

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE PROPOSAL OF  
NEWSTART ACCEPTANCE INC.  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

**MOTION RECORD  
(returnable Tuesday August 30, 2016)**

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

**JASON D. SPETTER (LSUC No. 46105S)**  
Tel.: 416-789-0652  
Fax: 416-789-9015  
Email: [jspetter@lzwlaw.com](mailto:jspetter@lzwlaw.com)

Lawyers for Newstart Financial Inc. and  
Newstart Acceptance Inc.

**TO: SERVICE LIST (attached)**

**SERVICE LIST**  
(as of July 22, 2016)

<http://dodick.ca/newstart-financial-inc-and-newstart-acceptance-inc/>

<b>TO:</b>	<b>This Honourable Court</b>	
<b>AND TO:</b>	<p><b>Lipman, Zener &amp; Waxman LLP</b> Barristers and Solicitors 1220 Eglinton Avenue West Toronto, Ontario M6C 2E3</p> <p><b>Attention: Jason D. Spetter</b></p> <p>Tel.: 416-789-0652 Fax: 416-789-9015</p> <p><i>Lawyers for Newstart Financial Inc. and Newstart Acceptance Inc.</i></p>	Email: <a href="mailto:jspetter@lzwlaw.com">jspetter@lzwlaw.com</a>
<b>AND TO:</b>	<p><b>Dodick Landau Inc.</b> 4646 Dufferin Street, Suite 6 Toronto, Ontario M3H 5S4</p> <p><b>Attention: Rahn Dodick</b></p> <p>Tel: 416-645-0552 Fax: 416-649-7725 <a href="http://www.dodick.ca">www.dodick.ca</a></p> <p><i>Proposal Trustee</i></p>	Email: <a href="mailto:rahn.dodick@dodick.ca">rahn.dodick@dodick.ca</a>
<b>AND TO:</b>	<p><b>Pallett Valo LLP</b> Lawyers &amp; Trade-Mark Agents 77 City Centre Drive, West Tower Suite 300 Mississauga, Ontario L5M 1M5</p> <p><b>Attention: Alex Ilchenko</b> <b>Attention: Wojtek Jaskiewicz</b></p> <p>Tel: 905-273-3022 Fax: 905-273-6920</p> <p><i>Lawyers for the Proposal Trustee, Dodick</i></p>	<p>Email: <a href="mailto:ailchenko@pallettvalo.com">ailchenko@pallettvalo.com</a></p> <p>Email: <a href="mailto:wjaskiewicz@pallettvalo.com">wjaskiewicz@pallettvalo.com</a></p>

<b>AND TO:</b>	<b>Ministry of Finance</b> Legal Services Branch 777 Bay Street, 11 <sup>th</sup> Floor Toronto, Ontario M5G2C8  <b>Attention: Kevin O'Hara</b>  Tel: 905-433-6934 Fax: 905-436-4510	E-mail: <a href="mailto:kevin.ohara@ontario.ca">kevin.ohara@ontario.ca</a>
<b>AND TO:</b>	<b>Department of Justice</b> Ontario Regional Office The Exchange Tower 130 King Street West, Suite 3400 Toronto, Ontario M5X 1K6  <b>Attention: Diane Winters</b>  Tel: 416-973-3172 Fax: 416-973-0810	E-mail: <a href="mailto:diane.winters@justice.gc.ca">diane.winters@justice.gc.ca</a>
<b>AND TO:</b>	<b>Blaney McMurtry LLP</b> Barristers & Solicitors 2 Queen Street East, Suite 1500 Toronto, Ontario M5C 3G5  <b>Diane P.L. Brooks</b>  Tel: 416-593-1221 Fax: 416-593-5437  <i>Lawyers for 1455740 Ontario Ltd. and  Caroline Taylor</i>	Email: <a href="mailto:dbrooks@blaney.com">dbrooks@blaney.com</a>
<b>AND TO:</b>	<b>7727640 Canada Inc.</b> 375 Dyson Road Pickering , Ontario L1W 2N2 <b>Ky Prusse</b>	Email: <a href="mailto:ky.pruesse@gmail.com">ky.pruesse@gmail.com</a>
<b>AND TO:</b>	<b>Valova Law</b> 603 ½ Parliament Street, Suite 302 Toronto, Ontario M4X 1P9  <b>Attention: Alex Valova</b>  <i>Lawyers for Frank &amp; Ausenda Afonso</i>	Email: <a href="mailto:alex@valovalaw.com">alex@valovalaw.com</a>

