

Court File No. 32-2038864
Estate File No. 32-2038864

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the proposal of
Ehrlich Electric Company Inc.

MOTION RECORD
(approval of proposal)
(returnable December 1, 2015)

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
Barristers and Solicitors
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Toronto ON M5C 1B5

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Lawyers for the Dodick Landau Inc. in its
capacity as Proposal Trustee of Ehrlich
Electric Company Inc.

TO: Ehrlich Electric Company Inc.
6741 Columbus Road, Unit 5
Mississauga, ON
L5T 2G9

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Court File No. 32-2038864
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ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the proposal of
Ehrlich Electric Company Inc.

NOTICE OF MOTION

DODICK LANDAU INC. (the “**Proposal Trustee**”), in its capacity as Proposal Trustee of Ehrlich Electric Company Inc. (the “**Debtor**”), will make a motion to the Registrar in Bankruptcy on Tuesday, December 1, 2015 at 10:00 a.m., or as soon after that time as the Motion can be heard at 393 University Avenue, 19th Floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The Motion is to be heard (choose appropriate option)

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. an Order approving the proposal of the Debtor, dated October 20, 2015, as amended (the “**Proposal**”); and,
2. such further and other relief as to this Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

1. The required majorities of creditors have duly accepted the Proposal in the terms contained therein, as amended;
2. The said terms are reasonable and calculated to benefit the general body of creditors;
3. No offences or facts have been proved against the debtor that would justify the Court withholding its approval of the Proposal;
4. Sections 58 and 59 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended; and,
5. Such further and other grounds as counsel may advise and this Honourable Court permit.

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

- (a) Report of the Proposal Trustee dated November 20, 2015;
- (b) Such further and other evidence as the lawyers may advise and this Court may permit.

November 26, 2015

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

Philip Cho (LSUC # 45615U)
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Tel: (416) 218-5494
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Lawyers for Dodick Landau Inc. in its capacity as
Proposal Trustee of Ehrlich Electric Company Inc.

District of: Ontario
Division No. 09-Toronto
Court No. 32-2038864
Estate No. 32-2038864

FORM 40.1
Notice of Hearing of Application for Court Approval of Proposal
(Paragraph 58(b) of the Act)

In the Matter of the Proposal of
Ehrlich Electric Company Inc.
of the City of Mississauga, in the Province of Ontario

In Superior Court of Justice- Toronto

In the matter of the proposal of Ehrlich Electric Company Inc., a debtor.

Take notice that an application will be made to the court, at 393 University Avenue, 19th Floor, Toronto, Ontario, on the 1st day of December, 2015, at 10:00 AM, to approve the proposal of Ehrlich Electric Company Inc., accepted by the creditors at a meeting held on the 11th day of November, 2015.

Dated at the City of Toronto, in the province of Ontario, this 30th day of October, 2015.

Dodick Landau Inc. – Trustee



4646 Dufferin St., Suite 6

Toronto ON M3H 5S4

Phone: (416) 645-0542 Fax: (416) 649-7725

District of Ontario
 Division No. 09-Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

IN THE MATTER OF THE PROPOSAL OF
 EHRlich ELECTRIC COMPANY INC.
 OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO

I, the undersigned, of the Trustee's Office of Dodick Landau Inc., 4646 Dufferin Street, Suite 6, Toronto, ON. M3H 5S4, hereby make oath and say:

1. That on the 30th day of October, 2015, I did cause to be mailed, to the debtor, and to the known creditors of the debtor, whose names and addresses appear on the paper writing marked Appendix "A" attached hereto, a copy of the following:
 - i. Important Notice to Creditors;
 - ii. Notice of Proposal;
 - iii. Proposal;
 - iv. Report of Trustee on Proposal;
 - v. Statement of Affairs;
 - vi. Proof of Claim;
 - vii. Proof of Claim Instructions;
 - viii. Proxy;
 - ix. Voting Letter; and
 - x. Notice of Hearing of Application for Court Approval of Proposal.

2. That on the 30th day of October, 2015, I did cause to send to the Officers, a copy of the 'Notice to Officer of Insolvent Corporation of Meeting of Creditor's'. A copy of the notice is attached hereto as Appendix "B". The Officers also received copies of the 'Duties of Bankrupt'.


3. That on the 10th day of November, 2015, I did cause to be e-filed, a copy of the 'Notice of Proposal', 'Report of Trustee on Proposal' and 'Notice of Hearing of Application for Court Approval of Proposal'. True copies of the e-filing confirmations are attached hereto as Appendix "C".

Dodick Landau Inc. - Administrator



 Stephanie Toyé- Estate Administrator
 4646 Dufferin Street, Suite 6
 Toronto, ON M3H 5S4

SWORN before me, in the city of Toronto
 In the Province of Ontario, this 10th day of
 November, 2015.



 Howard Landau- A Commissioner.
 Expires May 16, 2017

Howard Landau, a Commissioner, etc.,
 Province of Ontario for Dodick & Associates Inc.,
 Trustee in Bankruptcy, and Dodick Landau Inc.,
 Trustee in Bankruptcy. Expires May 16, 2017.

APPENDIX “A”

Creditor Mailing List

In the matter of the proposal of
Ehrlich Electric Company Inc.
of the city of Mississauga, in the Province of Ontario

Creditor Type	Name	Attention	Address
Director	Frank Joseph Fuliere		5-6741 Columbus Road Mississauga ON L5T 2G9
Secured	CRA - Canada Revenue Agency - Tax - Ontario	c/o London Taxes Services Office Division Regional Intake Centre for Insolvency	PO Box 5548 3 - 451 Talbot St London ON N6A 4R3 Fax: (519) 645-5397
	Delre, Vito		40 Cloverhill Court Maple ON L6A 3C9
	Dileo, Tony		100 DeRose Ave. Bolton ON L7E 1A7
	Vandergiesen, Estelita		71 Reigate Ave. Brampton ON L6V 2E2
Unsecured	Canadian Electrical Raceways Inc.		5040 Benson Drive Burlington ON L7L 5N6
	Capital One MasterCard Proposals c/o FCT Default Solutions	Insolvency Department	PO Box 2514, Station B London ON N6A 4G9 Fax: (647) 435-5808 dsproposal@collectlink.com
	CIT Financial Ltd.	Isobel Fraser	5035 South Service Road PO Box 5072 Burlington ON L7R 4C8 Fax: (905) 633-2130 isobel.fraser@cit.com
	City of Mississauga	Revenue Collections	4th Floor 300 City Centre Drive Mississauga ON L5B 3C1 Fax: (905) 615-3532 tax@mississauga.ca
	CRA - Canada Revenue Agency - Tax - Ontario	c/o London Taxes Services Office Division Regional Intake Centre for Insolvency	PO Box 5548 3 - 451 Talbot St London ON N6A 4R3 Fax: (519) 645-5397
	CRA - Sudbury Tax Services Office		PO Box 5548 3 - 451 Talbot St. London ON N6A 4R3 Fax: (519) 645-5397
	Delre, Vito		40 Cloverhill Court Maple ON L6A 3C9
	Dileo, Tony		100 DeRose Ave. Bolton ON L7E 1A7
	Frank Fuliere		63 Main Street South Brampton ON L6Y 1M9
	Home Depot c/o Max Recovery Canada Inc T27528		PO Box 4275 Station A Toronto ON M5W 5V8 Fax: (647) 439-1419 maxbest@collectlink.com
	Ibew Local 353		110 Sheppard Ave East, Suite 700 Toronto ON M2W 6Y8

