

APPENDIX "A"

Court File No. 31-OR-208038-7



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

**IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.,**

**a corporation incorporated pursuant to the laws of Ontario with their
head office in the City of Hamilton, in the Province of Ontario**

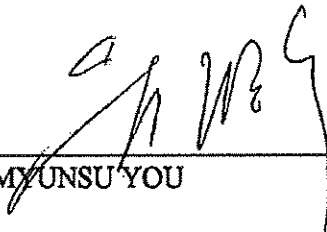
APPLICATION FOR BANKRUPTCY ORDER

MYUNSU YOU (the "Applicant") hereby applies to the Court for an Order that Canada Tobacco & Global Inc. (the "Debtor") be adjudged bankrupt and that a Bankruptcy Order be made in respect of the property of the Debtor in the Province of Ontario and says:

1. The Debtor has during the year immediately preceding the filing of this Application, carried on business in the City of Hamilton, in the Province of Ontario, which is within the jurisdiction of this Court.
2. As of March 18, 2014, the Debtor is justly and truly indebted to the Applicant in the aggregate sum of \$592,689.58, together with accruing interest thereon.
3. The Applicant does not, nor any person on the Applicant's behalf, hold any security on the property of the Debtor, or any part thereof, for the payment of the said sum.
4. The Debtor, within the six months preceding the date of the filing of this Application, has committed the following act of bankruptcy, namely:
 - (a) that the Debtor has ceased to meet its liabilities generally as they have become due in that it has failed to meet its obligations to the Applicant and to others.

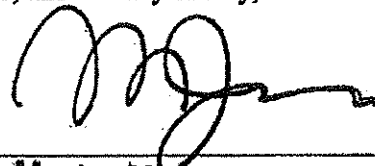
- 5. Dodick Landau Inc., a person qualified to act as trustee of the property of the Debtor has agreed to act as such and is acceptable to the Applicant.

Dated at **TORONTO**, this 29th day of July, 2014.



MYUNSU YOU

Issued at the City of Toronto, in the Province of Ontario, this 30 day of July, 2014



Reg. **Master M. Dean**
Date: _____

Court File No. 31-OR-208038-T

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

**IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.,**

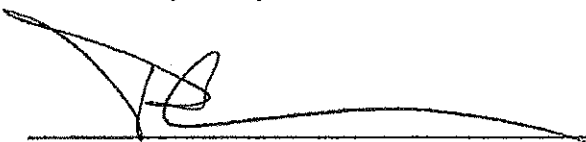
**a corporation incorporated pursuant to the laws of Ontario with its
head office in the City of Hamilton, in the Province of Ontario**

**AFFIDAVIT OF VERIFICATION
IN APPLICATION FOR BANKRUPTCY ORDER**

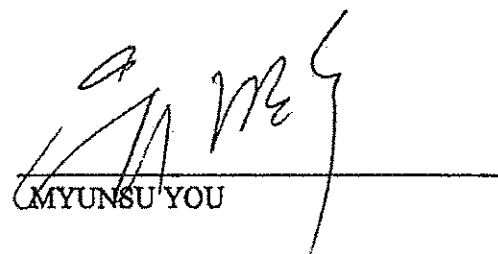
I, MYUNSU YOU, of the City of Mississauga in the Regional Municipality of Peel,
MAKE OATH AND SAY:

1. I am the Applicant named in the application annexed hereto (the "Application") and as such, have knowledge of the matters to which I hereinafter depose.
2. That Canada Tobacco & Global Inc. (the "Debtor") is justly and truly indebted to the Applicant in the sum of \$592,689.58 as of March 18, 2014, together with accruing interest thereon.
3. That the facts alleged in the said Application are within my own knowledge true.

