pac solicited interim financing to repay the defendants. The defendants refused to postpone their security to facilitate the financing notwithstanding their failure satisfy their obligation to fund the Facility D loan.
25. The defendants' management used their lending position to take de facto control of Sun Pac. Sun Pac's management *inter alia*:
 - (a) is restrained from entering agreements outside of the ordinary course of business, except with the prior written consent of 852;

-5-

- (b) must market and sell the croutons and breadcrumbs division that manufactures and produces products under the McDowell Ovens brand (the "Breadcrumbs Division");
 - (c) shall not accept any offer to purchase the Breadcrumbs Division without 852's prior written approval and shall deliver to 852 any proceeds of sale;
 - (d) shall not make any capital expenditures without the prior written consent of 852 in its sole discretion;
 - (e) shall not encumber, sell, transfer, convey, lease or otherwise dispose of any of their respective assets or property out of the ordinary course of business without the prior written consent of 852;
 - (f) shall not surrender, terminate, repudiate or amend, vary or modify in a manner adverse to 852 acting reasonably, any material contract with respect to their respective business without the prior written consent of 852 ;
 - (g) deliver a binding sale agreement for the sale of the Breadcrumbs Division, that is acceptable to 852 by November 6, 2013; and
 - (h) complete sale of the Breadcrumbs Division and payment to 852 by December 6, 2013.
26. Liquibrands was obliged on default to transfer the shares of Sun Pac held by Liquibrands (the "Shares") to the defendants for \$10.00.
27. The defendants had discretion to withhold consent to any matters requiring their consent.

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28. The defendants breached the Agreement with the plaintiffs by refusing to fund the Facility D loan.

29. Notwithstanding their default under the Agreement the defendants' management became de facto directors of Sun Pac and directed Sun Pac's operations solely in the defendants' interests in bad faith contrary to the defendants' contractual obligations, the reasonable expectations of the parties and commercially reasonable conduct.

30. It was within the reasonable contemplation of the parties at the time the Agreement was executed that if the defendants breached their obligations to fund the Facility D loan Sun Pac would be unable to find replacement financing to perform the retail contract; unable to continue as a going concern and unable to sell the Breadcrumb Division by December 6, 2013 to satisfy the defendants' loan.

31. It was within the reasonable contemplation of the parties at the time the Agreement was executed that if the defendants breached their obligations to fund the Facility D loan the value of Liquibrands Inc. shares in Sun Pac would be negligible and Liquibrands Inc. would lose approximately \$70,000,000.00 of exit value for Sun Pac in five years.

32. The Agreement granted the defendants authority and powers to demand and receive confidential business, operations and financial information about Sun Pac not otherwise available to any but directors, officers and confidential advisers of a corporation. The Agreement gave the defendants the ability to harm Sun Pac by its breach of the agreement to fund, to devalue Liquibrands shares of Sun Pac and exploit Sun Pac's business affairs in their own interests and contrary to the interests of Sun Pac.

-7-

33. The plaintiffs plead that the defendants demand for and use of confidential business and operations information and the exercise of powers granted the defendants in the Forbearance Agreement created a fiduciary relationship between the defendants and plaintiffs in that:

- (a) The defendants were aware that their financing was intended to bridge the period between the commencement of negotiations of the food retailer contract and the commencement of operations to fulfill the contract;
- (b) The defendants were aware that financing was required to provide working capital for Sun Pac pending permanent financing for the execution of the food retailer contract;
- (c) The defendants demanded and received confidential business information and controlled the use of funds advanced while retaining predatory financing charges;
- (d) The defendants knew that failure to fund the Facility D loan or postpone security for alternative interim financing would cause irreparable damage to the plaintiffs;
- (e) The defendants had and exercised daily management decision making powers to limit the ability of Sun Pac to carry on business other than in the interest of the defendants;
- (f) The defendant knew that alternative financing was impossible without the defendants cooperation and agreement;
- (g) The defendants knew that Sun Pac was vulnerable to financial impairment failing the advance of the Facility D loan or postpone of security for take out financing.

-8-

34. The plaintiffs performed their obligations and provided the defendants with daily and weekly confidential operating financial information, real time information on the negotiation of the contracts for sale of the Breadcrumb Division, financing proposals to third parties containing business plans and revenue expectations, and every other business, financial and operating record in the company.

35. The defendants unjustly enriched itself by wrongfully abusing of their rights as a lender and ignoring their contractual obligations and in equity and good conscience defendants should not be permitted to retain that by which it has been enriched by such abuse.

36. The defendants owed the plaintiffs a duty of honesty and good faith in the performance of the Agreement, in funding the Facility D loan and facilitating the financing necessary to repay the defendants and perform the retail food contract.

37. The plaintiffs put their trust and faith in the defendants to perform their obligations under the lending agreement reasonably, honestly and in good faith; to not perform their obligations in a fashion that eviscerated the very purpose of the Agreement and to use confidential business, operations and financial information only for the purpose for which it was provided, in particular to monitor the execution of the retail contract, the sale of the Breadcrumb business and refinancing Sun Pac with long term financing.

38. The defendants breached their duty of fair dealing and good faith in the performance of the contract in that they failed to act reasonably in asserting their rights under the Agreement and exercised their rights for collateral purposes contrary to the reasonable expectations of the parties and in particular the plaintiffs and in pursuing unforeseen commercially unreasonable conduct even for a predatory lender.

39. The defendants took over management and control of the plaintiffs and compelled the company to operate solely in the interests of the defendants for the realization of its security notwithstanding the plaintiffs were not in default of the loan agreement and the defendants defaulted in providing the very financing necessary to facilitate the continued success of Sun Pac.

40. The plaintiffs plead that the defendants breached their contract in bad faith; and that in the circumstances of the relationship between the parties, the purpose of the Agreement; the disclosure of confidential information to the defendants; the defendants obligations under the Agreement, the impediments caused by the defendants to refinancing and the failure to fund the Facility D loan absence of default under the Agreement, the defendants breached a fiduciary duty to the plaintiffs arising from the special relationship created by the Agreement.

41. As a result of the defendants' breach, the plaintiffs are unable to sell the Breadcrumbs Division, or start and complete the food retailer contract, and have and will suffer damages as herein claimed in loss of revenue to Sun Pac and loss of profits and dividends to Liquibrands Inc.

42. The plaintiffs propose that this action be tried in Toronto, Ontario.

-10-

November 12, 2013

WIRES JOLLEY LLP
Barristers and Solicitors
90 Adelaide Street West
Suite 200
Toronto, Ontario
M5H 3V9

David E. Wires (18017P)
Email: dewires@wiresjolleyllp.com
Tel: (416) 366-4006

Krista Bulmer (52198H)
Email: kbulmer@wiresjolleyllp.com
Tel: (416) 366-6516

Tel: (416) 366-0000
Fax: (416) 366-0002

Lawyers for the plaintiffs

SUN PAC FOODS LIMITED AND LIQUIBRANDS INC.

8527504 CANADA INC. and BRIDGING CAPITAL INC.

-and-

Plaintiff

Defendant

CV - 13 - 809926/12 - 88272

Court File No.

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

STATEMENT OF CLAIM

WIRES JOLLEY LLP
Barristers and Solicitors
90 Adelaide Street West
Suite 200
Toronto, Ontario
M5H 3V9

David E. Wires (18017P)
Email: dewires@wiresjolleyllp.com
Tel: (416) 366-4006

Krista Bulmer (52198H)
Email: kbulmer@wiresjolleyllp.com
Tel: (416) 366-6516

Tel: (416) 366-0000
Fax: (416) 366-0002

Lawyers for the plaintiffs

Wires Jolley LLP

Barristers & Solicitors

90 Adelaide Street West, Suite 200, Toronto, Ontario M5H 1V9
Phone: (416) 366-0000 Fax: (416) 366-0002 www.wiresjolleyllp.com

David E. Wires (416) 366-4006
dewires@wiresjolleyllp.com

November 12, 2013

SENT BY FACSIMILE TO: 1-888-920-9599
AND SENT BY REGISTERED MAIL

8527504 CANADA INC.
BRIDGING CAPITAL INC.
77 King Street West
Suite 2925; P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

Exhibit B to the Affidavit
Of Mary Ann Fisher
Sworn on the 12th day of
November, 2013
[Signature]
Commissioner for Taking Oaths

Attn: Ms. Natasha Sharpe and Ms. Jenny Coco

Dear Ms. Sharpe and Ms. Coco:

**RE: Sun Pac Foods Limited and Liquibrands Inc.
Loan Agreement, Security Agreement and Forbearance Agreement
Preservation of relevant records**

We are litigation counsel for Sun Pac Foods Limited ("Sun Pac") and Liquibrands Inc. ("Liquibrands"). We write with respect to the anticipated litigation surrounding lender liability in the context of implementation of creditor powers in the above-captioned agreements and the adverse consequences on the debtor's ability to continue operations to refinance and execute a contract with Canada's largest food retailer. You should provide this letter to your lawyer as soon as possible.

Your obligation to preserve all documents relevant to this potential action

You have an obligation to take reasonable steps to preserve all documents relevant to this potential action as soon as litigation is reasonably anticipated.

The term "document" as used in the Ontario *Rules of Civil Procedure* has a very broad scope, referring to any form of recorded communication. It includes electronically stored information.

Preservation of documents means taking reasonable steps to:

- (a) ensure that relevant documents (including electronically stored information) are not destroyed, lost or relinquished to others, either intentionally, or inadvertently such as through the implementation of an ordinary course document retention/destruction policy;
- (b) ensure that relevant documents are not modified – an issue that arises particularly in the case of electronically stored information (which may be modified by the simple act of accessing the information), and in the case of documents used on an ongoing basis in the operation of the business; and
- (c) ensure that relevant documents remain accessible – again, an issue that arises particularly in the case of electronically stored information, which may require particular forms of software or hardware to remain readable.

We specifically request and require that you take all reasonable steps to preserve all documents in your possession, power, and control that are relevant to this potential action. This includes preservation of documents stored on your behalf by third parties, such as lawyers, insurers, third party service providers, affiliated companies, data warehouses or internet service providers. In the case of electronically stored information, please ensure that relevant data is preserved intact and unmodified in its original electronic form.

We are concerned about certain classes of records that may be destroyed or disposed of, inadvertently or otherwise, in the short term, specifically, deleted electronic files, documents, and emails relevant to this potential action. Please take immediate steps to ensure these classes of documents are preserved and protected in their original format. Any emails stored on devices such as smartphones, iPads or other tablet devices, laptops or servers must also be preserved and produced.

We understand that Ms Sharpe specifically possesses, authored, or received relevant documents relevant to the anticipated action. We also believe that the following persons may possess, authored, or received documents relevant to the anticipated action: Brian Champ, Graham Marr, Len Kotman, David Sharpe, Ian Baele, Kevin Skells, Jenny Coco and Andrew Mushore. In addition, please preserve digital records and electronically stored information in respect of correspondence with third parties from January 1, 2013 in any way related to discussions in respect of your company's performance of the agreements, information received on the debtor's performance and third party interests in the agreement and the debtor's business and affairs.


As part of the broader process of preserving relevant documents, please ensure that reasonable steps are taken to preserve these individuals' relevant documents including, in the case of electronically stored information, relevant metadata. Please ensure that you immediately notify these individuals of the need to preserve relevant documents in the course of implementing your litigation hold.

We will be relying on this letter in court to evidence our request and notification of your preservation obligations.

If we commence proceedings against you, we would like to arrange a meeting with your counsel to discuss electronic discovery issues, with a view to reaching agreement on a discovery plan addressing what records should be preserved and produced, the method of exchange of documents, examinations for discovery, and various related matters. In this regard, please see the attached list of proposed topics for discussion.

We thank you in advance for your anticipated co-operation.

Yours very truly,



David E. Wires

Enclosure

PROPOSED TOPICS FOR MEET AND CONFER

- a. Preservation of electronically stored information;
- b. Identification of relevant electronically stored information;
- c. Managing privilege, privacy, and confidentiality issues;
- d. The intended scope of documentary discovery under rule 30.02, taking into account relevance, cost, and the importance and complexity of the issues in the action;
- e. The dates for service of the parties' affidavits of documents;
- f. Disclosure and production of paper and non-electronically stored information;
- g. Disclosure and production of electronically stored information in electronic formats;
- h. The timing, cost, and manner of production of documents by the parties and any other persons;
- i. The names of discovery witnesses and information regarding the timing and length of the discoveries; and
- j. Any other information intended to result in the expeditious and cost-effective completion of the discovery process in a manner that is proportionate to the importance and complexity of the action.

Wires Jolley LLP

Barristers & Solicitors

90 Adelaide Street West, Suite 200

Toronto, Ontario M5H 3V9

Phone: (416) 366-0000

Fax: (416) 366-0002

www.wiresjolleyllp.com

David E. Wires (416) 366-4006

dewires@wiresjolleyllp.com

FAX COVER SHEET

Subject: Sun Pac Foods et al v. Bridging Capital Inc. et al

Date: November 12, 2013

To: 8527504 Canada Inc. & Bridging Capital Inc.

Attention: Natasha Sharpe and Jenny Coco

Fax #: 1-888-920-9599

From: David E. Wires
Wires Jolley LLP
Barristers & Solicitors
90 Adelaide Street West
Suite 200
Toronto, Ontario M5H 3V9

Fax #: 416-366-0002

Phone #: 416-366-0000

Pages: 5

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Remarks:

Fax Confirmation Report

Date/Time : NOV-12-2013 01:38PM TUE
 Fax Number : 416
 Fax Name :
 Model Name : Phaser 3635MFP

No.	Remote Station	Start Time	Duration	Page	Mode	Job Type	Result
001	18889209599	11-12 01:35PM	02'10	005/005	G3	HS	CP

Abbreviations:

HS: Host Send	PL: Polled Local	CP: Completed	TS: Terminated by System
HR: Host Receive	PR: Polled Remote	FA: Fail	TU: Terminated by User
MS: Mailbox Save	WS: Waiting To Send	RP: Report	G3: Group3
MP: Mailbox Print	EC: Error Correct		

Wires Jolley LLP

Barristers & Solicitors

90 Adelaide Street West, Suite 200
 Toronto, Ontario M5H 3V9
 Phone: (416) 366-0000
 Fax: (416) 366-0002
 www.wiresjolleyllp.com
 David E. Wires (416) 366-4006
 dewires@wiresjolleyllp.com

FAX COVER SHEET

Subject:	Sun Pac Foods et al v. Bridging Capital Inc. et al
Date:	November 12, 2013
To:	8527504 Canada Inc. & Bridging Capital Inc. <u>Attention: Natasha Sharpe and Jeny Coco</u>
Fax #:	1-888-920-9599
From:	David E. Wires Wires Jolley LLP Barristers & Solicitors 90 Adelaide Street West Suite 200 Toronto, Ontario M5H 3V9
Fax #:	416-366-0002
Phone #:	416-366-0000
Pages:	5

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Remarks:

Krista Bulmer/WiresJolleyLLP

To nsharpe@bridgingcapital.ca

11/12/13 11:48 AM

cc David Wires/WiresJolleyLLP@WiresJolleyLLP, Mary Ann
Fisher/WiresJolleyLLP@WiresJolleyLLP

bcc

Subject Sun Pac Foods Limited et al v. Bridging Capital Inc. et al

Please see the attached correspondence.

Krista Bulmer
Wires Jolley LLP
Barristers & Solicitors
90 Adelaide Street West
Suite 200
Toronto, Ontario
M5H 3V9
Direct: (416) 366-6516
Fax: (416) 366-0002
kbulmer@wiresjolleylp.com

Exhibit C to the Affidavit
Of Mary Ann Fisher
Sworn on the 12th day of
November, 2013
[Signature]
Commissioner for Taking Oaths

This email is confidential and is intended only for the person(s) name above. Its contents may also be protected by privilege, and all rights to privilege are expressly claimed and not waived. If you have received this email in error, please call us immediately (collect if necessary) and destroy the entire email. If this email is not intended for you any reading, distribution, copying, or disclosure of this email is strictly prohibited.



N Sharpe Letter.PDF

Wires Jolley LLP

Barristers & Solicitors

90 Adelaide Street West, Suite 200, Toronto, Ontario M5H 3V9
Phone: (416) 366-0000 Fax: (416) 366-0002 www.wiresjolleyllp.com

David E. Wires (416) 366-4006
dewires@wiresjolleyllp.com

November 12, 2013

SENT BY EMAIL
AND SENT BY REGISTERED MAIL

Bridging Capital Inc.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

Attn: Natasha Sharpe

Dear Ms. Sharpe:

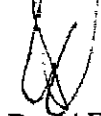
**RE: Sun Pac Foods Limited and Liquibrands Inc.
Loan Agreement, Security Agreement and Forbearance Agreement
Preservation of relevant records**

Please find enclosed the preservation letter sent to Bridging Capital Inc. and 8527504 Canada Inc. with respect to anticipated legal proceedings. While the corporations have an obligation to preserve the relevant documents, including all electronic records, we reiterate your personal obligation as an officer and director of one or both corporations to preserve all documents and information relevant to the anticipated litigation.

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Yours very truly,



David E. Wires

Enclosure

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November 12, 2013

SENT BY FACSIMILE TO: (416) 633-7902
AND SENT BY REGISTERED MAIL

8527504 CANADA INC.
BRIDGING CAPITAL INC.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

Attn: Ms. Natasha Sharpe and Ms. Jenny Coco

Dear Ms. Sharpe and Ms. Coco:

**RE: Sun Pac Foods Limited and Liquibrands Inc.
Loan Agreement, Security Agreement and Forbearance Agreement
Preservation of relevant records**

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Yours very truly,



David E. Wires

Enclosure

PROPOSED TOPICS FOR MEET AND CONFER

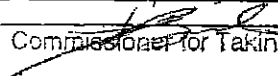
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Krista Bulmer/WiresJolleyLLP
11/12/13 11:46 AM

To dsharpe@bridgingcapital.ca
cc David Wires/WiresJolleyLLP@WiresJolleyLLP, Mary Ann Fisher/WiresJolleyLLP@WiresJolleyLLP
bcc
Subject Sun Pac Foods Limited et al v. Bridging Capital Inc. et al

Please see the attached correspondence.

Krista Bulmer
Wires Jolley LLP
Barristers & Solicitors
90 Adelaide Street West
Suite 200
Toronto, Ontario
M5H 3V9
Direct: (416) 366-6516
Fax: (416) 366-0002
kbulmer@wiresjolleyllp.com

Exhibit D to the Affidavit
Of Mary Ann Fisher
Sworn on the 12th day of
November, 2013

Commissioner for Taking Oaths

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D Sharpe Letter.PDF

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David E. Wires (416) 366-4006
dewires@wiresjolleyllp.com

November 12, 2013

SENT BY EMAIL
AND SENT BY REGISTERED MAIL

Bridging Capital Inc.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

Attn: David Sharpe

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David E. Wires

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David E. Wires (416) 366-4006
dewires@wiresjolleyllp.com

November 12, 2013

SENT BY FACSIMILE TO: (416) 633-7902
AND SENT BY REGISTERED MAIL

8527504 CANADA INC.
BRIDGING CAPITAL INC.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

Attn: Ms. Natasha Sharpe and Ms. Jenny Coco

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We thank you in advance for your anticipated co-operation.

Yours very truly,



David E. Wires

Enclosure

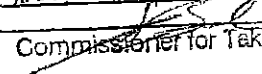
PROPOSED TOPICS FOR MEET AND CONFER

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- b. Identification of relevant electronically stored information;
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- j. Any other information intended to result in the expeditious and cost-effective completion of the discovery process in a manner that is proportionate to the importance and complexity of the action.

Krista Bulmer/WiresJolleyLLP To jcoco@bridgingcapital.ca
 11/12/13 11:44 AM cc David Wires/WiresJolleyLLP@WiresJolleyLLP, Mary Ann
 Fisher/WiresJolleyLLP@WiresJolleyLLP
 bcc
 Subject Sun Pac Foods Limited et al v. Bridging Capital Inc. et al

Please see the attached correspondence.

Krista Bulmer
 Wires Jolley LLP
 Barristers & Solicitors
 90 Adelaide Street West
 Suite 200
 Toronto, Ontario
 M5H 3V9
 Direct: (416) 366-6516
 Fax: (416) 366-0002
 kbulmer@wiresjolleyllp.com

Exhibit E to the Affidavit
 Of Mary Ann Fisher
 Sworn on the 12th day of
November, 2013

 Commissioner for Taking Oaths

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J Coco Letter.PDF

Wires Jolley LLP

Barristers & Solicitors

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Phone: (416) 366-0000 Fax: (416) 366-0002 www.wiresjolleyllp.com

David E. Wires (416) 366-4006
dewires@wiresjolleyllp.com

November 12, 2013

SENT BY EMAIL
AND SENT BY REGISTERED MAIL

Bridging Capital Inc.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

Attn: Jenny Coco

Dear Ms. Coco:

**RE: Sun Pac Foods Limited and Liquibrands Inc.
Loan Agreement, Security Agreement and Forbearance Agreement
Preservation of relevant records**

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Yours very truly,


David E. Wires

Enclosure

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Barristers & Solicitors

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David E. Wires (416) 366-4006
 dewires@wiresjolleyllp.com

November 12, 2013

SENT BY FACSIMILE TO: (416) 633-7902
 AND SENT BY REGISTERED MAIL

8527504 CANADA INC.
 BRIDGING CAPITAL INC.
 77 King Street West
 Suite 2925, P.O. Box 3 22
 Toronto, Ontario
 M5K 1 K7

Attn: Ms. Natasha Sharpe and Ms. Jenny Coco

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 Loan Agreement, Security Agreement and Forbearance Agreement
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Yours very truly,



David E. Wires

Enclosure

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- a. Preservation of electronically stored information;
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Krista Bulmer/WiresJolleyLLP

To lkofman@bridgingcapital.ca

11/12/13 11:45 AM

cc David Wires/WiresJolleyLLP@WiresJolleyLLP, Mary Ann
Fisher/WiresJolleyLLP@WiresJolleyLLP

bcc

Subject Sun Pac Foods Limited et al v. Bridging Capital Inc. et al

Please see the attached correspondence.

Krista Bulmer
Wires Jolley LLP
Barristers & Solicitors
90 Adelaide Street West
Suite 200
Toronto, Ontario
M5H 3V9
Direct: (416) 366-6516
Fax: (416) 366-0002
kbulmer@wiresjolleyllp.com

Exhibit F to the Affidavit
Of Mary Ann Fisher
Sworn on the 12th day of
November, 2013
[Signature]
Commissioner for Taking Oaths

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L Kofman Letter.PDF

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Barristers & Solicitors

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Phone: (416) 366-0000 Fax: (416) 366-0002 www.wiresjolleyllp.com

David E. Wires (416) 366-4006
dewires@wiresjolleyllp.com

November 12, 2013

SENT BY EMAIL

AND SENT BY REGISTERED MAIL

Attn: Len Kofman
Bridging Capital Inc.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario M5K 1 K7

Dear: Mr. Kofman:

**RE: Sun Pac Foods Limited and Liquibrands Inc.
Loan Agreement, Security Agreement and Forbearance Agreement
Preservation of relevant records**

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David E. Wires (416) 366-4006
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November 12, 2013

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8527504 CANADA INC.
 BRIDGING CAPITAL INC.
 77 King Street West
 Suite 2925, P.O. Box 3 22
 Toronto, Ontario
 M5K 1 K7

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Sun Pac Foods Limited et al.
Plaintiffs

-and- 8527504 CANADA INC. et al.
Defendants

Court File No. CV-13-492612

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT
TORONTO

**AFFIDAVIT OF MARY ANN FISHER
SWORN November 12, 2013**

WIRES JOLLEY LLP
Barristers and Solicitors
90 Adelaide Street West
Suite 200
Toronto, Ontario
M5H 3V9

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Lawyers for the plaintiffs

APPENDIX "J"

-2-

throughout Canada, the U.S., and the Caribbean. Sun Pac also manufactures croutons and bread crumbs.

The plaintiff's sale of all shares of Sun Pac Foods Limited to Liquibrands Inc.

4. The form of the consulting agreement between Sun Pac and the plaintiff John Riddell ("Riddell") was attached as an exhibit to a share purchase agreement, dated October 19, 2011, in which the purchaser Liquibrands Inc. ("Liquibrands"), a private investment firm owned by Csaba Reider ("Reider"), acquired the shares of Sun Pac from vendors Mycola Fresh Beverages Inc. ("Mycola"), an Ontario corporation, and Riddell.

5. The execution and delivery of the consulting agreement were conditions of the closing of the acquisition of the shares of Sun Pac by Liquibrands.

6. In the share purchase agreement, Riddell made representations about Sun Pac's financial position and history, including its accounts receivable, inventory, accounts payable, and accrued liabilities.

7. The share purchase agreement also contained representations regarding the truth and accuracy of information provided by Riddell and the sufficiency of disclosure by Riddell, as well as a "conduct of business" covenant. In particular, the plaintiff represented as follows:

Truth and Accuracy of Information

To the knowledge of the Vendors, all the information provided by the Vendors or the Company (including their advisors) to the Purchaser or its advisors in connection with the transactions contemplated by this Agreement, and all of the information or other statements set forth in this Agreement, is true and correct in all material respects and does not contain any untrue statement of a material fact and omit to state any material fact that would reasonably be expected to be necessary for the Purchaser to make a true and correct assessment of the operations, assets, condition and other characteristics of the Company.