<b>AND TO:</b>	<b>All Credit Auto Ltd.</b> 710 Windmill Road Dartmouth, Nova Scotia B3B 1R3	Email: <a href="mailto:info@allcreditauto.ca">info@allcreditauto.ca</a>
<b>AND TO:</b>	<b>Andrew Reynolds</b> 709 Merlin Court Manotick, Ontario K4M 0A1	Email: <a href="mailto:Andrew.reynolds@rogers.com">Andrew.reynolds@rogers.com</a>
<b>AND TO:</b>	<b>Argenco Inc.</b> 35 Hills Road Ajax, Ontario L1S 2W2	Email: <a href="mailto:tonylees@sympatico.ca">tonylees@sympatico.ca</a>
<b>AND TO:</b>	<b>Cathy &amp; Roy Jeffery</b> 56 McLean's Mountain RR #1, Box 60 Little Current, Ontario P0P 1K0	Email: <a href="mailto:cathy.jeffery07@gmail.com">cathy.jeffery07@gmail.com</a>
<b>AND TO:</b>	<b>Cecil Li</b> 2306, 1320 – 1 St SE Calgary, Alberta T2G 0G8	Email: <a href="mailto:cecil.li@threestreams.com">cecil.li@threestreams.com</a>
<b>AND TO:</b>	<b>Coyote Graphics Inc.</b> 19 Chestnut Avenue Brampton, Ontario L6X 2A6	Email: <a href="mailto:dherbert@tdi-imaging.com">dherbert@tdi-imaging.com</a>
<b>AND TO:</b>	<b>Canada Revenue Agency – Tax c/o London Taxes Services Office Division Regional Intake Centre for Insolvency</b> 3 – 451 Talbot Street London, Ontario N6A 4R3  Fax: 1-519-645-5397	By Courier/Mail
<b>AND TO:</b>	<b>CVC Ardelline Investments Inc.</b> 8 – 1815 Ironstone Manor Pickering, Ontario L1E 3W9	Email: <a href="mailto:ardellini@a5capital.ca">ardellini@a5capital.ca</a>
<b>AND TO:</b>	<b>Dealertrack Canada Inc.</b> 2700 Matheson Blvd. East Tower, Suite 702 Mississauga, Ontario L4W 4V9	Email: <a href="mailto:jeremy.grafstein@dealertrack.com">jeremy.grafstein@dealertrack.com</a>

<b>AND TO:</b>	<b>Devry Smith Frank LLP</b> 100 – 95 Barber Greene Road North York, Ontario M3C 3E9  <b>Attention: James Satin</b>	Email: <a href="mailto:james.satin@devrylaw.ca">james.satin@devrylaw.ca</a>
<b>AND TO:</b>	<b>Donna Wheeler</b> 56 Montgomery Blvd. Kingston, Ontario K7M 3N6	By Courier /Mail
<b>AND TO:</b>	<b>Aitchison Law Office</b> Oshawa Centre Office Galleria 419 King Street W, Suite 185 Oshawa, Ontario L1J 2K5  <b>Attention: James Aitchison</b>  <i>Lawyer for Durham Auto Group Ltd.</i>	Email: <a href="mailto:James.Aitchison@alolawyers.com">James.Aitchison@alolawyers.com</a>
<b>AND TO:</b>	<b>Edward Madden</b> 466 Oakwood Drive Pickering, Ontario L1W 2M7	Email: <a href="mailto:emadden@rogers.com">emadden@rogers.com</a>
<b>AND TO:</b>	<b>Frank &amp; Maria Damico</b> 33 Patna Crescent Maple, Ontario L6A 1N6	Email: <a href="mailto:frank_damico@hotmail.com">frank_damico@hotmail.com</a>
<b>AND TO:</b>	<b>Guy Whitehead</b> 50 Upton Crescent Markham, Ontario L3R 3T4	By Courier /Mail
<b>AND TO:</b>	<b>Harvey &amp; Lorraine Witty</b> 14966 Duffy's Lane Caledon, Ontario L7E 3B8	Email: <a href="mailto:wittylorraine@gmail.com">wittylorraine@gmail.com</a>
<b>AND TO:</b>	<b>Iris Ernst Bieri</b> 1420 Joannis Road Clarence Creek, Ontario K0A 1N0	Email: <a href="mailto:ibieri@ymail.com">ibieri@ymail.com</a>
<b>AND TO:</b>	<b>James (Jim) Seeley</b> 987 Auden Park Drive Kingston, Ontario K7M 7T9	Email: <a href="mailto:jseeleyking@yahoo.ca">jseeleyking@yahoo.ca</a>
<b>AND TO:</b>	<b>Jasmine Meng</b> 92 Treasure Road Maple, Ontario L6A 2Z9	Email: <a href="mailto:mengjunli@gmail.com">mengjunli@gmail.com</a>