SWORN OR AFFIRMED before me at the)
City of Toronto, in the Province of Ontario,)
this 29th day of July 2014)
)
)
)

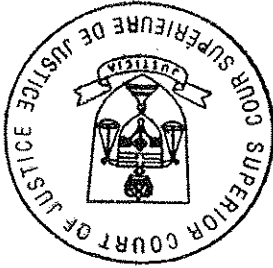


Philip Cho
A Commissioner for taking affidavits, etc


MYUNSU YOU

	Court File No. <i>3102-201038-T</i>
<p>TO: CANADA TOBACCO & GLOBAL INC.</p> <p>Suite 101 – 1040 South Service Rd., Hamilton (Stoney Creek), Ontario L8E 6G3</p>	<p style="text-align: center;">ONTARIO SUPERIOR COURT OF JUSTICE (IN BANKRUPTCY AND INSOLVENCY)</p>
<p>TAKE NOTICE that an Application for Bankruptcy Order be made in respect of your property will be heard before the presiding Honourable Judge in Bankruptcy of this Honourable Court, at such Court Room as designated by the Court List (or if unopposed, before the Registrar in Bankruptcy of this Honourable Court) at 330 University Avenue, in the City of Toronto, on August 19, 2014 at the hour of 10:00 o'clock in the forenoon, or so soon thereafter as the Application can be heard.</p> <p>AND TAKE NOTICE that if Notice of cause against the Application is not filed in Court and a copy thereof served on the lawyer for the Applicant at least two (2) days before the hearing and if you do not appear at the hearing, the Court may make a Bankruptcy Order on such proof of the statements in the Application as the Court shall think sufficient.</p> <p>DATED at Toronto, Ontario, this <u>30</u> day of July, 2014.</p>	<p style="text-align: center;">IN THE MATTER OF THE BANKRUPTCY OF CANADA TOBACCO & GLOBAL INC., a corporation incorporated pursuant to the laws of Ontario with its head office in the City of Hamilton, in the Province of Ontario</p> <hr/> <p style="text-align: center;">APPLICATION FOR BANKRUPTCY ORDER AND AFFIDAVIT OF VERIFICATION</p> <hr/> <p>KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP Barristers and Solicitors 8 King Street East, Suite 1000 Toronto, Ontario, M5C 1B5</p> <p>Philip Cho (LUSC #45615U) Tel: (416) 225-8750 Fax: (416) 306-9874</p> <p>Lawyers for the Applicant, Myunsu You</p>

APPENDIX “B”



Court File No.: 31-OR-207816-T

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

MASTER *JEAN*

) TUESDAY, THE 19TH
)
) DAY OF AUGUST, 2014

**IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.,**

**a corporation incorporated pursuant to the laws of Ontario with its
head office in the City of Hamilton, in the Province of Ontario**

BANKRUPTCY ORDER

UPON THE APPLICATION of MYUNSU YOU, a creditor, in the City of Mississauga in the Province of Ontario, filed on the 30th day of July 2014, for a Bankruptcy Order against CANADA TOBACCO & GLOBAL INC., heard this day at 330 University Avenue, Toronto, Ontario.

AND UPON reading the Application, the Affidavit of Verification of Myunsu You sworn July 29, 2014, the Consent of Dodick Landau Inc., and upon hearing the submissions of counsel for the applicant creditor, no one appearing on behalf of the debtor Canada Tobacco & Global Inc., although duly served;


AND IT APPEARING to the Court that the following acts of bankruptcy have been committed by Canada Tobacco & Global Inc., namely that it has ceased to meet its liabilities generally as they become due:

1. **THIS COURT ORDERS** that Canada Tobacco & Global Inc. of Suite 101 – 1040 South Service Road, Hamilton, Ontario be and is hereby adjudged bankrupt, and a Bankruptcy Order is hereby made against Canada Tobacco & Global Inc.

2. **THIS COURT FURTHER ORDERS** that Dodick Landau Inc. be and is hereby appointed Trustee of the Estate of Canada Tobacco & Global Inc.

3. **THIS COURT FURTHER ORDERS** that the Trustee shall forthwith give security in cash or by bond in accordance with Section 16(1) of the *Bankruptcy and Insolvency Act*.

4. **THIS COURT FURTHER ORDERS** that the costs of the applicant creditor be paid out of the estate of the bankrupt on taxation of the estate.



