

# DODICK LANDAU

December 12, 2017

## **CREDITOR PACKAGE**

### **To the Creditors of Hy-Power Coatings Limited ("Hy-Power" or the "Company")**

Please be advised that on December 6, 2017, Dodick Landau Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**") of the Estate of Hy-Power Coatings Limited, filed with the Official Receiver a proposal in the name, and on behalf, of Hy-Power Coatings Limited, (the "**Proposal**").

The reason you are receiving this letter and the enclosed creditor information ("**Creditor Package**") is because Hy-Power advised the Proposal Trustee that you are a creditor of Hy-Power and may be eligible to vote in the Proposal. The purpose of the Creditor Package is to provide you with the information you require to evaluate, and vote on, the Proposal.

Enclosed in this Creditor Package are the following documents:

- 1) Notice of Proposal to Creditors;
- 2) Proposal;
- 3) Trustee's Report on Proposal;
- 4) Statement of Affairs;
- 5) Proof of Claim form with instructions;
- 6) Proxy;
- 7) Voting Letter

**A Meeting of the Creditors to consider the Proposal will be held at the office of the Proposal Trustee, located at 4646 Dufferin Street, Suite 6, Toronto, Ontario M3H 5S4 on December 22, 2017 at 11:00 a.m.**

In order to be eligible to attend and vote at the meeting of creditors, creditors must have filed with the Proposal Trustee before the meeting, a proof of claim form signed and witnessed as required and accompanied by a statement of account. Those Creditors who do not intend to have a personal representative at the meeting held on December 22, 2017, may complete and submit the voting letter which is enclosed in this Creditor Package prior to the meeting indicating their vote for or against the acceptance of the Proposal. The Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the meeting. Additional details relating to the filing of claims prior to the meeting of creditors are outlined in the Report of the Trustee on the Proposal.

# DODICK LANDAU

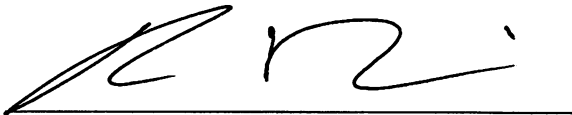
Completed proofs of claim, and other documents may be returned to the Trustee to the attention of Brenda McKnight by fax (416-649-7725) or electronic mail ([brenda.mcknight@dodick.ca](mailto:brenda.mcknight@dodick.ca)). Should you need further assistance, you may contact our office by telephone at 416-645-0542.

To access further information pertaining to the Hy-Power Coatings Limited proceedings, including an electronic copy of the Creditor Package, please visit the Trustee's website (<http://dodick.ca/public-documents/>).

## **DODICK LANDAU INC.,**

Proposal Trustee of the estate of Hy-Power Coatings Limited  
and not in its personal or  
corporate capacity.

Per:

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

Rahn Dodick, CPA, CA, CIRP, LIT

# NOTICE OF PROPOSAL

District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 92  
Notice of Proposal to Creditors  
(Section 51 of the Act)

In the matter of the proposal of  
Hy-Power Coatings Limited  
of the city of Brampton, in the Province of Ontario

Take notice that Hy-Power Coatings Limited of the city of Brampton in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at 4646 Dufferin St., Suite 6, Toronto, ON on the 22nd day of December 2017 at 11:00 AM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to the commencement of the meeting.

Dated at the city of Toronto in the Province of Ontario, this 11th day of December 2017.

Dodick Landau Inc. - Licensed Insolvency Trustee

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4646 Dufferin St., Suite 6  
Toronto ON M3H 5S4  
Phone: (416) 736-4357 Fax: (416) 649-7725

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

# PROPOSAL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE PROPOSAL OF**  
**HY-POWER COATINGS LIMITED,**  
**OF THE CITY OF BRAMPTON,**  
**IN THE PROVINCE OF ONTARIO**

**PROPOSAL**

**HY-POWER COATINGS LIMITED.** hereby submits the following Proposal under the provisions of the *Bankruptcy and Insolvency Act*.

**PART I**  
**INTERPRETATION**

**Definitions**

1. In this Proposal:
  - (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
  - (b) "Administrative Fees and Expenses" means the fees and expenses of the Trustee incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Funded Proposal Payments; and, the legal fees and expenses of the Company before and following execution, acceptance and approval of this Proposal and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
  - (c) "Affected Creditors" means those Creditors of the Company forming Class 1 and Class 2, as defined in Part III of this Proposal;

- (d) "Approval Order" means an order of the Court approving this Proposal to be granted pursuant to the provisions of the Act, the appeal period having expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;
- (e) "Bankruptcy Reserve" means a reserve amount of \$15,000 to be held by the Trustee as security for the administrative costs of the bankruptcy of the Company, in the event that this Proposal is annulled, and the Company becomes bankrupt;
- (f) "Business Day" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (g) "Claim" means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executory in nature including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of Date of Filing;
- (h) "Company" means Hy-Power Coatings Limited.;
- (i) "Court" means the Ontario Superior Court of Justice in Bankruptcy and Insolvency;
- (j) "Court Approval Date" means the date on which the Approval Order is issued;
- (k) "Creditors" means any Person having a Claim;
- (l) "Creditors Meeting" means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (m) "Crown Claims" means Claims of Her Majesty in right of Canada or any province of all amounts of a kind contemplated by section 60(1.1) of the Act;
- (n) "Date of Filing" means the date on which the Company filed the NOI;
- (o) "Employee Preferred Claim" means a Claim by a current or former employee of the Company, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;

- (p) “Effective Date” means the date on which the transactions and agreements provided for in this Proposal are to become effective which shall be the date on which the Approval Order is issued;
- (q) “Event of Default” has the meaning given to it in Part VIII of this Proposal;
- (r) “Funded Proposal Payments” shall mean funds which will be advanced to the Trustee for distribution to Unsecured Creditors pursuant to Part V of this Proposal;
- (s) “Inspectors” means the inspectors appointed pursuant to Part X of this Proposal;
- (t) “Levy” means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (u) “Maturity Date” means the date on which all payments to the Creditors have been made, provided that no Event of Default has occurred that has not been cured or waived;
- (v) “NOI” means the Notice of Intention to Make a Proposal filed by the Company on November 6, 2017;
- (w) “Person” means any individual, partnership, joint venture, trust corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (x) “Post-Filing Crown Claims” means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (y) “Post-Filing Goods and Services” means the goods supplied, services rendered, and other consideration given or provided to the Company on or after the Date of Filing;
- (z) “Pre-Filing Crown Claims” means all Crown Claims that were outstanding as at the Date of Filing;
- (aa) “Preferred Claim” means any claim that is afforded priority under Section 136(1) of the Act;
- (bb) “Preferred Creditor” means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (cc) “Proposal” means this proposal dated December 5, 2017, together with any amendments or additions thereto;



- (dd) "Proposal Period" means the period between the Court Approval Date and the Maturity Date;
- (ee) "Proven" as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor's right of appeal to Court, the Court's determination of that Claim or any applicable appeal periods having expired and no appeal having been made.
- (ff) "Secured Claim" means the value of any Claim by a Secured Creditor;
- (gg) "Secured Creditor" means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim;
- (hh) "Secured Payments" shall mean funds which will be advanced to the Trustee for distribution to Secured Creditors pursuant to Part V of this Proposal;
- (ii) "Secured Property" mean the property against which a Creditor holds a mortgage, hypothec, pledge, charge, lien or privilege in respect of a Claim;
- (jj) "Trustee" means Dodick Landau Inc., solely in its capacity as proposal trustee of the Company;
- (kk) "Unsecured Claim" means the value of any Proven Claim in respect of which no Security is held; and
- (ll) "Unsecured Creditors" means those Persons with Claims in respect of which no Security is held, and which is not afforded priority under Section 136(1) of the Act.

### **Headings**

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

### **Number, etc.**

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

### **Date for Action**

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

### **Accounting Principles**

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

## **PART II PURPOSE AND EFFECT OF THIS PROPOSAL**

### **Purpose of Proposal**

6. The purpose of this Proposal is to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the restructuring and the continued operation of the business and affairs of the Company than would result from a bankruptcy of the Company.

### **Effect of Proposal**

7. This Proposal restructures the indebtedness of the Company and provides the essential terms on which all Creditors' Claims will be fully and finally resolved and settled. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors will be stayed from commencing or continuing any proceeding or remedy against the Corporation or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.

## **PART III CLASSIFICATION OF CREDITORS**

8. For the purpose of this Proposal, the Creditors of the Company shall be comprised of two classes, consisting of:
  - (a) Creditors having Proven Preferred Claims and Unsecured Claims ("Class I"), which, for greater certainty, shall include Preferred Creditors entitled to vote pursuant to the Act and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims; and

- (b) Creditors having Proven Secured Claims ("Class 2").