<b>AND TO:</b>	<b>Phillipe &amp; Jean Louis Gagnon</b> 1483 Route 133 Grand Barachois, New Brunswick E4P 8C9	Email: <a href="mailto:4philgagnon@gmail.com">4philgagnon@gmail.com</a>
<b>AND TO:</b>	<b>John Sweet &amp; Jacqueline Gauthier</b> 280 Sutherland Drive Toronto, Ontario M4G 1J3	Email: <a href="mailto:johnsweet@rogers.com">johnsweet@rogers.com</a>
<b>AND TO:</b>	<b>Jurgen Mack</b> 1171 Gerrard Street East Toronto, Ontario M4L 1Y3	Email: <a href="mailto:jurgenmack@yahoo.ca">jurgenmack@yahoo.ca</a>
<b>AND TO:</b>	<b>Larmar Holdings Inc.</b> 1730 McPherson Court, Unit 14 Pickering, Ontario L1W 3E6	Email: <a href="mailto:cleansalesinc@gmail.com">cleansalesinc@gmail.com</a>
<b>AND TO:</b>	<b>Lucy Wieland</b> 811 – 1950 Kennedy Road Toronto, Ontario M1P 4S9	Email: <a href="mailto:halsey234@gmail.com">halsey234@gmail.com</a>
<b>AND TO:</b>	<b>Michael &amp; Marsha Bukata</b> 14 Doon Drive, Unit 10 London, Ontario N5X 3P2	By Courier /Mail
<b>AND TO:</b>	<b>Modern Para Aluminum Sales Inc.</b> 419 – 4005 Bayview Avenue Toronto, Ontario M2M 3Z9  <b>Attention: Milton Nash</b>	Email: <a href="mailto:1313zaide@gmail.com">1313zaide@gmail.com</a>
<b>AND TO:</b>	<b>Moenes Salib</b> 606 Amberwood Crescent Pickering, Ontario L1V 3T9	Email: <a href="mailto:msalib@newstartcanada.ca">msalib@newstartcanada.ca</a>
<b>AND TO:</b>	<b>Nelson Christo</b> 1265 Abbey Road Pickering, Ontario L1X 1W4	Email: <a href="mailto:nchristo15@hotmail.com">nchristo15@hotmail.com</a>
<b>AND TO:</b>	<b>Ontario Motor Vehicle Industry Council</b> 65 Overlead Blvd., Suite 300 Toronto, Ontario M4H 1P1  <b>Attention: Brian Osler</b>	Email: <a href="mailto:brian.osler@omvic.on.ca">brian.osler@omvic.on.ca</a>

<b>AND TO:</b>	<b>Peter J. Larcombe</b> 75 Ardill Crescent Aurora, Ontario L4G 5S5	Email: <a href="mailto:peter@carboards.ca">peter@carboards.ca</a>
<b>AND TO:</b>	<b>Petro Canada</b> <b>Suncor Energy</b> 2489 North Sheridan Way Mississauga, Ontario L5K 1A8  Fax: 905-804-4747	By Courier/Mail
<b>AND TO:</b>	<b>Pitney Works</b> P.O. Box 280 Orangeville, Ontario L9W 2Z7	By Courier /Mail
<b>AND TO:</b>	<b>Robert Fraser</b> 24 Garden Avenue Brampton, Ontario L6X 1M5	Email: <a href="mailto:fraserm@rogers.com">fraserm@rogers.com</a>
<b>AND TO:</b>	<b>Robert Shotlander</b> 379 Dyson Road Pickering, Ontario L1W 2N2	Email: <a href="mailto:bertssolutionsinc@gmail.com">bertssolutionsinc@gmail.com</a>
<b>AND TO:</b>	<b>Robin Korman</b> 49 Spring Gate Blvd. Thornhill, Ontario L4J 3C9	Email: <a href="mailto:robinkorman@yahoo.ca">robinkorman@yahoo.ca</a>
<b>AND TO:</b>	<b>Shred-It</b> 6 Curity Avenue Toronto, Ontario M4B 1X2	By Courier /Mail
<b>ANDTO:</b>	<b>Timothy Pompeo</b> 23A Oak Street North York, Ontario M9N 0A4	Email: <a href="mailto:t.pompeo@rogers.com">t.pompeo@rogers.com</a>
<b>AND TO:</b>	<b>Workplace Safety and Insurance Board</b> c/o Collection Services 200 Front Street West Toronto, Ontario M5V 3J1  Fax: 1-905-521-4203	By Courier/Mail

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE PROPOSAL OF  
NEWSTART ACCEPTANCE INC.  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

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# TAB 1

Court File No. 31-2117950

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE PROPOSAL OF  
NEWSTART ACCEPTANCE INC.  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

**NOTICE OF MOTION**

**Newstart Financial Inc. (“NFI”) and Newstart Acceptance Inc. (“NAI”) (NFI and NAI collectively referred to as “Newstart”)** will make a Motion before a Judge sitting on the Commercial List to be heard on **Tuesday August 30, 2016** at 10:00 a.m. or as soon after that time as the Motion can be heard at the Court House, 330 University Avenue, Toronto, Ontario, M5G 1E6.

**PROPOSED METHOD OF HEARING:** The motion is to be heard

in writing under subrule 37.12.1 (1) because it is (insert one of on consent, unopposed or made without notice);

in writing as an opposed motion under subrule 37.12.1 (4);

orally.