IN THE MATTER of the Bankruptcy of Canada Tobacco & Global Inc.,
a corporation incorporated pursuant to the laws of Ontario with their head office in the City of Hamilton, in the Province of Ontario
Court File No. 31-OR-208038-T

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

**PROCEEDING COMMENCED AT
TORONTO**

ORDER

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

Philip Cho (LSUC # 45615U)
pcho@krmc-law.com
Tel: (416) 218-5494
Fax: (416) 306-9874

Lawyers for the applicant

APPENDIX “C”

District of Ontario
Division No. 07
Estate No. 32-158744
Court No: 31-OR-207816-T

In the Matter of the Bankruptcy of:
Canada Tobacco & Global Inc.
Debtor

Dodick Landau Inc.
Trustee

ORDINARY ADMINISTRATION

Minutes of the First General Meeting of Creditors:

September 8, 2014, 11:00 a.m.
4646 Dufferin Street, #6A
Toronto, Ontario

Chairperson: Stephanie Lee, Official Receiver
Office of the Superintendent of Bankruptcy

Joy Shortt (assisting Chairperson), Official Receiver
Office of the Superintendent of Bankruptcy

ATTENDANCE

The attendance was recorded as per the attached list.

QUORUM

The Chairperson examined the proof of notification, proof of claim and established that there was a quorum.

CALL TO ORDER

The Chairperson declared the meeting legally constituted and called the meeting to order at 11:00 a.m.

REPORT TO CREDITORS

The Trustee delivered the Report of the Trustee's Preliminary Administration of the Estate of Canada Tobacco & Global Inc.

QUESTION PERIOD

Mr. Tony Yoon-Sik Lim noted that the Application for Bankruptcy Order had a spelling error; the Order indicates the petitioning creditor's name is "Myunsu You", when the name should have been spelled "Myungsu You". The Trustee Mr. Rahn Dodick made note of this information and indicated he will speak to the solicitor who prepared the Order.

Mr. Tony Yoon-Sik Lim further noted that there are many addresses left blank or "unknown" on the Statement of Affairs. The trustee indicated that although they are not required to send the notices to shareholders, they decided to mail the notices to both creditors and shareholders.

The trustee informed the attendees that they tried to locate the books and records of the company, but the landlord had moved them and at the time of the meeting of creditors, not all of the company records had been located. The trustee noted that if proofs of claims are received following the meeting, the trustee will review the document to determine if the claim is valid.

Mr. Lim informed the trustee that he is a shareholder of the company and confirmed that he received shares for his investment and did not make any loan to the company. The trustee confirmed that he is a shareholder (not a creditor).

Mr. John Vamvakidis, representing his client, Canadian Heritage Tobacco Ltd. indicated that his client will be filing a large proof of claim. He asked the Trustee what steps were taken to verify he was in agreement with the petitioning creditor. The trustee indicated they just received the proof of claim and will be reviewing it.

The attendees were informed that an inspectors' meeting will follow the meeting of creditors should inspectors be appointed.

Mr. Vamvakidis asked if Canadian Heritage Tobacco Ltd. could file a Proof of Claim now to permit them to vote. The trustee responded that the proof of claim had to have been submitted prior to the start of the meeting. The Chairperson noted that this is in pursuant to section 109(1) of the Bankruptcy and Insolvency Act.

Mr. Vamvakidis noted that Canadian Heritage Tobacco Ltd. will be a major creditor in the file. The trustee indicated that he will require a proxy to be able to vote at the meeting.

AFFIRMATION OF APPOINTMENT OR SUBSTITUTION

A motion to affirm the appointment of the trustee was moved and seconded by:

Mr. Myungsu You

The motion to affirm the appointment of the trustee was carried.

APPOINTMENT OF INSPECTORS

A motion to appoint inspectors was moved and seconded by:

Mr. Myungsu You

Inspectors:

Mr. Myungsu You

Mr. Jisung You

Mr. Dongkeon Yoon

The motion to appoint the three inspectors was carried.

TRUSTEE INSTRUCTIONS

No instructions were provided to the trustee in regards to the estate administration.

ADJOURNMENT

There being no further business, a motion to adjourn the meeting was moved and seconded by:

Mr. Myungsu You

The meeting was adjourned at 11:50 a.m.