Creditor Mailing List

In the matter of the proposal of
Ehrlich Electric Company Inc.
of the city of Mississauga, in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	Joseph Fuliere		63 Main Street South Brampton ON L6Y 1M9
	Litron Distributors Ltd		945 Reverchon Street Saint-laurent QC H4T 4L2 support@litroncanada.com
	MBNA a division of The Toronto Dominion Bank Bankruptcies c/o FCT Default Solutions	Insolvency Department	PO Box 2514, Station B London ON N6A 4G9 Fax: (647) 439-1419 dsbankrupt@collectlink.com
	Metrix		196 King ST. West
	Ministry of Finance - ON PST, EHT & Other Taxes	Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5 Fax: (905) 436-4524 insolvency.unit@ontario.ca
	Pitney Bowes Canada Ltd. c/o BankruptcyHighway.com	Mike Timko	PO Box 57100 Etobicoke ON M8Y 3Y2 Fax: (416) 253-3610 bankruptcydocuments@asset.net
	Provo Ltd		620 Rowntree Dairy Road Woodbridge ON L4L 5T8 Fax: (905) 851-1272 info@provowire.com
	Robertson Electric		180 New huntington Round, #2 Vaughan ON L4H 0P5
	Sesco (Sonepar Canada Inc.)		PO Box 57865, Stn "A" Toronto ON M5W 5M5
	Surplus Electric Equipment		50 Snidercroft Rd. Concord ON L4K 2K3
	Tyco Integrated Fire & Security		PO Box 4484, Stn "A", 25 The Esplanade Toronto ON M5W 5Z2
	Vandergiesen, Estelita		71 Reigate Ave. Brampton ON L6V 2E2
	Wasteco		161 Bridgeland Avenue North York ON M6A 1Z1 Fax: (416) 787-6210 wastecotoronto@wasteco.com
	Workplace Safety and Insurance Board	c/o Collection Services	200 Front St W Toronto ON M5V 3J1 Fax: (905) 521-4203

APPENDIX “B”

Frank Joseph Fuliere
5-6741 Columbus Road
Mississauga ON L5T 2G9

District of: Ontario
Division No. 09 - Toronto
Court No. 32-2038864
Estate No. 32-2038864

FORM 66

Notice to officer of bankrupt corporation of meeting of creditors
(subsection 102(1) or paragraph 155(d.1) of the Act)

In the matter of the proposal of
Ehrlich Electric Company Inc.
of the city of Mississauga, in the Province of Ontario

To: Frank Joseph Fuliere, Officer

Take notice that a meeting of creditors will be held on the 11th day of November 2015, at 2:00 PM, at 4646 Dufferin Street, Suite 6, Toronto, Ontario and that you are required to attend and to give any information that may be required.

And further take notice that if, without reasonable cause, you fail to comply with the requirements of this notice you are guilty of an offence under the Act and liable to imprisonment for a term not exceeding 3 years.

Dated at the city of Toronto in the Province of Ontario, this 30th day of October 2015.

Dodick Landau Inc. - Trustee



4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725

APPENDIX “C”

Government
of CanadaGouvernement
du Canada

Canada

Industry Canada

Home > Bankruptcy > Office of the Superintendent of Bankruptcy Canada > E-Filing

Office of the Superintendent of Bankruptcy Canada

- 1.
2. **Update filing - update is confirmed**
- 4.
5. **Estate Information**

Welcome, Rahn Dodick |
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Please Note: The following estate(s) were updated:

- **Estate Number:** 32-2038864
- **Estate Name:** Ehrlich Electric Company Inc.

Document(s) submitted

The following document(s) have been successfully submitted

- Form 40.1: Notice of Hearing of Application for Court Approval of Proposal
- Form 92: Notice of Proposal to Creditors

Reference

- The Reference Number for this transaction is: **11424546**.
- Submitted by Rahn Dodick.
- 2015-11-10 15:01 EST

[Submit another document for this estate.](#)

If you would like to submit a document against a different estate, please click on the **Update** link in the left hand side menu.

Government
of CanadaGouvernement
du Canada

Canada

Industry Canada

Home > Bankruptcy > Office of the Superintendent of Bankruptcy Canada > E-Filing

Office of the Superintendent of Bankruptcy Canada

- 1.
2. **Update filing - update is confirmed**
- 4.
5. **Estate Information**

Welcome, Rahn Dodick |
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Please Note: The following estate(s) were updated:

- **Estate Number:** 32-2038864
- **Estate Name:** Ehrlich Electric Company Inc.

Document(s) submitted

The following document(s) have been successfully submitted

- Report on Proposal to Creditors

Reference

- The Reference Number for this transaction is: **11424554**.
- Submitted by Rahn Dodick.
- 2015-11-10 15:02 EST

[Submit another document for this estate.](#)

If you would like to submit a document against a different estate, please click on the **Update** link in the left hand side menu.

Court File No. 32-2038864
Estate File No. 32-2038864

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

**IN THE MATTER OF THE AMENDED PROPOSAL OF
EHRlich ELECTRIC COMPANY INC.
OF THE CITY OF MISSISSAUGA
IN THE PROVINCE OF ONTARIO**

REPORT OF TRUSTEE ON PROPOSAL

NOVEMBER 20, 2015

INTRODUCTION

1. On September 22, 2015, Ehrlich Electric Company Inc. (the "**Company**" or "**Ehrlich**") 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 October 22, 2015, pursuant to section 62 of the BIA, Ehrlich filed with the Official Receiver a Proposal (the "**Proposal**") a copy of which is attached hereto as **Appendix "A"**. On November 10, 2015, an amendment to the Proposal was made, and on November 20, 2015, a further minor amendment was made at the meeting of creditors (together with the Proposal, the "**Amended Proposal**") a copy of which is attached hereto as **Appendix "B"**.
3. The purpose of this first report (the "**Report**") is to support the Proposal Trustee's request for the Court to grant orders:
 - a) approving the Amended Proposal; and
 - b) authorizing the Proposal Trustee to take all steps necessary to implement the Amended Proposal.

DISCLAIMER

4. 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. Parties using this Report, other than for the purpose of evaluating the Amended 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.
5. 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.
 6. The capitalized terms not defined in this report are defined in the Amended Proposal and this Report should only be read in conjunction with the Amended Proposal. While this Report summarizes key aspects of the Amended Proposal, Creditors are advised to carefully read the Amended Proposal in full. Should there be any discrepancy between the summary contained in this Report and the Amended Proposal, the Amended Proposal shall govern.
 7. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

BACKGROUND

Operations

8. Ehrlich's primary business is to provide electrical contracting services to commercial and industrial clients throughout the Greater Toronto Area. Ehrlich continues to operate its business.

9. The Company currently operates from leased premises at 6741 Columbus Rd. Unit 5 Mississauga, Ontario, L5T 2G9, and currently employs 5 full time staff.
10. The Company was founded by Mr. Joseph Fuliere and was incorporated under the Ontario *Business Corporations Act* on December 22, 2010.

Financial Results

11. Ehrlich's internally prepared financial statements indicate that for its fiscal years ended December 31, 2013, December 31, 2014, and the 7 months ended August 31, 2015, it:
 - a) incurred operating losses of approximately \$348,000, \$67,000, and \$109,000, respectively, or a total of approximately \$524,000 over this period;
 - b) had total debt at the end of each period of approximately \$850,000, \$937,000 and \$762,000, respectively; and
 - c) had a shareholder deficiency of \$788,000, \$855,000 and \$964,000, respectively.

CAUSES OF FINANCIAL DIFFICULTIES

12. According to Management, Ehrlich experienced significant bad debt expenses amounting to approximately \$400,000 which related primarily to one customer and, coupled with a decrease in overall sales, has contributed to the Company's operating losses.
13. In August 2015, Canada Revenue Agency ("**CRA**") carried out a trust examination and assessed Ehrlich for approximately \$584,000 in unremitted source deductions, including interest and penalties, relating to several years of operations dating back from July 31, 2015. In past years Ehrlich had a greater number of employees.
14. According to Management, since the Company was assessed for non-remittance in August 2015, it has remitted all source deductions owing. However, despite its best efforts, it did not have sufficient cash flow generated from its operations to fund the amount outstanding to CRA. Management, through the Company's legal counsel, entered into discussions with CRA in an attempt to enter into a settlement and payment plan with CRA, however, these discussions ceased in mid-September 2015.
15. On September 8, 2015, CRA issued requirements to pay ("**RTP**") to Ehrlich's bank, and on September 25, 2015 to a number of Ehrlich's customers. The RTPs sent to Ehrlich's bank

required that all the funds in Ehrlich's bank accounts be remitted to CRA. At that time, the Company's net cash balance in its bank accounts were in a negative position on a combined basis. The RTPs sent to Ehrlich's customers required that all accounts receivables owing to Ehrlich be instead paid to CRA.

16. Following the filing of the NOI on September 22, 2015, and as a result of the stay of proceedings arising therefrom, CRA could no longer proceed with the enforcement of any debts owing to it, including proceeding with the enforcement of the RTPs and was required to return any funds it had collected for the period after the date of the NOI to Ehrlich. At this time, Management is aware of approximately \$3,000 paid to CRA pursuant to the RTPs after the filing of the NOI which will need to be returned by CRA.