**PART IV  
SECURED CREDITORS**

9. The Secured Creditors having Proven Secured Claims shall be entitled to vote on the Proposal, in the amount of such Claims, as part of Class 2.

**PART V  
TREATMENT OF VARIOUS CLAIMS,  
FUNDING OF PROPOSAL AND DISTRIBUTION**

**Crown Claims**

10. At the date of this Proposal, according to the Canada Revenue Agency ("CRA"), the Company owed approximately \$172,000 to CRA for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing. In addition to the Funded Proposal Payments, all Proven Pre-Filing Crown Claims shall be paid out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to Her Majesty in the Right of Canada or of any province, as applicable, within six (6) months of the Court Approval Date.

**Employee Preferred Claims**

11. At the Date of Filing, the Company owed approximately \$28,000 on account of Employee Preferred Claims. All Employee Preferred Claims (if any) shall be paid out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to the entitled claimants (if any) immediately after the Court Approval Date.

**Secured Claims**

12. Proven Secured Claims shall be paid in full, without interest, out of the Secured Payments on a priority basis, based on the order of registered security.

**Preferred Claims (in addition to Employee Preferred Claims)**

13. Proven Preferred Claims, other than Employee Preferred Claims (which shall be satisfied pursuant to Paragraph 11 of this Proposal), shall be paid in full, without interest, out of the Funded Proposal Payments, in priority to Proven Unsecured Claims.

**Unsecured Claims**

14. Proven Unsecured Claims shall be paid out of the Funded Proposal Payments on a *pro rata* basis.

#### **Related-Party Creditors**

15. The following Creditors have agreed, as evidenced by such Creditors' signed confirmation appended hereto as Schedule "A", not to file Claims in this Proposal and will not participate in distributions to Unsecured Creditors under this Proposal:
  - (a) Joseph Grzyb;
  - (b) Stuart Eddy; and
  - (c) Chris Bulger.

#### **Funding the Proposal**

##### *Secured Payments*

16. Upon the full satisfaction of the Crown Claims and Employee Preferred Claims, the Company will cause to be paid to the Trustee the Secured Payments in the form of equal cash instalments each month, for 5 years, the amount of which monthly payments shall be calculated based on the aggregate of all Proven Secured Claims.

##### *Funded Proposal Payments*

17. Upon the full satisfaction of the Crown Claims and Employee Preferred Claims, the Company will cause to be paid to the Trustee the Funded Proposal Payments in the form of cash instalments in the aggregate amount of \$12,500 every three months, for 5 years, subject to Paragraph 19 of this Proposal.
18. The Company's obligation to commence funding the Funded Proposal Payments shall commence on the earlier of:
  - (i) the last day of the month following the month in which the Crown Claims are paid in full; and
  - (ii) 30-days following the day that is six (6) months after the Court Approval Date.
19. The Funded Proposal Payments will be made until an amount is paid to the Trustee equal to the lesser of:
  - (i) 50% of the value of the Proven Claims; and
  - (ii) \$250,000.

## **Distributions**

### *Distributions to Secured Creditors*

20. Interim distributions will be made to Secured Creditors when sufficient Secured Payments have, in the Trustee's discretion, accumulated to warrant an interim distribution, provided that the Trustee shall effect at least one (1) interim distribution every three (3) months receipt of the first Secured Payments, until such time as all Proven Secured Claims are satisfied.

### *Distributions to Unsecured Creditors*

21. Interim distributions will be made to Unsecured Creditors when sufficient Funded Proposal Payments have, in the Trustee's discretion, accumulated to warrant an interim distribution.
22. The Funded Proposal Payments shall be distributed by the Trustee in the following order of priority:
  - (a) first, to the Administrative Fees and Expenses;
  - (b) second, to establish the Bankruptcy Reserve, to be held in trust by the Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that this Proposal is annulled, and the Company becomes bankrupt, failing which such amount shall be distributed in accordance with Subparagraphs 19(c) and 19(d) of this Proposal;
  - (c) third, to Proven Claims of Preferred Creditors, other than Employee Preferred Claims which will have been paid, without interest (if any); and
  - (d) fourth, the balance of the Funded Proposal Payments shall be distributed *pro rata* among all of the Unsecured Creditors on account of Proven Unsecured Claims.

## **Amendments to Agreements**

23. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

### **Treatment of Claims**

24. For purposes of this Proposal, each Creditor holding a Claim will receive the treatment provided for in this Proposal on account of such Claim.

## **PART VI POST-FILING OBLIGATIONS**

### **Payment of Post-Filing Goods & Services**

25. During the Proposal Period, all Post-Filing Goods and Services shall be paid in full in the ordinary course of business by the Company

### **Post-Filing Crown Claims**

26. During the Proposal Period, the Company shall remit all Post-Filing Crown Claims as and when due.

### **Reporting by the Company**

27. During the Proposal Period, the Company shall provide to the Trustee every three months commencing on first day of the month following the month in which the Approval Order is issued, a report containing the information set out below:
  - (i) a cash flow statement for the Company's business and affairs for the prior three months; and
  - (ii) evidence of Company's filing and remittance of source deductions and HST.

## **PART VII LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS**

### **Levy**

28. The Levy, if applicable, shall be deducted by the Trustee from payments to creditors by the Trustee.

### **Payment of Fees and Expenses**

29. The Administrative Fees and Expenses shall be paid in priority to the Crown Claims, the Claims of Preferred Creditors, Secured Creditors and the Claims of general Unsecured Creditors.

### **Employee Claims**

30. As per Part V of this Proposal, All Employee Preferred Claims will be paid in priority to other Claims immediately after the issuance of the Approval Order.

### **Preferred Claims**

31. As per Part V of this Proposal, Proven Claims of Preferred Creditors, without interest, are to be paid in full priority to all Claims of the Unsecured Creditors including, without limitation, any entitlement of the Unsecured Creditors to the payments to be made under Part V of this Proposal.

## **PART VIII EVENTS OF DEFAULT**

32. The following events will constitute Events of Default for purposes of section 63 of the Act and otherwise under this Proposal:
- (a) the non-payment by the Company of any of its obligations hereunder within thirty (30) days after written notice has been given by the Trustee that such payment is past due; and
  - (b) the breach or failure by the Company to observe and perform any other covenant and provision of this Proposal, other than payment as provided for in this Paragraph 29(a) which is not remedied within thirty (30) days after written notice thereof has been given to the Company by the Trustee.

## **PART IX TRUSTEE**

33. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.
34. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

## **PART X INSPECTORS**

### **Appointment of Inspectors**

35. At the Creditors Meeting, the Affected Creditors will be entitled to appoint one or more, but not exceeding five (5) Inspectors in total.

### **Powers of Inspectors**

36. The inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
- (a) the power to extend the dates the Funded Proposal Payments are due under this Proposal;
  - (b) the power to waive any default in the performance of any provision of this Proposal; and
  - (c) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.

## **PART XI CONDITIONS PRECEDENT**

### **Creditor Approval**

37. The Trustee shall call a meeting of the Affected Creditors of the Company to seek creditor approval for the Proposal in the requisite majority in number and value of the classes, as set out in the Act, of each of the classes of creditors described in this Proposal. The performance of this Proposal by the Company shall be conditional upon approval of the Affected Creditors. If the Affected Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under section 57 of the Act and the Company shall be deemed bankrupt.

### **Court Approval**

38. In the event the Proposal is approved by the Affected Creditors the Proposal Trustee shall, within five (5) days of such approval, apply to the Court for a hearing to seek the Approval Order. The performance of this Proposal by the Company shall be conditional upon the issuance of the Approval Order. In the event that the Court does not approval the Proposal, the Company shall be deemed bankrupt.

## **PART XII RELEASE**

39. As at 12:01 a.m. the Maturity Date, the Company and each and every present and former officer and director of the Company (collectively, the "Released Parties"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Creditor or person may be entitled to assert as of the Date of Filing, including



without limitation, any and all claims in respect of the potential statutory liabilities of the former, present and future directors and officers of the Company, and any and all claims relating to any obligations of the Company where the present, former or future directors or officers are or may be by law liable in their capacity as directors or officers for the payment of such obligations, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Date of Filing relating to, arising out of or in connection with the claims, the business and affairs of the Company, this Proposal, and provided that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the exceptions set out in section 50(14) of the Act. This release shall have no force or effect if the Company goes bankrupt before the terms of the Proposal are performed.

### **PART XIII MISCELLANEOUS**

#### **Preferential Payments**

40. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing. The releases contemplated in Paragraph 36 of this Proposal include releases in favour of the Released Parties from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

#### **Consents, Waivers and Agreements**

41. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

#### **Further Actions**

42. The Company and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

### **Performance**

43. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein.