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Disclosure

To the knowledge of the Vendors, there is no fact that has not been disclosed to the Purchaser, in writing, which has had, or would reasonably be expected to have, a Material Adverse Effect on the Company or its properties, operations or financial condition or the ability of the Company to perform its obligations under this Agreement or any other agreement contemplated hereby to which it is or will be a party.

8. The plaintiff also covenanted as follows:

Conduct of Business

Except as otherwise contemplated or permitted by this Agreement, during the period from the date of this Agreement to the Closing, the Vendors:

(a) shall cause the Company to operate in all material respects and in consultation with the Purchaser, the Business in the ordinary course consistent with past practice;

(b) shall cause the Company to use its commercially reasonable efforts to preserve intact its business organization and goodwill, to keep available the services of its Employees and to maintain satisfactory relationships with suppliers, agents, distributors, customers and others having business relationships with the Company;

...

(d) shall give notice to the Purchaser of any potential material defaults or material breaches of representations, warranties or covenants of the Vendors or any other material matter which may affect the Company or the Business forthwith upon becoming aware of such matters;

...

9. The truth and accuracy of the representations of Riddell and Riddell's performance of his covenants were conditions to the closing of the acquisition of the shares of Sun Pac by Liquibrands, and therefore the execution and delivery of the consulting agreement.

10. The share purchase agreement established an initial purchase price for the shares, which purchase price was subject to adjustment based on the working capital of Sun Pac, and which was payable partly on closing of the acquisition and partly through subsequent deferred payments.

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11. On closing of the acquisition, Liquibrands paid Riddell and Mycola \$3,331,957.05 and deferred remaining payments until the determination of the final purchase price of the shares and the required dates for the payment of the deferred portions of the purchase price, if any, in accordance with the provisions of the share purchase agreement.

12. Liquibrands, Riddell, and Mycola agreed that a condition of the share purchase agreement was that Sun Pac had to have a minimum working capital at closing of \$4,000,000.00, including at least \$2,000,000.00 in cash. The share purchase agreement defined working capital as current assets less current liabilities. Liquibrands, Riddell, and Mycola agreed that to enable Liquibrands to determine satisfaction of the minimum working capital condition, Riddell and Mycola would deliver an unaudited balance sheet for Sun Pac on or before closing. After closing, Liquibrands would prepare and deliver its own unaudited balance sheet on Sun Pac and a calculation of the working capital of Sun Pac as of the closing date. After an opportunity for the vendors to object to Liquibrands' working capital calculation and for the parties to resolve their differences on the working capital calculation either by negotiation or by reference to an independent accountant, a final purchase price for the shares of Sun Pac binding on Liquibrands, Riddell, and Mycola would be determined, and the initial purchase price set out in the share purchase agreement would be adjusted by the difference between the final working capital calculation and the \$4,000,000.00 in working capital Sun Pac was required to have at closing, including \$2,000,000.00 in cash.

13. After the closing, Liquibrands assumed ownership and operation of Sun Pac's Brampton-based facility with Reider becoming President and Chief Executive Officer of Sun Pac.

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14. After assuming ownership and operation of Sun Pac, and in the course of reviewing Sun Pac's financial records and preparing ~~it's~~ a closing date working capital calculation, Liquibrands and new Sun Pac management discovered Riddell had taken various actions concerning Sun Pac's operations and finances, including its ~~accounts receivable~~, inventory, accounts payable, and accrued liabilities, that artificially inflated the value of Sun Pac and its assets, and which had the result of inducing Liquibrands to purchase the shares of Sun Pac at a higher price than it would otherwise pay. Based on its determination of the closing date working capital, Liquibrands calculated the final purchase price to be \$3,268,292.16. Since the vendors were paid the amount of \$3,331,957.05 on closing, no additional would be owed by Liquibrands to the purchasers in respect of the purchase price and the vendors would in fact owe Liquibrands the amount of \$63,664.89.

15. In particular, in the course of reviewing Sun Pac's financial records and preparing ~~its~~ a closing date working capital calculation, Liquibrands and new Sun Pac management determined the following:

- a. ~~Sun Pac's accounts receivable were \$200,000.00 less than what Riddell represented.~~
- b. Sun Pac's inventory was \$375,000.00 222,229.60 less than what Riddell represented.
- c. Sun Pac was subject to ~~legal~~ undisclosed claims.
- d. Riddell, prior to the closing of the acquisition, appropriated Sun Pac's funds for his personal use.
- e. Riddell and former Sun Pac employees received monthly car allowances in 2011, prior to the share purchase of Sun Pac, that were not treated as taxable benefits and administered

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through payroll. Treating the car allowances as expenses allowed Riddell and these former Sun Pac employees to avoid personal tax liabilities. As a result of the treatment of the car allowances, Sun Pac may face a tax liability.

- f. Riddell misappropriated \$288,000.00 from Sun Pac's funds related to an exercise of an option to obtain Canadex shares. This amount was written off against salary accrual, thus exposing Sun Pac to potential tax liability.
- g. Riddell and Mycola had Sun Pac pay \$56,897.00 for their legal services when they were obliged to pay for their own legal services.
- h. Riddell materially diverged from ordinary course business practices after he started negotiations with Liquibrands for the sale of shares of Sun Pac by deliberately selling Sun Pac products at considerable losses to artificially inflate Sun Pac's gross sales numbers and selling pineapple concentrate inventory to generate cash to satisfy the working capital condition.
- i. Riddell misrepresented that Sun Pac owned approximately ~~271~~ 261 vending machines and coolers at an original cost of more than \$600,000.00 and a used replacement value of approximately \$200,000.00. Sun Pac did not own these assets maintain control over these assets, which were incorrectly recorded on Sun Pac's balance sheet and list of assets.
- j. Sun Pac's water treatment plant and Tetra Pak processing and packaging equipment lines required extensive repair.

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16. As a result of the matters discovered by Liquibrands and new Sun Pac management, Riddell breached various representations in the share purchase agreement, including the “truth and accuracy of information” and “disclosure” representations, as well as the “conduct of business” covenant.

17. Riddell ought reasonably to have foreseen that Liquibrands would rely on his representations regarding Sun Pac's financial position, including its accounts receivable, inventory, accounts payable, and accrued liabilities, in purchasing Sun Pac. Riddell had a direct financial interest in the sale of Sun Pac in respect of which the representations were made. He had special knowledge of the business and affairs of Sun Pac and provided information on its financial position, including its accounts receivable, inventory, fixed assets, accounts payable, and accrued liabilities in the course of the sale.

18. Liquibrands did rely on Riddell's representations in purchasing Sun Pac and in determining the purchase price that it would pay for Sun Pac and, as a consequence, suffered damages by agreeing to acquire Sun Pac and by overpaying to acquire the shares of Sun Pac.

The consulting agreement between Riddell and Sun Pac

19. On November 4, 2011, Riddell and Sun Pac entered into a consulting agreement. Sun Pac agreed to engage Riddell to provide management consulting services to Sun Pac.

20. The remuneration provision of the consulting agreement are as follows:

The Consultant agrees to submit invoices (which invoices shall include (i) applicable goods and services tax/harmonized sales tax as a separate charge, (ii) a description of the Consultant's services, (iii) the Consultant's name and business address, (iv) the date of the invoice, and (v) the Consultant's goods and services tax/harmonized sales tax registration number) to the Company on a monthly basis or with such other frequency to which the parties agree.

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21. The termination provisions of the consulting agreement are as follows:

This Agreement may be terminated:

...

(b) by the Company, without prior notice, for:

(i) the Consultant's dishonesty, misappropriation, willful misconduct, theft, fraud or gross negligence in the carrying out of his duties, or involving the property, business or affairs of the Company;

...

22. The Agreement contained an "entire agreement" clause as follows:

This Agreement and any other agreements expressly incorporated by reference herein, constitute the entire agreement between the parties with respect to the subject matter hereof, and supercede and replace any and all prior agreements, undertakings, representations or negotiations pertaining to the subject matter of this Agreement. The parties agree that they have not relied upon any verbal statements, representations, warranties or undertakings in order to enter into this Agreement. In the event of a conflict between this Agreement and any other agreement expressly incorporated by reference herein, the terms of this Agreement shall prevail.

23. Riddell was dishonest concerning the property, business, and affairs of Sun Pac. Riddell appropriated Sun Pac's funds. Also, he was grossly negligent in managing the business and affairs of Sun Pac.

24. On January 3, 2012, Liquibrands advised Riddell that the events discovered by Liquibrands in the course of reviewing Sun Pac's financial records and preparing its closing date working capital calculation would have had the overall effect of artificially inflating the value of Sun Pac and its assets and inducing Liquibrands to acquire Sun Pac at a price higher than it might otherwise have been willing to pay had it been aware of these events. Liquibrands further advised Riddell that it was unable to determine whether these events would have occurred as a result of Riddell's intentional misconduct or whether they would have occurred as a result of managerial gross negligence, but requested that Riddell provide a satisfactory explanation for

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these events and how they were accurately reported in Sun Pac's accounts or otherwise disclosed to Liquibrands, failing which it would seek to have Sun Pac terminate the consulting agreement on the basis of Riddell's dishonesty or gross negligence.

~~25. Liquibrands and Sun Pac have yet to receive any response from Riddell with respect to the matters raised by them.~~

26. The defendant asks for dismissal of this action with costs on a substantial indemnity scale.

COUNTERCLAIM

27. The plaintiff by counterclaim Sun Pac claims against Riddell:

- a. an Order for a declaration that Riddell misappropriated Sun Pac's funds, breached his fiduciary duties to Sun Pac, and failed to act honestly and in the best interests of Sun Pac;
- b. a mandatory injunction directing Riddell to immediately return ~~sum of \$1,700,000.00,~~
which was improperly removed by him the funds he improperly removed to Sun Pac;
- c. damages in the amount of \$910,000,000.00;
- d. damages for any amount awarded to Laikraj Sukdeo in his wrongful dismissal claim against Sun Pac, as well as the costs for defending the action;
- e. equitable set-off of Sun Pac's claims against the claim of Riddell;
- f. aggravated and punitive damages in the sum of \$100,000.00;
- g. pre-judgment and post-judgment interest in accordance with the *Courts of Justice*

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Act;

- h. its costs of the action on a substantial indemnity basis; and
- i. such further and other relief as may seem just to this Honourable Court.

Riddell breached his duties as director and officer of Sun Pac

28. Riddell was a director, president, CEO, and chairman of the board of directors to Sun Pac up to November 4, 2011.

29. Under Section 134(1) of the Ontario *Business Corporations Act*, in exercising his powers and discharging his duties to Sun Pac, Riddell had duties to act honestly and in good faith with a view to the best interests of Sun Pac and exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Under Section 134(2) of the *Act*, Riddell had a duty to comply with the *Act*.

30. Under Section 134(3) of the *Act*, Riddell could not contract out of liability involving these duties. No contract provision could relieve him from the duty to act in accordance with the *Act* and its regulations or relieve him from liability for a breach thereof.

31. Riddell was a negligent director and officer. ~~He approved at least \$5,000,000.00 in~~ He deliberately sold Sun Pac products at considerable losses to inflate Sun Pac's gross sales performance. ~~He approved at least \$56,000,000.00 in annual sales that contributed to a negative gross margin of approximately fifteen per cent to maintain the run rate and to increase base business sales in the months prior to the closing of the acquisition at a negative twenty to forty per cent gross margin in the six months prior to the closing of the acquisition.~~

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32. In September 2011, he oversaw and approved the sale of truckloads of pineapple inventory to generate about \$126,544.00 in cash to satisfy the working capital condition, which reduced Sun Pac's inventory and increased Sun Pac's future business costs given the rising costs of pineapple concentrate. Neither the reduced inventory, nor the refunded cash were accounted for in Sun Pac's financial statements.

33. Riddell approved and signed financial statements that failed to comply with generally accepted accounting principles and misstated Sun Pac's inventory, fixed assets, and liabilities, which third parties, including third party purchasers relied on.

34. Riddell was inattentive to claims against Sun Pac by former employee Laikraj Sukdeo; Compass Group, a buying group that accounted for seven per cent of Sun Pac's 2011 sales and nine per cent of Sun Pac's 2010 sales; and Nothing But Nature, a company that paid Sun Pac for the use of its packaging facilities. He allowed these claims to languish unresolved. Consequently, valuable business relationships were destroyed to the detriment of Sun Pac and Sun Pac still has to defend against a wrongful dismissal claim.

35. Riddell allowed Sun Pac's processing and packaging equipment lines and water treatment plant to deteriorate, which has hindered Sun Pac's ability to produce and generate sales.

36. Sun Pac seeks the recovery of \$1,700,000.00 that Riddell improperly diverted to himself prior to the closing of the acquisition.

37. Riddell used his corporate positions to gain personal benefit from the assets of Sun Pac and funds of Sun Pac. Additionally, the treatment of Riddell's and former employees' car expenses may expose Sun Pac to possible tax liability.

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38. Riddell appropriated cash from Sun Pac without corporate authority. Riddell, for instance, appropriated Sun Pac's funds to pay for personal lawyers and advisors.

39. Riddell's use of his corporate positions for personal benefit and his appropriation of Sun Pac's funds amounted to self-dealing at the expense of Sun Pac.

40. ~~In October 2011, he returned the sale of inventory suppliers to recover cash, which he personally kept. Neither the reduced inventory, nor the withdrawn cash and refunded cash were accounted for in Sun Pac's financial statements.~~

41. ~~Riddell also appropriated Sun Pac's funds to pay for personal lawyers and advisors. All these acts amounted to self dealing at the expense of Sun Pac.~~

42. ~~Riddell approved and signed financial statements that misstated Sun Pac's inventory, assets, and finished goods, which third parties, including third party purchasers relied on.~~

43. Riddell breached his duties under Section 134(1) of the *Act* as he put his own interests before Sun Pac's interests. He did not act in good faith and in the best interests of Sun Pac in appropriating Sun Pac's funds. He was grossly negligent in managing the business and affairs of Sun Pac. He did not exercise care, skill, and diligence that a reasonably prudent person would exercise in comparable circumstances. He withdrew or transferred Sun Pac's funds solely for his own benefit.

44. Riddell's mismanagement of Sun Pac and withdrawal of Sun Pac's funds has threatened the business life of Sun Pac. At present, Sun Pac lacks the working capital to continue without financial strain, much less reduce costs and invest in business and expansion opportunities.

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45. ~~Riddell's appropriation of Sun Pac's funds~~ Riddell's actions have rendered Sun Pac incapable of paying suppliers on a timely basis. Suppliers have red flagged Sun Pac. Sun Pac has ~~had to make accelerated payments and~~ missed supplier discounts, thus preventing Sun Pac from reducing its input costs by \$1,000,000.00.

46. At present, Sun Pac has insufficient funds to improve its manufacturing process and repair manufacturing equipment, specifically pertaining to aluminum can fillers, frozen juice casers, palletizers, and bottle change parts. Consequently, Sun Pac has lost an opportunity to reduce its costs of manufacturing, labour, and raw materials by \$2,000,000.00 annually.

47. Sun Pac will have to expend ~~\$400,000.00~~ \$600,000.00 to \$800,000.00 to replace the ~~missing-274~~ 261 vending machines and coolers and old vending machines and coolers. Sun Pac lost on potential sales amounting to \$750,000.00 to \$1,000,000.00 annually and \$350,000.00 incrementally as a result of the missing vending machines and coolers. Moreover, the vending machines and coolers would have been used as leverage to obtain further business in a food service account.

48. Sun Pac has been concentrating its funds on its struggle to survive, instead of investing in potential business and expansion opportunities. Sun Pac, therefore, lost business and expansion opportunities amounting to \$5,000,000.00 to \$10,000,000.00.

49. As a consequence of Riddell's negligence and misconduct, Sun Pac has also been forced to refinance. Sun Pac will suffer damages as a result of the related transaction fees and a higher total interest cost amounting up to \$1,000,000.00 annually until Sun Pac's turnaround takes effect.

Riddell deceived Sun Pac

50. Riddell deceived Sun Pac. He appropriated Sun Pac's cash and returned Sun Pac's inventory to suppliers to recover more cash for himself, all without corporate authority solely for his benefit without corporate authority. He used his corporate positions to gain personal benefit from the assets of Sun Pac. He approved management year-end financial statements that misstated Sun Pac's inventory, fixed assets, and liabilities. He failed to disclose these acts to Sun Pac, which operated as if it had the amounts of cash Riddell took and the inventory Riddell returned to suppliers. As a consequence, Sun Pac has suffered substantial damages.

51. Sun Pac claims damages for Riddell's breach of his fiduciary duties to Sun Pac, failure to act honestly and in the best interests of Sun Pac, and deceit.

Equitable set-off of the parties' claims

52. The obligations of Sun Pac under the consulting agreement can be equitably set off against the fiduciary and statutory obligations Riddell owed to Sun Pac.

53. Riddell was aware of his fiduciary and statutory obligations to Sun Pac at the time of entering into the share purchase agreement, to which the consulting agreement was attached as an exhibit, and the consulting agreement. He was aware of his obligations to Sun Pac when he agreed that execution and delivery of the consulting agreement were conditions of the closing of the share purchase agreement.

54. Riddell breached his obligations to Sun Pac. He appropriated Sun Pac's funds, exercised willful misconduct, and was grossly negligent with the property, business, or affairs of Sun Pac, thus entitling Sun Pac to not pay Riddell's invoices, and/or to terminate the consulting agreement

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in accordance with the termination clause of the consulting agreement, or both. Riddell's breaches came to light only after the closing of the share purchase agreement and Liquibrands assumed ownership of Sun Pac.

55. The counterclaim of Sun Pac is so connected to the demand of Riddell that allowing Riddell to enforce payment on his consulting agreement without taking into consideration the counterclaim would be unjust and unconscionable.

56. Sun Pac proposes that this counterclaim be tried together with the main action.

February 5, 2013

March 8, 2012

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Suite 200
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M5H 3V9

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Fax: (416) 366-0002

Lawyers for the defendant and plaintiff by
counterclaim Sun Pac Foods Limited

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TO: **BORDEN LADNER GERVAIS LLP**
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Lawyers for the plaintiff and defendant
by counterclaim John Riddell

: JOHN A. RIDDELL
Plaintiff

-and- SUN PAC FOODS LIMITED
Defendants

Court File No. CV-12-445723

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO

**AMENDED STATEMENT OF DEFENCE AND
COUNTERCLAIM OF SUN PAC FOODS LIMITED**

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Toronto, Ontario
M5H 3V9

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Tel: (416) 366-4006
Fax: (416) 366-0002

Lawyers for the defendant and plaintiff by counterclaim
Sun Pac Foods Limited

APPENDIX "K"

NOTICE OF VACANT POSSESSION

Sent Via Courier

DATE: March 15, 2014

TO: Menkes GTA Industrial Holdings Inc.
4711 Yonge Street, Suite 1400,
Toronto, ON
M2N 7E4

Attention: *Sanja Buikema*
Vice President Commercial Property Management

RE: *Sun Pac Foods Limited ("Sun Pac"), in Receivership*
Premises - 10 Sun Pac Boulevard, Brampton, ON, L6S 4R5

Please be advised that BDO Canada Limited, in its capacity as Court-appointed Receiver of Sun Pac (the "Receiver") is surrendering vacant possession of 10 Sun Pac Boulevard, Brampton, Ontario (the "Premises") to Menkes GTA Industrial Holdings Inc. ("Menkes" or the "Landlord") effective March 15, 2014.

Accordingly, the Receiver will no longer be responsible for occupation rent or any other covenant, term or condition under Sun Pac's lease with Menkes dated July 1, 2013 (the "Head Lease").

The Receiver scheduled tours with Menkes on two separate occasions prior to March 15, 2014 to identify and deal with any outstanding issues the Landlord raised with the Receiver prior to it surrendering vacant possession to the Premises.

The Receiver encloses all sets of keys in its possession to the Premises to the Landlord and is responsible to pay occupation rent for the period March 1, 2014 to March 15, 2014 in the amount of \$135,404.07, more particularly described in the February 21, 2014 statement received from Menkes. A cheque for this rent is enclosed.

Please sign below to acknowledge receipt of the keys to the Premises and to acknowledge that the Premises was turned over by the Receiver in a condition satisfactory to the Landlord and, as such, the Landlord agrees to release BDO Canada Limited, personally, and in its capacity as Receiver, against any and all liabilities, actions, suits or claims whatsoever in respect of the Premises.

BDO CANADA LIMITED
Per:



Blair Davidson, President

I have authority to bind the corporation

MENKES PROPERTY MANAGEMENT SERVICES LTD.
Per:

Print Name: _____

I have authority to bind the Corporation.

BDO Canada Limited

RBC - 00002 - 125 323 6

Transaction #: 13424499

11032014

CHEQUE NO. 72

Payee Menkes GTA Industrial Holdings Inc.
Suite 1400
4711 Yonge Street
Toronto ON M2N 7E4

Total 135,404.07

-SunPacFoodsR, Sun Pac Foods Limited, Inv #: Rent-Mar 1-15/14

Amount 135,404.07

BDO Canada Limited

RBC - 00002 - 125 323 6

Transaction #: 13424499

11032014

CHEQUE NO. 72

Payee Menkes GTA Industrial Holdings Inc.
Suite 1400
4711 Yonge Street
Toronto ON M2N 7E4

Total 135,404.07

-SunPacFoodsR, Sun Pac Foods Limited, Inv #: Rent-Mar 1-15/14

Amount 135,404.07

THE FACE OF THIS DOCUMENT HAS A COLOURED BACKGROUND ON WHITE PAPER - THE END BORDERS CONTAIN MICRO PRINTING - THERMOCHROMIC INK.

BDO Canada Limited
Suite 1200 - 123 Front St. West
Toronto ON M5J 2M2
(416) 865-0210

Royal Bank of Canada
Main Branch Royal Bank Plaza
200 Bay Street
Toronto ON M5J 2J5

72

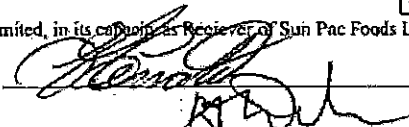
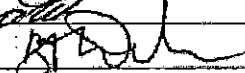
DATE 1 1 0 3 2 0 1 4
D D M M Y Y Y Y

PAY One Hundred Thirty Five Thousand Four Hundred Four Dollars And Seven Cents

\$135,404.07

TO THE ORDER OF Menkes GTA Industrial Holdings Inc.
Suite 1400
4711 Yonge Street
Toronto ON M2N 7E4

BDO Canada Limited, in its capacity as Receiver of Sun Pac Foods Limited

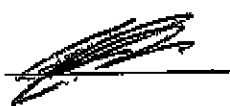
Per 
By 

Misc - Inv #: Rent-Mar 1-15/14, in trust for Sun Pac Foods Limited

THE BACK OF THIS DOCUMENT HAS A GREY WIRE ROVE, A RECYCLED LOGO AND ARTIFICIAL WATERMARK.

APPENDIX "L"

Canada Revenue
AgencyAgence du revenu
du Canada
**FACSIMILE
TRANSMITTAL NOTICE**
**AVIS DE TRANSMISSION DE
FACSIMILE**

To/A: Cathal O'Loonie, BDO Canada Limited	From/De: Richard Moon-Wan CRA - Insolvency
Facsimile Telephone No. No de telephone du facsimile: (416) 865-0904	Facsimile Telephone No. No de telephone du facsimile: (905) 615-2712
Subject/Object: RE: Receivership of Sun Pac Foods Limited Estate: 32-158650 -CRA Proof of Claim re Source Deductions	
Number of pages including this one: 7 Nombre de pages incluant cette page:	
Message: Dear Sir, Please find enclosed a CRA Proof of Claim re Source Deductions arrears re the above receivership. Thank you.	
Telephone No. No de telephone: (905) 615-2396	Date: March 21, 2014 Signature: 

This fax document is directed solely to the persons named above. This fax transmission may contain protected client information that is not intended for unauthorized recipients. If you are not the addressee or an authorized

Facs: (905) 615-2712
Toronto West Tax Services Office
5800 Hurontario Street
P.O. Box 6000
Mississauga, Ontario
L5A 4E9

Telecopieur: (905) 615-2712
Bureau des services fiscaux de Toronto Ouest
5800, rue Hurontario
Case Postale 6000
Mississauga, (Ontario)
L5A 4E9



Canada Revenue Agency
Agence du revenu du Canada

Tax Centre
Mississauga ON L5R 4B4

March 21, 2014

ATTENTION: CATHAL O'LOONIE
BDO CANADA LIMITED
1200 - 123 FRONT STREET WEST
TORONTO ON M5J 2M2

Dear Sir:

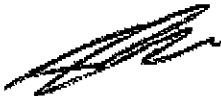
Re: SUN PAC FOODS LIMITED
Date of Receivership: NOVEMBER 12, 2013

To support our claim for unpaid Source Deductions in the above Receivership, we have enclosed a proof of claim, with Schedule "A", as an unsecured creditor for \$7,030.79, and a property claim, with Schedule "B" for \$31,352.28.

Filing these proof of claim forms does not affect any rights Canada Revenue Agency (CRA) may have under the "Income Tax Act," "Canada Pension Plan," the "Unemployment Insurance Act" or the "Employment Insurance Act." Accordingly filing them should not be construed as a waiver of those rights.

If you require further information with respect to our claim, please contact our office at one of the telephone numbers provided in this letter.