Secured and Unsecured Debt

17. A search conducted of the Ontario Personal Property Security Registry on September 21, 2015 in respect of Ehrlich revealed one security registration by the Ministry of Finance of Ontario. The secured obligation is in respect of employee health tax payable of \$4,462. According to Management, Ehrlich has no other secured creditors. The Proposal Trustee has not sought or obtained any legal opinion on the validity of this security.
18. As described above, Ehrlich currently has unremitted source deductions owing to CRA totalling approximately \$584,000 which ranks ahead of all other creditors in a proposal. According to Management, the only amounts owing to employees are in respect of accrued vacation pay for unused vacation amounting to approximately \$10,000.
19. According to Management, unsecured trade debt totaled approximately \$360,000 at the date of the NOI, September 22, 2015, and is owed to approximately 16 unsecured creditors.

THE AMENDED PROPOSAL

Class

20. For the purpose of the Amended Proposal, the Creditors of the Company are comprised of a single class, consisting of Creditors having preferred and unsecured claims ("**Class 1**"). 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 Claims ("**Crown Claims**").
21. All proven pre-filing claims of CRA, or any province, contemplated by section 60(1.1) of the BIA, consisting of unremitted source deductions, will be paid in full, as described below, and shall be paid by the Company 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:
- a) \$100,000 to be delivered to the Proposal Trustee from a related third-party, within 10 days from the Court Approval Date;
 - b) \$200,000 to be directed to the Proposal Trustee from the proceeds of the sale of the industrial property, located at 6741 Columbus Road, unit 5, Mississauga, Ontario, ("**Columbus Property**") to be sold by a related company, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan to be obtained and secured by a second mortgage of at least \$200,000 registered against title to the Columbus Property. In addition, in order to secure the obligations of the related company, within 30-days from the Court approval date, if there is no firm agreement of purchase and sale, the related party will grant a second mortgage against title to the Columbus Property in favour of the Company for an amount up to \$200,000 which will be subordinated or discharged in connection with the loan described in this paragraph; and
 - c) \$285,000 to be directed to the Amended Proposal Trustee from the proceeds of the sale of certain residential property owned by Adriana Fuliere, wife of Joseph Fuliere, ("**Residential Property**"), or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan to be obtained and secured by a second mortgage for at least \$290,000 registered against title to the Residential Property. In addition, in order to secure the obligations of Adriana Fuliere, within 30-days from the Court approval date, if there is no firm agreement of purchase and sale, the related party will grant a second mortgage against title to the Residential Property in favour of the Company for an amount up to \$290,000 which will be subordinated or discharged in connection with the loan described in this paragraph.

22. The registered owners of the Columbus Property and the Residential Property have agreed to provide personal undertakings to CRA and to the Proposal Trustee in respect of their agreement to fund these amounts.
23. On November 20, 2015, the related party that is the owner of the Columbus Property provided the Proposal Trustee with a copy of a signed Agreement of Purchase and Sale dated November 19, 2015 for the sale of the Columbus Property. The offer remains subject to several conditions to be cleared by early December 2015. The scheduled closing date for the sale of the Columbus Property is December 18, 2015.
24. The Proposal Trustee understands that if the Columbus Property is sold, the landlord, who is a related party, will not make any claim against the Company for early termination of any lease.
25. Depending on the available net sales proceeds realized from the sales of the Columbus and Residential Properties after payment of existing mortgages and selling costs, or the net loan proceeds from taking out second mortgage loans on each, there may be a shortfall in realizing the aggregate amount of \$485,000 from both properties, in order to fund the Crown Claims. Should this occur, Management has indicated that it would utilize funds generated from ongoing operations of the Company's business to fund this shortfall in order to ensure that the Crown Claims are paid within the requisite 6-months from the Court Approval Date.
26. Secured Creditors are not affected by this Amended Proposal to the extent of their Secured Claims. Proven Secured Claims, to the extent of the value of the Secured Property, shall be paid out of the Funded Proposal Payments in priority to Unsecured Creditors. However, the Deficiency Claims of Secured Creditors are treated as Unsecured Claims. A Secured Creditor may vote on all questions relating to the Amended Proposal as part of Class 1 as an Unsecured Creditor in respect of the amount equal to its proven Deficiency Claim.
27. Proven Preferred Claims, if any, other than Employee Preferred Claims (which shall be satisfied pursuant to Paragraph 13 of the Amended Proposal), shall be paid in full, without interest, in priority to Proven Unsecured Claims from the Funded Proposal Payments as described below.
28. The Employee Preferred Claims 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 employee following the Court Approval Date.

Funding the Amended Proposal

29. The Funded Proposal Payments to be paid to the Proposal Trustee will commence after the Crown Claims are paid and will be composed of cash instalments in the aggregate amount of \$12,500 every three months.
30. The initial three-month period will commence 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.
31. The Funded Proposal Payments shall continue to be made until an amount is paid to the Proposal Trustee equal to the lesser of (a) 100% of the Proven Secured Claims, to the extent of the value of the Secured Property, plus 50% of the value of the Proven Unsecured Claims (not including the Crown Claims and the Employee Preferred Claims) and (b) \$150,000.

Distribution

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. All distributions are subject to the Superintendent's Levy, if it is applicable.
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 Amended Proposal is annulled and the Company becomes bankrupt, failing which such amount shall be distributed to the Creditors.
 - c) *Proven Claims of Secured Creditors* – To pay all proven claims of Secured Creditors to the extent of the value of the Secured Property;
 - d) *Proven Claims of Preferred Creditors* – To pay all proven preferred claims, other than the Preferred Claims of employees, if any, which would have been paid immediately following Court approval.

- e) *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 Amended Proposal is not accepted by the Creditors and Ehrlich 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 Amended 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 August 31, 2015. However, the value of the accounts receivable change 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 August 31, 2015 (000's)

	<u>Book Value</u>	<u>Estimated Liquidation Value</u>	<u>Notes</u>
<i>Assets</i>			
Cash	\$0	\$0	(a)
Accounts Receivable	95	50	(b)
Vehicles	12	11	(c)
Inventory	0	8	(d)
	<hr/>	<hr/>	
Total Assets	<u>\$107</u>	<u>\$69</u>	

Notes:

- a) *Cash is the balance in the bank account on August 31, 2015. The balance in the bank accounts will change as receipts are collected and disbursements are made. At August 31, 2015 Ehrlich*

had drawn on its line of credit and, together with a second account that had a balance, on a net basis there was no positive cash balance in the two accounts combined.

- b) *Accounts Receivable represent amounts owing from clients for work performed. The Proposal Trustee has taken a 48% provision against the receivables in order to reflect age of receivables, possible claims for set-off, accounting or other claims that may be asserted by the clients in a liquidation scenario.*
- c) *Vehicles represent two (2) service vehicles owned by Ehrlich.*
- d) *Inventory represents spare parts and supplies. According to Management, as Ehrlich does not count its inventory, which consists of many small pieces at a nominal value on an individual basis, it does not maintain a value for inventory on its balance sheet.*

Estimated Recovery – Bankruptcy vs. Proposal Scenario

36. The following chart sets out the expected recovery to CRA (Crown Claims), 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 Claims in a bankruptcy scenario is 10% and in the Proposal scenario is 100%. 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 36% under the Proposal scenario. The analysis under the Proposal scenario assumes that the Company makes all Funded Proposal Payments as required under the Amended Proposal's terms.