### **Acceleration of Payments**

44. Notwithstanding the payment structure set out in Part V of this Proposal, nothing herein prevents or restricts the Company from (a) accelerating any of the Secured Payments or from satisfying the full amount of the Secured Payments in advance of the time period contemplated in Part V of this Proposal; and/or, (b) accelerating any of the Funded Proposal Payments or from satisfying the full amount of the Funded Proposal Payments in advance of the time period contemplated in Part V of this Proposal.

### **Binding Effect**

45. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

## **PART XIV ANNULMENT OF PROPOSAL**

46. If this Proposal is annulled by an order of the Court, all payments on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

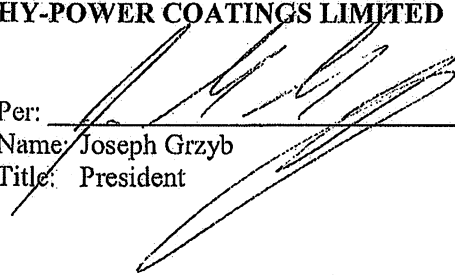
## **PART XV AMENDMENTS**

47. The Company may propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

*[Executed on separate page.]*

**DATED** at the City of Toronto, in the Province of Ontario, this 6<sup>th</sup> day of December, 2017.

**HY-POWER COATINGS LIMITED**

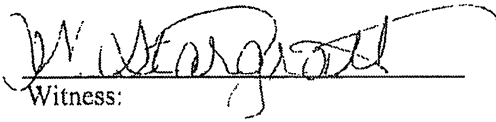
Per:   
Name: Joseph Grzyb  
Title: President

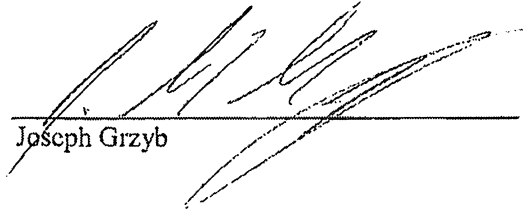
**SCHEDULE "A"**

**CONFIRMATION OF RELATED-PARTY CREDITORS**

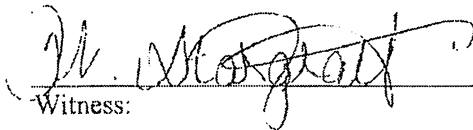
Pursuant to this Proposal, the following Creditors hereby confirm, acknowledge and agree that they will not file a Claim in this Proposal and will not participate in any distributions to Unsecured Creditors under this Proposal.

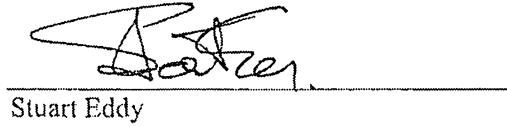
Date: December 6, 2017

  
Witness:

  
Joseph Grzyb

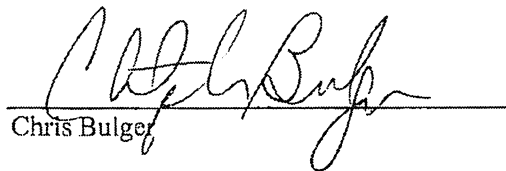
Date: December 6, 2017

  
Witness:

  
Stuart Eddy

Date: December 6, 2017

  
Witness:

  
Chris Bulger

# REPORT ON PROPOSAL

IN THE MATTER OF THE PROPOSAL OF  
HY-POWER COATINGS LIMITED  
OF THE CITY OF BRAMPTON  
IN THE PROVINCE OF ONTARIO

REPORT OF TRUSTEE ON PROPOSAL

December 11, 2017

INTRODUCTION

1. On November 6, 2017, Hy-Power Coatings Limited (the “**Company**” or “**Coatings**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) to its creditors pursuant to subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and Dodick Landau Inc. (“**DLI**”) was named Proposal Trustee (the “**Proposal Trustee**”).
2. On December 6, 2017, pursuant to section 62 of the BIA, Coatings filed with the Official Receiver a proposal (the “**Proposal**”).
3. The purpose of this report (“**Report**”) is to provide information to the creditors of Coatings (the “**Creditors**”) to assist in their evaluation of the Proposal.
4. The Proposal has been developed to effect a restructuring of the business and affairs of the Company with the expectation that all existing creditors will derive a greater benefit from the continued operation and affairs of the business than would result from a forced sale of its assets in a liquidation.
5. **A meeting of the Creditors to consider the Proposal will be held at the office of the Proposal Trustee, Dodick Landau Inc., located at 4646 Dufferin St., Suite 6, Toronto, Ontario, M3H 5S4, on December 22, 2017 at 11:00 a.m. Details relating to the filing of claims, and other documents, prior to the meeting of the creditors, are outlined in this report and will be mailed to each known creditor of the Company, or their duly appointed representative.**

## DISCLAIMER

6. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with the Company's management ("**Management**"), Creditors and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report:
  - a) the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;
  - b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
  - c) the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on DLI's website at [www.dodick.ca](http://www.dodick.ca). Parties using this Report, other than for the purpose of evaluating the Proposal, are cautioned that it may not be appropriate for their purposes. DLI will continue to maintain on its website copies of any court orders, reports and other material public filings it considers relevant to this proceeding.
7. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
8. The capitalized terms not defined in this report are defined in the Proposal and this Report should only be read in conjunction with the Proposal. While this Report summarizes key aspects of the Proposal, Creditors are advised to carefully read the Proposal in full. Should there be any discrepancy between the summary contained in this Report and the Proposal, the Proposal shall govern.
9. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

## BACKGROUND

### *Operations*

10. The Company is an industrial coatings service provider serving a range of blue chip clients throughout Ontario. The Company continues to operate its business.
11. The Company currently operates from leased premises at 80 Hale Road, Brampton, Ontario, L6W 3N9, and currently employs approximately 10 full time staff.
12. The Company was established over 50 years ago and was founded by a former engineer of the Canadian Government's Avro Arrow Program. In 1975, Mr. Joseph Grzyb became CEO of the Company. The Company was incorporated under the Ontario *Business Corporations Act* on January 4, 1966.

### *Financial Results*

13. Coating's internally prepared financial statements indicate that for its fiscal years ended March 31, 2015, March 31, 2016 and the ten months-ended August 31, 2017, it:
  - a) incurred operating income/(losses) of approximately (\$549,000), \$117,000 and 44,000, respectively, or total accumulated operating losses of approximately \$388,000 over these periods; and
  - b) had total debt (excluding related party debt) during these periods which ranged from approximately \$500,000 to \$600,000.

## CAUSES OF FINANCIAL DIFFICULTIES

14. According to Management, the primary reason for the Company's financial difficulties is the use of its working capital in recent years to develop a new technology which it had not been able to bring to market. As a result, according to Management, in October 2017, the Company sold the technology to its secured creditor and received as consideration the forgiveness of the secured debt. Currently, the Company is focused on its core coatings business and growing this segment of its business.
15. Canada Revenue Agency ("**CRA**") is currently owed approximately \$162,000 in unremitted source deductions, \$103,000 in Harmonized Sales Tax ("**HST**"), excluding interest and penalties, relating to operations dating back from 2015.



16. According to Management, despite its best efforts, it did not have sufficient cash flow generated from its operations to fund the amount outstanding to CRA. Management entered into discussions with CRA and entered into a settlement and payment plan with CRA beginning July 2017, however, it was unable to sustain these payments.

*Secured and Unsecured Debt*

17. A search conducted of the Ontario Personal Property Security Registry on November 1, 2017 in respect of Coatings revealed security registrations in favour of:
- a) Espresso Capital Partners Tax Credit II Fund Limited Partnership ("**Espresso**");
  - b) Ewa Marek ("**Marek**"); and
  - c) vehicle leasing companies.
18. According to Management, the secured debt held by Marek was assigned to Carbon Masters Coatings Ltd. ("**Carbon**") on August 18, 2017 after which Carbon foreclosed on certain assets of the Company thereby eliminating the secured debt owed to it. As such, according to Management, there remains no debt owing to either Marek or Carbon. However, Carbon claims that the foreclosure was not completed due to the Company not fulfilling certain of its obligations in the foreclosure arrangement. Despite the stay of proceedings currently in place, Carbon has commenced proceedings under section 61 of the Personal Property Security Act to attempt to recover the amount it claims it is still owed.
19. As described above, the Company currently has estimated unremitted source deductions owing to CRA totalling approximately \$162,000 which rank ahead of all other creditors in a Proposal. According to Management, the employees' net wages have been kept current and accrued and unpaid vacation pay totals approximately \$11,000.
20. Known unrelated ordinary Unsecured Creditors are owed approximately \$500,000 and consist primarily of trade suppliers.