Yours truly,



R. Moon-Wan-Coll. Enforcement
Toronto West-Insolvency

Enclosure(s)

ATTACHMENT PAGE 1

Proof of Claim (Form 31)
Bankruptcy and Insolvency Act (Act)

All notices or correspondence regarding this claim must be sent to the following address:

Northern Ontario Regional
Collections/Compliance Centre
5800 Hurontario Street
Mississauga ON L5R 4B4
Attention: R. Moon-Wan, Coll. Enforcement

In the matter of the receivership of SUN PAC FOODS LIMITED of the City of BRAMPTON in the Province of ONTARIO, and the claim of Her Majesty the Queen in Right of Canada as represented by the Minister of National Revenue, creditor.

I, R. Moon-Wan, Coll. Enforcement, of the City of MISSISSAUGA in the Province of ONTARIO, do hereby certify:

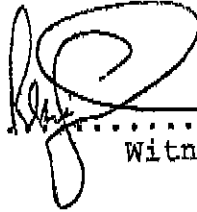
1. That I am a collections officer of the Canada Revenue Agency.
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of the receivership, namely the 12TH DAY OF NOVEMBER 2013, and still is, indebted to the creditor in the sum of \$38,383.07 as specified in the statement of account attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.
4. UNSECURED CLAIM of \$7,030.79.
That in respect of this debt, I do not hold any assets of the debtor as security and


 SECURED CLAIM of \$31,352.28.
5. That, to the best of my knowledge, the above-named creditor is not related to the debtor within the meaning of section 4 of the Act, and has not dealt with the debtor in a non-arm's length manner.
6. That the following are the payments that I have received from, and the credits that I have allowed to the debtor within the three months immediately before the date of the initial event within the meaning of subsection 2(1) of the Act.

ATTACHMENT PAGE 2

-NIL-

Dated at Mississauga, the 21ST DAY OF MARCH 2014.


.....
Witness


.....
Creditor
(Signature of person completing
this Proof of Claim)

ATTACHMENT PAGE 3

"SCHEDULE A"
Unsecured Claim

Name : SUN PAC FOODS LIMITED
Account Number: 10507 3910 RP0001

DATE OF ASSESSMENT (dd/mm/yyyy)	TAX YEAR	CPP EMPLOYER PORTION	EI EMPLOYER PORTION	PENALTY AND INTEREST	TOTAL
-----	-----	-----	-----	-----	-----
03/03/2014	2013	2,499.24	1,139.92	3,391.63	\$ 7,030.79 =====

ATTACHMENT PAGE 4

**"PROOF OF CLAIM (PROPERTY)"
Bankruptcy and Insolvency Act**

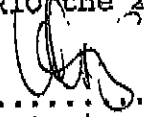
In the matter of the receivership of SUN PAC FOODS LIMITED of BRAMPTON, ON, debtor, and the claim of Her Majesty the Queen in Right of Canada, as represented by the Minister of National Revenue, claimant and BDO CANADA LIMITED, trustee.

I, R. Moon-Wan-Coll. Enforcement of the city of MISSISSAUGA in the Province of ONTARIO

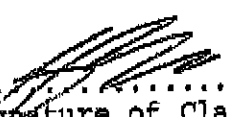
DO HEREBY CERTIFY:

1. That I am a collections officer of the Canada Revenue Agency.
2. That I have knowledge of all the circumstances connected with the claim referred to in this form.
3. That on NOVEMBER 12, 2013, the debtor herein filed a receivership in accordance with the Bankruptcy and Insolvency Act.
4. That on the said date, the property enumerated in the statement of account attached hereto and marked Schedule "B" was in possession of the debtor and still remains in the possession of the debtor and (or) the trustee.
5. That the claimant hereby claims the said property, or interest in it, by virtue of attached Schedule "B".
6. That the claimant is entitled to demand from the trustee the return of the property enumerated in Schedule "B".

Sworn before me at the City of MISSISSAUGA, in the Province of ONTARIO the 21ST DAY OF MARCH 2014.



 A Commissioner for Oaths



 Signature of Claimant

PRASOOTIE TIWARY,
a Commissioner, etc.,
Province of Ontario,
for the Government of Canada,
Canada Revenue Agency.
Expires March 02, 2016

ATTACHMENT PAGE 5

SCHEDULE "B"
PROPERTY CLAIM

Name : SUN PAC FOODS LIMITED
Account Number: 10507 3910 RP0001

DATE OF ASSESSMENT :	MARCH 3, 2014
TAX YEAR:	2013
FEDERAL TAX:	\$20,823.25
PROVINCIAL TAX:	\$ 7,079.85
CPP EMPLOYEE PORTION:	\$ 2,499.24
EI EMPLOYEE PORTION:	\$ 949.94

TOTAL:	\$ 31,352.28
	=====

Sworn before me at the City of MISSISSAUGA in the Province
of ONTARIO this 21ST DAY OF MARCH 2014.

.....
A Commissioner for Oaths

.....
Signature of Claimant

PRASOOTIE TIWARY,
a Commissioner, etc.,
Province of Ontario,
for the Government of Canada,
Canada Revenue Agency.
Expires March 02, 2016

APPENDIX "M"

FEB 11 2014

188

figed

2014/02/04

ROBYN WHITE
BDO CANADA LIMITED
45 VOGELL ROAD SUITE 300
RICHMOND HILL ON L4B 3P6

Sun fac
Secured
Secured
Unsecured
2,000
1,000
3,000
397.49

Re: Payment Issued - Wage Earner Protection Program (WEPP)

ROBYN WHITE,

This letter is to advise you that Service Canada has processed a WEPP application for "KEVIN REIDER" under Estate ID (Receivership/Bankruptcy number) 32-158650.

A cheque has been issued to the above mentioned in the gross amount of \$ 3,397.49. This amount includes \$ 0.00 in wages, \$ 3,294.70 in disbursements of a travelling salesperson, \$ 102.79 in vacation pay, \$ 0.00 in termination pay, and \$ 0.00 in severance pay.

Please note that pursuant to section 36 of the *Wage Earners Protection Program Act*, Her Majesty in right of Canada is to extent the amount of the WEPP payment subrogated to any rights the individual may have in respect of the unpaid wages against the bankrupt or insolvent employer and if the bankrupt or insolvent employer is a corporation, a director of the corporation.

For additional WEPP information and specific instructions on where to send your WEPP dividend cheque or discharge of a WEPP bankruptcy, please refer to the Information for Trustees/Receivers section at: <http://www.servicecanada.gc.ca/eng/sc/wepp/index.shtml>.

Should you have any questions or concerns regarding this letter, please contact Service Canada at 1 866 683 6516 (TTY: 1-800-926-9105).

Sincerely,

N, DESROSIERS

Service Canada



leg

2014/01/20

JAN 27 2014

ROBYN WHITE
BDO CANADA LIMITED
45 VOGELL ROAD SUITE 300
RICHMOND HILL ON L4B 3P6

Re: Payment Issued - Wage Earner Protection Program (WEPP)

ROBYN WHITE,

This letter is to advise you that Service Canada has processed a WEPP application for "GARTH ROMBOUGH" under Estate ID (Receivership/Bankruptcy number) 32-158650.

A cheque has been issued to the above mentioned in the gross amount of \$ 3,397.49. This amount includes \$ 0.00 in wages, \$ 0.00 in disbursements of a travelling salesperson, \$ 3,397.49 in vacation pay, \$ 0.00 in termination pay, and \$ 0.00 in severance pay.

Please note that pursuant to section 36 of the *Wage Earners Protection Program Act*, Her Majesty in right of Canada is to extent the amount of the WEPP payment subrogated to any rights the individual may have in respect of the unpaid wages against the bankrupt or insolvent employer and if the bankrupt or insolvent employer is a corporation, a director of the corporation.

For additional WEPP information and specific instructions on where to send your WEPP dividend cheque or discharge of a WEPP bankruptcy, please refer to the Information for Trustees/Receivers section at: <http://www.servicecanada.gc.ca/eng/sc/wepp/index.shtml>.

Should you have any questions or concerns regarding this letter, please contact Service Canada at 1 866 683 6516 (TTY: 1-800-926-9105).

Sincerely,

A, Parthenais
Service Canada

APPENDIX "N"



Sharon Carew
Principal

161 Bay Street, P.O. Box 501
Toronto, Ontario M5J 2S5
+1 416 866 7321
Fax +1 416 866 2913
sharon.carew@mercer.com
www.mercer.ca

Via Email

February 24, 2014

BDO Canada Limited
123 Front Street West, Suite 1200
Toronto, ON M5J 2M2

Attention: Gary V. Cerrato

Dear Mr. Cerrato:

The Pension Plan for Employees of Sun Pac Foods Limited (the "Plan")

We are writing to you further to our claim submission on January 28, 2014.

We enclose with this letter our revised Proof of Claim in the amount of \$3,813,966 on behalf of the Plan against the estate of Sun Pac Foods Limited. ("Sun Pac"). In support of our claim amount, we have attached a revised Schedule "A" detailing the amounts owing to the Plan.

In accordance with the Bankruptcy and Insolvency Act, a super priority charge has been created for unpaid pension plan amounts. As such, in the attached Schedule "A", we have listed the revised amounts equal to the employer and employee "normal cost" contributions that were required to be paid by Sun Pac to the Plan fund as a Priority Claim ranking above every other claim, right, charge or security against the insolvent's assets. A detailed analysis has been included in support of the super priority claim of \$55,914 which has been adjusted from the original amount of \$68,736. The remaining claim for the Plan has not changed and has been categorized as unsecured with no priority.

Please note that the attached Proof of Claim is filed on a without prejudice basis and that the Administrator expressly reserves its rights to amend and resubmit the claim as may be necessary or desirable. Furthermore, the filing of the claim does not in any way affect any rights or remedies available to the Administrator both within and outside of the insolvency proceedings, including, but not limited to, any rights to bring a motion to lift the stay of proceedings in order to bring an action to seek recovery of any amounts payable to the Plan or to protect the rights and interests of the Plan and its members.

Please provide us with written confirmation of any amounts that may be payable from the estate in settlement of our claim. If you have any questions or require additional information regarding this claim, please contact me directly. Thank you for your consideration of this claim.





Page 2
24 February 2014
Gary V. Cerrato
BDO Canada Limited

If you have any questions regarding this letter or any other matters regarding our administration, please contact me at 416-868-7321 or John Hnatiw at 416-868-7323.

Yours truly,
Mercer
Administrator

A handwritten signature in black ink that reads 'Sharon Carew'.

Sharon Carew
Principal

Enclosures:
Proof of Claim
Schedule "A" (revised)
2013 Current Service Cost analysis (revised)

PROOF OF CLAIM
BANKRUPTCY AND INSOLVENCY ACT

(Sections 50.1 & 51, 81.5, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8); 102(2), 124(2), 128(1), and paragraphs 51(1)(c) and 66.14(b) of the Act)

In the Matter of the Bankruptcy (or the Proposal) or the Receivership
of Sun Pac Foods Limited
(Name of Debtor)
of Brampton, Ontario
(City, Province)
and the claim of Pension Plan for Employees of Sun Pac Foods Limited (the "Plan")
(Name of Creditor)
All notices or correspondence regarding this claim must be forwarded to the following address:
Mercer (Canada) Limited, as Administrator of the Pension Plan for Employees of Sun Pac Foods Limited, Attention: Sharon Carew
161 Bay Street PO Box 501, Toronto Ontario, M5J 2B5

We, Mercer (Canada) Limited, as Administrator of the Plan (name of creditor or representative of the creditor) of Toronto, Ontario, (City, Province), DO HEREBY CERTIFY:

- 1. That the Plan is a creditor of the above-named debtor (or that I am (state position or title) of (name of creditor or representative of the creditor)).
- 2. That I have knowledge of all the circumstances connected with the claim referred to below.
- 3. That the debtor was, at the date of bankruptcy (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the 12th day of November, 2013, and still is, indebted to the creditor in the sum of \$3,826,788, as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account, or affidavit or solemn declaration must specify the vouchers or other evidence in support of the claim.)
- 4. (Check and complete appropriate category.)
X A. UNSECURED CLAIM OF \$3,758,052 (other than as a customer, contemplated by Section 262 of the Act)
That in respect of this debt, I do not hold any assets of the debtor as security and (check appropriate description)
X Regarding the amount of \$3,758,052, I do not claim a right to a priority.
□ Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act. (Set out on an attached sheet details to support priority claim.)
□ H. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____
That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows: (Give full particulars of the claim, including the calculations upon which the claim is based.)
□ C. SECURED CLAIM OF \$ _____
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows: (Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)
□ D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____
That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____ (Attach a copy of sales agreement and delivery receipts.)
□ E. CLAIM BY WAGE EARNER OF \$ _____
□ That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____
□ That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____
(Give full particulars of the claim, including the calculations upon which the claim is based.)
X F. CLAIM FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$55,914
X That I hereby make a claim under subsection 81.5 of the Act in the amount of \$55,914
□ That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____
(Give full particulars of the claim, including the calculations upon which the claim is based.)
□ G. CLAIM AGAINST DIRECTOR \$ _____
(To be completed when a proposal provides for the compromise of claims against directors)
That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows: (Give full particulars of the claim, including the calculations upon which the claim is based.)
□ H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____
That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows: (Give full particulars of the claim, including the calculations upon which the claim is based.)
- 5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.
- 6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2(1) of the Act: (Provide details of payments, credits and transfers at undervalue.)

(Applicable only in the case of the bankruptcy of an individual.)
□ I request to be informed, pursuant to subparagraph 68(4)(a)(ii) of the Act, of the amount fixed under subparagraph 68(4)(a)(i), which is the amount of surplus income that the bankrupt is required to pay to the estate of the bankrupt.
□ If the trustee determines that there is no surplus income, I request to be informed of that determination in accordance with paragraph 68(4)(b) of the Act.
□ I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Toronto, Ontario, this 24th day of February, 2014

Sharon Carew
Witness

Mercer (Canada) Limited, as Administrator
By: Sharon Carew
Creditor

Phone Number: 416-868-7321 Fax Number: 416-868-2913 E-Mail Address: sharon.carew@metrocr.com

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.
WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.
Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.
NOTE: If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.

GENERAL PROXY (WITH POWER OF SUBSTITUTION)

(WHERE CREDITOR IS A CORPORATION, PROXY MUST BE COMPLETED AND SIGNED IN THE CORPORATE NAME)

In the Matter of the Bankruptcy (or proposal) of _____ (name of debtor)
I/We, _____ (name of creditor) of _____ (City, Province)
a creditor in the above matter, hereby appoint _____ of _____ (City, Province)
to be my/our general proxy in the above matter except as to the receipt of dividends, with (or without) power to appoint another general proxy in his or her place
Dated at _____ (City, Province), this _____ day of _____ A.D. 20____

(Creditor Name)

Schedule "A"

Proof of Claim
in the matter of the Insolvency of Sun Pac Foods Limited.
by the
Pension Plan for Employees of Sun Pac Foods Limited (the "Plan")

		Unsecured Claim	Priority Claim	Total Claim
Plan Wind-up Deficit @ January 1, 2013	1	\$ 3,338,500		\$ 3,338,500
<hr/>				
Interest on Plan Deficit to November 12, 2013	2	69,552		69,552
Employer contributions outstanding - Current service 2013 ("normal cost")	3		\$ 41,927	41,927
Employee contributions outstanding - Current service 2013 ("normal cost")	4		\$ 13,987	
Estimated Wind-up expenses		350,000		350,000
Total Claim as at March 2, 2010		<u>\$ 3,758,052</u>	<u>\$ 55,914</u>	<u>\$ 3,813,966</u>
1 Plan assets at January 1, 2013		\$ 19,543,800		
less: Plan Wind Up Liabilities		<u>22,882,300</u>		
Plan Wind-Up Deficit at January 1, 2013	1	<u>\$ 3,338,500</u>		
2 Plan Wind-up Deficit at January 1, 2013		\$ 3,338,500		
interest rate on deficit		2.50%		
Number months to wind-up November 12, 2013		<u>10 months</u>		
Interest on Plan Deficit to November 12, 2013	2	<u>\$ 69,552</u>		
3 2013 Employer Current Service Requirements:		\$ 112,214		
add Contributions Made 2013		<u>\$ (70,287)</u>		
Contributions owing	3	<u>\$ 41,927</u>		
4 2013 Employee Current Service Deducted from Pay:		\$ 38,561		
add Contributions Made 2013		<u>\$ (24,574)</u>		
Contributions owing	4	<u>\$ 13,987</u>		

Pension Plan for Employees of Sun Pac Foods Limited
 Receivership date Nov 12, 2013

2013 Employee Current Service Cost Contributions to RPP

Month	Deposited	Ee Current Service		Total
		McDowell	Sun-Pac	
Jan-13	2/21/2013	\$ 70.31	\$ 3,525.84	\$ 3,596.15
Feb-13	4/17/2013	\$ 55.18	\$ 3,232.03	\$ 3,288.21
Mar-13	5/7/2013	\$ 70.81	\$ 3,867.68	\$ 3,938.49
Apr-13	6/20/2013	\$ 55.45	\$ 3,080.78	\$ 3,136.23
May-13	7/31/2013	\$ 71.27	\$ 3,759.04	\$ 3,830.31
Jun-13	9/17/2013	\$ 55.79	\$ 2,951.88	\$ 3,007.67
Jul-13	9/17/2013	\$ 57.31	\$ 3,719.75	\$ 3,777.06
Total Deposited per RBC Stmt		\$ 437.12	\$ 24,137.00	\$ 24,574.12

Payroll deductions:

Sun Pac Foods Ltd	\$ 17,508.42
McDowell-Ovens Inc.	\$ 18,383.83
Great West Life (LTD)	\$ 2,674.12
Ee RPP Payroll Deductions for 2013	\$ 38,561.37

2013 Employee Current Service Cost contributions owed \$ 13,987.25

2013 Employer Current Service Cost Contributions to RPP

Month	Deposited	Er Current Service
Jan-13	2/21/2013	\$ 11,867
Feb-13	4/17/2013	\$ 8,215
Mar-13	5/7/2013	\$ 10,041
Apr-13	6/20/2013	\$ 10,041
May-13	7/31/2013	\$ 10,041
Jun-13	9/17/2013	\$ 10,041
Jul-13	9/17/2013	\$ 10,041
Total Deposited per RBC 2013		\$ 70,287

Normal Actuarial Cost per 1/1/2013 Funding Valuation filed in Oct 2013

% of Member Contributions	291%
times Member Contributions	\$ 38,561.37
Normal Actuarial Cost	\$ 112,213.59

2013 Employer Current Service Cost contributions owed \$ 41,926.59

Total Current Service Cost Contributions Owed \$ 55,913.84

* amounts paid to Sun Pac from GWL and Manulife with respect to pension contributions for LTD members are only payable to Sun Pac and not withheld from LTD benefit. Contributions revised based on assumed amounts used for PA calculation.

APPENDIX "O"

Estate No. 32-158650

IN THE MATTER OF THE RECEIVERSHIP OF
SUN PAC FOODS LIMITED
RECEIVER'S SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the Period November 12, 2013 to April 1, 2014

INTERIM STATEMENT

RECEIPTS:

Cash On Hand	\$ 59,383.29
Accounts Receivable	273,337.58
Inventory	
Sun Pac & McDowell Finished Goods & Packaging	42,466.54
Private Label (Sold to Wal-Mart)	33,482.35
Machinery & Equipment (Auction)	918,947.52
Third Party Storage	27,270.66
HST Refunds (pre-receivership)	198,776.97
HST Refunds (post-receivership)	31,618.18
Utilities Refund	8,550.35
Employee Insurance Refunds	1,795.05
Interest Income	801.61
HST Collected	3,688.42
<i>Total Receipts</i>	<u>\$ 1,600,118.52</u>

DISBURSEMENTS:

Possession & Occupancy Costs:		
Change Locks	\$ 1,395.00	
Occupation Rent (February 4, 2014 to March 15, 2014)	319,537.62	
Gas	39,700.33	
Hydro	110,574.89	
Water & Sewer	2,716.56	
Telephone/Internet	1,455.04	
Repairs & Maintenance	10,630.63	
HST Paid	63,181.31	
Sub Total	<u>549,191.38</u>	
Administration Costs:		
Filing Fees	70.00	
Consulting Fees	29,365.88	
Post-Receivership Payroll	12,175.36	
Freight	9,897.03	
Pre-Receivership payroll	5,900.92	
Payroll Deductions	4,031.67	
Advertising - Sales Process	3,225.06	
Travel	1,374.66	
Photocopies/Postage on General Correspondence	989.39	
IT Costs	756.50	
Courier	235.40	
Work Place Safety Insurance	223.14	
Payroll Services	165.30	
Ontario Health Tax	162.36	
Bank Charges	160.00	
Miscellaneous	66.04	
Search Fees	25.00	
HST Paid	5,533.78	
Sub Total	<u>74,357.49</u>	
Inventory Disposal Costs/Clean-Up Costs:		
Lab & Site Clean-up Costs	19,613.10	
Inventory Disposal Costs	27,512.00	
HST Paid	6,126.26	
Sub Total	<u>53,251.36</u>	
<i>Total Disbursements:</i>	<u>676,800.23</u>	

RECEIPTS OVER DISBURSEMENTS
(before professional fees)

\$ 923,318.29

Receivers fees	148,921.45
Legal Fees	31,802.61
HST on Professional Fees	23,477.62
<i>Total Professional Fees</i>	<u>204,201.68</u>

RECEIPTS OVER DISBURSEMENTS

\$ 719,116.61

APPENDIX "P"

Court File No. CV-13-10331-OOCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

8527504 Canada Inc.

Applicant

- and -

Sun Pac Foods Limited

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O
1990, c. C. 43, AS AMENDED**

AFFIDAVIT OF BLAIR DAVIDSON

I, **BLAIR DAVIDSON**, of the Town of Newmarket, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am the President of BDO Canada Limited, and as such have personal knowledge of the matters referred to herein.
2. By Order of the Honourable Madam Justice Mesbur, dated November 12, 2014 (the "Order"), BDO Canada Limited was appointed Receiver (the "Receiver") of Sun Pac Foods Limited.
3. Pursuant to the Order, the Receiver has provided services and incurred disbursements which are more particularly described in the detailed accounts attached hereto and marked as Exhibit "A".

2.

- 4. The time shown in the detailed accounts attached as Exhibit "A" are a fair and accurate description of the services provided and the amounts charged by the Receiver, which reflect the Receiver's time as billed at its standard billing rates.
- 5. The Receiver requests that the Court approve its fees and disbursements for the period from November 11, 2013 to March 31, 2014 in the amount of \$262,318.60 plus HST of \$34,101.42 for a total of \$296,420.02, for the services set out in Exhibit "A".
- 6. We estimate that our fees and disbursements to complete this matter, provided no unforeseen issues arise, will be no greater than \$20,000 plus HST.
- 7. This affidavit is sworn in support of the Receiver's motion for, among other things, approval of its fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto,)
 in the Province of Ontario, this)
 8th day of April 2014)


 _____)
 Commissioner for Taking Affidavits, etc)


 _____)
 Blair Davidson, CPA, CA, CIRP, CBV, CMC)

Gary Vincenzo Cerrato, a Commissioner, etc.,
 Province of Ontario, for BDO Canada LLP, Chartered
 Accountants and Consultants and BDO Canada Limited,
 Trustee in Bankruptcy, and their subsidiaries, associates
 and affiliates. Expires April 19, 2014.

This is Exhibit "A" referred to in the affidavit of

BLAIR DAVIDSON

Sworn before me this 8th day of April 2014



A COMMISSIONER FOR TAKING AFFIDAVITS

Gary Vincenzo Cerzino, a Commissioner, etc.,
Province of Ontario, for BDO Canada LLP, Chartered
Accountants and Consultants and BDO Canada Limited,
Trustee in Bankruptcy, and their subsidiaries, associates
and affiliates. Expires April 19, 2014.