<u>Estimated Recovery in a Bankruptcy Scenario</u>		<u>Estimated Recovery in a Amended Proposal Scenario</u>	
		Crown Claim and Employee Preferred Claim Payments	\$595
Liquidation Value of Assets	\$69	Estimated Funded Proposal Payments (Note 1)	\$150
Less: Crown Claims - Deemed Trust Portion (Note 2)	<u>(585)</u>	Less: Crown Claims - Deemed Trust Portion	<u>(585)</u>
Shortfall realized by CRA for Crown Claims before costs of realization	(516)	Gross amount available for Preferred and Unsecured Creditors	160
Less: Estimated professional fees and expenses (Note 3)	(15)	Less: Estimated Professional fees and expenses (Note 3)	(15)
Less: Superintendent's Levy (Note 4)	<u>0</u>	Less: Superintendent's Levy (Note 4)	<u>(7)</u>
Shortfall realized by CRA for Crown Claims after costs of realization	<u>(531)</u> 372	Net amount available for Preferred and Unsecured Creditors	138 <u>372</u>

Estimated Claims of Preferred and Unsecured Creditors		Estimated Claims of Preferred and Unsecured Creditors	
	<u> </u>		<u> </u>
Estimated Recovery to Unsecured Creditors	<u> 0% </u>	Estimated Recovery to Unsecured Creditors	<u> 36% </u>
Estimated Recovery to Preferred Creditors	<u> 0% </u>	Estimated Recovery to Preferred Creditors	<u> 100% </u>
Recovery on Crown Claims	<u> 10% </u>	Recovery on Crown Claims	<u> 100% </u>

Notes:

1. *The estimated Funded Proposal Payments amount is based on the terms of the Amended 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 change.*
2. *In a bankruptcy scenario, CRA's deemed trust for Crown 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 the entire portion is a deemed trust amount.*
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 an Amended Proposal, administering the Amended 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 Preferred and Unsecured Creditors and is calculated as 5% of each payment.*
5. *The Amended Proposal Scenario reflects a payment to the known Preferred Creditors (approximately \$10,000), while the Bankruptcy Scenario reflects no payments to Preferred Creditors. As at the date of filing the known Preferred Creditors were employees for accrued but unpaid vacation pay.*

MEETING OF CREDITORS

37. On October 30, 2015, the Proposal Trustee gave notice to debtor, to the division office and to every known creditor affected by the Proposal of the calling of a meeting of creditors (the "**Creditor's Meeting**") to be held on November 11, 2015 to consider the Proposal.
38. The notice included a condensed statement of the assets and liabilities of the debtor, a list of creditors affected by the proposal who have claims of \$250 or more and showing the amounts of their claims, a

copy of the proposal, a form of proof of claim and proxy in blank and a voting letter. The condensed statement of the assets and liabilities of the debtor and a list of creditors affected by the Proposal are shown as **Appendix "C"** to this Report.

39. The Creditor's Meeting to consider the Proposal was held at the office of the Proposal Trustee, 4646 Dufferin St., Suite 6, Toronto, Ontario, on November 11, 2015, and was presided over by Mr. Rahn Dodick of Dodick Landau Inc. Canada Revenue Agency ("**CRA**"), representing approximately \$740,000 of the \$940,000 in known creditor claims, requested that the meeting be adjourned first to November 13, 2015 and then a second time to November 20, 2015, in order that CRA may complete its due diligence and negotiate the amendment to the Proposal with the Company.
40. Details relating to the filing of claims, and other documents, were outlined in the Report of Trustee on Proposal included in the creditor package mailed to each known creditor of the Company, or their duly appointed representative on October 30, 2015. The creditor package was also available on the Proposal Trustee's website (www.dodick.ca).
41. Mr. Dodick acted as the chair (the "**Chair**"), secretary and scrutineer (the "**Scrutineer**") of the Creditor's Meeting.
42. The Scrutineer reported that a quorum was present at the Creditor's Meeting and accordingly, the Chair declared that the Creditor's Meeting was properly constituted.

Results of the Vote on Acceptance of the Proposal

43. A motion to consider a resolution to approve the Proposal was proposed at the Creditor's Meeting (the "**Resolution**"). The Resolution tabled at the meeting was as follows:

"Be and it is hereby resolved to accept the Amended Proposal of Ehrlich Electric Company Inc. dated November 10, 2015, and, if approved, the Proposal Trustee and Ehrlich Electric Company Inc. take all necessary steps to implement the terms of the Amended Proposal."
44. The Scrutineer tabulated the results of the vote, and the Chair reported the results at the Creditor's Meeting. The Creditors, or their proxy holders, at the Creditor's Meeting voted on the Resolution to approve the Proposal as follows:

	For		Against	
	#	\$	#	\$
Creditors having a voting claim voting in person, by proxy or by voting letter	8	\$832,798.08	0	\$0.00
Percentage of the total votes	100%	100%	0%	0%

45. In summary, a majority in number representing in excess of two-thirds in value of the Creditors by class holding proven claims and voting in person or by proxy at the Creditor's Meeting, or by voting letter, voted in favour of the Resolution to approve the Amended Proposal. Copies of the minutes of the Creditor's Meeting are attached as **Appendix "D"**.

Approval and Implementation of the Proposal

46. The BIA requires the Amended Proposal be approved by the Court following approval by the requisite majorities of Creditors. As such, the Proposal Trustee requests that the Court issue an order approving the Amended Proposal.
47. The Proposal Trustee is not aware of the Company having committed any of the offences set out in sections 198-200 of the BIA.

CONDUCT OF THE DEBTOR

Preference Transactions and Transfers at Undervalue

48. The Amended Proposal contemplates that Sections 95-101 of the BIA shall not apply in connection with this Amended 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.
49. If Ehrlich 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. The Proposal Trustee is not aware of any such transactions existing.

Conduct Post Filing

50. Pursuant to Section 50(10) of the BIA, the Proposal Trustee is required to monitor the affairs of the Company until the Amended Proposal is approved by the Court.

51. During the NOI period, Ehrlich worked diligently with the Proposal Trustee to prepare this Amended Proposal, as well as to manage costs and continue operations. The Company is working diligently to complete the Amended 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.

SUMMARY COMMENTS/RECOMMENDATION

52. The Proposal Trustee is of the opinion that the liabilities and the assets of the Company, and their estimated realizable values, are as set out in this Report.
53. That the Proposal Trustee is also of the opinion that:
- a. The causes of the insolvency of the debtor are as set out in this Report;
 - b. The conduct of the debtor is not subject to censure; and
 - c. There are no known facts, as described in section 173 of the Act, which may be proved against the debtor.
54. It is the Proposal Trustee's further opinion that the Amended Proposal is an advantageous one for the creditors of Ehrlich and will allow for a greater recovery to them than they would receive in a liquidation of the Company. Therefore, the Proposal Trustee respectfully recommends that the Court grant an order approving the Amended Proposal and authorizing the Proposal Trustee to take all steps necessary to implement the Amended Proposal.
55. The Proposal Trustee forwarded a copy of this report to the official receiver on this day.

Yours very truly,

DODICK LANDAU INC.

Trustee *re* the Amended Proposal of Ehrlich Electric Company Inc.

Per:



Rahn Dodick, CPA, CA, CIRP

APPENDIX “A”

Court No. 32-2038864
Estate No. 32-2038864

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF
EHRlich ELECTRIC COMPANY INC.
of the City of Mississauga, in the Province of Ontario

PROPOSAL

EHRlich ELECTRIC COMPANY INC. 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 this 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 Trustee 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 Trustee in connection therewith;
 - (c) “Affected Creditors” means those Creditors of the Company forming Class 1, 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, Sunday or statutory holiday, 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 judgment, 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 Ehrlich Electric Company Inc.;
- (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) “Creditor” 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) “Deficiency Claim” means 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;

- (p) “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;
- (q) “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;
- (r) “Event of Default” has the meaning given to it in Part VIII of this Proposal;
- (s) “Funded Proposal Payments” shall mean funds which will be advanced to the Trustee for distribution pursuant to Part V of this Proposal;
- (t) “Inspectors” means the inspectors appointed pursuant to Part X of this Proposal;
- (u) “Levy” means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (v) “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;
- (w) “NOI” means the Notice of Intention to Make a Proposal filed by the Company on September 22, 2015;
- (x) “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;
- (y) “Post-Filing Crown Claims” means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (z) “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;
- (aa) “Pre-Filing Crown Claims” means all Crown Claims that were outstanding as at the Date of Filing;
- (bb) “Preferred Claim” means any claim that is afforded priority under Section 136(1) of the Act;
- (cc) “Preferred Creditor” means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (dd) “Proposal” means this proposal dated October 19, 2015, together with any amendments or additions thereto;

- (ee) “Proposal Period” means the period between the Court Approval Date and the Maturity Date;
- (ff) “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,
- (gg) “Secured Claim” means the value of any Claim to the extent of the value of the Secured Property;
- (hh) “Secured Creditor” means a Creditor 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
- (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 which is not secured against any Secured Property or the portion of any Proven Claim which is in excess of the value of the Secured Property in respect of that Claim; 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 and includes, without limitation, Deficiency Claims.

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 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 exercising any remedy against the Company 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 legal 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 a single class, consisting of Creditors having Preferred Claims and Unsecured Claims ("Class 1"). For greater certainty, Preferred Creditors entitled to vote pursuant to the Act shall vote in this class; Secured Creditors holding Deficiency Claims are entitled to vote in this class to the extent of such claim; and, claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims shall vote in this class.