## THE PROPOSAL<sup>1</sup>

### *Classes*

21. For the purpose of the Proposal, the Creditors of the Company are comprised of two classes, consisting of Creditors having preferred and unsecured claims (“**Class 1**”) and Creditors having secured claims (“**Class 2**”). For greater certainty, the Creditors entitled to vote in Class 1 consist of:
- a) ordinary Unsecured Creditors (i.e., holding claims without priority under the BIA);
  - b) Preferred Creditors pursuant to the BIA;
  - c) Secured Creditors holding Deficiency Claims (i.e., the value of the claim of a Secured Creditor which is in excess of the value of the secured property in respect of that claim); and
  - d) claims of Her Majesty in right of Canada and any province for all amounts other than Crown Priority Claims.
22. Secured Creditors with Proven Secured Claims will be paid in full, without interest, out of the Secured Payments on a priority basis, based on the order of registered security.
23. Crown Priority Claims are all proven pre-filing claims of CRA, or any province, contemplated by section 60(1.1) of the BIA, consisting of unremitted source deductions. Crown Priority Claims will be paid in full, and shall be paid by the Company from operating funds to the Proposal Trustee and remitted by the Proposal Trustee to CRA, or the province, as applicable, within six (6) months of the Court Approval Date.
24. Employee Preferred Claims, being Preferred Claims of current or former employees of the Company payable in priority under Subsection 136(1) of the Act, if any, will be paid out of additional funds to be delivered by the Company to the Proposal Trustee and shall be remitted by the Proposal Trustee to such employees immediately following the Court Approval Date.
25. Preferred Claims, if any, other than Employee Preferred Claims, shall be paid in full, without interest, in priority to Unsecured Claims from the Funded Proposal Payments as described below.

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<sup>1</sup> All capitalized terms not defined in this section are used as defined in the Proposal.

26. Joseph Grzyb, Stuart Eddy and Chris Bulger are each directors and/or officers of the Company and as related party creditors, have each agreed not to file claims in the Proposal and will not participate in distributions to Unsecured Creditors in the Proposal.

*Funding the Proposal*

27. Following payment in full of the Crown Claims and Employee Preferred Claims, the Company will pay to the Proposal Trustee:
  - a) “**Security Payments**” composed of equal monthly cash instalments over five years calculated based on the aggregate of 100% of all Proven Secured Claims; and
  - b) “**Funded Proposal Payments**” composed of cash instalments in the aggregate amount of \$12,500 every three months.
28. The Secured Payments shall continue to be made until an amount equal to all proven Secured Claims, without interest, is paid in full.
29. The Funded Proposal Payments shall continue to be made until an amount is paid to the Proposal Trustee equal to the lesser of (a) 50% of the value of the Proven Unsecured Claims (not including the Crown Priority Claims and the Employee Preferred Claims) and (b) \$250,000.
30. The initial Security Payment and Funded Proposal Payment will each be due on the earlier of: i) the last day of the month following the month in which the Crown Claims are paid in full; and ii) 30 days following the day that is six (6) months after the Court Approval Date.

*Distribution*

31. Interim distributions will be made to Secured Creditors when sufficient Secured Payments have accumulated, in the Proposal Trustee’s discretion, to warrant an interim distribution to the Secured Creditors provided that the Proposal Trustee makes at least one distribution every three months until all Proven Secured Claims are satisfied.
32. The Funded Proposal Payments will be held by the Proposal Trustee in a trust account until a sufficient balance has accumulated, in the Proposal Trustee’s discretion, to warrant an interim distribution to the creditors.
33. The Funded Proposal payments will be distributed in the following order of priority:

- a) *Administrative Fees and Expenses* - To fund all administrative fees and expenses of the Proposal Trustee.
- b) *Bankruptcy Reserve* - To establish a reserve of \$15,000 to be held in trust by the Proposal Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that the Company becomes bankrupt, failing which such amount shall be distributed to the Creditors following full performance of the Proposal.
- c) *Proven Claims of Preferred Creditors* – To pay all Proven Preferred Claims, if any, other than the Employee Preferred Claims, which would have been paid immediately following Court approval.
- d) *Proven Claims of Unsecured Creditors* – To be distributed among the Unsecured Creditors, who will share *pro rata* out of the funds available after payment of the foregoing.

## **LIQUIDATION ANALYSIS / ESTIMATED RECOVERY IN BANKRUPTCY**

### *Liquidation Analysis*

- 34. In the event that the Proposal is not accepted by the Creditors and the Company is deemed bankrupt, the following liquidation analysis represents the estimated value of the Company's assets should the assets be realized in a forced liquidation scenario.
- 35. The Proposal Trustee has relied on representations of the Company in determining the estimated liquidation value of the assets. The liquidation analysis was prepared at a point in time, being November 6, 2017. However, the value of the cash-on-hand and accounts receivable are changing daily as work is performed, receipts are collected and payments are made. Accordingly, in the event that the Company were to become bankrupt and a liquidation of the assets was conducted, the realizable value of the assets at that time may be different than presented below.

**Summary of Estimated Liquidation Value**  
**As at November 6, 2017**  
**(000's)**

	<u>Net Book Value</u>	<u>Estimated Liquidation Value</u>	<u>Notes</u>
<i>Assets</i>			
Cash	\$21	\$21	(a)
Accounts Receivable	\$200	\$78	(b)
Inventory	\$78	\$20	(c)
Fixed Assets	<u>\$138</u>	<u>\$28</u>	(d)
Total Assets	<u>\$437</u>	<u>\$147</u>	

*Notes:*

- a) *Cash is the balance in the bank account on November 6, 2017. The balance in the bank account will change as receipts are collected and disbursements are made.*
- b) *Accounts Receivable represent amounts owing from clients for work performed. There exists approximately \$200,000 in accounts receivable book value, however, according to Management, approximately \$44,000 is over 90 days old and is likely uncollectible. At this time, as collection of these amounts is unlikely, these amounts have been excluded from the estimated liquidation value calculation. The Proposal Trustee has taken a 50% provision against the remaining receivables in order to reflect possible claims for set-off, accounting errors or other claims that may be asserted by the clients in a liquidation scenario.*
- c) *Inventory represents supplies and spare parts. The Proposal Trustee has taken a 75% provision against the book value of the inventory in order to reflect the nature of the inventory, accounting errors and reduced values typically obtained for inventory in a forced liquidation scenario.*
- d) *Fixed assets consist primarily of equipment and leasehold improvements. The Proposal Trustee has taken an 80% provision against the book value of the fixed assets in order to reflect the nature of fixed assets and the reduced values typically obtained in a liquidation scenario for used equipment.*

*Estimated Recovery – Bankruptcy vs. Proposal Scenario*

34. The following chart sets out the expected recovery to CRA (Crown Priority Claims), the Secured Creditors, the Preferred Creditors and the Unsecured Creditors under a bankruptcy scenario and the Proposal scenario. As can be seen below, the net estimated recovery to CRA for Crown Priority Claims in a bankruptcy scenario is 100% and in the Proposal scenario is 100%. The net estimated recovery to the Secured Creditors in a bankruptcy scenario is 8% versus 100% under the Proposal scenario. The net estimated recovery to the Preferred Creditors in a bankruptcy scenario is 0%

versus 100% under the Proposal scenario. The net estimated recovery to the Unsecured Creditors in a bankruptcy scenario is approximately 0% versus approximately 41% under the Proposal scenario. The analysis under the Proposal scenario assumes that the Company makes all Secured Payments and Funded Proposal Payments as required under the Proposal's terms.

<u>Estimated Recovery in a Bankruptcy Scenario</u>		<u>Estimated Recovery in a Proposal Scenario</u>	
		Funds paid in respect of Crown Priority Claim	\$162
		Estimated Secured and Preferred Creditor Payments	112
Liquidation Value of Assets (based on the estimated liquidation value calculated above)	\$147	Estimated Funded Proposal Payments (Note 1)	\$250
Less: Crown Priority Claims - Deemed Trust Portion (Note 2)	<u>(162)</u>	Less: Secured Payments and Crown Priority Claims - Deemed Trust Portion (Note 2)	<u>(274)</u>
Gross amount available for Secured Creditors	(15)	Gross amount available for Unsecured Creditors	250
Less: Estimated professional fees and expenses (Note 3)	(35)	Less: Estimated Professional fees and expenses (Note 3)	(35)
Less: Superintendent's Levy (Note 4)	<u>(0)</u>	Less: Superintendent's Levy (Note 4)	<u>(13)</u>
Net amount available for Secured, Preferred and Unsecured Creditors	(50)	Net amount available for Unsecured Creditors	202
Estimated Claims of Unsecured Creditors (Note 5)	<u>495</u>	Estimated Claims of Unsecured Creditors (Note 5)	<u>495</u>
Estimated Recovery to Unsecured Creditors	<u>0%</u>	Estimated Recovery to Unsecured Creditors	<u>41%</u>
Estimated Recovery to Secured and Preferred Creditors (Note 5)	<u>0%</u>	Estimated Recovery to Secured and Preferred Creditors (Note 5)	<u>100%</u>
Recovery on Crown Priority Claims	<u>91%</u>	Recovery on Crown Priority Claims	<u>100%</u>

**Notes:**

1. The estimated Funded Proposal Payments amount is based on the terms of the Proposal and the calculation of the amount assumes the Claims of the Creditors are equal to the value as recorded in the Company's records. Should the actual value of the Claims be different, the actual estimated recovery to the Creditors will be different.