Tel: 416 865 0210
 Fax: 416 865 0904
 www.bdo.ca

BDO Canada Limited
 123 Front Street W, Suite 1200
 Toronto ON M5J 2M2 Canada

INVOICE

Sun Pac Foods Limited
 10 Sun Pac Blvd.
 Brampton, ON
 L6S 4R5

<i>Date</i>	<i>Invoice No.</i>
13 January 2014	#87658717

Re Sun Pac Foods Limited

FOR PROFESSIONAL SERVICES RENDERED in connection with the above-noted Receivership Engagement for the period from to 11 November 2013 to 31 December 2013 as per the details below:

Our Fee in All	\$ 158,921.45
Discount Given	(10,000.00)
Sub-Total	\$ 148,921.45
HST - 13.0% (#R101518124)	19,359.79
Total Due	<u>\$ 168,281.24</u>

Summary of Time Charges:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
B. Davidson, Partner	31.50	510.00	16,065.00
E. Migus, Partner	13.75	510.00	7,012.50
G. Cerrato, Senior Manager	119.70	450.00	53,865.00
C. Porter, Senior Manager	3.00	465.00	1,395.00
C. O'Looney, Senior	191.35	200.00	38,270.00
R. White, Senior Manager	7.70	410.00	3,157.00
N. Sagolili, Senior	18.55	239.00	4,433.45
A. Champst, Senior Financial Analyst	16.00	250.00	4,000.00
M. Marchand, Senior	71.60	175.00	12,530.00
K. Leung, Jr. Administator	33.30	145.00	4,828.50
N. Wong, Administator	51.20	175.00	8,960.00
Administrative Support	25.30		4,405.00
TOTAL	<u>582.95</u>		<u>\$ 158,921.45</u>



Date	Professional	Description	Hrs.
11-Nov-13	Cerrato, Gary	Discussions with B. Davidson re engagement; discussions with M. Amaral re quality of earnings report and his knowledge of the business; review website.	1.0
12-Nov-13	Cerrato, Gary	Conference call with Bridging Capital and Chaitons re appointment issues; review of motion materials; planning and staffing discussion with E. Migus; calls to AGC to arrange for locks to be changed; attendance at premises to take possession; meeting with C. Reider, G. Rombough, K. Reider and L. Kofman; follow up meeting with L. Kofman.	7.5
12-Nov-13	Migus, Eugene	Participate in conference call with Bridging Capital and Chaitons LLP; drive to and from Sun Pac premises to confirm the status of plant operations; related updates to Chaitons LLP and B. Davidson; planning and staffing discussion; telephone message to President, C. Reider; telephone update to Bridging Capital Inc. (L. Kofman); second visit to premises to take possession and meet with management, follow-up meeting with Bridging Capital Inc. (L. Kofman).	6.45
12-Nov-13	Davidson, Blair	Telephone call with N. Sharpe re issues; conference call L. Kofman and Chaitons re appointment issues.	1.0
13-Nov-13	Migus, Eugene	Instructions to staff; discussion with Bridging Capital Inc. (L. Kofman); various follow-ups and updates with G. Cerrato; instructions to accounting department.	1.0
13-Nov-13	Cerrato, Gary	Attend premise; taking possession issues; meeting with C. Reider, and meet with Garth Rombough (VP Finance) and K. Reider (VP Sales); call to L. Kofman re moneys swept from the blocked accounts following the Receiver's appointment; meet with T. Bargaen (Van De Water-Raymond Ltd.) re: product and packaging on premises; call from Over the Rainbow re their account and assets stored in the premises; dealing obtaining financial information after management refused to assist the Receiver; attend to other administration issues; update discussions with E. Migus;	6.5
13-Nov-13	Davidson, Blair	Review Order; various emails re client cooperation.	1.0
13-Nov-13	Sagolili, Nicole	Attend premise with G. Cerrato, and meet with G. Rombough (VP Finance) and K. Reider (VP Sales); walkthrough of plant; review of books and records on premises; draft Receiver's Notice; draft door notice; draft letter to bank branch re: account closure; draft letter to insurance company; e-mail to and voice-mail to M. Dato (BMO) re bank accounts; meet with T. Bargaen (Van De Water-Raymond Ltd.) re product and	6.0



Date	Professional	Description	Hrs.
		packaging on premises; attend to other administration issues.	
14-Nov-13	Cerrato, Gary	Attendance at the company's premises; meeting with E. Migus and J. Shone from Firepower to discuss the status of negotiations with Furlanis and the ability of C. Reider to put forward an offer to buy back the assets from the Receiver through the possibility of a stalking horse offer; call with Menkes; meeting with A. Giribaldi re sale of Sunpac inventory and his interest in offering for the assets; attend to other matters.	6.0
14-Nov-13	Migus, Eugene	Various communications from management; various communications from Bridging Finance Inc.; update from G. Cerrato; inquiry regarding site visit; attend premises for meeting with C. Reider and Firepower.	4.6
14-Nov-13	Sagoliti, Nicole	Attend premise of company; phone call with R. Tuzi (AGC); phone call with M. Dato (BMO) re bank accounts; attend to third party goods ; correspond with G. Russell and L. Trombetta (Cimco) re refrigerator issue; work on preparing cash-flow with G. Rombough (VP Finance).	6.0
14-Nov-13	Porter, Chris	CIM research and guidance to A. Champsi.	1.5
14-Nov-13	Champsi, Al-Amyr	CIM review.	2.0
15-Nov-13	Migus, Eugene	Conference call with prospective party; update from G. Cerrato on various matters.	0.55
15-Nov-13	Cerrato, Gary	Attendance at the company's premises; discussions with C. Porter re CIM; further exchanges with insurer re insurance; call to VP procurement at Loblaw's to see if they would continue to order product from McDowell; update discussions with L. Kofman; update call with E. Migus; reviewing cash flow forecast with N. Sagoliti; reviewing inventory reports and discussions with K. Reider; return creditor and employee calls; call from pension fund manager; review of McDowell CIM and teaser; review of target list; attend to other matters.	3.5
15-Nov-13	Champsi, Al-Amyr	Meeting company management and developing the CIM.	4.0
15-Nov-13	Porter, Chris	Review Quality of Earning Report; receive and review Sun Pac CIM; call with G. Cerrato re plan; dig out and review precedent documents; call with A. Champsi and plan for CIM.	1.5



Date	Professional	Description	Hrs.
15-Nov-13	Sagolili, Nicole	Attend premise of company; phone call with R. Tuzi (AGC); phone call with M. Dato (BMO) re bank accounts; attend to third party goods issues for Eng Bev Ltd. and Van De Water Raymond Ltd.; various correspondence with G. Russell and L. Trombetta (Cimco) re refrigerator issue; work on preparing cash-flow with Garth Rombough (VP Finance); attend to various administration issues; various discussions with Gary Cerrato re: cash-flow and other matters; attend to various administration issues.	6.0
17-Nov-13	Sagolili, Nicole	Phone call with R. White to discuss cash-flow.	0.25
18-Nov-13	Sagolili, Nicole	Respond to e-mails from R. White; correspond with B. Chiasson re correspondence.	0.3
18-Nov-13	Davidson, Blair	Site visit to examine assets; discussion with C Reider; review bread crumb business operations and forecast.	4.0
18-Nov-13	Cerrato, Gary	Attendance at the company's premises; meeting with B. Davidson to tour facility and update on status of receivership; reviewing final version of cash flow forecast; meet with R. Whyte to discuss completing cash flow forecast; correspondence with Marsh re insurance issues; call from Menkes; review of Firepower CIM; attend to other matters.	4.0
18-Nov-13	White, Robyn	Travel to and from premises, meet C. Reider and former staff to review and amend cash-flow, discussions with former staff members to confirm and clarify information provided; discussion with A. Pappano re WEPPA requirements and discuss spreadsheet to be completed; discuss various file matters with G. Cerrato.	6.9
18-Nov-13	Migus, Eugene	Update with B. Davidson and G. Cerrato; telephone discussion with Bridging Finance Inc. (L. Kofman); approve deposit; draft and circulate agenda.	0.85
18-Nov-13	Champs, Al-Amyr	CIM.	0.5
19-Nov-13	White, Robyn	Email to G. Cerrato re ROEs and WEPPA matters, email cash-flows to G. Rombough.	0.1
19-Nov-13	Cerrato, Gary	Attendance at the company's premises; call with B. Davidson to prepare for planned meeting with Bridging Capital; update conference call with B. Davidson and Bridging Capital; review of landlord agreement; discussions with G. Benchetrit re same; call with B. Davidson to advise of status of discussions with Furlanis and Weston's; meeting C. O'Looney to discuss	8.0



Date	Professional	Description	Hrs.
		inventory realization strategy and engagement; dealing with WEPPA issues with A. Pappano; review of creditor information to finalize Notice of Receiver; walk through of plant with K. Reider to review in detail inventory and discuss processing work in process; discussions with C. Reider to identify prospective purchasers for juice division; call to Furlanis to discuss their interest; call with Valerie from Swan Capital, interested party in bread crumb division; reviewing McDowell CIM and updated teaser letter; return creditor and employee calls; further call with pension administrator re company's pension plan; attend to other matters.	
19-Nov-13	Davidson, Blair	Conference call with Bridging Capital re Bread Crumb operations and sales process; email re independent legal counsel; review application materials and landlord agreement; review Statement of Claim.	3.0
19-Nov-13	O'Looney, Cathal	Meeting with Directors; working on inventory; forwarding documentation to M. Marchand re CIM.	5.0
19-Nov-13	Champsi, Al-Amyr	CIM creation and McDowell CIM edits.	5.0
20-Nov-13	O'Looney, Cathal	Inventory; employee inquiries; gather information from Management re inventory and creditor listings.	7.5
20-Nov-13	White, Robyn	Review and respond to email from A. Pappano, discuss WEPPA matters with F. Kanaris.	0.2
20-Nov-13	Champsi, Al-Amyr	CIM creations and McDowell CIM edits.	4.5
20-Nov-13	Cerrato, Gary	Attendance at the company's premises; meeting with Menkes; meeting with Over The Rainbow to convince them to package the President's Choice sport drinks for the Receiver; meeting with A. Giribaldi re sale of Sun Pac's own juice inventory; working on realization strategy for inventory; return calls from various creditors; marketing calls for McDowell's Ovens; attend to other matters.	6.0
21-Nov-13	Cerrato, Gary	Meeting with K. Leung and M. Marchand re sales process and the coordination of same; reviewing draft CIM; call with SAI Global re SQF 2 audit scheduled for November 27- 28 to keep the SQF certification; call with Menkes re secured claim; finalize Notice of Receiver; call to L. Kofman re wire transfer and secured claim of Bridging Capital; attend to other matters.	5.0



Date	Professional	Description	Hrs.
21-Nov-13	O'Looney, Cathal	Collection of outstanding storage fees; organization of garbage removal; coordination with Pest Control; inventory; contacting former employees for information.	7.5
21-Nov-13	Marchand, Matthew	Drafting CIM Discussions with G. Cerrato re CIM.	8.0
21-Nov-13	Leung, Kevin	Discussion with G. Cerrato re McDowell Ovens; edit and format acquisition opportunity teaser; search for email address of key executives listed on target list; phone companies on target list to obtain email addresses of people in charge of M&A; sending teaser email to companies on target list.	3.3
22-Nov-13	Marchand, Matthew	Continue working on CIM.	1.5
22-Nov-13	Davidson, Blair	Conference call with Bridging Capital re preference payments; arrange Lassonde site visit.	0.5
22-Nov-13	O'Looney, Cathal	Inventory; meeting with Plant Manager; discussion on bread crumbs disposal; employee calls; freezer control discussion.	8.0
22-Nov-13	Cerrato, Gary	Update discussions with K. Leung re marketing efforts on McDowell division; update Teaser for McDowell division; email exchanges with Lassonde Inc. re tour of facility on Monday morning; conference call with Bridging Capital re possible preference payments; discussions with M. Marchand re sales package; discussions with C. O'Looney re freezer issues and inventory disposition strategy and status.	3.0
25-Nov-13	Cerrato, Gary	Attendance at the company's premises; meeting with S. Mayrand V.P. of A. Lassonde Inc. together with B. Gervais, plant manager, to tour facility and discuss sales process; meeting with C. O'Looney to discuss status of various outstanding issues, inventory disposition, freezer issues, alarm issues; field creditor calls; deal with sales ad; reviewing CIM; investigating preference payments; attend to other matters.	5.0
25-Nov-13	O'Looney, Cathal	Dealing with employee issues re wages and benefits; walk through with the fire service provider; organizing sale of inventory with potential purchasers; drafting invoices and bills of lading; organizing employees to be onsite; discussion with Web hosting service re computer issues; dealing with employee claims.	8.0
25-Nov-13	Davidson, Blair	Review letters from counsel re payments and legal actions; follow up on sales process.	1.0



Date	Professional	Description	Hrs.
25-Nov-13	Marchand, Matthew	Draft advertisement for Globe and Mail; update CIM; discussions with G. Cerrato re advertisement and CIM.	1.2
26-Nov-13	Marchand, Matthew	Search for higher resolution picture for Sun Pac and McDowell Ovens logos; begin reconciling Century and Sabito equipment appraisals.	1.2
26-Nov-13	Leung, Kevin	Request website set-up; draft website template and contents; cheque requisition to pay freight invoice; provide softcopy source deduction calculation to employee.	0.6
26-Nov-13	O'Looney, Cathal	Coordination of inventory viewing with potential buyers; employee calls; meeting with landlord re property; dealing with Sun Pac inventory and selling of same; coordinating padlock changes.	8.0
26-Nov-13	Cerrato, Gary	Attend to various calls; review of ad proof from Globe & Mail; return numerous employee calls re termination, severance, benefits and pension issues; call from J. McPherson, representing an interested party in the assets; discussions with G. Rombough re various issues; discussions with C. O'Looney re update on status of inventory disposition and other administrative issues.	2.5
27-Nov-13	O'Looney, Cathal	U-Pack garbage removal; dealing with creditor property claims; employee calls; broker calls and numerous creditor calls; coordination of vending machine removals.	8.0
27-Nov-13	Davidson, Blair	L. Kofman update; review sales process documents; discussion with B. Rogers of Commercial Capital.	2.0
27-Nov-13	Marchand, Matthew	Review Globe and Mail Ad; email C. O'Looney notice of receiver and receiver statement; continue reconciling Century and Sabito equipment listings; discussions with G. Cerrato re CIM; continue drafting CIM.	4.4
27-Nov-13	Cerrato, Gary	Update call with L. Kofman; provide update email re priority claims to L. Kofman; meetings with M. Marchand re CIM; discussions with appraisal firms re list of equipment; review of statement of claim from Lamican; return creditor calls; correspondence from S. Eadie re Sun Pac pension plan; call to FSCO re pension plan; discussions with G. Rombough re pension plan;	5.0
28-Nov-13	Marchand, Matthew	Discussion with G. Rombough re inventory listing of both Sun Pac and McDowell Ovens divisions, sales analytics for Sun Pac for fiscal 2012 and year to date 2013; discussions with G. Cerrato re CIM; continue	7.5



Date	Professional	Description	Hrs.
		drafting CIM and assembling information for data room.	
28-Nov-13	Leung, Kevin	Documented follow up with McDowell's interested parties; received two not interested responses; update target list with websites provided by the lender; search online for contact information of VP's and other senior staff; respond to interest parties via email and phone informing them NDA will be sent shortly.	1.3
28-Nov-13	O'Looney, Cathal	Answering numerous creditor calls and answering their queries re the receivership as well as employees; supervising MVR inventory delivery; calls with potential purchasers of the company and separately, the raw material; dealing with property and 30 day goods claim.	8.0
28-Nov-13	Cerrato, Gary	Working on various documents to include in data room; amendments to CIM; fielding calls from creditors and former employees; reviewing repossession claim; various discussions with C. O'Looney re inventory disposition issues and 3 rd party property and repossession claims; call from B. Farrell from Dare Foods re his interest in the crumb division; return call to Ya Ya Foods, prospective purchaser and field other interested party calls; attend to other matters.	5.0
29-Nov-13	O'Looney, Cathal	Discussion and calls with potential raw material purchasers; calculation of raw materials offer versus current cost; calling interested parties from the buyers list re the teaser and confidentiality agreement; calls with creditors re property claims and reclamations; arranging access with the landlord for roof fixers; confirmation of wire transfer with the bank; dealing with creditors who contradict the amount owed on the receiver notice appendix A.	7.0
29-Nov-13	Marchand, Matthew	Review newspaper ad in Globe & Mail; finalize draft version of CIM; conference call with G. Cerrato re sales process; send confidentiality agreement to two prospective purchasers;	6.1
29-Nov-13	Leung, Kevin	Conference call with G. Cerrato, M. Marchand, and C. O'Looney; update target list with contacts provided by lender; search for contact information via corporate websites and Canadian Corporation Register; contact interested parties' main business number requesting for contact information of their M&A group; revise and correct Sun Pac teaser; search YouTube for a working video link to provide on teaser; send out teasers and NDA to interested parties; respond to email from parties responding to the ad posted.	5.7



Date	Professional	Description	Hrs.
29-Nov-13	Davidson, Blair	Discussions with potential buyers - A. Jacques and B. Rogers.	1.0
2-Dec-13	Cerrato, Gary	dealing with calls from prospective purchasers; meeting with M. Marchand to complete schedules to be posted in electronic data room; return calls to three employees that did not receive their final payroll; email exchanges with counsel re updates to legal terms and conditions of sale in the CIM; amendments to CIM; meeting with C. O'Looney re various administrative issues; returning creditor calls; attend to other administrative matters;	5.0
2-Dec-13	Migus, Eugene	Various telephone inquiries.	0.3
2-Dec-13	O'Looney, Cathal	Discussion with Del Cerro Plastics re creditor and sale of poly bags; receiving employee queries; discussion with Tidetrading re sale of concentrate; calls from interested parties for the final product; discussion with Loblaws re finished goods; communication with liquidators; drafting the Foodfest (sale of inventory) order; discussion with McDowell Plant Manager (Penny Moore) regarding the possibility of producing at McDowells.	8.0
2-Dec-13	Wong, Nathan	Inventory listing for C. O'Looney in terms of totaling client values compared to receivership values; Vendor Contact List for C. O'Looney; compiled Invoice Spreadsheet in regards to inventory for C. O'Looney; worked on AR listing for collection.	2.0
2-Dec-13	Marchand, Matthew	Review and accept changes made to CIM by J. Spetter; resolve CIM PDF conversion issues; discussions with G. Cerrato re data room and sales process; modify/clean files for upload in data room.	5.0
2-Dec-13	Leung, Kevin	Correspondence and requesting signed NDA with interested parties; updating McDowell Oven's target list; phone companies and search online for contact with binding authority; send out teasers and NDA; calling and responding to VM re interests from ad; respond to questions re data room access.	2.4
3-Dec-13	Leung, Kevin	Upload contents to Firmex Data Room; send teasers and NDA to interested parties; grant data room access to parties with signed and returned NDA; contact companies on contact list; phone calls from parties requesting further information on sales process; update progress on target tracking list; phone call from parties requesting access to data room; email correspondence re site visit appointment; respond to	5.8



Date	Professional	Description	Hrs.
		VM received re NDA and sales process.	
3-Dec-13	Marchand, Matthew	Discussion with K. Leung re: navigation of Sun Pac Firmex site; send invitations to six users providing access to Firmex data room; print and file NDA's received; contact IT assist to update Sun Pac extranet site; provide G. Cerrato with cheque requisition forms; discussions with G. Cerrato re: target listing updates; coordinate target listing updates with K. Leung; upload documents to Firmex data room.	3.6
3-Dec-13	Wong, Nathan	Mail out AR letters and review same.	1.7
3-Dec-13	Cerrato, Gary	Reviewing WEPPA schedule; returning calls from prospective purchasers; return creditor and employee calls; reviewing A/R collections; return calls from liquidators; reviewing data room information; approving cheque requisitions.	2.5
3-Dec-13	O'Looney, Cathal	Coordination of inventory pickup by customer - Foodfest; coordination of reclamation inventory pickup by solocup; assisting ANG Systems while viewing inventory; meeting with Menkes; collected inventory samples for potential purchaser; communicating with Lassonde regarding sale of plastic bottles; met potential inventory purchaser; coordinating inventory pickup by Treehugger (Property Claim); communicating with Trimark re property claim; providing update to G. Cerrato regarding inventory, labour costs, Sun Pac recipes and formulations; arrange sale of inventory to Avondale; arrange access and supply keys to roof fixers.	8.0
3-Dec-13	White, Robyn	Review WEPPA schedule, emails to G. Cerrato re same.	0.3
4-Dec-13	White, Robyn	Telephone call with G. Cerrato re WEPPA claims; amend same.	0.1
4-Dec-13	O'Looney, Cathal	Plant tour with DSL commercial; walkthrough with Wendy Both (Menkes) and potential tenant as well as T. Barden (current tenant); McDowells tour and discussion with universal Motion Site Tour with Hillco Asset Sales Canada - Bruce Lyle meeting with roof replacers on site; coordination of trailer pickup with Weston Bakeries; discussion with Almost Perfect regarding sale of inventory.	8.3
4-Dec-13	Cerrato, Gary	Attendance at the company's premises; meeting and touring plant with liquidators; meeting with C. O'Looney re inventory disposition status, return calls from prospective purchasers, call from VP Finance of	5.0



Date	Professional	Description	Hrs.
		Cott; call from Food and Drug Inspection Agency re required inspection of finished goods at the plant; call with D. Ordon from DSL to discuss sale of inventory in freezers; update call with B. Davidson.	
4-Dec-13	Wong, Nathan	Called Target listing to get appropriate contacts in order to send out NDA and teaser.	7.0
4-Dec-13	Marchand, Matthew	Read G. Cerrato's emails re: NDA's received; phone call with J. Moran of AccuVal re access to Firmex data room for 2 employees; provide six users access to Firmex data room; email C. O'Looney form 75; calculate amounts owed to employees, prepare cheque request forms, and create payroll detail spreadsheet.	2.3
4-Dec-13	Leung, Kevin	Email and phone correspondence with interested parties; grant access to data room; sent and retrieve NDA.	0.8
4-Dec-13	Davidson, Blair	Telephone call with L. Kofman; follow up on sales process and estimated realizations	1.0
5-Dec-13	Marchand, Matthew	Conversation with G. Cerrato re: employee wages and creating new CRA account; redo employee cheque requests with revised hours; upload facility floor plan to Firmex site; discussion with G. Cerrato re addendum to CIM; create addendum to CIM and upload to Firmex site; send K. Leung equipment listing.	2.4
5-Dec-13	Wong, Nathan	Putting together frozen portion cup juice spreadsheet related to inventory for C. O'Looney; update AR spreadsheet for C. O'Looney; calling various competitors in regards to sales process and provide teaser letter and NDA's.	4.0
5-Dec-13	Cerrato, Gary	Review of offer received; responding to calls from prospective purchasers; review addendum to CIM; call with offeror regarding his offer for McDowell Ovens; status updates from C. O'Looney and K. Leung;	1.5
5-Dec-13	O'Looney, Cathal	Discussion with Oceanspray re the sale of packaging to their co packers; assessment of McDowell Ovens offer from Universal Motion; analysis of inventory offer from Almost Perfect; organization of supplier and vendor agreements; dealing with employee issues.	7.5
5-Dec-13	White, Robyn	WEPPA matters with M. Ng; review and amend correspondence to creditors.	0.1



Date	Professional	Description	Hrs.
5-Dec-13	Ng, Margaret	Update Notice to Employees; print notices and prepare proof of claim forms and statement A for each individual employee; prepare mailing labels; e-file with Service Canada re Trustee information.	1.2
6-Dec-13	O'Looney, Cathal	Meeting with Surplus Liquidator re the frozen inventory; coordination of Avondale pickup - sale of inventory; onsite meeting and product review with the Canadian Food Inspection Agency; plant visit by Cott - J. Berk; discussion with Sun Pac sales manager re supply and vendor agreements; discussion with almost Perfect re offer for inventory; discussion with Air Product re nitrogen tank claim; discussion with Furlaniss re McDowell Ovens.	7.5
6-Dec-13	Wong, Nathan	Marketing calls and flow up re sale of Sun Pac to send out teaser and NDA.	3.0
6-Dec-13	Marchand, Matthew	Confirm users in Firmex data room; review documents in Firmex data room; coordinate site visit with AccuVal; prepare additional employee cheque requisition form; complete CRA form RC59; call to CRA to create new payroll account RP2; fax Receivership order and RC59 form to CRA; request IT add the notice of receiver and receiver statement to the Sun Pac website.	2.1
6-Dec-13	Leung, Kevin	Phone Interview with Axial re posting Sun Pac teaser to an online business sell/buy network; email correspondence with interested parties; draft email to all BDO Partners re sending Sun Pac teaser and NDA to their clients; email correspondence with BDO Partners; send NDA to parties requesting information; provide parties with access to data room; phone call with liquidator re information about Sun Pac; request from C. O'Looney re confirmation of signed NDA from parties requesting site visit.	3.7
6-Dec-13	Cerrato, Gary	Calls with J. Berk from Cott to discuss financial position and other issues related to the Sunpac business; call with P. Kawaja from Furlaniss to discuss various issues re his potential offer; call with W. Booth and C. Moss from Menkes re issues related to the leased premises; call to D. Ordon from Danbury re his appraisal and receipt of an offer for inventory contained in the freezers; review of Sun Pac inventory appraisal; discussion with Ken from Universal Motion regarding the conditions in his offer and provide contact information for Loblaws and Weston's; correspondence and discussions with M. Dato from BMO regarding banking issues and reports; email	3.7



Date	Professional	Description	Hrs.
		correspondence with G. Rambough requiring him to turn over the banking fob to obtain online banking access; dealing with queries from prospective bidders.	
9-Dec-13	Leung, Kevin	Email correspondence with interested parties; receive NDA and grant access to data room; email correspondence with C. O'Looney confirming interested parties' signed NDA; email B. Leddy from Axial confirming final account and teaser set up; send NDA per interested parties request; follow up on emails received throughout the day.	1.8
9-Dec-13	Davidson, Blair	Follow up on issues re inventory; telephone call with L Kofman re tainted juice inventory.	1.0
9-Dec-13	Marchand, Matthew	Review website to ensure IT assist uploaded all correct documents; discussion with G. Cerrato re McDowell Ovens financial results reported and used in CIM; prepare cheque request form for one employee's wages.	1.5
9-Dec-13	Wong, Nathan	Called buyers list to get emails in order to email out NDA and sales teaser.	2.0
9-Dec-13	O'Looney, Cathal	Italian Home Bakery site tour; Ontrack site visit re sprinklers survey; sale of goods to Direct Coffee; negotiations with Almost Perfect re pricing of inventory; discussion with Bulk Barn re bread crumbs and croutons; discussion with marketing manager re contracts between private labels and Sun Pac in terms of selling product to outside customers.	7.5
9-Dec-13	Cerrato, Gary	Calls with booth from Menkes re landlord's position vis a vis entering into a lease arrangement for only the 8,000 sq ft occupied by McDowell Ovens Division; discussions with B. Farrell from Dare to answer his questions with regard to the large "absorption" amounts contained in the financial statements and additional discussions re McDowell business operations, costs of stale bread per pound and provide him with contact details for Loblaw's and Weston's; discussions with M. Amaral to discuss issues with McDowell Ovens over applied overhead; reviewing financial information for McDowell's Ovens with M. Marchand; respond to employee calls re WEPPA; review offers for inventory; follow up call from Food Inspection Agency on inspection; respond to creditor calls; respond to call from CRA; respond to questions from prospective purchasers.	3.5