**PART IV
SECURED CREDITORS**

9. Secured Creditors shall not be affected by this Proposal to the extent of their Secured Claims – i.e., the value of the subject Secured Property. However, the

Deficiency Claims of Secured Creditors shall be treated as Unsecured Claims. A Secured Creditor may vote on all questions relating to the Proposal as part of Class 1 as an Unsecured Creditor in respect of the amount equal to such Secured Creditor's Proven Deficiency Claim.

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

Subordinated Claims

10. As of the Date of Filing, the Company's principals, Joseph Fuliere and Frank Fuliere, have Claims against the Company (the "Subordinated Claims"), which Subordinated Claims shall be subordinated under this Proposal to all other Claims.

Crown Claims

11. At the date of this Proposal, according to the Canada Revenue Agency ("CRA"), the Company owed approximately \$585,000 to CRA for employee source deductions withheld but not remitted, including related penalties and interest calculated up to July 31, 2015. In addition to the Funded Proposal Payments, all Proven Pre-Filing Crown Claims (less any amounts received by CRA from and after September 8, 2015 on account of such claims by way of garnishment or otherwise, and less any amounts paid directly to CRA by employees of the Company on account of any compensation for which source deductions have been assessed against the Company) 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.
12. In order to fund the payment of the Proven Pre-Filing Crown Claims, the Company will cause:
 - (a) \$100,000 to be delivered to the Trustee from a related third-party, within 10 days from the Court Approval Date;
 - (b) \$200,000 to be directed to the Trustee from the proceeds of the sale of the industrial property, located at 6741 Columbus Road, unit 5, Mississauga, Ontario, to be sold by a related company, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage of at least \$200,000 registered against title to such industrial property; and
 - (c) \$285,000 to be directed to the Trustee from the proceeds of the sale of certain residential property owned in part by Joseph Fuliere, or if there is no firm agreement of purchase and sale within 90-days from the Court

Approval Date, from the net proceeds of a loan secured by a mortgage for at least \$285,000 registered against title to such residential property.

Employee Preferred Claims

13. At the Date of Filing, the Company owed approximately \$10,000 to two employees on account of Employee Preferred Claims. All Employee Preferred Claims, in addition to the Funded Proposal Payments, 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 immediately after the Court Approval Date and in priority to the Unsecured Claims.

Secured Claims

14. Proven Secured Claims, to the extent of the value of the Secured Property, shall be paid out of the Funded Proposal Payments in priority to Unsecured Creditors. To the extent the Claim of a Secured Creditor exceeds the value of the Secured Property, the difference between the Proven claimed amount and the value of the Secured Property shall be treated as an Unsecured Claim.

Preferred Claims (in addition to Employee Preferred Claims)

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

Unsecured Claims

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

Funding the Proposal

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.
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) 100% of the Proven Secured Claims, to the extent of the value of the Secured Property, plus 50% of the value of the Proven Unsecured Claims (not including the Crown Claims and the Employee Preferred Claims); and
 - (ii) \$150,000.

Distribution

20. Interim distributions will be made to Secured Creditors and the Unsecured Creditors when sufficient Funded Proposal Payments have, in the Trustee's discretion, accumulated to warrant the interim distribution.
21. 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 21(c) and 21(d) of this Proposal;
 - (c) third, to Proven Claims of the Secured Creditors to the extent of the value of the Secured Property in respect of the Claim;
 - (d) fourth, to Proven Claims of Preferred Creditors (if any), other than Employee Preferred Claims which will have been paid, without interest; and,
 - (e) fifth, the balance of the Funded Proposal Payments shall be distributed *pro rata* among all of (i) the Unsecured Creditors on account of Proven Unsecured Claims and (ii) the Secured Creditors on account of Proven Deficiency Claims, without regard to whether the Claims are the Claims of Secured Creditors or Unsecured Creditors.

Amendments to Agreements

22. 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

23. 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

24. 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

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

Reporting by the Company

26. 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

27. The Levy, if applicable, shall be deducted by the Trustee from payments to Creditors by the Trustee.

Payment of Fees and Expenses

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

Employee Claims

29. 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

30. 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**

31. 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 31(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**

32. 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.
33. 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

34. 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

35. 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

36. 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

37. 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 approve the Proposal, the Company shall be deemed bankrupt.

**PART XII
RELEASE**

38. As at 12:01 a.m. on the Effective 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 of the Released Parties 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

39. 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 38 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

40. 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

41. 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

42. 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

43. Notwithstanding the payment structure set out in Part V of this Proposal, nothing herein prevents or restricts the Company from 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

44. 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**

45. 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**

46. 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.

DATED at the City of Toronto, in the Province of Ontario, this 20th day of October,
2015.

EHRlich ELECTRIC COMPANY INC.

Per: 

Name: Frank Fuliere

Title: Director

APPENDIX “B”

Court No. 32-2038864
Estate No. 32-2038864

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF
EHRlich ELECTRIC COMPANY INC.
of the City of Mississauga, in the Province of Ontario

AMENDMENT TO PROPOSAL

EHRlich ELECTRIC COMPANY INC. hereby submits the following amendment to the proposal filed on October 22, 2015 (the "Proposal") under the provisions of the *Bankruptcy and Insolvency Act*.

1. The Proposal is amended by replacing paragraph 12(b) with the following:

"\$200,000 to be directed to the Trustee from the proceeds of the sale of the industrial property, located at 6741 Columbus Road, unit 5, Mississauga, Ontario (the "Industrial Property"), to be sold by a related company, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage of at least \$200,000 registered against title to the Industrial Property. In addition, in order to secure the obligations of the related company hereunder, within 30-days from the Court Approval Date, if there is no firm agreement of purchase and sale, the Company will arrange for the related party to grant a second mortgage against title to the Industrial Property in favour of the Company, for an amount up to \$200,000, which second mortgage will be subordinated or discharged in connection with the loan contemplated in this sub-paragraph; and"


2. The Proposal is amended by replacing paragraph 12(c) with the following:

"\$285,000 to be directed to the Trustee from the proceeds of the sale of certain residential property (the "Residential Property") owned in part by Joseph Fuliere, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage for up to \$290,000 registered against title to the Residential Property. In addition, in order to secure the obligations of Joseph Fuliere hereunder, within 30-days from the Court Approval Date, if there is no firm agreement of purchase and sale, the Company will arrange for Joseph Fuliere to grant a second mortgage against title

to the Residential Property in favour of the Company, for an amount up to \$285,000, which second mortgage will be subordinated or discharged in connection with the loan contemplated in this sub-paragraph.”

DATED at the City of Toronto, in the Province of Ontario, this 10th day of November, 2015.

EHRlich ELECTRIC COMPANY INC.

Per: 
Name: Joseph Fohere
Title: Officer

APPENDIX “C”

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

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
 Ehrlich Electric Company Inc.
 of the city of Brampton, in the Province of Ontario

To the debtor:

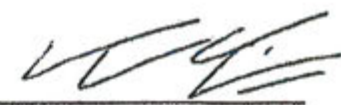
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 22nd day of October 2015. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A"	1. Inventory
381,828.40	8,000.00
Balance of secured claims as per list "B"	2. Trade fixtures, etc.
514,896.58	0.00
Total unsecured creditors	3. Accounts receivable and other receivables, as per list "E"
876,724.98	Good
2. Secured creditors as per list "B"	50,000.00
69,300.00	Doubtful
3. Preferred creditors as per list "C"	0.00
0.00	Bad
4. Contingent, trust claims or other liabilities as per list "D"	45,200.00
estimated to be reclaimable for	Estimated to produce
0.00	50,000.00
Total liabilities	4. Bills of exchange, promissory note, etc., as per list "F" ...
946,024.98	0.00
Surplus	5. Deposits in financial institutions
NIL	0.00
	6. Cash
	0.00
	7. Livestock
	0.00
	8. Machinery, equipment and plant
	0.00
	9. Real property or immovable as per list "G"
	0.00
	10. Furniture
	0.00
	11. RRSPs, RRIAs, life insurance, etc.
	0.00
	12. Securities (shares, bonds, debentures, etc.)
	0.00
	13. Interests under wills
	0.00
	14. Vehicles
	11,300.00
	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
	69,300.00
	Deficiency
	876,724.98

I, Frank Joseph Fullere, of the city of Mississauga 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 22nd day of October 2015 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 22nd day of October 2015.