2. *In a bankruptcy scenario, CRA's deemed trust for Crown Priority Claims only extends over the employee portion of deductions, not the employer contributions or the interest and penalties. In a bankruptcy scenario the liability for employer contributions and the interest and penalties would be an Unsecured Claim. The Proposal Trustee was not able to determine from the Company's records what portion of the liability to CRA represents a deemed trust amount. For purposes of the liquidation analysis we have assumed the entire portion is a deemed trust amount. In the proposal scenario, CRA will receive the same deemed trust entitlement as it would receive in the bankruptcy scenario.*
3. *This amount represents a provision for the estimated professional fees associated with realization of the assets in the bankruptcy scenario or, in the case of a proposal, administering the proposal after Court approval.*
4. *The Superintendent's Levy is not applicable to payments made to satisfy deemed trust claims. It is applicable to payments made to Secured, Preferred and Unsecured Creditors and is calculated as 5% of each payment.*
5. *Currently, there are Preferred Creditors with known claims of approximately \$12,000. The proposal scenario assumes that Preferred Creditors will be paid 100% in accordance with the terms of the Proposal. The claims in respect of Employee Preferred Claims are not reflected in the analysis because any such claims will be paid at 100% from separate funds paid to the Proposal Trustee.*

## **CREDITORS' MEETING/VOTING PROCEDURE AND CLASSES OF CREDITORS**

### *Creditors' Meeting/Voting Procedure*

35. The primary purpose of the Creditors' Meeting is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, at least two-thirds (66.67%) of each creditor class by dollar value, and more than 50% of each creditor class by number, must vote in favour of the Proposal at the meeting either in person, by proxy or by mailing a voting letter to the Proposal Trustee in advance of the meeting. Only Creditors who actually vote are counted for the purpose of determining whether the necessary thresholds have been reached.
36. **To be eligible to vote on the Proposal, Creditors must have filed with the Proposal Trustee, before the meeting, to be held on December 22, 2017, a proof of claim form signed and witnessed as required under the BIA and accompanied by a statement of account or affidavit in support of the claim. Those Creditors who do not intend to have a personal representative at the meeting may complete and submit prior to the meeting the voting letter which is enclosed in the creditor package indicating their vote for or against the acceptance of the Proposal. The Proposal Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the meeting. If the Proposal is not accepted by the requisite majority of unsecured creditors, the Company will be deemed bankrupt.**

37. If the Proposal is accepted by the statutory majorities referenced above, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court provides such approval (“**Approval Order**”), the Proposal will be binding on all Creditors and such Creditors, and their respective heirs, executors, administrators, successors and assigns, shall have no further Claim against the Company other than for the distributions provided in the Proposal (subject to the Company funding its obligations under the Proposal).

#### *Class of Creditors*

38. For purposes of considering, and voting on, the Proposal, and receiving a distribution pursuant to the Proposal, the Creditors are grouped in two (2) classes.
39. The Proposal does not compromise or otherwise affect certain creditor claims, specifically:
- a) claims for goods and/or services delivered to the Company on or after the Date of Filing, November 6, 2017, including Administrative Fees and Expenses;
  - b) Crown Priority Claims; and
  - c) Proven Claims of Preferred Creditors, if any, payable in priority to all claims of Unsecured Creditors in accordance with the scheme of distribution set forth in the BIA.
40. Distributions to Creditors will be made as described in the “Distribution” section of this Report.

#### **ALTERNATIVES TO THE PROPOSAL**

41. At the Creditors’ Meeting, the Creditors are being asked by the Proposal Trustee to choose between two alternatives, namely accepting the Proposal or rejecting the Proposal.
42. The Proposal Trustee believes that, if the Proposal is not approved by the Creditors, the most likely alternative would be a forced liquidation of the assets of the Company pursuant to the BIA, and the distribution of the net proceeds from such a forced liquidation to the Creditors in accordance with their respective priorities. Any forced liquidation process would be fraught with considerable execution risk and cost. For the reasons described above, the Proposal Trustee is of the view that the Proposal will produce a more favourable result for the Creditors of the Company than would a forced liquidation of the assets in a bankruptcy.



## **CONDUCT OF THE DEBTOR**

### *Preference Transactions and Transfers at Undervalue*

43. The Proposal contemplates that Sections 95-101 of the BIA shall not apply in connection with this Proposal and as a result the Proposal Trustee shall have no responsibility, liability or authority whatsoever in connection herewith. Accordingly, the Proposal Trustee has not undertaken a detailed review for possible preference transactions or transfers at undervalue.
44. If the Company was to become bankrupt, and either preference transactions or transfers at undervalue did exist, it is possible that some of these transactions could be voided.

### *Conduct Post-Filing*

45. Pursuant to Section 50(10) of the BIA, the Proposal Trustee is required to monitor the affairs of the Company until the Proposal is approved by the Court.
46. During the NOI period, the Company worked diligently with the Proposal Trustee to prepare its Proposal, as well as to manage costs and continue operations. The Company is working diligently to complete the Proposal. The Company continues to actively solicit new business and is reducing costs where possible to improve its cash flow and meet its liquidity needs in order to be able to successfully implement the Proposal.

## **CREDITORS' CLAIMS**

47. To date, no provable claims have been received in the Proposal by the Proposal Trustee.

## **PREVIOUS BUSINESS DEALINGS WITH THE DEBTOR**

48. The Proposal Trustee has not had any business dealings with the Company prior to its appointment as Proposal Trustee and is not in a conflict of interest.

## **SUMMARY COMMENTS/RECOMMENDATION**

49. It is the Proposal Trustee's opinion that the Proposal will allow for a greater recovery to the Creditors of the Company than they would receive in a liquidation of the Company.
50. For the reasons set out in this Report, it is the opinion of the Proposal Trustee that acceptance of the Proposal is in the best interest of the Creditors. If the Proposal is rejected by the Creditors, the

Company will be deemed automatically bankrupt and it is uncertain what the actual realizable values of the assets will be in a forced liquidation scenario. Accordingly, the Proposal Trustee recommends that the Creditors vote in favour of the Proposal.

Yours very truly,

**DODICK LANDAU INC.**

Trustee *re* the Proposal of Hy-Power Coatings Limited

Per:

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

Rahn Dodick, CPA, CA, CIRP, LIT

# STATEMENT OF AFFAIRS

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

Original  Amended

-- Form 78 --  
 Statement of Affairs (Business Proposal) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of  
 Hy-Power Coatings Limited  
 of the city of Brampton, in the Province of Ontario

To the debtor:


You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 6th day of November 2017. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

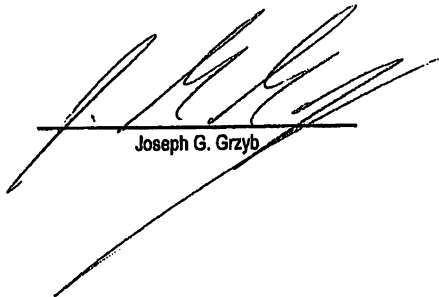
LIABILITIES (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A" .....	1,350,843.00
Balance of secured claims as per list "B" .....	0.00
Total unsecured creditors .....	1,350,843.00
2. Secured creditors as per list "B" .....	262,820.00
3. Preferred creditors as per list "C" .....	11,622.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for .....	0.00
Total liabilities .....	1,625,285.00
Surplus .....	NIL

ASSETS (as stated and estimated by the officer)	
1. Inventory .....	10,000.00
2. Trade fixtures, etc. ....	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good .....	157,171.00
Doubtful .....	0.00
Bad .....	43,649.00
Estimated to produce .....	157,171.00
4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
5. Deposits in financial institutions .....	0.00
6. Cash .....	20,543.00
7. Livestock .....	0.00
8. Machinery, equipment and plant. ....	100,000.00
9. Real property or immovable as per list "G" .....	0.00
10. Furniture .....	0.00
11. RRSPs, RRIFFs, life insurance, etc. ....	0.00
12. Securities (shares, bonds, debentures, etc.) .....	0.00
13. Interests under wills .....	0.00
14. Vehicles .....	8.00
15. Other property, as per list "H" .....	0.00
If debtor is a corporation, add:	
Amount of subscribed capital .....	0.00
Amount paid on capital .....	0.00
Balance subscribed and unpaid .....	0.00
Estimated to produce .....	0.00
Total assets .....	287,722.00
Deficiency .....	1,337,563.00

I, Joseph G. Grzyb, of the city of Brampton in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 6th day of December 2017 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the city of Toronto in the Province of Ontario, on this 6th day of December 2017.