**THE MOTION IS FOR:**

1. If necessary, abridging the time for service and filing of the Notice of Motion, the Motion Record and the Third Report of the Dodick Landau Inc., the Proposal Trustee (the “**Proposal**”

**Trustee**") dated August 23, 2016 (the "**Third Report**") and dispensing with service on any other person other than those served;

2. Extending the time for filing a proposal, and extending the stay of proceedings granting upon the filing on May 2, 2016 (the "**Filing Date**") of a Notice of Intention to Make a Proposal (the "**NOI**"), for a period of forty-five (45) days, to and including October 14, 2016;

3. Reporting on the status of the sale and investment solicitation process (the "**SISP**") as approved by the Order of the Honourable Justice Conway dated May 27, 2016 (the "**First Extension and Sale Process Approval Order**") and undertaken by the Proposal Trustee with the assistance of Newstart; and

4. such further and other relief as to the Proposal Trustee may request and this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. Newstart's insolvency has been caused by a number of factors including but not limited to the inability of Newstart to attract capital at a lower cost, not having sufficient funding to grow the receivables portfolio to a large enough size to cover the basic operating costs of the business and a number of investors requesting the return of their invested capital. As a result of these issues, Newstart has faced a liquidity crisis which has made it impossible to maintain its obligations to its creditors.

2. On May 2, 2016, Newstart filed NOIs. Pursuant to the *Bankruptcy and Insolvency Act*, all proceedings against Newstart were stayed for 30 days;

**Extension of Time:**

3. On May 27, 2016 the First Extension and Sale Process Approval Order was granted extending the stay of proceedings until July 16, 2016;

4. On July 14, 2016 a further extension Order was granted which extended the stay of proceedings until August 30, 2016 (the "**Second Extension Order**");

5. The SISP process has been completed. While a number of offers were received, Newstart and the Proposal Trustee agree that a run-off of Newstart's current portfolio will yield a greater net result for the creditors of Newstart;
6. Newstart is in the process of preparing a proposal which it will present to creditors;
7. Newstart has acted and continues to act in good faith and with due diligence in seeking to restructure its affairs after the date of the filing of the NOI;
8. An extension of the stay to October 14, 2016 would provide Newstart the necessary time to make a successful proposal to its creditors;
9. An extension of the stay will substantially enhance a likelihood of Newstart making a viable proposal to its creditors;
10. No creditor would be materially prejudiced if the extension of the stay were granted;
11. As contained on the Affidavit of David Baker sworn August 23, 2016 and the exhibits annexed thereto;
12. Sections 50.4(9), 50.6 and 64.2 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended;
13. Rules 1.04, 2.03, 3.02, 16.04 and 37 of the *Rules of Civil Procedure*, RRO 1990, Reg. 194, as amended;
14. The inherent and equitable jurisdiction of this Honourable Court;
15. Other grounds as described in the Affidavit of David Baker and the Third Report; and
16. Such further and other relief as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Motion:

1. The Third Report of the Proposal Trustee dated August 23, 2016 and appendices annexed

thereto.

2. Such further and other material as counsel may produce and this Honorable Court may permit

DATED: August 23, 2016

*Jason D. Spetter* per: Randy Schliemann  

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

**JASON D. SPETTER**  
Law Society Registration No. 46105S

Tel: 416-789-0652  
Fax: 416-789-9015  
Email: [jspetter@lzwlaw.com](mailto:jspetter@lzwlaw.com)

Lawyers for Newstart Financial Inc. and  
Newstart Acceptance Inc.

# TAB 2

Court File No. 31-2117950

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE PROPOSAL OF  
NEWSTART ACCEPTANCE INC.  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

**AFFIDAVIT OF DAVID BAKER**

I, **DAVID BAKER**, of the City of Pickering, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President, sole director and shareholder of Newstart Financial Inc. (“**NFI**”) and Newstart Acceptance Inc. (“**NAI**”) (NFI and NAI shall collectively be referred to as “**Newstart**”). Where I do not have personal knowledge, I have indicated the source of my information and do verily believe such information to be true. Where correspondence is adopted as an exhibit, I do verily believe the information contained therein and that it was sent and received on the date(s) indicated.

**I. Relief Sought**

2. This Affidavit is sworn in support of a motion for an Order:
- (a) abridging the time for service and filing of the Notice of Motion, the Motion Record and the Third Report of Dodick Landau Inc. (the “**Proposal Trustee**”) dated August 23, 2016 (the “**Third Report**”) and dispensing with service on any other person other than those served; and
  - (b) extending the time for filing a proposal, and extending the stay of proceedings granted upon the filing on May 2, 2016 (the “**Filing Date**”) of a Notice of Intention to Make a Proposal (the “**NOI**”), and extended by the Order of the

Honourable Justice Conway dated May 27, 2016 (the “**First Extension and Sale Process Approval Order**”), and further extended by the Order of the Honourable Justice Penny dated July 14, 2016 (the “**Second Extension Order**”) for a period of forty-five (45) days, to and including October 14, 2016.