Date	Professional	Description	Hrs.
10-Dec-13	Cerrato, Gary	Call with P. Kawaja from Furtanis; further discussions with W. Booth from Menkes re various issues related to the sale process and the premises; updating A/R receipts schedule; reviewing supplier contracts; call with J. Spetter re supply contracts and restrictions re selling private label product; attend to creditor calls; dealing with calls re WEPPA.	2.5
10-Dec-13	O'Looney, Cathal	Plant tour with Evans Industrial Installations Ltd.; tour of freezer product with Confederation Freezer and Shamrock Cold Storage Inc re offsite storage; Brampton pest Control visit; plant tour with ANG systems; meeting with ex employee B. Laffore; discussion with C. Harper re potential purchasers of finished product; discussion with Tidestrading re sale of concentrate; discussion with International Cold Storage re freezer finished product; discussion with crown re tin cans in inventory; discussion with Weston bakeries re property claim.	9.5
10-Dec-13	Wong, Nathan	Called potential buyers; followed up with Coca Cola as well as First Quality; update receivable spreadsheet for C. O'Looney.	3.0
10-Dec-13	Marchand, Matthew	Provide access to data room for 2 users; prepare cheque request for employee wages;	0.4
10-Dec-13	Leung, Kevin	Receive email and phone calls from parties enquiring about the newspaper ad; sent out teasers and NDA per interested parties' request; grant access to data room; respond to email re sale process; correspondence with C. O'Looney and interest parties re site visit appointments and signed NDA confirmation; review and adjust information posted on Axial.	4.3
11-Dec-13	Leung, Kevin	Phone correspondence with interested parties; provide access to main data room; sent and retrieve signed NDA; forward site visit appointments to C. O'Looney.	0.5
11-Dec-13	Davidson, Blair	Review status memo.	1.0
11-Dec-13	Marchand, Matthew	Email M. Besner proof of claim form; discussions with G. Cerrato re: update on sales process; draft memo re: status update; draft receipts and disbursements schedule; prepare schedules for memo.	7.2
11-Dec-13	Wong, Nathan	Called potential buyers; prepared spreadsheets for C. O'Looney in regards to inventory; updated AR spreadsheet for C. O'Looney.	2.0



Date	Professional	Description	Hrs.
11-Dec-13	O'Looney, Cathal	Meeting with M. Petric (QC Manager) re analysis of concentrate; site inspection with infinity asset solutions - E. Weiler; On Track Protection on site re sprinkler fitting; ANG Systems - Richard - site visit; AccuVal-LiquiTec - Site Visit; Canadian Natural & Specialty Brands site visit; Weston Bakeries site visit; discussions with creditor - Doehler; analysis of offers to date and breakdown of inventory by dollar value and Private Label.	9.0
11-Dec-13	Cerrato, Gary	Call with V. Gibe from Coca Cola; updating A/R collections and reconciling blocked account; meeting with M. Marchand re preparing summary information for Memo to Bridging Capital; amendments to memo to Bridging Capital; attend to correspondence and calls from creditors.	3.0
12-Dec-13	Cerrato, Gary	Final edits to Bridging Capital Memo for conference call with Bridging Capital; call from L. Kofman re memo; conference call with L. Kofman, N. Sharpe, P Taylor, J. Spetter, B. Davidson and A. Lipman to discuss status of receivership proceedings; discussions with K. Thomson, prospective purchaser; return creditor calls.	3.5
12-Dec-13	O'Looney, Cathal	Call with P. Moore (McDowell Plant Manager; negotiation with Tidestrading re raw materials' arrangement of site visit with WG Corporate; discussion with TD Brands re label and packaging claim; discussion with Air Liquid re Nitrogen tank claim.	3.0
12-Dec-13	Ng, Margaret	Email to R. White and F. Kanaris re status of online filing; finalize affidavit of mail; save all files in appropriate directory.	0.7
12-Dec-13	Marchand, Matthew	Prepare cheque request for employee wages; read C. O'Looney email re: inventory; prepare cheque deposits; revise memo schedules; proof read memo; return phone call and leave voicemail for T. Waters; upload 2011 & 2012 tax returns plus memo onto Firmex website.	1.7
12-Dec-13	Davidson, Blair	Status call with Bridging Capital; follow up on tax losses and other issues.	1.5
12-Dec-13	Leung, Kevin	Email correspondence with interested parties; provide access to data room.	0.4



Date	Professional	Description	Hrs.
13-Dec-13	Leung, Kevin	Email correspondence with interest parties; provide guidance to complete offer form; provide access to data room; correspondence with C. O'Looney re site visits.	0.8
13-Dec-13	Marchand, Matthew	Email correspondence with Lassonde, Cott, & Coca-Cola re updates to data room and tax losses; phone call with T. Watters of Air Liquide Canada re: 16 compressed gas tanks on lease at Sun Pac; granted 1 user access to data room; review Air Liquid fax documents; email T. Watters re reclamation of property form and request for lease agreement.	1.0
13-Dec-13	O'Looney, Cathal	Site visit with Kii Naturals; site tour with Maynards; discussion with Tidestrading re raw materials; meeting with former employees of Sun Pac; negotiation of sale with Canadian Natural & Specialty Brands; discussion with Danbury re the raw materials/concentrate held in inventory; schedule plant tour with Asset Services; discussion with Mc Dowell plant manager.	7.5
13-Dec-13	Cerrato, Gary	Returning prospective purchaser calls and responding to questions re financial information; reviewing inventory offers received; correspondence with C. O'Looney re various issues; call from CRA.	3.0
16-Dec-13	Cerrato, Gary	Attend to calls and enquiries from prospective purchasers; reviewing financial information in order to respond to J. Berk; return calls re WEPPA claims to employees; return creditor calls; call to offeror, J. Rosetti, to discuss his offer and proceeding with same; call to security firm re fire panel alarm; email response to G. Marr from Bridging Capital.	2.9
16-Dec-13	Wong, Nathan	Going through property claims for C. O'Looney; sending proper forms to Sun Pac related persons who are claiming back their property and equipment; compiling list of claims for Cathal on spreadsheet; contacted potential buyers for Sun Pac Juice and Bread Division to gauge interest as deadline is on Thursday.	5.5
16-Dec-13	Marchand, Matthew	Phone call with T. Watters from Air Liquide re: lease agreement; email correspondence with C. O'Looney re 3rd party goods reclamation of property; discussion with N. Wong re: affidavit of personal property and reclamation of property; review and investigate financial reporting inquiry of Cott re May 2012 retained earnings.	1.7



Date	Professional	Description	Hrs.
16-Dec-13	O'Looney, Cathal	Site tour with TCL Asset Group; site tour with Asset Services; inspection of Cooler/Freezer inventory and raw materials with Danbury Sales; discussion with Air Liquide regarding the nitrogen tank claim at the site; documentary evidence of ownership requested; NDA requests for potential purchasers; scheduling of sale to direct coffee and negotiation on sale price of product; arrange payment to industrial refrigerated systems; discussion with Weston Bakeries re claim for trollies; arrange pickup schedule with Trimark re labels and packaging pickup; discussion with Loblaws re breadcrumbs and croutons in inventory; discussion with Zarkys re finished product on hand.	7.5
17-Dec-13	Marchand, Matthew	Leave voicemails for G. Rombough re internal financial statements; phone call and email correspondence with M. Greico from Mozaic Brands re: extension on bid deadline; discussion with G. Cerrato re: offer deadline extension and reclamation of property; prepare cheque requests; review Air Liquide reclamation of property document, call, and email to T. Watters re: lease agreement; review and reply to Wide Range Transportation Services re property claim.	1.2
17-Dec-13	Wong, Nathan	Updated contact information on spreadsheet related to buyers; updated spreadsheet related to property and repossession claims for C. O'Looney; forward property claim forms to claimants.	6.0
17-Dec-13	O'Looney, Cathal	TCL Asset Group Site Tour; Asset Services Site Tour; Danbury Sales Site Tour; schedule of inventory pick up for Direct Coffee; Invoice Payment for Industrial Refrigerated Systems; discussion of claim re Air Liquide; schedule Weston Bakeries to pickup re their claim for trollies; negotiation with Canadian Natural re polybag and box purchase; discussion with L. Drefus re Ocean Spray empty cans; discussion with Zarkys re inventory on hand.	7.5
17-Dec-13	Cerrato, Gary	Calls to S. Mayrand at A. Lassonde; call to J. Berk at Cott; email to B. Farrell at Dare; discussions with L. Kofman; call from G. Kotler regarding his offer for inventory; email correspondence to G. Ramborough re financial statements and questions; call to W. Booth at Menkes; respond to monitoring call re fire panel alarm; email correspondence with V. Gioe from Coca Cola.	2.4



Date	Professional	Description	Hrs.
18-Dec-13	O'Looney, Cathal	Negotiations re raw materials sale with Canadian Natural & Specialty Brands; discussion with ex employee re WEPP and payment of outstanding wages; review of Tidestrading re machinery and raw materials; review of ANG systems offer; schedule of site visit with dhrecycle re scrap; discussion with Louis Dreyfus Commodities re offer; discussion with Maritime-Ontario Freight Lines re inventory consignment held on hand and conversation with Wal-Mart re reasons for rejection of said inventory and query reactivation of PO and execution of order; discussion with Maple Leaf Foods re Mc Dowell inventory on hand; discussion with K. Reider re the truck owned by Sprinkler at the back of the Sun Pac premises; review of creditor claim from Wildeboer Dellelce LLP.	7.5
18-Dec-13	Wong, Nathan	Finish up spreadsheets related to AR; Mail merge and mail out AR; collection letters.	4.0
18-Dec-13	Wong, Nathan	Finding correct form 74 to fill out for Sun Pac suppliers who want to pick up inventory as well as requesting correct documentation; review claims.	1.5
18-Dec-13	Cerrato, Gary	Discussions with P. Kawaga from Furlaniss; call with W. Booth and others from Menkes re update on sales process; call with B. Farell from Dare Foods; call with Csaba Reider re status of his potential offer; correspondence with V. Gioe from Coca Cola; discuss A/R notification letters; draft update email to Bridging Capital; call with D. Ward re RPVN Corporation; call from Rosettti re Italian Bakery offer and status; update files; call with D. Ordon from Danbury Sales re status of his offer for concentrate and raw materials in the freezer; return employee calls re WEPPA; call with FSCO re termination of pension fund; draft letter to FSCO requesting them to appoint an Administrator to terminate/wind down the pension fund.	3.1
18-Dec-13	Marchand, Matthew	Discussion with G. Cerrato and C. O'Looney re Air Liquide lease agreement.	0.3
18-Dec-13	Davidson, Blair	Review Danbury inventory appraisal and reconcile to current inventory values.	1.0
18-Dec-13	Leung, Kevin	Correspondence with interested parties submitting offer proposals; provide access to data room; correspond with C. O'Looney and interested parties re site visits.	0.6



Date	Professional	Description	Hrs.
19-Dec-13	Leung, Kevin	Correspondence with interested parties re offer and process; provide parties with access to data room; request parties to complete offer to purchase form.	0.6
19-Dec-13	Davidson, Blair	Review offers and summary sheet.	2.0
19-Dec-13	Marchand, Matthew	Cheque deposit; phone discussion with G. Cerrato re Sun Pac sales process; create and update bid summary sheet; grant data room access to 2 users; phone conversation with E. Zeppleri from Jan K. Overwheel re letter of intent.	6.4
19-Dec-13	O'Looney, Cathal	Appointment with Van de Water re removal of inventory from warehouse; co-ordinate and inspect Direct coffee inventory sale and pickup; inspection of Weston Bakeries tray and dollies pickup re property claim; WG Pro Manufacturing Inc - Site visit by Karl Wirtz; meeting with P. Kawaja from - Furlaniss; meeting with A. Poppano re outstanding wages and WEPP; Mc Dowell tour with JK Overweel; electrical service by Menkes representatives; meeting with K. Reider on site re Nutra balance and Sprinkler property claim; meeting/site visit with Inventory Exchange re sale of finished product - T. Murphy; site visit with dhrecycle; Ontrack Protection site visit re sprinkler maintenance.	7.5
19-Dec-13	Wong, Nathan	Update Buyers spreadsheet with correct contacts and offers.	3.0
19-Dec-13	Cerrato, Gary	calls with prospective purchasers, call with Menkes; reviewing offers received and working on bid summary analysis with M. Marchand; discussions re offers with B. Davidson;	4.0
20-Dec-13	Cerrato, Gary	Dealing with C. O'Looney re various issues with inventory disposition issues; meeting with B. Davidson re update on status call with Bridging; working with M. Marchand to update offer status; further review and clarification emails with auctioneers regarding their proposals; correspondence with G. Marr from Bridging; conference call with Menkes re update on status of offers and moving forward with receivership administration; review of sales process summary sheet and discuss same with N. Wong; calls from liquidators re status of their offers; discussion with B. Davidson re tax issues; call with J. Dunbar to ask why offers received were for less than half of the appraised value.	3.6



Date	Professional	Description	Hrs.
20-Dec-13	Wong, Nathan	Update spreadsheets related to claims by suppliers as well as buyers list.	2.0
20-Dec-13	O'Looney, Cathal	Discussion with M. Morra, VP Administration, Maritime-Ontario Freight Lines re Wal-Mart inventory on hand; discussion with Air Products and Chemicals, Inc re claim for nitrogen tank; negotiations with L. Dreyfus commodities re sale of Ocean Spray raw materials; analysis of summary of bids.	5.5
20-Dec-13	Marchand, Matthew	Send NDA to interested party; send equipment appraisals to B. Davidson; phone call with G. Cerrato re: bid offers; review bid offers with C. O'Looney; contact bidders to clarify offer details; update bid offer summary sheet; revise Sun Pac advertisement; grant access one user access to data room.	4.9
20-Dec-13	Davidson, Blair	Telephone call with N. Sharpe and L. Kofman re sale process results; telephone call with Sabito D Slimowitz; various telephone calls with J. Johnston of Century; prepare tax teaser review target list.	2.5
20-Dec-13	Leung, Kevin	Phone and email correspondence with interested parties; phone call w/ liquidator re timeline extension; sent and retrieve signed NDA; grant access to main data room.	0.7
23-Dec-13	Davidson, Blair	Telephone call with M. McIntosh; telephone call with L. Kofman; conference call re tax losses; draft Liquidation Services Agreement.	2.0
23-Dec-13	O'Looney, Cathal	Turn off main city gas supply line at the exterior of building; coordinate pickup by Trimark with their property claim i.e juice; Mc Dowell Plant Tour with Canbrands Specialty Foods (R. Cundari); analysis of Poly bag transfer from Sun Pac to over the Rainbow; discussion with Bulk Barn re accounts receivable balance; arrangement with Maynards re site visit over the holidays; calculation and payment of employee outstanding wages; discussion with Weston Bakeries re sale of large sacks of croutons.	7.5
23-Dec-13	Wong, Nathan	Giving access to data room to potential buyers; updating buyers list with correct information to send over to G. Cerrato; requesting and documenting NDAs.	3.0
24-Dec-13	O'Looney, Cathal	Discussion with Flanagan Food service regarding outstanding amount per accounts receivable listing; discussion with Di Pardo foods re sale of pallets; analysis of recycling offer from G. Syriani.	2.25



Date	Professional	Description	Hrs.
24-Dec-13	Wong, Nathan	Organizing files for Cathal in regards to sold inventory; giving out NDAs and Firmex data room access to potential buyers.	1.5
24-Dec-13	Davidson, Blair	Update LSA; conf call with Menkes and Bridging capital re results of the sales process; various emails re auction deals.	2.5
27-Dec-13	Davidson, Blair	Telephone call with J. Lorito re tax losses.	0.5
27-Dec-13	O'Looney, Cathal	Meeting with potential liquidators Maynards and answering their queries; plant visit and tour with M. Mc Intosh & Jim Hodder; responding to receivership related issues re claims and employees.	3.3
30-Dec-13	Davidson, Blair	Draft Receiver's First report re auction approval.	2.5
31-Dec-13	Davidson, Blair	Telephone call with M. McIntosh of Maynards to finalize LSA.	0.5
31-Dec-13	Cerrato, Gary	Reviewing report and confidential supplement and make amendments; preparing R&D.	2.5



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BDO Canada Limited
 123 Front Street W, Suite 1200
 Toronto ON M5J 2M2 Canada

INVOICE

Sun Pac Foods Limited
 10 Sun Pac Blvd.
 Brampton, ON
 L6S 4R5

<i>Date</i>	<i>Invoice No.</i>
8 April 2014	#87739284

Re Sun Pac Foods Limited

FOR PROFESSIONAL SERVICES RENDERED in connection with the above-noted Receivership Engagement for the period from to 2 January 2014 to 31 March 2014 as per the details below:

Our Fee In All		\$ 122,452.75
Add Disbursements:		
Purchase of Extension Cord	19.99	
Couriers	225.00	
Telephone / Conference Calls	8.50	
Redirection of Mail	140.00	
Meals	15.52	
Travel / Mileage	535.39	944.40
		<u>123,397.15</u>
Discount Given		(10,000.00)
Sub-Total		<u>113,397.15</u>
HST - 13.0% (#R101518124)		14,741.63
Total Due		<u><u>\$ 128,138.78</u></u>

Summary of Time Charges:

	Hours	Rate	Amount
B. Davidson, Partner	22.70	510.00	11,577.00
E. Migus, Partner	0.10	510.00	51.00
G. Cerrato, Senior Manager	96.70	450.00	43,515.00
P. Naumis, Senior Manager	0.25	350.00	87.50
C. O'Looney, Senior	237.00	200.00	47,400.00
R. White, Senior Manager	0.10	410.00	41.00
K. Ahsan, Senior Financial Analyst	1.50	250.00	375.00
M. Marchand, Senior	7.20	175.00	1,260.00
M. McGill, Jr. Administrator	3.20	205.00	656.00
M. Morataya, Administrator	0.25	130.00	32.50
N. Wong, Administrator	33.45	175.00	5,853.75
N. Diaz-Lee, Jr. Administrator	43.00	142.00	6,106.00
Administrative Support	36.70		5,498.00
TOTAL	<u><u>482.15</u></u>		<u><u>\$ 122,452.75</u></u>



Date	Professional	Description	Hrs.
2-Jan-14	Wong, Nathan	Assist B. Davidson with court report; go through CIM and isolate parcel asset list; speak with C. Botticella in regards to CIM and report; update AR spreadsheet for receivables that have been collected; help Cathal set up Mail Redirect using company credit card online.	4.5
2-Jan-14	Davidson, Blair	Telephone call to J. Lorito, Bridging and Chaitons re tax loss realization; update First report with changes from counsel; finalize Liquidation Services Agreement; telephone call with C. Reider re status.	3.0
2-Jan-14	Ahsan, Khal	Sun Pac buyers list compilation.	1.5
2-Jan-14	O'Looney, Cathal	CBRE (H. de Bruin) visit to show potential tenants the site; arrange visit for Ontrack Fire Protection - R. Burns inspected the alarm going off at the panel; meeting with S. Siberan (ex employee) on site to update staff on current situation; Industrial Refrigeration Ltd. (R. Bailey) on site to review ammonia leak issue; call with SRI Sales and Sabrina Wholesale foods re accounts receivable; review of draft First Report of the Receiver for our motion as well as confidential supplement; call with Wal-Mart re breadcrumbs inventory; call with Air Products re nitrogen tank claim; call with Maritime Ontario Freight (M. Morro) re inventory they have in storage owned by Sun Pac.	7.5
2-Jan-14	Marchand, Matthew	Cheque request for employee wages; listen to voicemail from Infinity Asset Solutions and Accuval.	0.2
3-Jan-14	Marchand, Matthew	Telephone call with J. Moran from Accuval re Sun Pac bid; phone call with Loeb re Sun Pac bid; review mail; cheque request; update payroll calculation spreadsheet.	0.9
3-Jan-14	O'Looney, Cathal	N. di Iorio on site to assist with forklift in terms of fixing the ammonia leak in the freezer; M. McIntosh (Maynards) on site to take pictures of the equipment to facilitate the auction setup; OnTrack Protection on site to fix leaking hose in the main warehouse as per fire department requirements; discussion with P. Moore (Mc Dowell Plant Manager) to discuss shelf life of breadcrumbs and croutons, as well as the need for sampling and possible contamination of the product sitting in the plant; discussion with Mercer, the FSCO appointed administrator detailing their requirements from Sun Pac and arranging a site visit for collection of files; arrange visit for Air Products removal company to determine the complexities in terms of removing their Nitrogen tank; returning calls to ex Sun Pac employees	7.5



Date	Professional	Description	Hrs.
		N. Le Drew, A. Pappano, M. Minhas in relation to the outcome of the sales process; discussion with The Bargain Shop relating to accounts receivable.	
3-Jan-14	Davidson, Blair	Finalize and issue First report; review form of Order; follow up on sending tax teaser to additional list of targets.	2.0
3-Jan-14	Wong, Nathan	Call and email buyers on second buyers list that B. Davidson provided; update Sun Pac AR listing as per information provided by C. O'Looney.	4.0
3-Jan-14	White, Robyn	Discuss with F. Kanaris status of WEPPA.	0.1
6-Jan-14	Wong, Nathan	Sent out remaining AR letters for Sun Pac related to Wal-Mart and National Grocers; contacted the rest of Sun Pac Buyers List for NDA's. Updated AR spreadsheet for C. O'Looney.	4.0
6-Jan-14	McGill, Mackenzie	WEPPA Administration; update Service Canada claims for employees who filed their proof of claim with the Receiver.	1.2
6-Jan-14	Cerrato, Gary	Reviewing correspondence received while on vacation; discussions with B. Davidson re administration; meeting with C. O'Looney to get updated on status of various issues; returning creditor calls.	2.7
6-Jan-14	Davidson, Blair	Deal with Private label inventory issue with counsel re sale of inventory; tax loss discussions with J. Lorito and H. Chaiton.	1.2
6-Jan-14	Marchand, Matthew	Telephone call to CRA re payroll account RP0002 and business consent form RC59; refax RC59 form to CRA; cheque request; phone call with Lenny from Loeb re: Sun Pac bid.	0.8
6-Jan-14	O'Looney, Cathal	Discussions with Wal-Mart in terms of them taking the frozen inventory held offsite by Maritime Ontario Freight; discussions with Wal-Mart bakery in relation to purchase of breadcrumbs on hand; arrange visit re lift plan for nitrogen tank; employee call re outstanding wages (R. Lamlal); call with Euler Hermes in relation to insurance on a creditor unpaid invoices; mailing and emailing remaining AR letters; arrange Payroll Manager visit on site; arrange with Maynards for key handover; arrange appointment visit for Mercer (Pension Administrators); discussion with T. Murphy (The Inventory Exchange) re product on hand; arrange visit time with Van De Water re inventory removal.	4.5



Date	Professional	Description	Hrs.
7-Jan-14	O'Looney, Cathal	Access to Van de Water employee; meeting with Region of Peel and drafting of letter in relation to canceling wastewater sampling; provide site access to Maynards; answer inventory/fixtures related queries (discussion re contacts and offers on inventory); keys (Property Access) handover to Maynards; discussion with BMO regarding bank access; arrangement of Sun Pac mail redirection; call with Nutrabalance re property claim; invoice sent to Van de Water re outstanding rent; discussion with N. Shipley (Canada Bread) re situation with Sun Pac; arrange time with Menkes re visit to investigate pet food odor in plant.	5.5
7-Jan-14	Marchand, Matthew	Email correspondence with C. O'Looney and G. Cerrato re interested parties listing; create contact listing for Maynards; phone call with Lenny from Loeb re Sun Pac offers.	0.5
7-Jan-14	Cerrato, Gary	Attendance at the company's premises; meeting with C. O'Looney to discuss issues with having third party assets removed by lessors, discussions re packaging and dealing with liquidator; attend meeting at Menkes head office with prospective purchaser for the business en bloc.	4.0
7-Jan-14	McGill, Mackenzie	WEPPA administration; update online Service Canada claims re employees who have now filed their proof of claim with the Receiver.	0.3
7-Jan-14	Wong, Nathan	Calling and following up on what is left of the Buyers listing as provided by B. Davidson for the tax losses.	2.5
8-Jan-14	Wong, Nathan	Send out NDA's as per people provided by Graham from Bridging Capital; provide access to data room.	0.7
8-Jan-14	McGill, Mackenzie	WEPPA administration; update online Service Canada claims re employees who have now filed their proof of claim with the Receiver.	0.2
8-Jan-14	Marchand, Matthew	Telephone call to CRA re business consent and source deductions remittance; discussion with G. Cerrato and C. O'Looney re Sun Pac asset's listed in CIM and lease agreement.	0.9
8-Jan-14	O'Looney, Cathal	Meeting with M. Minhas (Sun Pac plant manager to answer his queries as he said he is been contacted by a number of the former employees); discussion with Metro Inventory Manager re breadcrumbs and frozen product; call with The Inventory Exchange (potential mover of Loblaw product); discussion with National Brand Marketing Company (D. McArthur) re 2% discount for C. Brothers AR due to program in place for	5.5