Stephanie Lee
Chairperson

ATTENDANCE LIST - LISTE DES PRÉSENCES -
FIRST MEETING OF CREDITORS - PREMIÈRE ASSEMBLÉE DES CRÉANCIERS

NO.	SIGNATURE	NAME (PRINT) NOM (IMPRIMEZ)	REPRESENTING REPRÉSENTANT	AMOUNT OF CLAIM MONTANT RÉCLAIMÉ	REMARKS REMARQUES
	Re - Sujet: Canada Tobacco & Global Inc.				
	Date: Sept. 8 / 14			File No.: - N° dossier: 32-158744	
1	<i>[Signature]</i>	Stephanie Lee	OSB	-	-
	<i>[Signature]</i>	Jay Shortt	OSB	-	-
	<i>[Signature]</i>	Rahn Dodick	Trustee	-	-
	<i>[Signature]</i>	Stephanie Toye	Trustee	-	-
	<i>[Signature]</i>	Tony Toonsik L/M			
	<i>[Signature]</i>	Myungsoo Yoon			
	<i>[Signature]</i>	Jisung Yoo			
	<i>[Signature]</i>	DON YOON			
	<i>[Signature]</i>	James Kang			
	<i>[Signature]</i>	JAE-SOOK KIM			
	<i>[Signature]</i>	KIM SHUN			
	<i>[Signature]</i>	Tomy Kim	Education Co		
	<i>[Signature]</i>	TOTAL VANVARDIC	Canadian Heritage		
	<i>[Signature]</i>	Jee YOUNG KEE	Tobacco Shareholder		
	<i>[Signature]</i>	Kyung Jean KIM	Shareholder		

APPENDIX “D”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE
JUSTICE *MCEWEN*

January 21, 2014

BETWEEN:

CANADA TOBACCO & GLOBAL INC.,
SEUNG HYU LEE and YONG-KUN LEE

Applicants

and

CHEOL JOONG KANG, YANG-PYUNG KIM, HYEONG-RAE CHO,
KYUNGMAN BAE, SUK HOON LEE, KI-HYOUK PARK, GYU-HYUNG WOO,
CHANG JUN YOO, SUN OK SHIN, HAE KEUN LEE, KAP JOON HAN,
BYEONG WOO LIM, ICK JAE GOH, CHUL WOO AHN, YOUNG DAE CHO,
DON-KWI CHO, HONG KUN KIM, JEONG OK YOO, SI CHANG KWAK,
OH JIN KIM, YOUNG-HO PARK, YOONSIK LIM, IRENE HAINGKEUN YOO,
JIN HUH, WOOSOK CHOI, JUNG RYUL KIM, YOUN-HO CHO,
IL SANG KIM, YONG SUL KIM, MYUNG SU YOU, KYUNG JEAN KIM,
JAE-SOOK KIM, JAE-SHIN YOON, INNHO SONG, SEUNG DAE LEE

Respondents

ORDER

THIS INTERIM MOTION, made by the applicants for orders concerning the corporate governance of Canada Tobacco & Global Inc. (hereinafter the "applicant company"), was heard this day, at 330 University Ave, Toronto, Ontario.

ON READING the application record of the applicants dated January 17, 2014 including the affidavit of Seung Hyu Lee, affirmed January 16, 2014, and on reading the

CANADA TOBACCO & GLOBAL INC. ET AL. and KANG ET AL.
Applicants Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

HASSELL SOMMERS LLP
Barristers
329 St. George Street, Suite 4
Toronto, Ontario M5R 2R2

Michael Hassell (LSUC No. 56086G)
Daniel Sommers (LSUC No. 61075O)
Tel: 416-944-2274
Fax: 416-342-1776

Counsel for the Applicants

APPENDIX “E”

**ONTARIO
SUPERIOR COURT OF JUSTICE**

The Honourable Mr.)
Justice Gordon)

) Tuesday the 18th day of March , 2014
)

BETWEEN:

MYUNGSU YOU

Plaintiff

- and -

CANADA TOBACCO & GLOBAL INC.

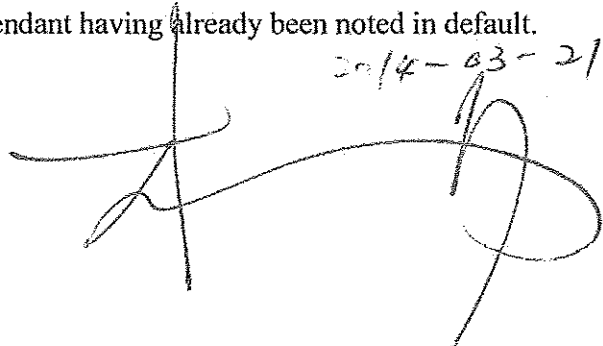
Defendant

JUDGMENT

THIS MOTION, made by the plaintiff, for default judgment, without notice, was heard this day, at Hamilton.