## II. The SISP:

3. Details of the SISP are set out in the Third Report of the Proposal Trustee.
4. In brief, a number of offers were received through the SISP; however, as reported in the Third Report and in my opinion, a run-off of the current portfolio will yield a greater net result for the creditors than accepting any of the offers received.

## III. Cash Flow Forecast

5. Newstart has worked with the Proposal Trustee to prepare a Cash Flow Statement and Report on Cash Flow for Newstart (the “**Third Extension Cash Flow Forecast**”) for the third extension period requested to October 14, 2016 (the “**Third Extension Period**”) which is attached hereto as **Exhibit “A”**.
6. Based on my knowledge of the financial position of Newstart and the assumptions set out in the Third Extension Cash Flow Forecast, I believe that this cash flow forecast is fair and reasonable. The Third Extension Cash Flow Forecast projects that Newstart has sufficient funds to fund expenditures until October 14, 2016.

## IV. Extension of Stay

7. In order to allow Newstart sufficient time to prepare a proposal to its creditors and to complete its reorganization successfully, Newstart is seeking an extension of the time for filing of the Proposal to and including October 14, 2016.
8. I verily believe that Newstart has acted in good faith and with diligence and has been making its best efforts in seeking to restructure the affairs of Newstart after the date of filing the NOI.



9. Given the efforts expended by Newstart in assisting the Proposal Trustee in implementing the SISP, it was not possible to complete a restructuring process and to prepare a viable proposal to creditors within the stay period provided for in the Second Extension Order.


10. I verily believe that the requested extension will substantially enhance the likelihood of Newstart making a viable proposal to its creditors, and will not cause any undue prejudice to any party.

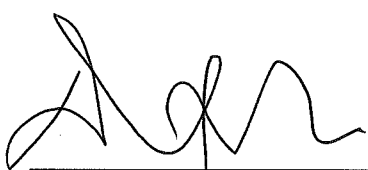
11. An extension of stay proceedings is essential to preserve Newstart's business and to maintain its enterprise value. A stay would also provide Newstart with the necessary time to making a successful proposal to creditors.

12. Without the benefit of a stay of proceedings, Newstart would be deemed bankrupt and there would be a fast and significant erosion of value of Newstart's assets.

13. I swear this Affidavit in support of Newstart's motion for the relief requested, and for no other or improper purpose.

SWORN BEFORE ME )  
at the City of Toronto )  
in the Province of Ontario, )  
this 23 day of August, 2016 )  
)  
)

  
\_\_\_\_\_  
A Commissioner for taking oaths, etc.

  
\_\_\_\_\_  
DAVID BAKER

This is Exhibit "A" referred to in the  
Affidavit of **DAVID BAKER**  
sworn before me, this 23  
day of **AUGUST**, 2016



A COMMISSIONER FOR TAKING AFFIDAVITS

Newstart Financial Inc.  
Cash Flow Statement - Variance Analysis  
Period of May 2, 2016 to July 29, 2016

Week Ending	Actual April 30, 2016 to July 29, 2016	Plan April 30, 2016 to July 29, 2016	Variance
<b>Receipts</b>			
Net Lease Receipts	315,628	333,417	(17,789)
Other Receipts	92,657	45,500	47,157
<b>Total Receipts</b>	<b>408,285</b>	<b>378,917</b>	<b>29,368</b>
<b>Disbursements</b>			
Warranty and VIP Program Costs	342	15,415	(15,073)
Repo Expenses	13,098	11,373	1,724
HST	10,293	16,777	(6,483)
Portfolio Servicing	102,158	93,914	8,244
Headcount	53,348	61,614	(8,266)
Premises	4,689	6,000	(1,311)
Computer	12,326	10,251	2,075
Insurance	6,002	5,529	473
Office & Other Expenses	25,793	10,520	15,273
<b>Total Disbursements</b>	<b>125,891</b>	<b>137,478</b>	<b>(11,587)</b>
<b>Net Cash Flow from Operations</b>	<b>282,394</b>	<b>241,438</b>	<b>40,955</b>
Professional Fees	101,321	118,700	(17,379)
<b>Net Cash Flow</b>	<b>181,073</b>	<b>122,738</b>	<b>58,334</b>
<b>Cash position</b>			
Opening cash position	(3,376)	4,192	
Net cash flow	181,073	118,700	
<b>Closing cash position</b>	<b>177,697</b>	<b>122,892</b>	

Newstart Financial Inc.  
Cash Flow Statement - Variance Analysis  
Period of May 2, 2016 to July 29, 2016