Date	Professional	Description	Hrs.
		members; notifying Van de Water and OTR to remove their inventory and fixtures from the premises by Jan 17th; discussion with Metro Business Development and Negotiation Manager re taking the Metro breadcrumbs packaging/boxes; discussion with Ocean Spray regarding getting their new supplier (Louis Dreyfus) to take the Ocean Spray packaging; forward inventory expiry dates to Wal-Mart re frozen product held off site; mail EDC re insurance on outstanding AR; Call with ex employee K. Sanger re outstanding wages.	
9-Jan-14	O'Looney, Cathal	Maynards on site to view fixtures; facilitate access and movement for Van de Water moving their product; Site visit from Menkes re plant odor issue; meeting with N. Gordon and E. Muto to discuss various facility issues; meeting with D. Hartford re removal of nitrogen tank (Air Products property claim); facilitate site visit for Brampton Pest Control (S. Parsons); meeting and receiving property claim from ex employee (S. Siberan) for onsite scaffolding and facilitating removal; meeting with Mercer (appointed pension plan administrators) to discuss their action plan and coordination of removal of required files; arrange meeting with Angela on site to assist Mercer in locating necessary pension and employee payroll files; R. Leung on site to fix Angelas PC; collection of necessary invoice backup in order to facilitate collection of accounts receivable.	7.5
9-Jan-14	Davidson, Blair	Prepare for and attend court for approval of the Maynards deal; deal with issues raised by the landlord and Reider's counsel; telephone call with L. Kofman re status update.	3.0
9-Jan-14	Marchand, Matthew	Telephone call with CRA re payroll deductions; calculate deductions for remittance periods, cheque request; remove incorrect documents from Firmex website; request IT upload documents to bdo.ca/sunpac website.	1.3
9-Jan-14	Cerrato, Gary	Respond to correspondence from J. Spetter re ammonia compressors; review of the appraisals to determine the liquidation values of the compressors; review of correspondence from T. Barden re removal of his inventory from the premises; reviewing accounts receivable collections; discussions with B. Davidson re compressor issue; dealing with correspondence from C. O'Looney re various administrative issues; meeting with M. Marchand to instruct him to set up CRA accounts; respond to call from CRA auditor; call with Mercer, the pension administrator re winding up pension plan; call with M. McIntosh re compressors.	2.9



Date	Professional	Description	Hrs.
9-Jan-14	Wong, Nathan	Put together spreadsheet for B. Davidson in regards to Buyers List for people contacted since December 19; helped scanned over Pension Payments from Manulife and Great West Life to C. O'Looney; prepare excel spreadsheet.	3.0
10-Jan-14	Wong, Nathan	AR collections activity.	1.0
10-Jan-14	Cerrato, Gary	Provide instruction to C. O'Looney on EDC insurance on A/R; discussions re various outstanding site issues raised by Menkes; field call from C. Moss re site issues; return creditor calls; return calls from former employees re WEPPA and pension issues; review of inventory analysis; discussions with M. McIntosh re dealing with inventory sales after update from C. O'Looney.	1.6
10-Jan-14	Morataya, Mario	Creditor correspondence.	0.25
10-Jan-14	O'Looney, Cathal	Meeting with N. Gordon (Menkes) re various outstanding site issues; onsite visit of the Vertility group of companies (17 people in attendance) fielding various questions re the fixtures, equipment and inventory; travel to and from the site with N. Gordon; meeting with J. Hodder from Maynards Liquidators to discuss various issues on site including granting access as we will not be on site very much going forward as well as removal of electronic and physical records; discussion with T. Bargaen (Van de Water) re inventory rental period and action plan; draft email on Sun Pac update re AR, access, inventory, employees, operations, mail; draft cost benefit analysis of external storage of frozen product; arrange Ontrack Protection access for annual fire alarm inspection; contact EDC re insurance of bankrupt account receivables in a bid to make a claim; sending necessary contact information to M. McIntosh (Maynards) to facilitate sales and equipment knowledge.	6.5
13-Jan-14	O'Looney, Cathal	Call with Menkes (E. Muto) discussing outstanding issues; meeting with G. Cerrato discussing AR collection, Maynards issues re inventory and Ammonia room compactors and legal issues surrounding Private label inventory; conference call with Mike McIntosh (Maynards) and G. Cerrato discussing action plan; arrange online access to the receiver bank account; review insurance documents; review lawyers memo re issues around private label inventory; review memo re tainted juice; discuss T4s with payroll manager; arrange for books and records to be collected from the Sun Pac facility.	5.5



Date	Professional	Description	Hrs.
13-Jan-14	Marchand, Matthew	Email correspondence with M. McIntosh re bid offers; discussion with C. O'Looney re remittance of post receivership employee source deductions.	0.1
13-Jan-14	Davidson, Blair	Telephone call with Menkes re landlord issues; emails with Maynards re auction issues; follow up on tax loss sale.	1.5
13-Jan-14	Cerrato, Gary	Meeting with C. O'Looney to review status of various issues, inventory issues; accounts receivable collection issues; dealing with list of items provided by landlord of issues at the premises that need correcting; conference call with M. McIntosh from Maynards to discuss various issues with private label inventory, packaging with marks and the inventory contained in the freezers; call to CRA to follow up on source deductions audit; return calls to two former employees regarding their pensions; update discussions with B. Davidson; final review of invoice.	3.7
13-Jan-14	Wong, Nathan	Correspondence with mail redirect contact at post office in regards to clarifying postal address at BDO.	0.4
13-Jan-14	Kanaris, Frieda	Review proofs of claim; telephone calls from employees.	0.3
14-Jan-14	McGill, Mackenzie	WEPPA Administration' update online Service Canada claims re employees who have now filed their proof of claim with the Receiver.	0.4
14-Jan-14	Cerrato, Gary	Attendance at the company's premises; meeting with Maynards re inventory strategy and discussions regarding tank farm removal; meeting with Menkes to tour the facility and to discuss dealing with the ammonia compressors and discussions regarding asset removal issues; call with Mercer, pension administrator, to discuss various issues with the pension wind down.	3.3
14-Jan-14	O'Looney, Cathal	Van de Water onsite removing their inventory; Maynards Liquidators and Menkes onsite; contact WSIB re filing returns since our appointment; call with FCI Brands re crouton super sac potential purchase; arrange pickup of physical files (books and records); call with Maritime Ontario Freight re frozen product held offsite for potential sale to Wal-Mart; Mail to Wal-Mart re same inventory; provide Maynards with more inventory offers and contacts; certificate of Analysis for concentrate provided to Maynards.	5.5



Date	Professional	Description	Hrs.
11-Dec-13	Migus, Eugene	Communication with B. Davidson regarding receivership application.	0.1
15-Jan-14	O'Looney, Cathal	Courier to pickup pension files for Mercer; calls with former employee to arrange "super sac" crouton removal; call with former employee requesting liquidation details; Calls to debtors re collection of accounts receivable and faxing relevant backup; arrange payment for Roger Leung (IT manager); Call with WSIB re outstanding amount; Gaining consent from Metro to donate their product; transfer of Ocean Spray purchaser to Maynards liquidators to facilitate purchase; contact McPherson trustee to get dividend payout details re MVR account receivable collection; discuss T4 production with Payroll Manager; discussion with sale manager to obtain vendor numbers for various Wal-Mart supplies - AR; contact Upak and Van de Water re unauthorized removal of cardboard compactor unit.	6.0
15-Jan-14	Marchand, Matthew	Request IT update extranet website with pension plan administrator letter; review website after update.	0.2
15-Jan-14	Cerrato, Gary	Reviewing and approving cheque requisitions for expenses; call with C. Moss from Menkes to enquire about ammonia compressor settlement and update on status of meetings with prospective purchaser; call with M. McIntosh from Maynard regarding inventory disposition issues; review of correspondence received from Mercer, pension administrator.	1.7
15-Jan-14	McGill, Mackenzie	WEPPA administration; update Service Canada re Proofs of Claim received.	0.4
16-Jan-14	McGill, Mackenzie	WEPPA administration; update online Service Canada claims re employees who have now filed their proof of claim with the Receiver.	0.2
16-Jan-14	Cerrato, Gary	Call with J. Spetter to discuss Receiver's final position re private label inventory; correspondence with S. Golden from Marsh insurance brokers regarding renewal of insurance policies; respond to call from M. DaSilva, former employee, re denial of his WEPPA claim by Service Canada; reviewing correspondence from C. O'Looney re various administrative issues; call with J. Spetter regarding the Receiver's position vis a vis the ammonia compressors and discuss drafting motion materials and response to Menkes counsel on their counter offer of 1 day rent free period; discussion with B. Davidson re receivership of Liquidbrands; review of PPSA search for Liquidbrands.	2.7



Date	Professional	Description	Hrs.
16-Jan-14	Davidson, Blair	Various emails and discussions re compressor dispute.	1.0
16-Jan-14	O'Looney, Cathal	Calls with Canada Bread (N. Shipley) re crumbs and auction details, Wal-Mart re collection of accounts receivable, Canada Revenue Agency re source deduction audit arranging appointment time as well as necessary documentation to be presented, Bell re internet issues; Van de Water moving their product from site; two employees on site disposing of "super sac" of croutons; discussion with Bell re outstanding bills; call with Upak re outstanding account; call with Sysco re collection of debt (AR); Request to Loblaw re donating their private label; Request bank account access from BMO; request confirmation from Wal-Mart to donate their breadcrumbs; call with Menkes re onsite visit; follow up receivables collections.	6.0
17-Jan-14	O'Looney, Cathal	Wages calculation and payment for R. Ramlal, G. Dhanirm and R. Leung; discussion with S. McManus (Loblaws) re action plan re their inventory to ensure it does not get into the mass public; search for vendor numbers re Wal-Mart and Metro to create tickets regarding accounts receivable collection; discussion with Upak disposals (T. O'Connor) about the movement of compactors and requirement to file property claim, clarifying ownership of compactors on site; creation of case ID with Bell to disconnect service; call with Nutrabalance re property claim; Arrange facility access for CRA to conduct audit; consult and provide backup to N. D'Heilly (Loblaws) re outstanding National Grocers receivables; discussion with H. Schrier and Canada Bread re collection of receivables.	6.0
17-Jan-14	Marchand, Matthew	Review user log in reports to Sun Pac Firmex data room.	0.2
17-Jan-14	Cerrato, Gary	Review of supplemental report and make minor revisions; discussions with J. Spetter re same; quick review of responding motion record; review of landlord agreement; provide update to G. Rambough re T4 preparation; call to Mercer to follow up on pension adjustment calculations.	1.3
17-Jan-14	Wong, Nathan	Forward proper form to fill out for the reclamation of property for Nutrabalance who have cases of finished goods sitting in their warehouse; reviewing Property claim.	2.0
20-Jan-14	Cerrato, Gary	Call with J. Spetter re ammonia compressors and discussions regarding Menkes motion wherein they are seeking a declaration that the impugned July 2013 agreement is invalid as between Menkes and BCI	3.3



Date	Professional	Description	Hrs.
		thereby invalidating the Receiver's rent free period of 12 weeks; reviewing motion material re same; discussions with B. Davidson re same; reviewing emails from C. O'Looney re various administrative issues; searching Csaba Reider's emails to determine if he ever provided Menkes with the appraisals which clearly show that Sun Pac was getting financing from BCI for equipment including the ammonia compressors; returning creditor calls; correspondence with Chaitons re granting access to premises.	
20-Jan-14	Davidson, Blair	Various emails re compressor issue; follow up on assignment of Menkes agreement re rent free period; follow up on Liquidbrands receivership.	1.3
20-Jan-14	O'Looney, Cathal	Call with WSIB re opening new account for filing and paying outstanding amount; call with Monarch plastic re reclamation of bottles; discussion with Bell re cancelling service; Call with Ontario Freight re Wal-Mart product; call with C. Cousins (external IT contractor) and R. Leung (IT Manager) to obtain historic management email access; call with Canada Bread re outstanding accounts receivable collection; arrange engineer access to the site; arrange CRA access for onsite audit through payroll manager.	6.0
21-Jan-14	O'Looney, Cathal	Menkes onsite to review below Slab Tank Cleaning Restoration; arrange for Hazardous Waste Account to be registered and paid; detailed conversation with E. Guinyou (Loblaw Finance Director, discussed outstanding amounts relating to Western Grocer, National Grocers and Provigo Distribution accounts receivable, was given detailed listing of the cheques Loblaws were paying the receiver; Discussion with EDC in relation to insurance in place for bankrupt account receivables and review of documentation; Requesting a PO from Wal-Mart re frozen product held by Ontario Freight; call with BMO re online access to Sun Pac accounts; discussion with payroll manager re requirements of CRA audit; request Bell to cancel phone service; call with Wal-Mart outstanding AR; Request from Finance VP location of specific company records.	6.0
21-Jan-14	Marchand, Matthew	Send NDA to interested party.	0.1
21-Jan-14	Cerrato, Gary	Attend to call from C. Moss from Menkes to discuss issues with heaters in the Derby section of the Sun Pac plant and discuss issues related to the maintenance required to run the ammonia compressors; call with J. Spetter regarding the landlord's contention that the Receiver is not covered by the 12 week rent free	3.7



Date	Professional	Description	Hrs.
		period in the "Agreement of Landlord" executed between BCI and Menkes given that BCI had assigned its security prior to entering into the agreement with the landlord; discussions with C. O'Looney re accounts receivable collections update and review the status of the Loblaws and Wal-Mart accounts; review emails from BCI re providing NDA's to additional parties; return creditor call; respond to email from G. Rombough re T4 preparation; discussions with C. O'Looney to deal with heater issues in the Derby plant; discussions with B. Davidson re issues with Menkes and occupation rent issue; start to draft memo re occupation rent issue for second supplemental report.	
21-Jan-14	Wong, Nathan	Providing Access to the data room for various interested parties.	0.5
22-Jan-14	Cerrato, Gary	Review of email from counsel re landlord's position re occupation rent; discussions with J. Spetter re same; finalize occupation rent memo; call with M. McIntosh from Maynards to discuss amendments to the Liquidation Services Agreement in view of the issues with the ammonia compressors and the private label inventory; review and approve cheque requisitions; discussions with B. Davidson re file; draft email re amendments to Liquidation Services Agreement; review pension adjustment calculations provided by Pension Administrator, Mercer; discussions with C. O'Looney re inventory and accounts receivable recoveries to prepare schedule of estimated recovery for BCI; call from C. Moss re problems with heating in the "Derby" section of the Sun Pac Plant; draft email response re heating issue and advise landlord of the receiver's intention to shut down the freezers.	3.1
22-Jan-14	Marchand, Matthew	Request IT update the BDO Sun Pac website with motion record, supplement, exhibits, and response documents in a specified order.	0.2
22-Jan-14	Davidson, Blair	Review rent claim by Menkes; review issues re Liquidbrands litigation and pending receivership.	0.5
22-Jan-14	O'Looney, Cathal	Discussion with E. Pavlovic (CRA) re source deduction audit and requirements; arrange G. Watts (HVAC) to visit premises to resolve the temperature issue in the Derby plant re possibility of frozen sprinkler pipes; arrange access to site for HH Angus engineers; Menkes onsite visit; call with Metro Ontario to discuss outstanding accounts receivable; discuss with Payroll Manager the T4s and arrange action plan re their production; collate backup for WSIB outstanding amounts; discussion with R. Leung (IT Manager) re the	7.0



Date	Professional	Description	Hrs.
		requirement to maintain the Sun Pac domains and gaining access to the website; discussion with Maynards re Inventory; discussion with H Schrier Food Service re outstanding account receivable; recoverability Analysis on outstanding accounts receivables.	
23-Jan-14	O'Looney, Cathal	Call with C. Cousins re removal of server information; call with S. Henderson (Maynards) to get a physical count on the GV product to arrange sale; call with N. Le Drew around the sale of McDowell brand name discussing potential interested parties; discussion with Bell requesting update re service disconnection; discussion with J. Hodder, Maynards; call with Mercer to discuss whether the disability claims cheques need to be sent to Mercer or back to the insurer; review correspondence in relation to property claim for the vending machines onsite (Select Vending Solutions); call with WSIB to arrange new account post receivership and calculation and payment of amount for 2013 post receivership appointment; reconciliation of what Wal-Mart owe Sun Pac and discussion payment terms with them; setup of Sun Pac server in our office to gather all company records; Setup of sale to Wal-Mart for offsite stored stock, draft invoice in accordance with Wal-Mart requirement, organize transport, organize timing and place of delivery, in depth discussion with Wal-Mart around setting up payment for the product , discuss with G. Cerrato re the merits of the sale.	7.25
23-Jan-14	Marchand, Matthew	Review updates to website.	0.1
23-Jan-14	Cerrato, Gary	Prepare schedule of estimated realization; call with J. Spetter re preparing the Receiver's responding motion materials regarding the rent issue; meeting with C. O'Looney re recoveries from inventory and accounts receivable.	3.1
23-Jan-14	Wong, Nathan	Gave access to data room to G. Marr's associates.	0.35
24-Jan-14	Wong, Nathan	Accepted NDAs from R. Edmonds and J. Fielden and provided access to data room.	0.5
24-Jan-14	Davidson, Blair	Conference call with Bridging and legal counsel re D. Wires email re Liquidbrands and Menkes motion record re rent free period.	0.5



Date	Professional	Description	Hrs.
24-Jan-14	O'Looney, Cathal	Calculate and pay employees wages; arrange access to the Sun Pac bank account online; call to ADP to get them to do our T4s, forward them the court order; Spoke to WSIB re setting up a new account; spoke to payroll manager re outstanding HST and WSIB returns; deal with warehouse manager re books and records requirements; discussion with Canada Revenue (Ed Pavlovic) re T4 preparation; discussion with Nutrabalance re property claim; work on Schedule of Estimated Recovery; send proof of claim to creditors; Arrange website access for the liquidators to enhance their marketing of the auction; communication with Menkes re site visits; discussion with Wal-Mart re outstanding amounts on the AR listing; Communicate with Mercer, re pension queries and with RBC re pension analysis documents.	5.5
27-Jan-14	O'Looney, Cathal	On site with former owner C. Reider re potential financiers tour of the facility; arranging books and records which need to be stored; discussion with payroll manager re outstanding T4's and tax returns; Seek and prepare further records as required for Mercer re pension calculations; detailed discussion with M. Morro (Maritime Ontario Freight) in a bid to save the sale of frozen offsite product to Wal-Mart; memo to G. Cerrato update; discussion with IT manager re offsite electronic storage; call with employee re WEPPA.	4.5
27-Jan-14	Cerrato, Gary	Update schedule of estimated realization; return call to Janice from Hydro One Brampton re realization and projected distribution; review and approve cheque requisitions.	2.1
28-Jan-14	Cerrato, Gary	Review of Receiver's Second Supplemental Report; review of correspondence from J. Spetter re Finland Arbitration issues; discussions with C O'Looney re Loblaws donations and discussion re completing sale of inventory at the carrier to Wal-Mart; discuss with B. Davidson schedule of recovery; review of changes to same; return call from MNP re possible interested purchaser; call from CIMCO re freezer issues and maintenance.	1.7
28-Jan-14	O'Looney, Cathal	Discussion with M. Morro, Maritime Ontario Freight re delivery of Great value product which is held at their site, arrange delivery, provide PO and agree costs of transport; call with H Schrier Foods re outstanding AR; discussion with Van de Water re outstanding rent for January; call with payroll manager re HST and WSIB returns and review; review of Estimated Recovery Schedule; Arrange delivery dates and times with Wal-	5.1



Date	Professional	Description	Hrs.
		Mart re sale of frozen product held offsite (\$19,407.84), discuss payment terms, ensuring no offsets and provide receiver bank details; Advise Maynards on disposal of inventory; Discuss with Mercer the action plan re the disability claims cheques.	
28-Jan-14	Davidson, Blair	Review security position analysis and Second Supplementary report re rent free period.	1.0
29-Jan-14	O'Looney, Cathal	Negotiation with Wal-Mart re sale of product held onsite and product held offsite by third party; Calls with Menkes (landlord); Call with Industrial Refrigeration re access to the site to survey the ammonia turnoff; call with Bell re phone service disconnection; call with E. Pavlovic (CRA) re source deduction audit and outstanding HST; discussion with H. Schrier and reconciliation of account receivable - cheque received	1.9
29-Jan-14	O'Looney, Cathal	Discussion with Mercer and forwarding relevant information re disability claims from Manulife and Great West Insurers; call with Clive Cousins (IT) to discuss the action plan around removing the server and associated accounting information from the Sun Pac facility and setting it up in-house for future usage.	1.1
29-Jan-14	O'Looney, Cathal	Discussion with Great West Life re any deposit that they may have held on account owing to Sun Pac and discussing termination of policy; Discussion with Roanoke Trade Insurance Brokers re claim relating to US customs; Discussion with Loblaws and provide supporting documentation re Provigo Distribution claim; Discussion with Western Grocers re update on outstanding receivables; Discussion with Maynards re prospective inventory sales; Call with Wal-Mart re collection of accounts receivables for which tickets have already been filed; Call with BMO re bank access issues; Call and email follow up with Duso Foods re accounts receivables; Discussion with Metro Ontario re requirement for backup documentation for their credit offset against AR.	1.85
29-Jan-14	Cerrato, Gary	Review of draft receiver's supplemental report; review of 852 motion materials in response to Menkes motion record.	1.0



Date	Professional	Description	Hrs.
31-Jan-14	Cerrato, Gary	Discussions with C. O'Looney re sale of inventory to Wal-Mart; review accounts receivable report from Wal-Mart; review of responding C. Moss affidavit, review of email from J. Spetter; call to J. Spetter to clarify deadline for the Rent Free period.	1.4
31-Jan-14	O'Looney, Cathal	Draft Cheque for Maritime Ontario, delivered to M. Morro in office; call with J. McAfee (Second Harvest) re Loblaw donations; get Maynards to reconfirm final counts of Great Value in the freezer and negotiate with Wal-Mart to take all the product ie more than their order; invoice Wal-Mart and arrange transport of product with Maynards; calculation and arrange payment for payroll managers wages; discussion with ADP re T4s as they have put account is on hold; register for EHT; Calculation and payment of source deductions for Jan 14.	4.5
31-Jan-14	Marchand, Matthew	Discussion with C. O'Looney re HST and source deductions remittances.	0.2
3-Feb-14	O'Looney, Cathal	Call with Maple Leaf re them repackaging the No Name breadcrumbs; call with ADP to ensure the T4's are going to be produced; meeting with G Cerrato to discuss action plan re ammonia freezers and calls to Simco and Industrial Refrigeration to assist the decision; Set up action plan re donation of frozen Metro product to Knights Table food bank; call with Second Harvest re energy drink donations; call with CRA re outstanding returns; call to Winnipeg Harvest re donations; reconcile Wal-Mart receivables and request payment; confirmation of shipment to Wal-Mart warehouse; discussion with Bell re service disconnection; call with Maynards to establish recovery on liquidators inventory sales.	4.35
3-Feb-14	Cerrato, Gary	Conference call with Menkes re shutting down the freezers; call with Industrial Refrigerated Systems Inc. re various methods to shutting down the ammonia compressors; call with CIMCO re same; discussions re inventory sales and donations.	1.5
3-Feb-14	Wong, Nathan	Talked to Cathal in terms of claims and reclamation of property forms sent to Sun Pac stakeholders.	0.4



Date	Professional	Description	Hrs.
4-Feb-14	O'Looney, Cathal	Call with Demenz Restaurant re outstanding accounts receivable and reconcile account; contact Loblaw re authorization of donations; follow up with Moisson Montreal, Winnipeg Harvest, Second Harvest, Calgary Interfaith food bank, Feed Nova Scotia and Greater Vancouver Food bank re PC donation and detail on the product; follow up with creditors statement of account; follow up with ADP and make payment for T4 calculations; request new GST/HST account to be opened for receiver of Sun Pac and file appropriate form; communicate with Sun Pac director re boxing books and records; Communicate with potential croutons repacked.	4.1
4-Feb-14	Naumis, Peter	Creditor correspondence.	0.25
5-Feb-14	O'Looney, Cathal	Call Ontrack Protection and Basic security to deal with fire panel alarm going off onsite; discuss EHT exemption in a bid to avail of it, with Ministry of Finance; call with Canadian Food inspection Agency to discuss outstanding amount; calls to potential companies to repackage the No name breadcrumbs to prevent disposal; arrange with N Diaz Lee the delivery of boxes and the action plan to get all book and records safely stored; discuss Sun Pac account with Region of Peel re deposit to be returned for the sewer account and the liability on the water account; Update from J. Hodder (Maynards); arrange donation of product for Friday including pickup times and quantities for Moisson Montreal and Second Harvest.	4.65
6-Feb-14	O'Looney, Cathal	Arrange forklift driver for product donation and run through with him the product that needs to be donated. Discussion with Second Harvest and Moisson food banks re logistics and send disclaimer to both; File direct deposit form with CRA; draft and request January Rent cheque from Van de Water; arrange with E. Pavlovic of CRA to setup the new GST A/C for the receiver; discussion with Breadsource re repackaging breadcrumbs; call with Jim Hodder re concentrate sale; discussion with A. Pappano re T4 action plan, coordinate collection by revenue, and discuss returns and filing with Angela; confirmation of details with region of peel re outstanding amounts; call with Menkes to discuss site access next week for Derby plant work.	4.45
6-Feb-14	O'Looney, Cathal	Finalize requisite administrative checklists.	0.35