ON READING THE motion record of the moving party, including copies of the statement of claim, the affidavit of service on the defendant and the loan agreement between the plaintiff and the defendant, filed, and on hearing submissions of the lawyer for the moving party, no one appearing for the defendant, the defendant having already been noted in default.



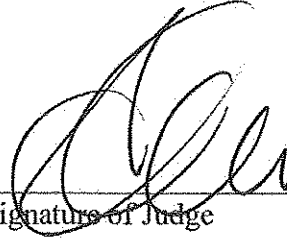
2014-03-21




1. **THIS COURT ORDERS** that the defendant shall pay to the plaintiff the sum of \$550,000.00 representing the principal amount owing by the defendant under the loan agreement between the plaintiff as lender and the defendant as borrower dated May 30, 2013 ("the loan agreement").
2. **THIS COURT ORDERS** that the defendant shall pay to plaintiff the additional sum of \$33,689.58 representing the interest accruing under the loan agreement as of the date of this judgment.
3. **THIS COURT ORDERS** that the plaintiff or his agent shall mail a copy of this judgment to the defendant by regular letter mail to its place of business at Suite 101, 1040 South Service Road, Stoney Creek, Ontario, L8E 6G3, within seven (7) days of receiving the issued and entered copy of same.
4. **THIS COURT ORDERS** that, until such time as this judgment is paid in full, the defendant shall not sell or otherwise transfer any portion of the remaining inventory it purchased with the funds it received under the loan agreement, without first providing twenty (20) days written notice to the plaintiff, by registered mail, to 201-1001 Main Street West, Hamilton, Ontario, L8S 1A9.
5. **THIS COURT ORDERS** that the defendant shall pay to plaintiff the additional sum of \$ 5,000.⁰⁰ representing the plaintiff's costs, including HST and disbursements.

THIS JUDGMENT BEARS INTEREST at the rate of 15% per year commencing on

March 4, 2014.



Signature of Judge

Address of court office:
Suite 110
45 Main Street East
Hamilton, ON L8N 2B7

ENTERED AT HAMILTON
IN Book No. 314
as Document No. 237
on MAR 19 2014
by _____

APPENDIX “F”

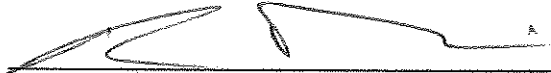
District of Ontario
Division No. 07-Hamilton
Court No. 31-OR-207816-T
Estate No. 31-158744

IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
OF THE CITY OF HAMILTON, 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 5th day of September, 2014, I did cause to personally deliver to Mr. James Kang, former director of the company, a copy of the 'Notice to Officer of Bankrupt Corporation of Duties'.

Dodick Landau Inc.- Estate Administrator



Rahn Dodick
4646 Dufferin St., Suite 6
Toronto, ON M3H 5S4

SWORN before me, in the city of Toronto
In the province of Ontario, this 7th day of
January, 2016.



Howard Landau-A commissioner.
Expires May 16, 2017

**IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACO & GLOBAL INC.b**

NOTICE TO BANKRUPTS OR OFFICERS OF A BANKRUPT CORPORATION

You are hereby notified of the duties imposed upon you by the Bankruptcy and Insolvency Act and certain other features of this Act that affect you in your capacity as an officer designed by Section 159 of the Bankruptcy and Insolvency Act. You are expected to study this document carefully, as a breach of your duties as hereunder set out would make you liable to prosecution.

(1) SECTION 158

DUTIES OF BANKRUPT - A bankrupt shall:

- a) make discovery of and deliver all his property that is under his possession or control to the trustee or to any person authorized by the trustee to take possession of it or any part thereof;
- (a.1) in such circumstances as are specified in directives of the Superintendent, deliver to the trustee, for cancellation, all credit cards issued to and in the possession or control of the bankrupt;
- b) deliver to the trustee all books, records, documents, writings and papers including, without restricting the generality of the foregoing, title papers, insurance policies and tax records and returns and copies thereof in any way relating to his property or affairs;
- c) at such time and place as may be fixed by the official receiver, attend before the official receiver or before any other official receiver delegated by the official receiver for examination under oath with respect to his conduct, the causes of his bankruptcy and the disposition of his property;
- d) within five days following the bankruptcy, unless the time is extended by the official receiver, prepare and submit to the trustee a statement of the bankrupt's affairs in the prescribed form verified by affidavit and showing the particulars of the bankrupt's assets and liabilities, the names and addresses of the bankrupt's creditors, the securities held by them respectively, the dates when the securities were respectively given and such further or other information as may be required, but where the affairs of the bankrupt are so involved or complicated that the bankrupt alone cannot reasonably prepare a proper statement of affairs, the official receiver may, as an expense of the administration of the estate, authorize the employment of a qualified person to assist in the preparation of the statement;
- e) make or give all the assistance within his power to the trustee in making an inventory of his assets;

- f) make disclosure to the trustee of all property disposed of within the period beginning on the day that is one year before the date of the initial bankruptcy event or beginning on such other antecedent date as the court may direct, and ending on the date of the bankruptcy, both dates included, and how and to whom and for what consideration any part thereof was disposed of except such part as had been disposed of in the ordinary manner of trade or used for reasonable personal expenses;
- g) make disclosure to the trustee of all property disposed of by gift or settlement without adequate valuable consideration within the period beginning on the day that is five years before the date of the initial bankruptcy event and ending on the date of the bankruptcy, both dates included;
- h) attend the first meeting of his creditors unless prevented by sickness or other sufficient cause and submit thereat to examination;
- i) when required, attend other meetings of his creditors or of the inspectors, or attend on the trustee;
- j) submit to such other examinations under oath with respect to his property or affairs as required;
- k) aid to the utmost of his power in the realization of his property and the distribution of the proceeds among his creditors;
- l) execute such powers of attorney, conveyances, deeds and instruments as may be required;
- m) examine the correctness of all proofs of claims filed, if required by the trustee;
- n) in case any person has to his knowledge filed a false claim, disclose the fact immediately to the trustee;
- (n.1) inform the trustee of any material change in the bankrupt's financial situation;
- o) generally do all such acts and things in relation to his property and the distribution of the proceeds among his creditors as may be reasonably required by the trustee, or may be prescribed by the General Rules, or may be directed by the court by any special order made with reference to any particular case or made on the occasion of any special application by the trustee, or any creditor or person interested; and
- p) until his application for discharge has been disposed of and the administration of the estate completed, keep the trustee advised at all times of his place of residence or address.

(2) SECTION 67

- (1) PROPERTY OF THE BANKRUPT - the property of a bankrupt divisible among his creditors shall not comprise:
- (a) property held by the bankrupt in trust for any other person;
 - (b) any property that as against the bankrupt is exempt from execution or seizure under any laws applicable in the province within which the property is situated and within which the bankrupt resides; or
 - (b.1) such goods and services tax credit payments and prescribed payments relating to the essential needs of an individual as are made in prescribed circumstances and are not property referred to in paragraph (a) or (b);

but it shall comprise:

- (c) all property wherever situated of the bankrupt at the date of his bankruptcy or that may be acquired by or devolve on him before his discharge; and
- (d) such powers in or over or in respect of the property as might have been exercised by the bankrupt for his own benefit.

(3) SECTION 178

- (1) DEBTS NOT RELEASED BY ORDER OF DISCHARGE - An order of discharge does not release the bankrupt from:
- (a) any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offence, or any debt arising out of a recognizance or bail;
 - (a.1) any award of damages by a court in civil proceedings in respect of
 - (i) bodily harm intentionally inflicted, or sexual assault, or
 - (ii) wrongful death resulting therefrom;
 - (b) any debt or liability for alimony;
 - (c) any debt or liability under a support, maintenance or affiliation order or under an agreement for maintenance and support of a spouse or child living apart from the bankrupt;
 - (d) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity;
 - (e) any debt or liability for obtaining property by false pretences or fraudulent misrepresentation;

- (f) liability for the dividend that a creditor would have been entitled to receive on any provable claim not disclosed to the trustee, unless the creditor had notice or knowledge of the bankruptcy and failed to take reasonable action to prove his claim;
- (g) any debt or obligation in respect of a loan made under the *Canada Student Loans Act*, the *Canada Student Financial Assistance Act* or any enactment of a province that provides for loans or guarantees of loans to students where the date of bankruptcy of the bankrupt occurred
 - (i) before the date on which the bankrupt ceased to be a full- or part-time student, as the case may be, under the applicable Act or enactment, or
 - (ii) within ten years after the date on which the bankrupt ceased to be a full- or part-time student;
- (h) any debt for interest owed in relation to an amount referred to in any of paragraphs (a) to (g).