  
 Rahn Dodick, Commissioner of Oaths  
 For the Province of Ontario  
 Expires June 1, 2020

  
 Joseph G. Grzyb

**Rahn Dodick, a Commissioner, etc.,  
 Province of Ontario, for Dodick  
 Landau Inc. and Dodick Landau  
 Partnership. Expires June 1, 2020.**

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

FORM 78 - Continued

List "A"  
 Unsecured Creditors

Hy-Power Coatings Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	407 ETR Express Toll Route Attn: Marlon Richardson/Collections	8300 Steeles Ave W Woodbridge ON L4H 1J1	20,947.00	0.00	20,947.00
2	A. R. Montelth Corporation	2615 Wharton Glen Avenue Mississauga ON L4X 2B1	99,145.00	0.00	99,145.00
3	AE Richards Moving & Installation	80 Hale Road, Unit # 14 & 15 Brampton ON L6W 3N9	610.00	0.00	610.00
4	Airport & Steeles Auto Centre	1 Delta Park Blvd, Unit 18 Brampton ON L8T 5G1	58.00	0.00	58.00
5	Andre' LeBlanc	. ON .	8,521.00	0.00	8,521.00
6	Antonio Sanita Holdings Limited	16 Melanie Drive, Ste. 101 Brampton ON L9T 4K9	16,578.00	0.00	16,578.00
7	APCO Industries Co. Limited	10 Industrial Street Toronto ON M4G 1Z1	1,885.00	0.00	1,885.00
8	ARC Document Solutions	111 Zenway Blvd. Units 18-20 Woodbridge ON L4H 3H9	40.00	0.00	40.00
9	B.E.S.T. Painting Ltd.	Alice Pearse 34 Dale Avenue Scarborough ON M1J 3J5	12,864.00	0.00	12,864.00
10	Bazaar McBean LLP	440 Inglehart Street North Oakville ON L6L 3J6	2,260.00	0.00	2,260.00
11	Bell Canada F-88 - Business Attn: Insolvency Department	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3	4,248.00	0.00	4,248.00
12	Bell Mobility Attn: Stephanie Deveau	200 Bouchard Blvd, 3rd Floor Dorval QC H9S 5X5	1,507.00	0.00	1,507.00
13	BV Communications	PO 90 (St.Laurent) St. Laurent QC H4L 4V4	298.00	0.00	298.00
14	Canada Colours & Chemicals Limited	175 Bloor Street East, Ste. 1300 North Tower Toronto ON M4W 3R8	884.00	0.00	884.00
15	CanWin Consulting Inc.	1900 Collegeway, Unit 2202 Mississauga ON L5L 5Y8	6,780.00	0.00	6,780.00
16	Ceryx Inc.	5000 Yonge Street, Suite 1503 Toronto ON M2N 7E9	122.00	0.00	122.00
17	Clark Industrial Wholesale	2020 Clark Blvd., Unit 2 & 3 Brampton ON L6T 5R4	1,008.00	0.00	1,008.00
18	Comfort Inn	2965 Dougall Avenue Windsor ON N9E 1S1	300.00	0.00	300.00
19	Comfort Inn	1156 Wellington Rd. S. London ON N6E 1M3	312.00	0.00	312.00
20	Comfort Inn	1252 Michael Street Ottawa ON K1J 7T1	280.00	0.00	280.00
21	Comfort Inn West	222 Hearst Way Kanata ON K2L 3A2	2,613.00	0.00	2,613.00
22	CRA - Tax - Ontario Attn: Quebec Insolvency Intake Centre HST	Shawinigan - Sud National Verification and Collection Centre 4895 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9	103,000.00	0.00	103,000.00
23	CRS Contractors Rental Supply	2489 Sheffield Road Ottawa ON K1B 3V6	19,230.00	0.00	19,230.00

06-Dec-2017

Date

Joseph G. Grzyba

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

FORM 78 -- Continued

List "A"  
 Unsecured Creditors

Hy-Power Coatings Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
24	Dulux Attn: Brian Bolt	8200 Keele Street Concord ON L4K 2A5	13,360.00	0.00	13,360.00
25	Enbridge Gas Distribution - Ontario Attn: Back Office Collections Department	PO Box 650 Scarborough ON M1K 5E3	9,760.00	0.00	9,760.00
26	Enviro-Tech Associates Ltd.	433 Norwich Avenue, Unit 1632 Woodstock ON N4S 3W0	1,452.00	0.00	1,452.00
27	Esso Imperial Oil	PO Box 1700 Don Mills ON M3C 4J4	5,115.00	0.00	5,115.00
28	Eva Marek GSA	44 Morton Avenue Dundas ON L9H 6W6	1.00	0.00	1.00
29	Fedex Express Canada LTD	PO Box 4626 Toronto Stn A Toronto ON M5W 5B4	85.00	0.00	85.00
30	Gastle and Associates	PO Box 430, 12 Bridge Street, Suite 202 Lakefield ON K0L 2H0	11,698.00	0.00	11,698.00
31	Global Health Systems Inc. Attn: Guy W. Giorno CV-11-427880	c/o Fasken, Martineau DuMoulin LLP 333 Bay Street, Suite 2400 Toronto ON M5H 2T6	24,285.00	0.00	24,285.00
32	Greencare Janitorial Systems Ltd.	2500 Williams Parkway, Unit 12 Brampton ON L6S 5M9	2,610.00	0.00	2,610.00
33	Hydro One Brampton Networks Inc. Attn: Collections	175 Sandalwood Parkway West Brampton ON L7A 1E8	1,005.00	0.00	1,005.00
34	Joseph Grzyb	. ON .	780,396.00	0.00	780,396.00
35	LBEL Inc. (formerly CIT Financial Ltd.) Attn: Karen Greatorex	5035 South Service Road PO Box 5072 Burlington ON L7R 4C8	1,553.00	0.00	1,553.00
36	Lammer Spray Systems Ltd.	7585 Torbram Road, Unit 7 & 8 Mississauga ON L4T 1H2	1,568.00	0.00	1,568.00
37	LexisNexis Canada Inc.	700-123 Commerce Valley Dr. E. Markham ON L3T 7W8	6,026.00	0.00	6,026.00
38	M. H. Supplies	52 Ferris Road Toronto ON M4B 1G3	2,197.00	0.00	2,197.00
39	Marcum LLP	One SE Third Avenue, Suite 1100 Miami FL 33131 USA	2,653.00	0.00	2,653.00
40	Metro Mobile Wash	21 Strathearn Avenue Brampton ON L6T 4P1	4,000.00	0.00	4,000.00
41	Miller Waste Systems Inc. - Markham Division	8050 Woodbine Ave Markham ON L3R 2N8	1,974.00	0.00	1,974.00
42	NEBS Canada	330 Cranston Crescent Midland ON L4R 4V9	944.00	0.00	944.00
43	North Toronto Paints Limited	8111 Jane Street, Unit 5 Concord ON L4K 4L7	3,020.00	0.00	3,020.00
44	Perma Tint Ltd.	100 Bradwick Drive Concord ON L4K 1K8	4,639.00	0.00	4,639.00
45	Primus Telecommunications Canada Incorporated Attn: Receivables Management Department Help Desk	400 - 5343 Dundas Street West Etobicoke ON M9B 6K5	9,520.00	0.00	9,520.00
46	Region of Peel Water & Wastewater Service Attn: Water Department	PO Box 4512, Station A Toronto ON M5W 4L4	3,018.00	0.00	3,018.00
47	Revive Power Washing Inc.	675 Lomond Crescent Burlington ON L7L 2N8	12,430.00	0.00	12,430.00