Frank Joseph Fullere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 78 - Continued


List "A"
 Unsecured Creditors

Ehrlich Electric Company Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Canadian Electrical Raceways Inc.	5040 Benson Drive Burlington ON L7L 5N6	2,260.00	0.00	2,260.00
2	Capital One MasterCard Proposals c/o FCT Default Solutions Attr: Insolvency Department	PO Box 2514, Station B London ON N6A 4G9	9,120.18	0.00	9,120.18
3	CIT Financial Ltd. Attr: Isobel Fraser	5035 South Service Road PO Box 5072 Burlington ON L7R 4C8	533.65	0.00	533.65
4	City of Mississauga Attr: Revenue Collections	4th Floor 300 City Centre Drive Mississauga ON L5B 3C1	7,953.17	0.00	7,953.17
5	CRA - Canada Revenue Agency - Tax - Ontario Attr: c/o London Taxes Services Office Division Regional Intake Centre for Insol	PO Box 5548 3 - 451 Talbot St London ON N6A 4R3	0.00	514,896.56	514,896.56
6	CRA - Sudbury Tax Services Office	PO Box 5548 3 - 451 Talbot St. London ON N6A 4R3	163,742.00	0.00	163,742.00
7	Frank Fuliere	63 Main Street South Brampton ON L6Y 1M9	6,578.00	0.00	6,578.00
8	Home Depot c/o Max Recovery Canada Inc T27528	PO Box 4275 Station A Toronto ON M5W 5V8	60.36	0.00	60.36
9	Ibaw Local 353	110 Sheppard Ave East, Suite 700 Toronto ON M2W 6Y8	63,274.86	0.00	63,274.86
10	Joseph Fuliere	63 Main Street South Brampton ON L6Y 1M9	64,771.54	0.00	64,771.54
11	Lilron Distributors Ltd	945 Reverchon Street Saint-laurent QC H4T 4L2	5,867.74	0.00	5,867.74
12	MBNA a division of The Toronto Dominion Bank Bankruptcies c/o FCT Default Solutions Attr: Insolvency Department	PO Box 2514, Station B London ON N6A 4G9	15,242.76	0.00	15,242.76
13	Ministry of Finance - ON PST, EHT & Other Taxes Attr: Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5	4,444.35	0.00	4,444.35
14	Pitney Bowes Canada Ltd. c/o BankruptcyHighway.com Attr: Mike Timko	PO Box 57100 Etobicoke ON M8Y 3Y2	120.50	0.00	120.50
15	Provo Ltd	620 Rowntree Dairy Road Woodbridge ON L4L 5T8	1,350.91	0.00	1,350.91
16	Robertson Electric	180 New huntington Round, #2 Vaughan ON L4H 0P5	5,624.48	0.00	5,624.48
17	Sesco (Sonepar Canada Inc.)	PO Box 57865, Stn "A" Toronto ON M5W 5M5	5,385.31	0.00	5,385.31
18	Surplus Electric Equipment	50 Snidercroft Rd. Concord ON L4K 2K3	1,717.60	0.00	1,717.60
19	Tyco Integrated Fire & Security	PO Box 4484, Stn "A", 25 The Esplanade Toronto ON M5W 5Z2	250.00	0.00	250.00
20	Wasteco	161 Bridgeland Avenue North York ON M6A 1Z1	92.02	0.00	92.02
21	Workplace Safety and Insurance Board Attr: c/o Collection Services	200 Front St W Toronto ON M5V 3J1	3,438.97	0.00	3,438.97
Total:			361,828.40	514,896.56	876,724.96

22-Oct-2015

Date


 Frank Joseph Fuliere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 76 - Continued

List "B"
Secured Creditors

Ehrlich Electric Company Inc.

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	CRA - Canada Revenue Agency - Tax - Ontario Attn: c/o London Taxes Services Office Division Regional Intake Centre for Insol	PO Box 5548 3 - 451 Talbot St London ON N6A 4R3	69,300.00	Motor Vehicles - Automobile - 2004 - GMC - Sierra Debts Due - Business - Accounts Receivable Business Assets - Stock In Trade - Inventory Motor Vehicles - Automobile - 2007 - Chevrolet - Express 2500HD	29-Oct-2015 29-Oct-2015 29-Oct-2015	4,500.00 50,000.00 8,000.00 6,800.00		
			Total:			69,300.00	0.00	0.00

22-Oct-2015

Date



Frank Joseph Fulere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 78 -- Continued

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

Ehrlich Electric Company Inc.

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
Total:					0.00	0.00	0.00

22-Oct-2015

Date



Frank Joseph Fuliere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 78 -- Continued

List "D"
 Contingent or Other Liabilities

Ehrlich Electric Company Inc.

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		

22-Oct-2015

Date



Frank Joseph Fuliere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 78 -- Continued

List "E"
 Debts Due to the Debtor
 Ehrlich Electric Company Inc.

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			50,000.00 0.00 45,200.00			50,000.00	
Total				50,000.00 0.00 45,200.00			50,000.00	

22-Oct-2015

Date



Frank Joseph Fufiere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 78 - Continued

List "F"

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

Ehrlich Electric Company Inc.

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	

22-Oct-2015

Date



Frank Joseph Fullere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 78 -- Continued

List "G"
 Real Property or Immovables Owned by Debtor
 Ehrlich Electric Company Inc.

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

22-Oct-2015

Date



Frank Joseph Fuliere

District of: Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

FORM 78 -- Concluded

List "H"
 Property

Ehrlich Electric Company Inc.
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory	0.00	8,000.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(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 - 2004 - GMC - Sierra	0.00	4,500.00
		Automobile - 2007 - Chevrolet - Express 2500HD	0.00	6,800.00
(l) Taxes			0.00	0.00
			Total:	19,300.00

22-Oct-2015

Date



Frank Joseph Fullere

APPENDIX “D”

District of: Ontario
Division No.: 09 - Toronto
Court No.: 32-2038864
Estate No.: 32-2038864

IN THE MATTER OF THE PROPOSAL OF:
EHRlich ELECTRIC COMPANY INC.
DODICK LANDAU INC. – PROPOSAL TRUSTEE
MINUTES OF MEETING OF CREDITORS OF EHRlich ELECTRIC COMPANY INC.
HELD ON NOVEMBER 11, 2015, AT 2:00P.M.
AT 4646 DUFFERIN ST., SUITE 6, TORONTO, ONTARIO

1. The chair, RAHN DODICK called the meeting (the “**Meeting**”) to order at 2:00 p.m. Mr. Dodick explained that he was the President of Dodick Landau Inc. (“**DLI**”), and the Proposal Trustee (the “**Proposal Trustee**”) of Ehrlich Electric Company Inc. (“**Ehrlich**”). Mr. Dodick further advised the Meeting that Stephanie Toye, of DLI would act as secretary and scrutineer for the meeting.
2. A copy of the attendance sheet listing the name of the attendees, who they are representing and the dollar amount of their claims is attached hereto as **Appendix “A”**.
3. Mr. Dodick informed the Meeting that the scrutineer reported that there was a quorum and that the Meeting was duly constituted.
4. Mr. Dodick informed the Meeting that notice of the Meeting, the proposal, the Proposal Trustee’s report, a statement of affairs, proof of claim form, proxy and voting letter were mailed to all known creditors on October 30, 2015.
5. Mr. Dodick informed the Meeting that the Canada Revenue Agency (the “**CRA**”) had requested an adjournment of the Meeting and had named the Proposal Trustee as proxy for this purpose.

- 2 -

6. A motion to adjourn the Meeting was brought and seconded by the Proposal Trustee as proxy for the CRA. The Meeting was adjourned to Friday, November 13, 2015 at 10:30 a.m.
7. On November 13, 2014, at 10:30 a.m., Mr. Dodick called the adjourned Meeting to order. Mr. Dodick reviewed the amendment that was made to the Proposal (the “**Amended Proposal**”), a copy of which is attached hereto as **Appendix “B”**.
8. Mr. Dodick opened the floor to questions. Mr. Craig McLeod asked for a copy of Canada Revenue Agency’s (the “**CRA**”) proofs of claim. Ms. Toye undertook to provide a copy to Mr. McLeod by email after the Meeting. Mr. McLeod asked the Proposal Trustee whether or not their claim constitutes a wage claim. Mr. Dodick advised that he would have legal counsel review the claim to determine if it is a wage claim. Mr. McLeod asked for a copy of the Company’s customer list and whether or not Mr. Frank Fuliere was a director. Mr. Dodick explained that the list is proprietary and therefore cannot be distributed and that Frank Fuliere was listed on the corporate records as a director of the Company.
9. Mr. Rene Tegelaar of CRA explained that he had spoken with his team leader who has requested that the owners of the real properties contributing proceeds from their sale to the Proposal allow for security to be registered against each property in favour of CRA. Joe Fuliere responded on behalf of the related parties, which include him personally and a company that he controls, that both parties would only be prepared to grant security to Ehrlich in accordance with the Amended Proposal and not to CRA directly. Mr. Tegelaar responded that he will need more time to consider the matter and have a further discussion with his team leader and will require a further adjournment of the Meeting.