(4) SECTION 198

(1) **BANKRUPTCY OFFENCES** - Any bankrupt who:

- (a) make any fraudulent disposition of the bankrupt's property before or after the date of the initial bankruptcy event;
- (b) refuses or neglects to answer fully and truthfully all proper questions put to the bankrupt at any examination held pursuant to this Act;
- (c) makes a false entry or knowingly makes a material omission in a statement or accounting;
- (d) after or within one year immediately preceding the date of the initial bankruptcy event, conceals, destroys, mutilates, falsifies, makes an omission in or disposes of, or is privy to the concealment, destruction, mutilation, falsification, omission from or disposition of, a book or document affecting or relating to the bankrupt's property or affairs, unless the bankrupt and no intent to conceal the state of the bankrupt's affairs;
- (e) after or within one year immediately preceding the date of the initial bankruptcy event, obtains any credit or any property by false representations made by the bankrupt or made by any other person to the bankrupt's knowledge;

- (f) after or within one year immediately preceding the date of the initial bankruptcy event, fraudulently conceals or removes any property of a value of fifty dollars or more or any debt due to or from the bankrupt; or
- (g) after or within one year immediately preceding the date of the initial bankruptcy event, hypothecates, pawns, pledges or disposes of any property that the bankrupt has obtained on credit and has not paid for, unless in the case of a trader the hypothecation, pawning, pledging or disposing is in the ordinary way of trade and unless the bankrupt had no intent to defraud;

is guilty of an offence and is liable, on summary conviction, to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year or to both, or on conviction on indictment, to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding three years, or to both.

(5) SECTION 199

FAILURE TO DISCLOSE FACT OF BEING UNDISCHARGED - undischarged bankrupt who:

- (a) engages in any trade or business without disclosing to all persons with whom the undischarged bankrupt enters into any business transaction that the undischarged bankrupt is an undischarged bankrupt; or
- (b) obtains credit to a total of five hundred dollars or more from any person or persons without informing such persons that the undischarged bankrupt is an undischarged bankrupt;

is guilty of an offence punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both.

(6) SECTION 200

(1) **BANKRUPT FAILING TO KEEP PROPER BOOKS OF ACCOUNT** - Any person becoming bankrupt or making a proposal who has on any previous occasion been bankrupt or made a proposal to the person's creditors is guilty of an offence punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both, if:

- (a) being engaged in any trade or business, at any time within the period beginning on the day that is two years before the date of the initial bankruptcy event and ending on the date of the bankruptcy, both dates included, that person has not kept and preserved proper books of account; or

- (b) within the period mentioned in paragraph (a), that person conceals, destroys, mutilates, falsifies or disposes of, or is privy to the concealment, destruction, mutilation, falsification or disposition of, any book or document affecting or relating to the person's property or affairs, unless the person had no intent to conceal the state of the person's affairs.
- (2) **PROPER BOOKS OF ACCOUNT DEFINED** - For the purposes of this section, a debtor shall be deemed not to have kept proper books of account if he has not kept such books or accounts as are necessary to exhibit or explain his transactions and financial position in his trade or business, including a book or books containing entries from day to day in sufficient detail of all cash received and cash paid, and, where the trade or business has involved dealings in goods, also accounts of all goods sold and purchased, and statements of annual and other stock-takings.

You are also notified that, under the Canada Business Corporations Act and the Companies Acts of the various Provinces, you may not be the Director of a limited company while an undischarged bankruptcy.

DODICK LANDAU INC., Trustee
of the Estate of
Canada Tobacco & Global Inc.

Date: September 5 2015

Per: 

ACKNOWLEDGEMENT

I, _____ the undersigned officer designated by Section 159 of the Bankruptcy and Insolvency Act of the corporation referred to in this notice hereby acknowledge receipt of the above document and state that the contents have been adequately explained to me.