Week Ending	ACTUAL													Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	
06-May-16	13-May-16	20-May-16	27-May-16	03-Jun-16	10-Jun-16	17-Jun-16	24-Jun-16	01-Jul-16	08-Jul-16	15-Jul-16	22-Jul-16	29-Jul-16		
Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Receipts														
Net Lease Receipts	29,905	11,201	55,233	11,611	30,847	17,200	35,423	21,998	23,370	23,204	23,539	17,678	315,628	
Other Receipts	25,682	5,314	-	4,292	19,544	14,665	428	6,825	2,500	-	4,220	4,123	92,657	
Total Receipts	55,587	16,515	55,233	15,903	50,392	31,866	35,851	28,823	25,870	23,204	27,759	21,801	408,285	
Disbursements														
Warranty and VIP Program Costs	-	-	-	-	-	-	-	-	-	-	-	-	342	
Repo Expenses	-	696	821	634	-	3,846	-	2,673	893	1,444	1,045	57	13,098	
HST	-	-	-	-	-	-	-	-	-	10,293	-	-	10,293	
Portfolio Servicing	2,177	16,559	5,215	10,223	2,661	9,937	3,964	14,250	2,158	4,993	11,641	4,996	102,158	
Headcount	-	11,264	-	8,366	223	8,254	-	8,151	177	-	8,464	-	53,348	
Premises	-	1,775	-	-	-	203	-	-	2,444	127	141	-	4,689	
Computer	-	2,866	204	-	-	604	2,852	281	500	3,615	559	452	12,326	
Insurance	1,843	-	474	-	1,843	-	-	-	1,843	-	-	-	6,002	
Office & Other Expenses	334	654	4,537	1,858	595	1,080	909	5,817	1,481	1,251	2,476	4,544	25,793	
Total Disbursements	2,177	17,295	6,035	10,857	2,661	13,783	3,964	16,923	3,147	14,620	16,731	12,686	125,891	
Net Cash Flow from Operations	53,411	(740)	49,198	5,046	47,731	5,697	27,902	18,928	25,675	11,250	6,474	15,073	282,394	
Professional Fees	5,000	-	13,221	2,500	5,000	10,360	5,414	10,000	5,000	4,972	10,000	4,934	101,321	
Net Cash Flow	48,411	(740)	35,977	2,546	42,731	22,488	8,928	20,675	6,277	(3,526)	10,139	(8,171)	181,073	
Cash position														
Opening cash position	(3,376)	45,035	44,295	80,272	82,818	125,548	120,886	143,374	152,301	172,977	179,254	175,728	185,867	
Net cash flow	48,411	(740)	35,977	2,546	42,731	(4,663)	22,488	8,928	20,675	6,277	(3,526)	10,139	(8,171)	
Closing cash position	45,035	44,295	80,272	82,818	125,548	120,886	143,374	152,301	172,977	179,254	175,728	185,867	177,697	

Newstart Financial Inc.  
 Cash Flow Statement - Variance Analysis  
 Period of May 2, 2016 to July 29, 2016

Week Ending	PLAN													Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13		
06-May-16	Forecast	27,066	23,439	39,144	23,439	25,973	17,871	22,994	28,118	17,871	25,267	22,429	37,376	22,429	333,417
	Forecast	3,000	3,000	3,000	3,500	2,200	2,200	4,700	2,200	5,200	2,750	5,250	2,750	5,750	45,500
	Forecast	30,066	26,439	42,144	26,939	28,173	20,071	27,694	30,318	23,071	28,017	27,679	40,126	28,179	378,917
	Forecast	1,344	1,344	1,344	1,344	1,020	1,020	1,020	1,020	1,020	1,235	1,235	1,235	1,235	15,415
	Forecast	932	932	932	932	750	750	750	750	750	974	974	974	974	11,373
	Forecast	-	-	1,254	-	-	8,128	-	-	-	-	-	7,394	-	16,777
	Forecast	4,432	15,006	989	10,926	4,204	14,778	761	10,699	761	14,371	5,069	10,928	990	93,914
	Forecast	-	10,600	-	9,938	-	10,600	-	9,938	-	9,938	662	9,938	-	61,614
	Forecast	1,700	100	100	100	1,680	80	80	80	80	1,700	100	100	100	6,000
	Forecast	-	3,417	-	-	-	3,417	-	-	-	-	3,417	-	-	10,251
	Forecast	1,843	-	-	-	1,843	-	-	-	-	1,843	-	-	-	5,529
	Forecast	889	889	889	889	681	681	681	681	681	890	890	890	890	10,520
	Forecast	6,707	17,281	4,519	13,202	5,973	16,547	10,659	12,468	2,530	16,581	7,279	20,532	3,200	137,478
	Forecast	23,359	9,158	37,625	13,737	22,200	3,523	17,036	17,850	20,540	11,436	20,400	19,594	24,979	241,438
	Forecast	7,260	7,910	2,260	17,515	2,260	7,910	7,910	11,865	7,910	8,650	8,650	8,650	19,950	118,700
	Forecast	16,099	1,248	35,365	(3,778)	19,940	(4,387)	9,126	5,985	12,630	2,786	11,750	10,944	5,029	122,738
	Forecast	4,192	20,291	21,539	56,904	53,126	73,066	68,680	77,805	83,790	96,420	99,206	110,957	121,901	4,192
	Forecast	16,099	1,248	35,365	(3,778)	19,940	(4,387)	9,126	5,985	12,630	2,786	11,750	10,944	5,029	122,738
	Forecast	20,291	21,539	56,904	53,126	73,066	68,680	77,805	83,790	96,420	99,206	110,957	121,901	126,930	126,930