06-Dec-2017

Date

Joseph G. Grzyb

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

FORM 78 -- Continued

List "A"  
 Unsecured Creditors

Hy-Power Coatings Limited

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
48	Ross-Rumball Professional Corporation	322 King Street West, Suite 203 Toronto ON M5V 1J2	8,851.00	0.00	8,851.00
49	Sherwin-Williams Cambridge	15 Sheldon Drive Cambridge ON N1R 6R8	6,298.00	0.00	6,298.00
50	Skytec Rentals Inc.	61 Burford Road Hamilton ON L8E 3C6	3,307.00	0.00	3,307.00
51	Solmon Rothbart Goodman LLP	375 University Avenue, Suite 701 Toronto ON M5G 2J5	23,492.00	0.00	23,492.00
52	Spectrum Abrasives Limited	3687 Nashua Drive Mississauga ON L4V 1V5	250.00	0.00	250.00
53	Stuart Eddy	. ON .	41,135.00	0.00	41,135.00
54	Superior Door and Gate Systems	5309 Maingate Drive Mississauga ON L4W 1G6	1,250.00	0.00	1,250.00
55	Supreme Mobile Wash	165 Schmidt Drive Arthur NU N0G 1A0	735.00	0.00	735.00
56	T. Christopher Bulger	. ON .	33,900.00	0.00	33,900.00
57	Timax Messenger Inc.	2844 Bristol Circle Oakville ON L6H 6X5	250.00	0.00	250.00
58	Tory Tape Limited	230 Trowers Road, Units 9 - 11 Woodbridge ON L4L 7J1	2,387.00	0.00	2,387.00
59	United Rentals of Canada Inc.	c/o #644, C/O T52638, PO Box 4526, Postal Stn A Toronto ON M5W 5Z9	18,345.00	0.00	18,345.00
60	Workplace Safety and Insurance Board Attn: c/o Collection Services	200 Front St W Toronto ON M5V 3J1	3,844.00	0.00	3,844.00
<b>Total:</b>			<b>1,350,843.00</b>	<b>0.00</b>	<b>1,350,843.00</b>

06-Dec-2017

Date

Joseph G. Grzyb

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

FORM 78 -- Continued

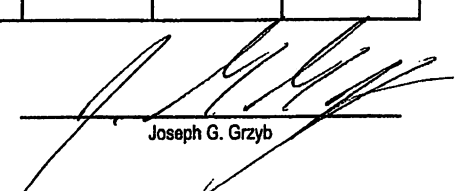
List "B"  
 Secured Creditors

Hy-Power Coatings Limited

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	BMW Canada Inc. Attn: Financial Services Department 2016 BMW X1 XDrive	50 Ultimate Drive Richmond Hill ON L4S 0C8	1.00	Motor Vehicles - Automobile - 2016 - BMW - X1 XDrive 28i - WBXHT3C35GP880456	03-Dec-2015	1.00		
2	BMW Canada Inc. Attn: Financial Services Department 2017, BMW X3 XDrive 35i	50 Ultimate Drive Richmond Hill ON L4S 0C8	1.00	Motor Vehicles - Automobile - 2017 - BMW - X3 XDrive 35i - 5UXWX7C53HOU42349	30-Aug-2015	1.00		
3	Colony Ford Lincoln Sales Inc. Attn: Bankruptcy Department 2012 Ford E450	300 Queen Street East Brampton ON L6V 1C2	1.00	Motor Vehicles - Automobile - 2012 - Ford - E450 - 1FDXE4FL3CDA87524	01-Oct-2014	1.00		
4	Colony Ford Lincoln Sales Inc. Attn: Bankruptcy Department 2014 Ford Flex SEL	300 Queen Street East Brampton ON L6V 1C2	1.00	Motor Vehicles - Automobile - 2014 - Ford - Flex Sel - 2FMGK5C83EBD28022	25-Mar-2014	1.00		
5	Colony Ford Lincoln Sales Inc. Attn: Bankruptcy Department 2015 Ford Transit	300 Queen Street East Brampton ON L6V 1C2	1.00	Motor Vehicles - Automobile - 2015 - Ford - Transit - 1FTYE1ZM4FKA19003	01-Dec-2013	1.00		
6	Colony Ford Lincoln Sales Inc. Attn: Bankruptcy Department 2015 Ford Transit Connect	300 Queen Street East Brampton ON L6V 1C2	1.00	Motor Vehicles - Automobile - 2015 - Ford - Transit Connect - 1FTYE1ZM6FKA19004	01-Dec-2013	1.00		
7	Colony Ford Lincoln Sales Inc. Attn: Bankruptcy Department 2015 Ford Transit Van	300 Queen Street East Brampton ON L6V 1C2	1.00	Motor Vehicles - Automobile - 2015 - Ford - Transit Van - 1FTNR1ZM8FKB17457	08-Oct-2015	1.00		
8	Colony Ford Lincoln Sales Inc. Attn: Bankruptcy Department 2017 Ford Escape	300 Queen Street East Brampton ON L6V 1C2	1.00	Motor Vehicles - Automobile - 2017 - Ford - Escape - 1FMCU0GD0HUA41383	30-Aug-2015	1.00		
9	CRA - Tax - Ontario Attn: Quebec Insolvency Intake Centre Source Deductions	Shawinigan - Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9	162,200.00	Debts Due - Business - Accounts Receivable	01-Jan-2017	141,657.00		
				Cash on Hand - Funds on Hand	01-Jan-2017	20,543.00		
				Business Assets - Machinery - Machinery, equipment, plant	15-Feb-2015	0.00		
10	Espresso Capital Partners Tax Credit II Fund Limited Partnership	1095 West Pender Street, Suite 1130 Vancouver BC V6E 2M6	100,612.00	Business Assets - Machinery - Machinery, equipment, plant	15-Feb-2015	85,098.00	14,902.00	
				Debts Due - Business - Accounts Receivable	15-Feb-2015	15,514.00		
				Cash on Hand - Funds on Hand	15-Feb-2015	0.00		

06-Dec-2017

Date

  
 Joseph G. Grzyb



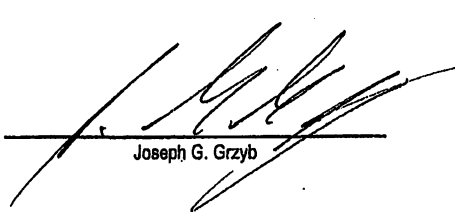
District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 78 -- Continued

Total:	262,820.00		262,820.00	14,902.00	0.00
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06-Dec-2017

Date

  
Joseph G. Grzyb

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

FORM 78 - Continued

List "C"  
 Preferred Creditors for Wages, Rent, etc.

Hy-Power Coatings Limited

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
1	Hieu Tran	139 Northover Street North York ON M3L 1W8		-	2,450.00	0.00	2,450.00
2	Jay Barone	901A-19 Singer Court North York ON M2K 0B2		-	250.00	0.00	250.00
3	Josh Olson	3104 Churchill Avenue Mississauga ON L4T 1R5		-	1,025.00	0.00	1,025.00
4	Kamini Khare	11 Rain Lily Lane Brampton ON L6R 1S4		-	330.00	0.00	330.00
5	Karl Anderon	1646 Clark Blvd. Milton ON L9T 5Z5		-	1,538.00	0.00	1,538.00
6	Manny Cabral	6350E Montevideo Road Mississauga ON L5N 3V2		-	313.00	0.00	313.00
7	Nhan Tran	118 Weir Street Bradford ON L3Z 0K5		-	708.00	0.00	708.00
8	Quan Tran	85 Vivians Crescent Brampton ON L6Y 4V2		-	1,084.00	0.00	1,084.00
9	Quang Nguyen	16 Harding Avenue Toronto ON M6M 3A2		-	698.00	0.00	698.00
10	Quoc Nguyen	222 Mactier Drive Vaughan ON L4H 4L5		-	1,062.00	0.00	1,062.00
11	Rogerick Campbell	62 Ashton Crescent Brampton ON L6S 3J9		-	260.00	0.00	260.00
12	Wendy Stargratt	4 Hallcrown Court Brampton ON L6S 2A7		-	1,904.00	0.00	1,904.00
<b>Total:</b>					<b>11,622.00</b>	<b>0.00</b>	<b>11,622.00</b>

06-Dec-2017

Date

Joseph G. Grzyb

District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 78 -- Continued

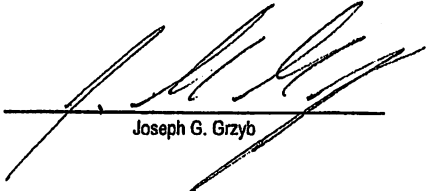
List "D"  
Contingent or Other Liabilities

Hy-Power Coatings Limited

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
			Total:	0.00	0.00	

06-Dec-2017

Date

  
Joseph G. Grzyb

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

FORM 78 -- Continued

List "E"  
 Debts Due to the Debtor

Hy-Power Coatings Limited

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Accounts Receivable	ON .	Accounts Receivable	157,171.00 0.00 43,649.00		01-Jan-2017	157,171.00	
Total:				157,171.00 0.00 43,649.00			157,171.00	

06-Dec-2017

Date

  
 Joseph G. Grzyb

District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 78 -- Continued

List "F"

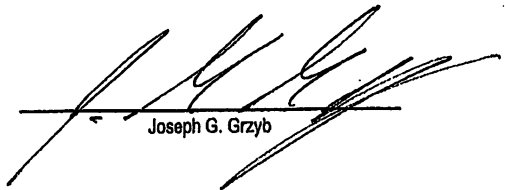
Bills of Exchange, Promissory Notes, Lien Notes, Chattel  
Mortgages, etc., Available as Assets