- 3 -

10. On a motion made by Mr. Rene Tegelaar of the CRA, the Meeting was further adjourned until Friday November 20, 2015 at 10:30 a.m.
11. On November 20, 2015 at 10:30 a.m., Mr. Dodick called the adjourned Meeting to order.
12. The Amended Proposal was put to a vote. In addition to the five votes for the Amended Proposal already recorded, Canada Revenue Agency and IBEW Local 353 voted for the Amended Proposal in person. A copy of the Voting Summary is attached hereto as **Appendix "C"**.
13. Mr. Dodick then explained that the Amended Proposal provided for the appointment of up to five inspectors and described the roles and duties of inspectors. The following two inspectors were appointed:
 - a) Craig McLeod (nominated by IBEW Local 353)
 - b) Brian Webb (nominated by CRA)
14. Mr. Dodick explained that he will seek court approval of the Amended Proposal on December 1, 2015, and advised that notice of this hearing was sent to all known creditors on October 30, 2015 along with the creditor package described above.
15. There being no further business, the Meeting was terminated at 11:15 a.m.



Rahn Dodick CPA, CA, CIRP
Chairperson

APPENDIX "A"

ATTENDANCE SHEET

IN THE MATTER OF THE PROPOSAL OF
Ehrlich Electric Company Inc.

CLAIMANTS PRESENT OR REPRESENTED AT FIRST MEETING OF CREDITORS ON NOVEMBER 11, 2015:

PRINT NAME	REPRESENTING	CLAIM AMOUNT
1. Raha Dodrick	Trustee	n/a
2. Raha Dodrick	CRA-Proxy	~740K
3. Stephanie Tate	Trustee	
4. JOSEPH FULLIERE	EBELICH ELE.	N/A
5. _____		
6. - Continuation on Nov. 13, 2015 @ 10:30		
7. _____		
8. Raha Dodrick	CRA	~740K
9. _____		
10. JOSEPH FULLIERE	EBELICH ELE	N/A
11. _____		
12. Frank Fulliere	Ehrlich Electric Comp Inc	N/A
13. _____		
14. CRAIG McLEOD	IBEW L.U. 353	\$261,000
15. _____		
16. - Continuation on Nov. 20, 2015 @ 10:30		
17. _____		
18. Raha Dodrick	Trustee	n/a
19. _____		
20. Rene Tegehaar	CRA	~748K
21. _____		
22. Craig McLeod	IBEW L.U. 353	~\$61,000
23. _____		
24. Philip Cho	Legal Counsel	n/a
25. _____		
26. Frank Fulliere	Ehrlich Electric	N/A
27. _____		
28. JOSEPH FULLIERE	" "	N/A
29. _____		
30. _____		

APPENDIX "B"

Court No. 32-2038864
Estate No. 32-2038864

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF
EHRlich ELECTRIC COMPANY INC.
of the City of Mississauga, in the Province of Ontario

AMENDMENT TO PROPOSAL

EHRlich ELECTRIC COMPANY INC. hereby submits the following amendment to the proposal filed on October 22, 2015 (the "Proposal") under the provisions of the *Bankruptcy and Insolvency Act*.

1. The Proposal is amended by replacing paragraph 12(b) with the following:

"\$200,000 to be directed to the Trustee from the proceeds of the sale of the industrial property, located at 6741 Columbus Road, unit 5, Mississauga, Ontario (the "Industrial Property"), to be sold by a related company, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage of at least \$200,000 registered against title to the Industrial Property. In addition, in order to secure the obligations of the related company hereunder, within 30-days from the Court Approval Date, if there is no firm agreement of purchase and sale, the Company will arrange for the related party to grant a second mortgage against title to the Industrial Property in favour of the Company, for an amount up to \$200,000, which second mortgage will be subordinated or discharged in connection with the loan contemplated in this sub-paragraph; and"

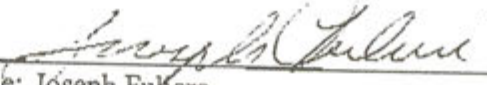
2. The Proposal is amended by replacing paragraph 12(c) with the following:

"\$285,000 to be directed to the Trustee from the proceeds of the sale of certain residential property (the "Residential Property") owned in part by Joseph Fuliere, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage for up to \$290,000 registered against title to the Residential Property. In addition, in order to secure the obligations of Joseph Fuliere hereunder, within 30-days from the Court Approval Date, if there is no firm agreement of purchase and sale, the Company will arrange for Joseph Fuliere to grant a second mortgage against title

to the Residential Property in favour of the Company, for an amount up to \$285,000, which second mortgage will be subordinated or discharged in connection with the loan contemplated in this sub-paragraph."

DATED at the City of Toronto, in the Province of Ontario, this 10th day of November, 2015.

EHRlich ELECTRIC COMPANY INC.

Per: 
Name: Joseph Fyhere
Title: Officer

District of Ontario
 Division No. 09 - Toronto
 Court No. 32-2038864
 Estate No. 32-2038864

APPENDIX "C"

Voting Summary

In the matter of the proposal of
 Ehrlich Electric Company Inc.
 of the city of Mississauga, in the Province of Ontario

Insolvency Date: 22-Oct-2015

Estate Number: 32-2038864

Result of Voting

Class	Total #			Dollar Value of Claims		Percentage by Votes		Percentage by Value		Result	
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value
	8	8	0	832,798.08	0.00	100.00	0.00	100.00	0.00	App.	App.

List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
	CRA - Canada Revenue Agency - Tax - Ontario	S/U		583,766.64	In Person	For
	Dileo, Tony	S/U		4,723.86	Letter	For
	Vandergiesen, Estelita	S/U		4,623.04	Letter	For
	CIT Financial Ltd.	U		10,433.86	Letter	For
	CRA - Sudbury Tax Services Office	U		164,435.31	In Person	For
	Delre, Vito	U		2,205.00	Letter	For
	Ibew Local 353	U		61,495.37	In Person	For
	Metrix	U		1,115.00	Letter	For

Court File No. 32-2038864
Estate File No. 32-2038864

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the proposal of
Ehrlich Electric Company Inc.

REGISTRAR

)
)
)

TUESDAY, THE 1st DAY

OF DECEMBER, 2015

ORDER
(approving proposal)

THIS MOTION by Dodick Landau Inc. (the “**Proposal Trustee**”) in its capacity as Proposal Trustee of Ehrlich Electric Company Inc., for an order approving the proposal filed on October 22, 2015, as amended (the “**Proposal**”), was heard this day at 393 University Avenue, 19th Floor, Toronto, Ontario.

UPON READING the Report of the Trustee on the Proposal, dated November 20, 2015, and upon hearing the submissions of counsel for the Proposal Trustee, and the Court being satisfied that the required majorities of creditors have duly accepted the Proposal and the terms contained therein, a copy of which is attached hereto and marked as Schedule “A”, and being satisfied that the said terms are reasonable and calculated to benefit the general body of creditors and that no offences or facts have been proved to justify the Court withholding its approval,

1. **THIS COURT ORDERS** that the Proposal be and is hereby approved.
-

Court No. 32-2038864
Estate No. 32-2038864

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF
EHRlich ELECTRIC COMPANY INC.
of the City of Mississauga, in the Province of Ontario

PROPOSAL

EHRlich ELECTRIC COMPANY INC. 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 this 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 Trustee 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 Trustee in connection therewith;
 - (c) "Affected Creditors" means those Creditors of the Company forming Class 1, 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, Sunday or statutory holiday, 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 judgment, 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 Ehrlich Electric Company Inc.;
- (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) “Creditor” 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) “Deficiency Claim” means 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;

- (p) “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;
- (q) “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;
- (r) “Event of Default” has the meaning given to it in Part VIII of this Proposal;
- (s) “Funded Proposal Payments” shall mean funds which will be advanced to the Trustee for distribution pursuant to Part V of this Proposal;
- (t) “Inspectors” means the inspectors appointed pursuant to Part X of this Proposal;
- (u) “Levy” means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (v) “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;
- (w) “NOI” means the Notice of Intention to Make a Proposal filed by the Company on September 22, 2015;
- (x) “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;
- (y) “Post-Filing Crown Claims” means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (z) “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;
- (aa) “Pre-Filing Crown Claims” means all Crown Claims that were outstanding as at the Date of Filing;
- (bb) “Preferred Claim” means any claim that is afforded priority under Section 136(1) of the Act;
- (cc) “Preferred Creditor” means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (dd) “Proposal” means this proposal dated October 19, 2015, together with any amendments or additions thereto;

- (ee) “Proposal Period” means the period between the Court Approval Date and the Maturity Date;
- (ff) “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,
- (gg) “Secured Claim” means the value of any Claim to the extent of the value of the Secured Property;
- (hh) “Secured Creditor” means a Creditor 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
- (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 which is not secured against any Secured Property or the portion of any Proven Claim which is in excess of the value of the Secured Property in respect of that Claim; 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 and includes, without limitation, Deficiency Claims.