Notes

- 2 Net Lease Receipts
- 3 Other Receipts
- 4 Warranty and VIP Program Costs
- 5 Repo Expenses
- 6 HST
- 7 Portfolio Servicing
- 8 Headcount
- 9 Premises
- 10 Computer
- 11 Insurance
- 12 Office & Other Expenses

Net Cash Flow from Operations

Professional Fees

Net Cash Flow

Cash position

Opening cash position

Net cash flow

Closing cash position

Newstart Financial Inc. and Newstart Acceptance Inc.  
 Statement of Projected Cash Flow  
 For the Period July 30, 2016 to October 14, 2016 (the "Period")  
 (Prepared by management of Newstart Financial Inc. and Newstart Acceptance Inc.)  
 \$Cdn

	1	2	3	4	5	6	7	8	9	10	11	Total
Weeks-Ending	05-Aug-16	12-Aug-16	19-Aug-16	26-Aug-16	02-Sep-16	09-Sep-16	16-Sep-16	23-Sep-16	30-Sep-16	07-Oct-16	14-Oct-16	
Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Receipts</b>												
2	24,553	21,858	36,377	21,858	23,687	16,499	21,165	25,832	16,499	20,773	18,459	247,561
3	2,750	2,750	2,750	3,250	2,200	2,200	2,200	2,200	2,700	2,750	2,750	28,500
	<u>27,303</u>	<u>24,608</u>	<u>39,127</u>	<u>25,108</u>	<u>25,887</u>	<u>18,699</u>	<u>23,365</u>	<u>28,032</u>	<u>19,199</u>	<u>23,523</u>	<u>21,209</u>	<u>276,061</u>
<b>Disbursements</b>												
4	1,185	1,185	1,185	1,185	910	910	910	910	910	1,068	1,068	11,429
5	1,024	1,024	1,024	1,024	852	852	852	852	852	1,127	1,127	10,611
6	-	-	6,009	-	-	-	-	4,273	-	-	-	10,282
<i>Portfolio Servicing Expenses:</i>												
7	14,351	5,049	10,908	970	14,175	4,873	10,732	794	10,732	4,448	15,022	92,053
8	9,938	662	9,938	-	9,938	662	9,938	-	9,938	-	10,600	61,614
9	1,700	100	100	100	1,680	80	80	80	80	1,700	100	5,800
10	-	3,417	-	-	-	3,417	-	-	-	-	3,417	10,251
10	1,843	-	-	-	1,843	-	-	-	-	1,843	-	5,529
11	870	870	870	870	714	714	714	714	714	905	905	8,859
	<u>16,560</u>	<u>7,258</u>	<u>19,125</u>	<u>3,179</u>	<u>15,938</u>	<u>6,636</u>	<u>12,495</u>	<u>6,830</u>	<u>12,495</u>	<u>5,643</u>	<u>17,217</u>	<u>124,375</u>
	<u>10,744</u>	<u>17,350</u>	<u>20,002</u>	<u>21,929</u>	<u>9,949</u>	<u>12,063</u>	<u>10,871</u>	<u>21,202</u>	<u>6,704</u>	<u>16,880</u>	<u>3,992</u>	<u>151,686</u>
<b>Net Cash Flow from Operations</b>												
12	13,650	13,650	13,650	13,650	10,400	10,400	10,400	10,400	10,400	11,900	11,900	130,400
	<u>(2,906)</u>	<u>3,700</u>	<u>6,352</u>	<u>8,279</u>	<u>(451)</u>	<u>1,663</u>	<u>471</u>	<u>10,802</u>	<u>(3,696)</u>	<u>4,980</u>	<u>(7,908)</u>	<u>45,484</u>
<b>Cash position</b>												
1	177,697	174,791	178,491	184,842	193,122	197,671	194,334	194,805	205,607	201,911	206,891	177,697
	<u>(2,906)</u>	<u>3,700</u>	<u>6,352</u>	<u>8,279</u>	<u>(451)</u>	<u>1,663</u>	<u>471</u>	<u>10,802</u>	<u>(3,696)</u>	<u>4,980</u>	<u>(7,908)</u>	<u>21,286</u>
	<u>174,791</u>	<u>178,491</u>	<u>184,842</u>	<u>193,122</u>	<u>192,671</u>	<u>194,334</u>	<u>194,805</u>	<u>205,607</u>	<u>201,911</u>	<u>206,891</u>	<u>198,983</u>	<u>198,983</u>

This Statement of Projected Cash Flow of Newstart Financial Inc. and Newstart Acceptance Inc. should be read in conjunction with the Third Report by the Proposal Trustee and the notes attached hereto.

Newstart Financial Inc.  
Notes to Cash Flow Statement

1 Opening cash position is based on the balance in the bank account as at the close of business July 29, 2016 and represents the cash position as per the accounting cash balance (assuming that all cheques issued have already cleared the bank).