Date	Professional	Description	Hrs.
7-Feb-14	O'Looney, Cathal	Draft cheque requisitions for payroll and IT server costs; send HST figures to CRA from receiver appointment date up to an including Jan 2014 for refund as well as invoice copies of the largest HST amount; call with T. Chartrand CRA to get the HST returns send out; call with Sonoco and American Packaging re releasing the labels and printer plates for L.s Dreyfus; call with Wal-Mart re cheque for AR; draft Quality Control Checklists for Sun Pac filing; discussion with Fruterra co-packer re property claim for labels onsite; discussion with Ontrack Fire protection re recent alarm issues.	4.2
7-Feb-14	Davidson, Blair	Prepare for and attend court re Menkes rent free and compressor matter.	1.5
7-Feb-14	Wong, Nathan	Update Master target list spreadsheet for B. Davidson. talk to C. O'Looney and G. Cerrato in regards to attending upcoming auction.	2.2
7-Feb-14	Cerrato, Gary	Review of responding materials and books of authority for court; attendance at court on the Menkes motion.	4.0
10-Feb-14	Cerrato, Gary	Discussions with Maynards re auction; dealing with various issues related to the freezers, premises and other asset removal matters.	1.3
10-Feb-14	Diaz-Lee, Nigel	Inventory records and pack boxes with files for storage.	7.5
10-Feb-14	Davidson, Blair	Review judgment re Menkes action; follow up on Maynards final payment.	0.5
11-Feb-14	Marchand, Matthew	Receive voicemail from Tammy of Air Liquide re 16 tanks at Sun Pac; discuss release of property with G. Cerrato.	0.1
11-Feb-14	O'Looney, Cathal	Communicate with Menkes re leak in warehouse; arrange Bell to cancel all internet and phone lines on 11th Feb; draft and send invoice for sale of Private Label wrapping and labels; call Cimco re lowering the settings of the freezers/coolers and review quote; draft EHT payments; update with N. Wong re the auction; finalize outstanding bill with Region of Peel re waste water; deal with Menkes queries re fire alarm monitoring; follow up with Wal-Mart re collections; completion of T4' for all staff hired in 2013 post receivership appointment.	4.75
11-Feb-14	Diaz-Lee, Nigel	Inventory records and pack boxes with files for storage.	7.5



Date	Professional	Description	Hrs.
11-Feb-14	Wong, Nathan	Attend auction and record prices.	6.3
12-Feb-14	Wong, Nathan	Compile value list from auction and email it to C. O'Looney and G. Cerrato.	1.1
12-Feb-14	Diaz-Lee, Nigel	Inventory records and pack boxes with files for storage.	7.5
12-Feb-14	O'Looney, Cathal	Completion of remaining T4s and summary; calls with Villa di Manno bakery re repackaging; draft cheque requisitions and lodgment slips; discussion with Industrial Refrigeration and Cimco re addressing freezer, arrange access for Industrial Refrigeration to carry out the job; call with M Minhas, plant manager, regarding pension plan and auction; call with Wal-Mart re collection of AR and reconcile cheque received to listing; discussion with Frontline Polymers re sale and collection of PC plastics and labels; calculate wages re employee.	4.1
13-Feb-14	O'Looney, Cathal	Call with B. Schelzin re claiming the vending machines - property claim, call with Resource Recycling re getting raw materials on site destroyed; call with R. Ramlal, onsite worker re work being carried out onsite; call with Safety Kleen disposal re recycling of chemical and adhesives; call with Cimco re replacing relief valves in the ammonia mechanical room due to product recall.	0.75
13-Feb-14	Cerrato, Gary	attendance at the company's premises; post auction review with Maynards; meeting with freezer supplier to discuss shutting down the freezers and further maintenance required; tour of facility to determine various private label packaging and other items not sold.	2.5
14-Feb-14	Cerrato, Gary	Review of correspondence from landlord re premises; attend to correspondence received.	1.5
14-Feb-14	O'Looney, Cathal	Call with R. Ramlal on site worker re donations and action plan for remaining recycling; call with Second Harvest re any remaining donations; call to creditors; call to CRA re EI; call with chemical recycler.	0.75



Date	Professional	Description	Hrs.
18-Feb-14	O'Looney, Cathal	Deal with Air products re nitrogen tank claim and Air Liquide tanks; reconcile Region of Peel refund; draft wages requisition; call with creditors; discuss insurability ruling of K. Reider with CRA; discuss removal of raw materials with disposal companies; T4 adjustment; file HST electronically; engage Industrial Refrigerated to conduct weekly inspections of ammonia freezers; call with Sonoco re labels on hand.	3.1
18-Feb-14	Marchand, Matthew	Discussion with C. O'Looney re: Air Liquide property.	0.1
18-Feb-14	Cerrato, Gary	Calls with liquidator re accounting; discussions re removal of tainted juice and other private label inventory and packaging not sold; review and discussions regarding freezer shut down and weekly monitoring; review of A/R recoveries; approve deposits and cheque requisitions.	2.5
18-Feb-14	Ng, Margaret	Review proofs of claim re P. Moore and K. Reider and their payment advice from Service Canada; recalculate K. Reider's unsecured amount; update log re same.	0.3
19-Feb-14	Cerrato, Gary	Call with E. Muto from Menkes to discuss issues raised in the correspondence received from C. Moss re asset removal and restoring premises; call with J. Spetter to formulate a response to Menkes correspondence; call from S. Buikema from Menkes re same.	1.5
19-Feb-14	O'Looney, Cathal	Authorize Industrial Refrigeration for freezer weekly inspection; cancel Air Product tank removal; Discuss quantity of product on site with Safety Kleen; discussion and send proof of claim to SAI Global; discussion with creditor GXS; arrange removal of breadcrumbs/croutons with planet earth recycling for Friday; discuss McDowell product with Maynards.	2.25
20-Feb-14	O'Looney, Cathal	Arrange for 2 workers to be onsite tomorrow to carry out tasks; draft lodgment/cheque payments for mailing; draft up document for signature by Planet Earth recycling; discussion with Bibby Financial Services and forwarding proof of claim re Prokuren.	1.15
21-Feb-14	Cerrato, Gary	Review of correspondence received from Menkes re premises; call with J. Spetter to discuss a response; call with Maynards re WSIB certificates and a schedule of equipment removal to forward to landlord; forward documents to assign IP to purchaser through the auction.	1.5



Date	Professional	Description	Hrs.
21-Feb-14	O'Looney, Cathal	Discussion with S. Henderson Maynards, requesting a detailed description of what liquidator can't sell and what needs to be disposed off; discussion with S. Siberan on disposing raw materials on site; call with R. Ramlal re potential energy drink disposal avoiding large recycling fee; call with J. Hodder Maynards re confirmation of Sun Pac IP sale; call with RBC re pension queries; mail Loblaws re power quencher product; arrange for workers on site for Monday to compact raw materials.	1.9
24-Feb-14	O'Looney, Cathal	Call with employees on site to deliver instructions; discussion with Nutrabalance re property claim and coordination of the associated product pickup; contact with Loblaws to enquire if they will take the remaining PQ product in order for the receiver to avoid expensive disposal; calculation of employee wages and draft requisition; call with AGC re disposal of energy drinks.	1.05
24-Feb-14	Cerrato, Gary	Reviewing draft response letter from counsel to Menkes; call with J. Hodder re status of WSIB certificates and evidence of insurance from contractors on the Sun Pac site; discussions regarding request of removal schedule from Menkes; call and review of amended correspondence from J. Hnatiw from Mercer, pension administrator, regarding Mercer's amended proof of claim; review of claim calculation; follow up re CRA payroll audit; reviewing A/R collections; review of trial balance;	1.9
25-Feb-14	Cerrato, Gary	Call with J. Hodder from Maynards regarding numerous outstanding issues to be dealt with at the Sun Pac premises before we can vacate; call from V. Siciliano and G. Agro concerning J. Rosetti's issues with the sale of the McDowell Ovens bread crumb equipment; call with J. Hodder re same; call with M. McIntosh from Maynards re same; meeting with C. O'Looney re disposition strategies regarding the remaining 236 cases of PC Sport Drink, Sun Pac tainted OJ and the remaining packaging; review of email; conference call with V. Siciliano and G. Agro together with J. Rosetti to discuss problems he encountered in paying Maynards for the McDowell Oven's division equipment; call to M. McIntosh to discuss same; follow up call with G. Agro; call from Ya Ya Abbos regarding status of legal documents to transfer Sun Pac IP that he purchased through Maynards.	2.9
25-Feb-14	Diaz-Lee, Nigel	Iron mountain inventory data entry.	2.0



Date	Professional	Description	Hrs.
25-Feb-14	O'Looney, Cathal	Review Pension claim from Mercer; discussion with Great West Life re employees benefits, send employee cheque back to Manulife; call Mercer re cheques on hand; analysis of Recycling/disposal cost of remaining product and raw materials on site and drafting of action plan; calls with resource recycling and Harbour Kleen to discuss quotes; correspondence with Loblaws in a bid for them to take the remaining PQ; discussion with G Cerrato re action plan on disposals; discussion with Sol Recycling to enquire if they can take raw materials; arrangement of disposal of 100 skids of cardboard with re-source recycling; Arrange for staff to be onsite; detailed discussion with S. Henderson (Maynards) re the remaining raw materials and packaging on site and a disposal action plan to be put in place.	3.25
26-Feb-14	O'Looney, Cathal	Contact GTA Pallets, Curran recycling, Maratek, Fine Recycling and Disposal in a bid to get quotes to remove the raw material on site; call with Fruterra re property claim; call with Mercer re employee cheques on hand; review Menkes rent invoice and discuss discrepancies with G Cerrato; discuss checklist on finalization; discuss raw material cardboard movement with Resource Recycling, agree for re-source recycling to take the damaged Sun Pac product in the freezer for disposal; Return fobs to bank online access; coordinate action plan on site for tomorrow, call with S. (Maynards), Shammie (employee) G. (Resource recycling).	4.85
26-Feb-14	Diaz-Lee, Nigel	Data entry inventory in Iron Mountain Connect.	2.0
26-Feb-14	Cerrato, Gary	Discussions and email exchanges with A. Lipman re transfer of IP to the purchaser, Ya Ya Foods, through the auction sale; call with J. Hodder re request for information on timing of equipment removal; meeting with C. O'Looney to review proposals received to dispose of the PC sport drinks, O.J. and other private label packaging; discussions with C. O'Looney to discuss premises exit strategy; review of correspondence between Maynards and J. Rosetti re sale of bread crumb line assets; call from Ya Ya Foods re IP transfer; reviewing lease terms and reconcile with rental invoices received from Menkes and discuss with C. O'Looney; draft email to Menkes to update on status of tank farm removal and provide scope of work quotation; return creditor call; attend to correspondence received.	3.3



Date	Professional	Description	Hrs.
27-Feb-14	Cerrato, Gary	Call with counsel re IP transfer; review of draft documents; approve cheque requisitions; call with J. Hodder re issues raised by landlord; update discussions with C. O'Looney re lease calculation and response from Menkes; call with A. Lipman to discuss security deposit and first and last month's rent deposit and impact on receiver's obligations to pay per diem rent.	1.3
27-Feb-14	O'Looney, Cathal	Call with E. Pavlovic (CRA) re outstanding HST refunds; call with Trimarks re Topical Delight claim and formulation sheets; discuss remaining pomegranate product with Wal-Mart; discuss Rent charges for Feb 14 with Menkes; review Lease between Menkes and Sun Pac; drafting of cheque requisitions and lodgments; update T4 and summary, send adjusting cheque to the CRA as well as adjusted T4 and T4 summary; discuss donation with Wal-Mart of product; call employee on site to discuss action plan re emptying the freezer and remaining office.	4.85
27-Feb-14	Marchand, Matthew	Discussion with G. Cerrato re assignment of IP rights documents; complete schedules for Canadian and US assignment of IP rights documents.	0.9
28-Feb-14	O'Looney, Cathal	Visit to Sun Pac site with G. Cerrato to review material for disposal and set action plan in place to ensure site is fully in order for release to owner on Mar 15th. Discuss sale and disposal with numerous interested parties on site; call with Nutrabalance re property claim; call with G&K re removal of uniform closet and contents from canteen; call Industrial Refrigeration to obtain letter from Menkes; call GFL to get quote to remove chemicals from site; discuss Sun Pac IP with Ya Ya foods, call QC manager to obtain formulas.	2.9
28-Feb-14	Cerrato, Gary	Attendance at the company's premises; meeting with J. Hodder and C. O'Looney to review various issues to be resolved at the Sun Pac premises in anticipation of vacating the premises on March 15, 2014.	2.0
10-Feb-14	O'Looney, Cathal	Discuss logistics with Molsson Montreal re remaining 6 truckloads of product for donation; meet with N. Diaz and arrange packing up books and records on the Sun Pac site; arrange for leak to be fixed re request by Menkes; discuss sale of PC raw material wrapping and other private label (GV and Selections) cardboard juice containers with client and agreeing on price; discuss repackaging PC breadcrumbs with client; discussion with potential of the 80 skids of cardboard juice containers.	2.95



Date	Professional	Description	Hrs.
3-Mar-14	Cerrato, Gary	Conference call with C. Moss and S. Buikema Menkes to discuss their premises concerns including state of freezers and water concerns; call to refrigerator contractor to discuss scope of work completed on freezers and request letter to provide to Menkes; discussions with J. Spetter re response to C. Moss letter re issues with the premises and not receiving cooperation from Receiver; call from Ya Ya foods re IP issues and discuss with C. O'Looney; review of quotes for inventory disposal and discuss with C. O'Looney; approve cheque requisitions.	1.7
3-Mar-14	McGill, Mackenzie	Review and discussions status of WEPPA claims with C. O'Looney.	0.2
3-Mar-14	O'Looney, Cathal	Conference call with Ya Ya foods and Bell re transferring the website to Ya Ya; arrange a number of quotes to get the loading bay door fixed; discuss and arrange product donation with Wal-Mart; discuss possible pickup with Loblaws re the power quencher; follow-up with Resource Recycling re taking the product; calculation of wages and drafting requisitions; cost analysis of different quotes to remove 65 skids for recycling including quotes for transport; pay Receiver General source deductions for Feb 14.	5.15
4-Mar-14	O'Looney, Cathal	Correspondence with Ya Ya foods re Sun Pac IP; Discussion with Nutrabalance re property claim; arrange transportation of skids of raw material, get quotes from Shamrock Storage, Midpoint Transport and Green Thumb Recycling; complete EHT annual return; arrange action plan and costs with BFI Canada Inc on disposals; discuss property claim re tanks with Oxyserv; review environmental cleanup job quotes.	4.95
4-Mar-14	Cerrato, Gary	Drafting court report; various correspondence with landlord and Maynards re issues with gas pipes and taking them back to main service line; calls with Menkes regarding their premises concerns.	3.5
5-Mar-14	Cerrato, Gary	Attendance at the company's premises to review status of machinery equipment removal; meet with Menkes to view state of freezers based on their complaints; discussions with C. O'Looney re dealing with refrigeration issues; calls to contractors to determine costs of floor clean up in freezers.	2.7
5-Mar-14	O'Looney, Cathal	Arrange action plan to get the 2 trailer loads of unrecyclable material of site to BFI Canada Inc; Negotiate discount with Green for Life to get the environmental work done; discuss action plan with Resource Recycling in getting the remaining 2 loads of	4.45



Date	Professional	Description	Hrs.
		Sun Pac of site today for disposal; arrange with Industrial Refrigerated to adjust freezers back to original state and pay outstanding invoice; set tasks for employee onsite; finalize bill with Region of Peel for receivers occupation; give notice to Hydro One Brampton, Enbridge and Region of Peel informing them that we will be vacating premises on March 15th; Set in place action plan for removing 2 more trailers of unrecyclable material offsite.	
5-Mar-14	Davidson, Blair	Various discussions and emails re asset removal and landlord concerns	1.0
6-Mar-14	Davidson, Blair	Landlord issues re asset removal.	0.5
6-Mar-14	O'Looney, Cathal	Discussion with Menkes re rent invoice backup; discussion with Loblaws re donation efforts; arrange action plan with Industrial Refrigeration re turning down coolers and freezer back to regular temperature before handover of property; appointment set for Brampton One hydro meter reading; arrange action plan re books and records removal.	1.4
6-Mar-14	Cerrato, Gary	Correspondence re books and records with counsel; call with C. O'Looney re nitrogen tank property claim; follow up emails to counsel re leased assets and issues with releasing nitrogen tank; conference call with Menkes to discuss various issues related to the freezers and their concern about mould; call to refrigerator contractor to request service sheets re weekly monitoring of ammonia tanks to provide same to the landlord; attendance at the company's premises to do a walk through with Maynards and strategizing on vacating the premises; approve cheque requisitions; discussions with C. O'Looney and approve disposal plans for chemicals and PC sport drink; call to Maynards re landlord's concern re security issues in view of the hole in the exterior wall required for tank farm removal; communication with landlord on security measures undertaken by Receiver.	5.0
7-Mar-14	Cerrato, Gary	Drafting report; meeting with C. O'Looney re various operating issues, discuss removal costs and review inventory and A/R collections.	3.0
7-Mar-14	O'Looney, Cathal	Assist G. Cerrato with second report draft; arrange equipment rental to vacuum the water in the freezer/cooler; get quotes for onsite shredding; Discuss disposal cost with Midpoint Transport and Resource Recycling; review Environmental work invoice and approve work to be conducted on Tuesday.	3.85



Date	Professional	Description	Hrs.
10-Mar-14	O'Looney, Cathal	Draft cheque requisitions; coordinate action plan with employee on site; consult with N. Diaz-Lee re books and records; arrange for heating consultant to fix the heaters in the ammonia room; coordinate cleanup of freezer leak; call Compression Technology to investigate the gas cut off problem re the forklifts; discuss rental invoice and calculations with Menkes; Get quote for forklift rental; close off Region of Peel account.	4.35
10-Mar-14	Cerrato, Gary	Drafting court report; discussions with counsel re litigation claims and tax loss issues; reviewing emails re gas line issue; discussions with C. O'Looney re heating in freezer compressor room; discussions regarding freezer clean up.	4.1
10-Mar-14	McGill, Mackenzie	Discussions re WEPPA with G. Cerrato.	0.3
11-Mar-14	Diaz-Lee, Nigel	Inventory and pack documents for storage.	7.5
11-Mar-14	O'Looney, Cathal	Travel to Sun Pac site to survey the progress re vacating the premises; assist N Diaz-Lee re boxing books and records; facilitate pickup of property claim by Nutrabalance; meet GFL on site to discuss environmental disposal requirements.	2.15
11-Mar-14	Davidson, Blair	Review Second report; follow up on landlord issues.	1.0
12-Mar-14	O'Looney, Cathal	Walkthrough with five members of Menkes team answering their various queries and drafting list of issues to be considered; relevant issues addressed with Maynards; boxing final books and records and arrange to be couriered; arrange action plan to enable transportation of skids of labels and documents for Resource Recycling to be shredded; discussion with Lalonde (equipment removal company) re compressor rooms and clean up; review Green for Life environmental disposal quotation	3.85
13-Mar-14	O'Looney, Cathal	Walkthrough issues with E. Muto (Menkes) discussing issues that landlord had drafted; discussion with Industrial Refrigeration to confirm work to be carried out in the freezer; discussion with Iron Mountain re setting up separate accounts while picking up skids of books and records; inspection of offices and discussing requirements of Maynards re same; discussion and directing Green for Life recycling re removing acids and lab contents; provide Air Product with Menkes contact re removing their leased tanks; discuss with Maynards removal of Sun Pac product and plan for remaining contents which were auctioneers responsibility; coordination of removal of two trailers	3.9



Date	Professional	Description	Hrs.
		of power quenchers and one trailer of old files for shredding with Re-source Recycling.	
13-Mar-14	Marchand, Matthew	Listen to voicemail from K. Boone from Canada Legal Referral re Air Liquide reclamation of property; email correspondence with C. O'Looney re same; phone call with K. Boone re reclamation of Air Liquide property.	0.4
13-Mar-14	Diaz-Lee, Nigel	Iron Mountain inventory data entry; telephone calls with Iron Mountain rep to discuss account billings.	4.5
14-Mar-14	Diaz-Lee, Nigel	Iron Mountain inventory data entry; prepare spreadsheets for IM re: separate billing accounts.	3.5
14-Mar-14	Davidson, Blair	Attend premises to review issues raised by the landlord; various emails with Menkes.	1.5
14-Mar-14	O'Looney, Cathal	Discuss outstanding site issues with C Lindsay (Menkes - Landlord); assign duties for employee to carry out; review Industrial Refrigeration report on freezer setup; discussion with J. Hodder (Maynards) re outstanding issues to be carried out; correspondence with Menkes management re vacating the premises; walkthrough with B. Davidson to survey the site and discuss issues; discussion with tank removal company to get tanks offsite.	3.85
17-Mar-14	O'Looney, Cathal	Courier keys and rental cheque to Menkes (landlord); discuss property issues with B. Davidson.	0.5
17-Mar-14	Davidson, Blair	Follow up on landlord issues re departure from premises.	0.5
18-Mar-14	O'Looney, Cathal	Various correspondence re creditor statements received in the mail; draft lodgment and cheques requisitions; file HST return for Feb 14; arrange for Upak bins onsite for Friday am for Maynards use; deal with landlord queries.	2.15
18-Mar-14	Diaz-Lee, Nigel	Setup up spreadsheets showing departments for invoicing for Iron Mountain; liaise with Iron Mountain rep via phone calls and e-mails.	1.0
19-Mar-14	O'Looney, Cathal	Request auction payout figures from Maynards and review same; discussion with Hydro One Brampton and Sun Pac IP purchaser.	0.75
19-Mar-14	Davidson, Blair	Follow up on garbage removal and tank removal from premises; review auctioneer final accounting and email to L. Kofman.	0.7



Date	Professional	Description	Hrs.
20-Mar-14	O'Looney, Cathal	Draft Cheque Requisitions; discuss discrepancy notice with revenue on payroll.	0.9
21-Mar-14	O'Looney, Cathal	Draft cheque requisitions; review Source Deduction proof of claim; discuss Modern collection issues with Bell.	1.05
24-Mar-14	O'Looney, Cathal	Correspond with GFL and Resource Recycling to obtain invoices for efficient payment; draft recycling approximate cost for the Power Quencher and the hours and cardboard costs we are to be refunded for; draft cheque requisitions; correspond with Mercer re pension payment.	1.15
24-Mar-14	Cerrato, Gary	Reviewing comments on report received from J. Spetter and from Bridging Capital; amend report; discussion with B. Davidson re tax losses and landlord issues; review and approve cheque requisitions; discussions with C. O'Looney re future estate disbursements.	1.3
25-Mar-14	Cerrato, Gary	Amending court report; discussions with C. O'Looney re status of final bills for utilities and inventory removal; attend to correspondence received.	1.3
25-Mar-14	O'Looney, Cathal	Draft cheque requisitions; follow up on HST refund; read 2nd court report on file; calculate approximate costs before file closing; discussion with Resource Recycling regarding billing; emailed Western Grocers re potential accounts receivable balances; calculation of source deductions for March 2014.	1.75
25-Mar-14	Davidson, Blair	Telephone call with H. Chaiton re report and tax losses; follow up on landlord issues and final costs; review and approve invoices	0.5
26-Mar-14	O'Looney, Cathal	Draft R&D; review second report and other issues on the file with G. Cerrato; cheque requisition.	2.15
26-Mar-14	Cerrato, Gary	Meeting with C. O'Looney re R&D; update R&D and review outstanding estate disbursements; update draft report.	2.3
28-Mar-14	Cerrato, Gary	Discussions with C. O'Looney re request to review C. Reider's emails for signs of Loblaws shifting breadcrumb business; review of emails to environmental consultants re charges for removal costs in excess of estimates; update R&D; forward updated report to counsel for review.	0.8



Date	Professional	Description	Hrs.
28-Mar-14	O'Looney, Cathal	Cheque requisitions; searching through old emails as part of investigative work; call from Bell regarding closing off the account; review of Green for Life Environmental invoices and discussion of same; audit of auction accounting.	1.95
31-Mar-14	O'Looney, Cathal	Cheque requisitions; calculate and pay source deductions to revenue; follow up with Maynards re auction payout figures; correspondence with GFL re outstanding invoice; investigative work around historic emails	1.85

APPENDIX "Q"

Court File No. CV13-10331-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondent

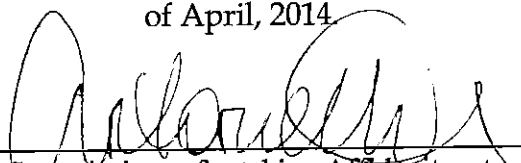
APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990 c. C. 43, AS AMENDED

AFFIDAVIT OF JASON SPETTER

I, JASON SPETTER, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY AS FOLLOWS:

1. I am solicitor with the law firm of Lipman, Zener & Waxman LLP ("Lipman") lawyers for BDO Canada Limited ("BDO") in its capacity as receiver of the assets, undertaking and properties of the Respondent in this proceeding and as such have knowledge of the matters to which I hereinafter depose.
2. Now produced and shown to me and marked as **Exhibit "A"** to this my Affidavit is a true copy of an account issued by Lipman to BDO for the period between November 20, 2013 and December 31, 2014.
3. Now produced and shown to me and marked as **Exhibit "B"** to this my Affidavit is a true copy of an account issued by Lipman to BDO for the period between January 1, 2014 to March 27, 2014.