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 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 exercising any remedy against the Company 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 legal 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 a single class, consisting of Creditors having Preferred Claims and Unsecured Claims ("Class 1"). For greater certainty, Preferred Creditors entitled to vote pursuant to the Act shall vote in this class; Secured Creditors holding Deficiency Claims are entitled to vote in this class to the extent of such claim; and, claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims shall vote in this class.

PART IV SECURED CREDITORS

9. Secured Creditors shall not be affected by this Proposal to the extent of their Secured Claims – i.e., the value of the subject Secured Property. However, the

Deficiency Claims of Secured Creditors shall be treated as Unsecured Claims. A Secured Creditor may vote on all questions relating to the Proposal as part of Class 1 as an Unsecured Creditor in respect of the amount equal to such Secured Creditor's Proven Deficiency Claim.

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

Subordinated Claims

10. As of the Date of Filing, the Company's principals, Joseph Fuliere and Frank Fuliere, have Claims against the Company (the "Subordinated Claims"), which Subordinated Claims shall be subordinated under this Proposal to all other Claims.

Crown Claims

11. At the date of this Proposal, according to the Canada Revenue Agency ("CRA"), the Company owed approximately \$585,000 to CRA for employee source deductions withheld but not remitted, including related penalties and interest calculated up to July 31, 2015. In addition to the Funded Proposal Payments, all Proven Pre-Filing Crown Claims (less any amounts received by CRA from and after September 8, 2015 on account of such claims by way of garnishment or otherwise, and less any amounts paid directly to CRA by employees of the Company on account of any compensation for which source deductions have been assessed against the Company) 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.
12. In order to fund the payment of the Proven Pre-Filing Crown Claims, the Company will cause:
- (a) \$100,000 to be delivered to the Trustee from a related third-party, within 10 days from the Court Approval Date;
 - (b) \$200,000 to be directed to the Trustee from the proceeds of the sale of the industrial property, located at 6741 Columbus Road, unit 5, Mississauga, Ontario, to be sold by a related company, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage of at least \$200,000 registered against title to such industrial property; and
 - (c) \$285,000 to be directed to the Trustee from the proceeds of the sale of certain residential property owned in part by Joseph Fuliere, or if there is no firm agreement of purchase and sale within 90-days from the Court

Approval Date, from the net proceeds of a loan secured by a mortgage for at least \$285,000 registered against title to such residential property.

Employee Preferred Claims

13. At the Date of Filing, the Company owed approximately \$10,000 to two employees on account of Employee Preferred Claims. All Employee Preferred Claims, in addition to the Funded Proposal Payments, 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 immediately after the Court Approval Date and in priority to the Unsecured Claims.

Secured Claims

14. Proven Secured Claims, to the extent of the value of the Secured Property, shall be paid out of the Funded Proposal Payments in priority to Unsecured Creditors. To the extent the Claim of a Secured Creditor exceeds the value of the Secured Property, the difference between the Proven claimed amount and the value of the Secured Property shall be treated as an Unsecured Claim.

Preferred Claims (in addition to Employee Preferred Claims)

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

Unsecured Claims

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

Funding the Proposal

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.
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) 100% of the Proven Secured Claims, to the extent of the value of the Secured Property, plus 50% of the value of the Proven Unsecured Claims (not including the Crown Claims and the Employee Preferred Claims); and
 - (ii) \$150,000.

Distribution

20. Interim distributions will be made to Secured Creditors and the Unsecured Creditors when sufficient Funded Proposal Payments have, in the Trustee's discretion, accumulated to warrant the interim distribution.
21. 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 21(c) and 21(d) of this Proposal;
 - (c) third, to Proven Claims of the Secured Creditors to the extent of the value of the Secured Property in respect of the Claim;
 - (d) fourth, to Proven Claims of Preferred Creditors (if any), other than Employee Preferred Claims which will have been paid, without interest; and,
 - (e) fifth, the balance of the Funded Proposal Payments shall be distributed *pro rata* among all of (i) the Unsecured Creditors on account of Proven Unsecured Claims and (ii) the Secured Creditors on account of Proven Deficiency Claims, without regard to whether the Claims are the Claims of Secured Creditors or Unsecured Creditors.

Amendments to Agreements

22. 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

23. 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

24. 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

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

Reporting by the Company

26. 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

27. The Levy, if applicable, shall be deducted by the Trustee from payments to Creditors by the Trustee.

Payment of Fees and Expenses

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

Employee Claims

29. 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

30. 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**

31. 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 31(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**

32. 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.
33. 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

34. 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

35. 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

36. 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

37. 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 approve the Proposal, the Company shall be deemed bankrupt.

PART XII RELEASE

38. As at 12:01 a.m. on the Effective 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 of the Released Parties 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

39. 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 38 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

40. 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

41. 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

42. 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

43. Notwithstanding the payment structure set out in Part V of this Proposal, nothing herein prevents or restricts the Company from 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

44. 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**

45. 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**

46. 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.

DATED at the City of Toronto, in the Province of Ontario, this 20th day of October,
2015.

EHRlich ELECTRIC COMPANY INC.

Per: 

Name: Frank Fuliere

Title: Director

Court No. 32-2038864
Estate No. 32-2038864

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE PROPOSAL OF
EHRlich ELECTRIC COMPANY INC.
of the City of Mississauga, in the Province of Ontario

AMENDMENT TO PROPOSAL

EHRlich ELECTRIC COMPANY INC. hereby submits the following amendment to the proposal filed on October 22, 2015 (the "Proposal") under the provisions of the *Bankruptcy and Insolvency Act*.

1. The Proposal is amended by replacing paragraph 12(b) with the following:

"\$200,000 to be directed to the Trustee from the proceeds of the sale of the industrial property, located at 6741 Columbus Road, unit 5, Mississauga, Ontario (the "Industrial Property"), to be sold by a related company, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage of at least \$200,000 registered against title to the Industrial Property. In addition, in order to secure the obligations of the related company hereunder, within 30-days from the Court Approval Date, if there is no firm agreement of purchase and sale, the Company will arrange for the related party to grant a second mortgage against title to the Industrial Property in favour of the Company, for an amount up to \$200,000, which second mortgage will be subordinated or discharged in connection with the loan contemplated in this sub-paragraph; and"


2. The Proposal is amended by replacing paragraph 12(c) with the following:

"\$285,000 to be directed to the Trustee from the proceeds of the sale of certain residential property (the "Residential Property") owned in part by Joseph Fuliere, or if there is no firm agreement of purchase and sale within 90-days from the Court Approval Date, from the net proceeds of a loan secured by a mortgage for up to \$290,000 registered against title to the Residential Property. In addition, in order to secure the obligations of Joseph Fuliere hereunder, within 30-days from the Court Approval Date, if there is no firm agreement of purchase and sale, the Company will arrange for Joseph Fuliere to grant a second mortgage against title

to the Residential Property in favour of the Company, for an amount up to \$285,000, which second mortgage will be subordinated or discharged in connection with the loan contemplated in this sub-paragraph.”

DATED at the City of Toronto, in the Province of Ontario, this 10th day of November, 2015.

EHRlich ELECTRIC COMPANY INC.

Per: 
Name: Joseph Fohere
Title: Officer

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

PROCEEDING COMMENCED AT
TORONTO

ORDER

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Trustee of Ehrlich Electric Company Inc.

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

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD
(approval of proposal)
(returnable December 1, 2015)

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
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Trustee of Ehrlich Electric Company Inc.