2 Comprised of:

- a. Pre-Authorized Debits due from outstanding leases and loans. Includes accounts currently in good standing as well as delinquent accounts that have not been deemed uncollectable.
  - b. Deduct Pre-Authorized Debits that are returned by the bank for insufficient funds or any other reason. Current experience is this number represents 35% of the Pre-Authorized Debits.
  - c. Add payments received from customers by other payment methods - e.g. email transfer, wire transfer, certified cheque, bank draft.
- 3 Other Receipts consist of:
- a. Proceeds of sale of repo units. Assume that repo units are recovered and sold in the month following default. Round down # of repos to nearest whole number. Sell repo units "as is" unless small repairs will result in obvious increase in sales proceeds. Current monthly proceeds are around \$500.
  - b. Proceeds of sale of units in inventory as of date of filing. Blended amount of sales at wholesale, retail and scrap. Sell inventory units "as is". Assume that the units will be sold during June and July. Current monthly proceeds are around \$500.
  - c. Proceeds of insurance relating to leases where the car has been in an accident and is written off by the insurer. Average monthly insurance recoveries as per last few months activity is \$4,000.
  - d. Receipts from Newstart Acceptance Inc. (NAI) portfolio. NAI's portfolio consists of defaulted leases transferred to NAI by Newstart Financial Inc. as well as 2 small portfolios purchased by NAI. Mostly, the cash is received because a lessor under a defaulted lease improves his/her financial condition and wants to repair their credit rating.

The Cash Flow Statement ignores proceeds collected from early buy outs of leases. From time to time, a customer will prepay the remainder of his/her lease and take ownership of the vehicle. The lease agreement permits a buy out at the principal balance then owing under the lease. Any buy out will result in the principal balance of the lease being available for distribution to creditors earlier than anticipated.

4 Costs to fulfill obligations under Customer Warranty Program and VIP Program. The average historical warranty cost per car over the 12 month warranty period is \$140. Warranty is limited to Includes the average \$400 cost/car to effect a repossession (based on historical contractor work) plus cost of maintaining tow truck used for repossession.

5 Monthly HST remittance. Assume pay HST in last week of the month based on net amount owing from immediately preceding month.

6 Headcount required to run off portfolio. Consists of GM, 2 Collectors and Bookkeeper. See 'Headcount' worksheet for breakdown.

7 Premises cost includes rent and utilities. Newstart cut its space in half starting May 1, 2016.

8 Monthly software license and maintenance expense for lease administration system plus IT support.

9 Monthly cost of all insurance coverages required by Newstart, based on current coverages and charges.

10 Office and other expenses are comprised of:

- a. Office expenses for supplies and sundry requirements
- b. Bank charges for processing pre-authorized debits and costs of dishonoured payments. Historical avg monthly cost per contract is \$4.69.
- c. Licensing charges on transfer of leased vehicles

11 Professional Fees of Proposal Trustee and Legal Counsels in support of the Proposal.

12

# TAB 3



Court File No. 31-2117950

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	TUESDAY, THE 30 <sup>th</sup> DAY OF
	)	
JUSTICE	)	AUGUST, 2016

IN THE MATTER OF THE PROPOSAL OF  
NEWSTART ACCEPTANCE INC.  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

**ORDER**

**THIS MOTION**, made by Newstart Financial Inc. (“**NFI**”) and Newstart Acceptance Inc. (“**NAI**”) (NFI and NAI shall collectively be referred to as “**Newstart**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 1985, c B-3, as amended (the “**BIA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of David Baker sworn August 23, 2016 and the Exhibits thereto (the “**Baker Affidavit**”), the Third Report of Dodick Landau Inc., (the “**Proposal Trustee**”) dated August 23, 2016 (the “**Third Report**”) and on hearing submissions of counsel for Newstart, the Proposal Trustee, no one appearing for any of the other parties on the Service List, although duly served,

**Service:**

1. **THIS COURT ORDERS** that the time for service of the Newstart’s Notice of Motion and Motion Record and the Third Report is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

**Extension of Time:**

2. **THIS COURT ORDERS** that the time for filing of the Proposal, and the stay of proceedings herein, are extended in accordance with Section 50.4(9) of the BIA, to and including October 14, 2016.

**General:**

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

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

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

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IN THE MATTER OF THE PROPOSAL OF  
NEWSTART ACCEPTANCE INC.  
OF THE CITY OF PICKERING, IN THE PROVINCE OF ONTARIO

Court File No. 31-2117950

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

Proceeding commenced at

TORONTO

**MOTION RECORD**  
**(returnable Tuesday August 30, 2016)**

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

**JASON D. SPETTER**  
Law Society Registration No. 46105S

Tel.: 416-789-0652

Fax: 416-789-9015

Email: [jspetter@lzwlaw.com](mailto:jspetter@lzwlaw.com)

Lawyers for Newstart Financial Inc. and  
Newstart Acceptance Inc.