This is Exhibit "A" referred to in the
Affidavit of Jason Spetter
sworn before me, this 16th day
of April, 2014

A handwritten signature in black ink, appearing to read 'Antonietta Apa', written over a horizontal line.

A Commissioner for taking Affidavits, etc.

Antonietta Apa, a Commissioner, etc.,
Province of Ontario, for Lipman, Zener &
Waxman LLP, Barristers and Solicitors.
Expires November 17, 2014.

IN ACCOUNT WITH
LIPMAN, ZENER & WAXMAN LLP

Barristers and Solicitors
 1220 Eglinton Avenue West
 Toronto, Ontario
 M6C 2E3
 (416) 789-0652

Our File No. 63412

HST # R119437119

December 31, 2013

BDO Canada Limited
 123 Front Street West, Suite 1200
 Toronto, Ontario
 M5J 2M2

Attention: Blair Davidson

Re: Sun Pac Foods Limited Receivership

FOR PROFESSIONAL SERVICES RENDERED with respect to providing ongoing advice to BDO Canada Limited with respect to the receivership of Sun Pac Foods Limited, including:

attending to preparing motion record regarding sale approval motion;
 attending to correspondence with client;
 attending to correspondence and communications with motion scheduling court;
 attending to correspondence with counsel for Sun Pac Foods Limited and 8527504 Canada Inc.;
 attending to scheduling sale approval motion;
 attending to reviewing Liquidation Services Agreement;
 attending to conference call with client and representatives of Bridging Capital;
 attending to reviewing law regarding trustee's rights to sell trademarked goods;
 attending to correspondence with debtor;
 attending to telephone discussions with Canadian counsel for Lamican Oy (Finland);
 attending to correspondence with client and telephone discussion with Phil Taylor;
 attending to correspondence with client regarding various supply agreements;
 attending to reviewing supply agreements;
 attending to reviewing NDA;
 attending to reviewing terms and conditions of CIM;
 attending to correspondence with Plaintiff's counsel regarding Finland action;
 attending to reviewing amended CIM;
 attending to correspondence and communications with Phil Taylor;
 attending to reviewing Terms and Conditions regarding Loblaw's contracts;
 attending to ongoing correspondence and communications with receiver re sale process;
 attending to telephone discussion with Phil Taylor;
 attending to reviewing corporate searches;
 attending to correspondence with various parties regarding Finland Arbitration;
 attending to reviewing lease agreement;
 attending to correspondence with David Wires;

attending to reviewing confidentiality agreement;
attending to telephone discussion with Sally Kwon regarding employment litigation;
attending to reviewing Loblaw's contracts;
attending to correspondence with client regarding actions commenced against Sun Pac Foods Limited;
attending to correspondence and communications with Krista Bulmer;
attending to reviewing Application Record re receivership appointment;
attending to reviewing files;
attending to reviewing various legal actions commenced against and by the debtor;
attending to conducting legal research;
attending to numerous and ongoing reporting to client; and
attending to any and all professional services rendered but not herein enumerated.

OUR FEE **\$31,560.00**

Allan L. Lipman – 22.5 hours x \$500.00 per hour = \$11,250.00
Jason D. Spetter – 41.8 hours x \$400.00 per hour = \$16,720.00
Bradley J. Miller – 2.0 hours x \$475.00 per hour = \$950.00
Ian J. Klaiman – 9.6 hours x \$275.00 per hour = \$2,640.00

TAXABLE DISBURSEMENTS

Business Corporations Act searches	\$37.00	
Photocopies	62.50	
Personal Property Security Act searches	8.00	
Facsimile		
Courier	<u>8.11</u>	
TOTAL TAXABLE DISBURSEMENTS	\$115.61	<u>115.61</u>
TOTAL FEE AND DISBURSEMENTS:		\$31,675.61
13.0% H.S.T.:		<u>4,117.83</u>
TOTAL FEES, DISBURSEMENTS & H.S.T.:		\$35,793.44

NON-TAXABLE DISBURSEMENTS

<i>Minister of Finance</i>	<u>\$127.00</u>	<u>\$127.00</u>
re: Motion Record filing fee		
BALANCE DUE AND OWING...		<u>\$35,920.44</u>

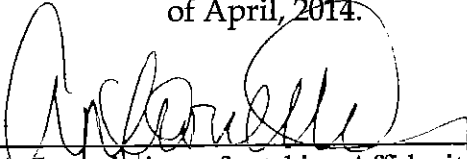
THIS IS OUR ACCOUNT HEREIN

LIPMAN, ZENER, & WAXMAN LLP

Per: Allan L. Lipman
ALL/nm/ra
E.& O.E.

NOTE: This account bears interest from one month after delivery in accordance with the rate prescribed by Section 128 of the Courts of Justice Act.

This is **Exhibit "B"** referred to in the
Affidavit of Jason Spetter
sworn before me, this 16th day
of April, 2014.



A Commissioner for taking Affidavits, etc.

Antonietta Apa, a Commissioner, etc.,
Province of Ontario, for Lipman, Zener &
Waxman LLP, Barristers and Solicitors.
Expires November 17, 2014.

IN ACCOUNT WITH
LIPMAN, ZENER & WAXMAN LLP

Barristers and Solicitors
1220 Eglinton Avenue West
Toronto, Ontario
M6C 2E3
(416) 789-0652

Our File No. 63412

HST # R119437119

March 27, 2014

BDO Canada Limited
123 Front Street West, Suite 1200
Toronto, Ontario
M5J 2M2

Attention: Blair Davidson

Re: Sun Pac Foods Limited Receivership

FOR PROFESSIONAL SERVICES RENDERED with respect to providing ongoing advice to BDO Canada Limited with respect to the receivership of Sun Pac Foods Limited since our previous account of December 31, 2013, including:

- Attending to revising Motion Record re: sale approval Motion;
- Attending to preparing draft order;
- Attending to correspondence and communications with David Wires;
- Attending to correspondence and communications with representatives of Menkes;
- Attending to conference call with client re: "tainted juice";
- Attending to correspondence and communications with Leanne Williams re: sale approval Motion;
- Attending to correspondence and communications with Jessica Rubin and David Wires re: sale approval Motion;
- Attending at sale approval Motion;
- Attending to correspondence to service list re: Sale and Vesting Order;
- Attending to correspondence with client re: landlord's claim;
- Attending to correspondence and communications with client re: landlord's claim and private label juice;
- Attending to telephone discussion with Sally Kwon of Borden Ladner;
- Attending to correspondence with various parties regarding landlord's claim in ammonia compressors;
- Attending to preparing for Motion regarding ammonia compressors;
- Attending to reviewing landlord's Motion material re: claim over ammonia compressors;
- Attending to correspondence and communications with agent re: Motion (ammonia compressors);
- Attending to correspondence and communications with landlord's proposed Motion to validate July 2013 Landlord Agreement;
- Attending to conference call re: Motion scheduling;
- Attending to correspondence with Commercial Court office re: Motion scheduling;

Attending to correspondence with counsel re: cross-examinations schedule;
Attending to correspondence and communications with client re: further supplement to the First Report;
Attending to correspondence and communications with counsel for 8527504 Canada Inc.;
Attending to reviewing Second Supplement to the First Report;
Attending to correspondence with counsel for Liquibrands;
Attending to reviewing Landlord's Notice of Motion;
Attending to conference call with client and 8527504 Canada Inc.;
Attending to correspondence with counsel for 8527504 Canada Inc.;
Attending to further review of 2nd Supplement to First Report;
Attending to correspondence with Arbitrator re: Finland Arbitration;
Attending to correspondence with counsel re: February 7, 2014 Motion;
Attending to correspondence with local counsel re: Finland Arbitration;
Attending to correspondence with Harry Mann re: K. Mitradeva action against Sun Pac;
Attending to research related to Motion re: ammonia compressors and landlord agreement;
Attending to receiving and reviewing Menke's Motion Record;
Attending to telephone discussion with counsel for 8527504 Canada Inc.;
Attending to reviewing 8527504 Canada Inc.'s Motion record re: February 7, 2014 Motion;
Attending to correspondence with counsel for 8527504 Canada Inc. and Menkes;
Attending to ongoing correspondence and communications regarding February 7, 2014 Motion;
Attending to preparing Factum re: February 7, 2014 Motion;
Attending to correspondence and communications with all parties re: February 7, 2014 Motion;
Attending to conference call re: Finland Arbitration;
Attending to reviewing 8527504 Canada Inc.'s Factum;
Attending to reviewing Menke's Factum;
Attending to February 7, 2014 Motion re: ammonia compressors/occupation rent;
Attending to receiving and reviewing Justice McEwen's endorsement and reporting to client;
Attending to correspondence with landlord's counsel;
Attending to correspondence and communications with Jessica Rubin re: equipment removal;
Attending to correspondence and communications with client re: equipment removal;
Attending to correspondence with BDO re: IP Agreement;
Attending to preparing letter of opinion re: security;
Attending to reviewing Receiver's Second Report;
Attending to preparing Motion Record re: Second Report;
Attending to reviewing Notice of Vacant Possession;
Attending to correspondence and communications with Receiver;
Attending to telephone discussion with Phil Taylor;
Attending to conducting legal research on fixtures and priorities under the PPSA thereto;
Attending to drafting and preparing memorandum of law;
Attending to conducting legal research on promissory estoppel, estoppel by convention, laches and waiver;
Attending to drafting and preparing the law section of the Factum, to edits and revisions in respect of the Factum;
Attending to drafting and preparing Brief of Authorities;
Attending to editing and revising the Factum and Brief of Authorities;

Attending to summarizing various Statements of Claim of defence an arbitration documents for actions involving Sun Pac Foods Limited;
 Attending to preparation and attendance on the Motion;
 Attending to correspondence regarding scheduling and Motion procedures;
 Attending to correspondence and discussions regarding the Motion and the coordination of schedules;
 Attending to preparation for attendance on the Motion;
 Attending to preparation for and attendance on the Motion and argument in regard to the same;
 Attending to receipt and review of the endorsement and Reasons for Judgment;
 Attending to discussions regarding the Receivership and pending actions;
 Attending to preparation for and attendance on the Motion;
 Attending to review of material in regard to pending litigation and issues between the landlord and Receiver;
 Attending to review of landlord and Receiver issues;
 Attending to review of issues regarding production of documentation and materials and landlord issues;
 Attending to review of correspondence and discussions regarding the outstanding legal actions;
 Attending to reviewing and commenting upon numerous issues related to the Landlord, trade fixtures and removal of equipment;
 Attending to receiving, reviewing and providing direction with respect to security interests of equipment Lenders/Lessors;
 Attending to preparing draft and finalizing final agreement with respect to agreement of purchase and sale/Bill of Sale of intellectual property;
 attending to numerous communications and advice with all parties pertaining to Landlord issues, occupation rent, credit for last month's rent and compressors;
 Attending to numerous and ongoing reporting to client; and
 Attending to any and all professional services rendered but not herein enumerated.

OUR FEE**\$41,632.50**

Allan L. Lipman: 6.8 hours x \$500.00 per hour = \$3,400.00
 Anthony J. O'Brien: 22 hours x \$400.00 = \$8,800.00
 Jason D. Spetter: 66.5 hours x \$400.00 per hour = \$26,600.00
 Ian J. Klaiman: 8.8 hours x \$275.00 per hour = \$2,420.00
 Liana Di Giorgio: 2.75 hours x \$150.00 per hour = \$412.50

TAXABLE DISBURSEMENTS

Photocopies	\$129.75	
Mileage/Parking	\$ 81.00	
<i>Profile Legal Services</i>		
re: file Motion Record	\$ 45.00	
re: file Supplement to the First Report of BDO Canada Limited	\$ 45.00	
re: ensuring all Motion material are ready & filed for Motion	<u>\$ 45.00</u>	
TOTAL TAXABLE DISBURSEMNETS:	\$345.75	<u>\$345.75</u>

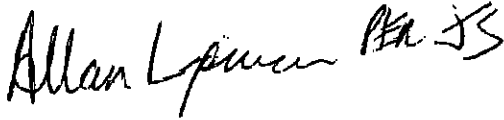
LIPMAN, ZENER & WAXMAN LLP

-4-

TOTAL FEE AND DISBURSEMENTS:	\$41,978.25
13.0% H.S.T.:	<u>\$ 5,457.17</u>
TOTAL FEES, DISBURSEMENTS & H.S.T.:	<u>\$ 47,435.42</u>
BALANCE DUE AND OWING...	<u>\$47,435.42</u>

THIS IS OUR ACCOUNT HEREIN

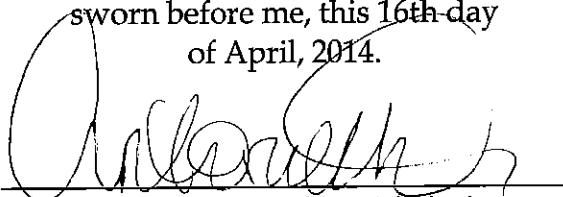
LIPMAN, ZENER, & WAXMAN LLP

Handwritten signature of Allan Lipman in cursive, with initials 'ALL' and 'ra' written to the right.

Per: Allan L. Lipman
ALL/ra
E.& O.E.

*NOTE: This account bears interest from one month after delivery in accordance
with the rate prescribed by Section 128 of the Courts of Justice Act.*

This is **Exhibit "C"** referred to in the
Affidavit of Jason Spetter
sworn before me, this 16th day
of April, 2014.

A handwritten signature in black ink, appearing to read 'Antonietta Apa', written over a horizontal line.

A Commissioner for taking Affidavits, etc.

Antonietta Apa, a Commissioner, etc.,
Province of Ontario, for Lipman, Zener &
Waxman LLP, Barristers and Solicitors.
Expires November 17, 2014.

SUMMARY OF ADDITIONAL INFORMATION
RE: ACCOUNTS OF DECEMBER 31, 2013 AND MARCH 27, 2014

<u>Lawyers:</u>		<u>Year of Call:</u>
Allan L. Lipman	-	1975
Anthony J. O'Brien	-	1986
Bradley J. Miller	-	1982
Jason D. Spetter	-	2002
Ian J. Klaiman	-	2010
Liana Di Giorgio	-	Student-at-Law

Court File No. CV-13-10331-OOCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

8527504 Canada Inc.

Applicant

- and -

Sun Pac Foods Limited

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF *THE BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O 1990, c. C. 43, AS AMENDED

SUPPLEMENT TO THE SECOND REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY AS COURT APPOINTED RECEIVER

May 28, 2014

APPENDICES

- A** Mr. Justice McEwen's endorsement dated April 22, 2014
- B** Letter from counsel for 852 to Commercial List Office dated April 30, 2014
- C** Email from Commercial List Office dated May 1, 2014

Supplement to the Second Report of the Receiver

1. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Second Report of the Receiver dated April 10, 2014 and the Notice of Motion herein.
2. Liquibrands has brought a motion seeking, among other things, an Order (a) lifting the stay of proceedings in the Bridging Action, and (b) declaring that it is entitled to the Surplus Proceeds in priority to 852 (the “Liquibrands Motion”).
3. 852 opposes the relief sought by Liquibrands in the Liquibrands Motion.
4. 852 has brought an application to appoint a receiver over all of the properties, assets and undertakings of Liquibrands (the “852 Application”).
5. Liquibrands is opposing the relief sought by Liquibrands in the 852 Application.
6. The Receiver, 852 and Liquibrands have agreed to the following:
 - (a) that the Receiver’s distribution motion will proceed on June 3, 2014 with respect to all relief being sought save and except the proposed distribution to 852 (see paragraph 69 of the Second Report);
 - (b) that the Surplus Proceeds (as defined in the Notice of Motion herein) shall be held by the Receiver subject to further order of this Court; and
 - (c) that the Liquibrands Motion and the 852 Application will be argued together on August 21, 2014.

-4-

7. Attached hereto as **Appendix A** is a copy of Mr. Justice McEwen's endorsement dated April 22, 2014 with respect to the scheduling of the two motion dates.


8. Attached as **Appendix B** is a copy of a letter sent to the Commercial List Office from counsel for 852 dated April 30, 2014 confirming the parties' intentions with respect to the scheduling of the two motions.

9. Attached as **Appendix C** is a copy of a responding email from the Commercial List Office dated May 1, 2014 confirming that Justice McEwen agreed to the changes to the proposed timetable.

10. I confirm that the Liquibrands Motion and the 852 Application are scheduled to be heard on August 21, 2014.

All of which is respectfully submitted this 28th day of May, 2014.

**BDO CANADA LIMITED Court Appointed Receiver of
Sun Pac Food Limited**

Per: 
Name: Blair Davidson, CPA, CA, CBV, CIRP
Title: President

APPENDIX "A"

Court File Number: CU-13-10331-00CL

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

8527504 (Old) Inc

Plaintiff(s)

AND

Sun Pac Foods

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
<u>K. Belmer / I. Kaminer / S. Pappas</u>		

- Order Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: _____
- Time Table approved (as follows):

2 dates are required:

① First, Receiver requires a one hour motion. Date set for June 3/14. Confirmed.

② Two matters require 1/2 day. Date set for July 18/14. ~~Be~~ Confirmed.

On that day Liquibrand's motion will proceed + 852's Applic. will proceed (to be issued). Parties will prepare own timetable.

22 Apr 14
Date

McEurt
Judge's Signature

Additional Pages _____

APPENDIX "B"



REPLY TO: SAM RAPPOS
FILE NO.: 48398
DIRECT: 416-218-1137
FAX: 416-218-1837
EMAIL: samr@chaitons.com

April 30, 2014

VIA EMAIL

Commercial List Office
330 University Avenue, 7th Floor
Toronto, ON

Re: 8527504 Canada Inc. v. Sun Pac Foods Limited
Court File No. CV-13-10331-00CL

Dear Sirs/Mesdams,

We are the lawyers for 8527504 Canada Inc. ("**852**"), the applicant in the above-noted proceeding (the "**Sun Pac Receivership Proceeding**"). BDO Canada Limited was appointed as receiver in the Sun Pac Receivership Proceeding (the "**Receiver**") on November 12, 2013. We have copied counsel to the Receiver and counsel to Liquibrands Inc. ("**Liquibrands**") on this letter.

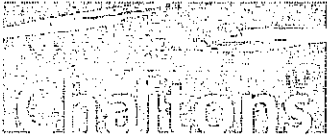
The parties appeared before Justice McEwen in chambers on April 22, 2014 to discuss the scheduling of:

- (a) a motion to be brought by Liquibrands in the Sun Pac Receivership Proceeding seeking, among other things, an order lifting the stay of proceedings (the "**Lift Stay Motion**");
- (b) a motion to be brought by the Receiver in the Sun Pac Receivership Proceeding seeking, among other things, authorization to make certain distributions (the "**Distribution Motion**"); and
- (c) an application to be commenced by 852 seeking the appointment of a receiver over Liquibrands (the "**Liquibrands Application**").

In the Endorsement dated April 22, 2014, a copy of which is enclosed, Justice McEwen scheduled a one (1) hour motion on June 3, 2014 for the hearing of the Distribution Motion and a half day of hearings on July 18, 2014 for the hearing of the Lift Stay Motion and the Liquibrands Application.

Following the attendance before Justice McEwen on April 22, 2014, the parties continued to discuss the scheduling of the hearings. The parties have agreed that the schedule set out in Justice McEwen's endorsement is no longer feasible for the parties in the circumstances, and hereby request that the following amendments be made:

- (a) a reduction of the time for the motion scheduled for June 3, 2014 from one (1) hour to twenty (20) minutes, as the only relief that will be sought at that hearing will be the uncontested portion of the Distribution Motion;



- (b) maintain the July 18, 2014 half day hearing time in anticipation of any issues that may arise in connection with examinations to be conducted. The parties have agreed to inform the Commercial List as soon as possible if it is determined that this time can be vacated; and
- (c) request that the Commercial List confirm dates in August 2014 that are available for full day hearings for the hearing of the contested portion of the Distribution Motion, the Lift Stay Motion and the Liquibrands Application, so that the parties can agree upon the hearing date.

Please do not hesitate to contact the undersigned if you have any questions regarding the foregoing.

Yours truly,
CHAITONS LLP

Sam Rappos

(computer generated signature)

Sam Rappos
LAWYER
ENCL

Cc: Harvey Chaiton, *Chaitons LLP*
David Wires and Krista Bulmer, *Wires Jolley LLP* (counsel to Liquibrands)
Jason Spetter and Tony O'Brien, *Lipman, Zener, Waxman LLP* (counsel to the Receiver)

APPENDIX "C"

Jason Spetter

From: DiPietro, Joe (MAG) [Joe.DiPietro@ontario.ca]
Sent: Thursday, May 01, 2014 2:52 PM
To: Sam P. Rappos; JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Cc: Harvey G. Chaiton; dewires@wiresjolleyllp.com; kbulmer@wiresjolleyllp.com; Jason Spetter; Tony O'Brien
Subject: RE: 8527504 Canada Inc. v. Sun Pac Foods Limited, Court File No. CV-13-10331-00CL

Thank you

Justice Mc Ewen has agreed to the proposed amendments of the time table. I have reduced the time for June 3rd to 20 minutes.

The available dates in August are 12/13/15/18/20/21/22/25/26 for a full day

Thank you

Joe Dipietro
Commercial List office
Scheduler
Superior Court of Justice
330 University Ave 7th floor
Toronto, Ontario
M5G 1R7
(416) 327- 5043 - Main
(416) 327- 1424 - Direct
(416) 327- 6228 - Fax
Joe.dipietro@Ontario.ca

From: Sam P. Rappos [<mailto:samr@chaitons.com>]
Sent: April-30-14 3:40 PM
To: DiPietro, Joe (MAG); JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Cc: Harvey G. Chaiton; dewires@wiresjolleyllp.com; kbulmer@wiresjolleyllp.com; Jason Spetter; Tony O'Brien
Subject: 8527504 Canada Inc. v. Sun Pac Foods Limited, Court File No. CV-13-10331-00CL
Importance: High

Please see the attached letter dated April 30, 2014.

Best regards,

Sam Rappos

Sam P. Rappos
 Lawyer
 Direct Tel: 416.218.1137
 Direct Fax: 416.218.1837
samr@chaitons.com

Court File No. CV-13-10331-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE M) TUESDAY, THE 3rd DAY OF
)
) JUNE, 2014

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3 AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

ORDER

THIS MOTION, made by BDO Canada Limited in its capacity as the Court-appointed receiver (the "Receiver") of the undertakings, properties and assets of Sun Pac Foods Limited (the "Debtor"), for an Order:

- (a) approving the activities of the Receiver as set out in the Second Report of the Receiver, dated April 10, 2014 (the "Second Report") and the Supplement to the Second Report, dated May 29, 2014 (the "Supplement");

- (b) approving the fees and disbursements of the Receiver and its counsel, more particularly described in the Second Report and the Supplement;
- (c) authorizing the Receiver to make an interim distribution with respect to the funds held in connection to the sale of the Debtor's assets, more particularly described in the Second Report;
- (d) such further and other relief as this Honourable Court shall deem just;

ON READING the Second Report, the Supplement and on hearing the submissions of counsel for the Receiver, and such other parties in attendance at the hearing as indicated on the counsel slip.

1. THIS COURT ORDERS that the time for service of the Notice of Motion and Motion Record is hereby abridged so that this motion is properly returnable today and further service thereof is hereby dispensed with.
2. THIS COURT ORDERS that the Second Report and the activities of the Receiver set out therein be and the same are hereby approved.
3. THIS COURT ORDERS that the Receiver's statement of receipts and disbursements, attached as Appendix O to the Second Report is hereby approved.
4. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Second Report and the fee affidavits attached as Appendices P and Q of the Second Report, are hereby approved.
5. THIS COURT ORDERS that the Receiver make the following interim distributions:
 - (i) \$31,352 to Canada Revenue Agency for deemed payroll deductions;
 - (ii) \$4,192.00 for vacation pay;

- (iii) \$3,103.00 for *Wage Earner Protection Program Act* claims; and
 - (iv) \$55,914.00 to Mercer for pension claims.
6. THIS COURT ORDERS that the Receiver retain a reserve and a holdback in the total sum of \$65,600.00.
7. THIS COURT ORDERS that the balance of \$383,381.00 be held by the Receiver in trust subject to further order of this Court.
-

8527504 CANADA INC.
Applicant

-and-

SUN PAC FOODS LIMITED
Respondent

Court File No. CV13-10331-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at
TORONTO

ORDER

LIPMAN, ZENER & WAXMAN LLP
Barristers and Solicitors
1220 Eglinton Avenue West
Toronto, Ontario
M6C 2E3

JASON D. SPETTER
Law Society Registration No. 46105S

ANTHONY J. O'BRIEN
Law Society Registration No. 27440E
Tel.: (416) 789-0652
Fax: (416) 789-9015
Emails: jspetter@lzwlaw.com;
tbrien@lzwlaw.com

Lawyers for the Receiver

8527504 CANADA INC.
Applicant

-and-

SUN PAC FOODS LIMITED
Respondent

Court File No. CV13-10331-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at
TORONTO

**MOTION RECORD
(Interim Distribution Motion,
returnable Tuesday June 3, 2014)**

LIPMAN, ZENER & WAXMAN LLP
Barristers and Solicitors
1220 Eglinton Avenue West
Toronto, Ontario
M6C 2E3

JASON D. SPETTER
Law Society Registration No. 46105S

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Emails: jspetter@lzwlaw.com;
tbrien@lzwlaw.com

Lawyers for the Receiver