Hy-Power Coatings Limited

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0,00		0,00	

06-Dec-2017

Date

  
Joseph G. Grzyb

District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 78 -- Continued

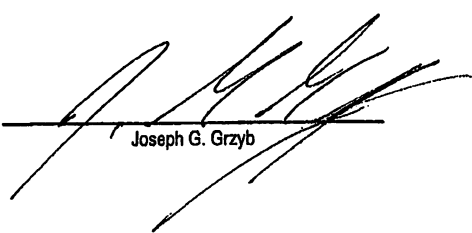
List "G"  
Real Property or Immovables Owned by Debtor

Hy-Power Coatings Limited

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
			Total:	0.00	0.00

06-Dec-2017

Date

  
Joseph G. Grzyb

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 32-2312455  
 Estate No. 32-2312455

FORM 78 -- Concluded

List "H"  
 Property

Hy-Power Coatings Limited  
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory	0.00	10,000.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand		Cash on hand	20,543.00	20,543.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Machinery, equipment, plant	0.00	100,000.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles		Automobile - 2012 - Ford - E450 - 1FDXE4FL3CDA87524 Automobile - 2014 - Ford - Flex Sel - 2FMGK5C83EBD28022 Automobile - 2015 - Ford - Transit Connect - 1FTYE1ZM6FKA19004 Automobile - 2015 - Ford - Transit - 1FTYE1ZM4FKA19003 Automobile - 2015 - Ford - Transit Van - 1FTNR1ZM8FKB17457 Automobile - 2016 - BMW - X1 XDrive 28i - WBXHT3C35GP880456 Automobile - 2017 - Ford - Escape - 1FMCU0GD0HUA41383 Automobile - 2017 - BMW - X3 XDrive 35i - 5UXWX7C53HOU42349	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00
(l) Taxes			0.00	0.00
(m) Other			0.00	0.00
			<b>Total:</b>	<b>130,551.00</b>

06-Dec-2017

Date

Joseph G. Grzyb

Court No. 32-2312455

File No. 32-2312455

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In the matter of the proposal of  
Hy-Power Coatings Limited  
of the city of Brampton, in the Province of Ontario

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Form 78 (Bill C-12)  
Statement of affairs (Business bankruptcy)

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Dodick Landau Inc. - Licensed Insolvency Trustee

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4646 Dufferin St., Suite 6  
Toronto ON M3H 5S4  
Phone: (416) 736-4357 Fax: (416) 649-7725



# PROOF OF CLAIM WITH INSTRUCTIONS

District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 31  
Proof of Claim  
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of  
Hy-Power Coatings Limited  
of the city of Brampton, in the Province of Ontario

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

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of Hy-Power Coatings Limited of the city of Brampton in the Province of Ontario and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_, 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 proposal, namely the 6th day of November 2017, and still is, indebted to the creditor in the sum of \$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_

(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.)

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
(Set out on an attached sheet details to support priority claim.)

B. 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 \$ \_\_\_\_\_,
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_,
- 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/am not) (or the above-named creditor \_\_\_\_\_ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and \_\_\_\_\_ (have/has/have not/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 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- 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 \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
 Witness

\_\_\_\_\_

Creditor

Phone Number: \_\_\_\_\_  
 Fax Number : \_\_\_\_\_  
 E-mail Address : \_\_\_\_\_

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 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

## Checklist for Proof of Claim

This checklist is provided to assist you in preparing the proof of claim form and, if appropriate, the proxy form in a complete and accurate manner. Please check each requirement.

### General

- The **signature of a witness** is required.
- The document **must be signed** by the individual completing the declaration.
- **Provide the complete address** where all notices and correspondence are to be forwarded along with your phone number, fax number and email address where appropriate.

### Notes

- It is permissible to file a proof of claim by fax or electronic mail.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the Trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors consists of at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote through an authorized agent or mandatary at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate box or boxes at the bottom of the proof of claim form, you may request that the trustee advise you of any material change in the financial situation of the bankrupt or the amount the bankrupt is required to pay into the bankruptcy, and a copy of the trustee's report on the discharge of the bankrupt.

### Paragraph 1

- The creditor must state the full and complete legal name of the individual, company or firm.
- If the individual completing the proof of claim is a representative of the creditor, the individual's position or title must be identified.

### Paragraph 3

- The amount owing must be set out in paragraph 3.

## Paragraph 4

### Notes

- **Paragraph A** applies to *ordinary unsecured claims*. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to section 136 of the Act.
- **Paragraph B** applies to *lessor claims* in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- **Paragraph C** applies to *secured claims*. Please indicate dollar value of the security and attach copies of the security document. In addition, please attach copies of the security registration documents, where appropriate. If you are a noteholder, attaching these documents is not necessary if you are in agreement with the amount on the Schedule "A" provided to you.
- **Paragraph D** applies to *inventory claims of farmers, fisherman and aquaculturists*. Please note that such claims apply to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreements and delivery slips.
- **Paragraph E** applies to *claims by wage earners*. Please note that such claims applies only for unpaid wages owed upon the bankruptcy of an employer or when the employer becomes subject to a receivership.
- **Paragraph F** applies to *claims by employees for unpaid amounts regarding pension plans*. Please note that such claims apply only to unremitted pension contributions outstanding when he sponsoring employer becomes bankrupt or is subject to a receivership.
- **Paragraph G** applies to *claims against directors*. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- **Paragraph H** applies to *claims of customers of a bankrupt securities firm*. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.

## Paragraph 5

- All claimants must indicate whether or not they are related to the debtor, as defined in section 4 of the Act, or dealt with the debtor in a non-arm's-length manner.

## Paragraph 6

- All claimants must attach a detailed list of **all payments or credits** received or granted as follows:
  - a. **Within the 3 (three) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal);
  - b. **Within the 12 (twelve) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal) in the case where the claimant and the debtor **were not** dealing at arm's length.

## **Proxyholder**

### **Note**

The Act permits a proof of claim to be made by a duly authorized representative of a creditor but, in the absence of a properly executed proxy, does not give such an individual the power to vote at the first meeting of creditors nor to act as proxyholder of the creditors.

### **General**

- In order for duly authorized persons to have a right to vote, they must themselves be creditors or be the holders of a properly executed proxy. The name of the creditor must appear in the proxy.

### **Note**

- A creditor may vote either in person or by proxyholder.
- A proxy may be filed at any time prior to a vote at a meeting of creditors.
- A proxy can be filed with the trustee in person, by mail or by any form of telecommunication.
- A proxy does not have to be under the seal of a corporation unless required by its incorporating documents or its bylaws.
- The individual designated in a proxy cannot be substituted unless the proxy provides for a power of substitution.
- Bankrupts/debtors may not be appointed as proxyholders to vote at any meeting of their creditors.
- The trustee may be appointed as a proxyholder for any creditor.
- A corporation cannot be designated as a proxyholder.

**PROXY**

District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 36  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of  
Hy-Power Coatings Limited  
of the city of Brampton, in the Province of Ontario

I, \_\_\_\_\_, of \_\_\_\_\_, a creditor in the above matter, hereby  
appoint \_\_\_\_\_, of \_\_\_\_\_, to be  
my proxyholder in the above matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without)  
power to appoint another proxyholder in his or her place.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:

Dodick Landau Inc. - Licensed Insolvency Trustee

\_\_\_\_\_  
4646 Dufferin St., Suite 6  
Toronto ON M3H 5S4  
Phone: (416) 736-4357 Fax: (416) 649-7725  
E-mail: janet@dodick.ca



# VOTING LETTER

District of: Ontario  
Division No. 09 - Toronto  
Court No. 32-2312455  
Estate No. 32-2312455

FORM 37

Voting Letter  
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of  
Hy-Power Coatings Limited  
of the city of Brampton, in the Province of Ontario

I, \_\_\_\_\_, creditor (or I, \_\_\_\_\_, representative  
of \_\_\_\_\_, creditor), of \_\_\_\_\_, a creditor in the above matter  
for the sum of \$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of  
Hy-Power Coatings Limited, to record my vote \_\_\_\_\_ (for or against) the acceptance of the  
proposal as made on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_

\_\_\_\_\_  
Name and Title of Signing Officer

Return To:  
Dodick Landau Inc. - Licensed Insolvency Trustee  
Per:

\_\_\_\_\_  
Rahn Dodick - Licensed Insolvency Trustee  
4646 Dufferin St., Suite 6  
Toronto ON M3H 5S4  
Phone: (416) 736-4357 Fax: (416) 649-7725  
E-mail: janet@dodick.ca