WITNESS

OFFICER

DATE

APPENDIX “G”

Canada Tobacco & Global Inc Cigarette Inventory - Totals by Skid (AUG. 29, 2014 Count)

SKID #	Brand	Type	Case Qty.	Quantities per Case			Quantities per Carton			Total Quantities		
				Cartons	Packs	Cigarettes	Cartons	Packs	Cigarettes	Cartons	Packs	Cigarettes
1	C38	Red Pack King Size Small	20.00	50	500	10,000	20	1,000	10,000	200,000		
2	C38	Red Pack King Size Small	20.00	50	500	10,000	20	1,000	10,000	200,000		
3	C38	Red Pack King Size Small	20.00	50	500	10,000	20	1,000	10,000	200,000		
4	C38	Red Pack King Size Small	20.00	50	500	10,000	20	1,000	10,000	200,000		
5	C38	Red Pack King Size Small	20.00	50	500	10,000	20	1,000	10,000	200,000		
6	C38	Red Pack King Size Small	8.00	50	500	10,000	20	400	4,000	80,000		
7	Gangnam	Silver Pack King Size Large	16.00	50	500	10,000	20	800	8,000	160,000		
8	Gangnam	Black Pack King Size Small	18.00	50	500	10,000	20	900	9,000	180,000		
9	Midas	Blue Pack King Size Large	20.00	50	400	10,000	8	25	1,000	200,000		
10	Midas	Blue Pack King Size Large	12.00	50	400	10,000	8	25	600	120,000		
11	Midas	Red Pack King Size Large	20.00	50	400	10,000	8	25	1,000	200,000		
12	Gangnam	Black Pack King Size Large	20.00	50	400	10,000	8	25	1,000	200,000		
13	Gangnam	Silver Pack King Size Small	16.00	50	500	10,000	20	800	8,000	160,000		
14	Gangnam	Silver Pack King Size Large	10.00	50	400	10,000	8	25	500	100,000		
15	Gangnam	Black Pack King Size Large	2.10	50	400	10,000	8	25	105	840		
15	Gangnam	Black Pack King Size Small	0.84	50	500	10,000	10	20	42	420		
15	C38	Blue Pack King Size Small	0.22	50	500	10,000	10	20	11	110		
15	Midas	Blue Pack King Size Large	1.20	50	400	10,000	8	25	60	480		
15	C38	Red Pack King Size Small	1.02	50	500	10,000	10	20	51	510		
15	Midas	Red Pack King Size Large	3.60	50	400	10,000	8	25	180	1,440		
15	Gangnam	Silver Pack King Size Large	1.06	50	400	10,000	8	25	53	424		
15	Gangnam	Silver Pack King Size Small	0.84	50	500	10,000	10	20	42	420		
16	Gangnam	Black Pack King Size Large	18.00	50	400	10,000	8	25	900	7,200		
				258.83	13,444	123,644	25	1,344	123,644	2,688,800		
Adjustment					50	495	10	25		12,380		
Based on Bastos Count and Report of Destruction										2,701,180		

* NOTE SKID #15 CONTAINS MIXED PRODUCT

Reconciliation

Report of Destruction:

Ontario tax refund 333,290
 Federal tax refund 229,390
 Total tax refunds collected 562,680
 Bastos fee (1.5% + HST) 9,082
 Total tax refunds collected net of Bastos fee 553,598
 Amount received from Bastos 553,646
 Wire transfer charges 48

2,701,180

333,290
 229,390
 562,680
 9,082
 553,598
 553,646
 48

Federal Provincial Tax per Carton	Ontario Tobacco Tax per Carton	Subtotal Tax refund
\$17.00 per Carton	\$24.70 per Carton	
\$17,000.00	\$24,700.00	\$41,700.00
\$17,000.00	\$24,700.00	\$41,700.00
\$17,000.00	\$24,700.00	\$41,700.00
\$17,000.00	\$24,700.00	\$41,700.00
\$17,000.00	\$24,700.00	\$41,700.00
\$6,800.00	\$9,880.00	\$16,680.00
\$13,600.00	\$19,760.00	\$33,360.00
\$15,300.00	\$22,230.00	\$37,530.00
\$17,000.00	\$24,700.00	\$41,700.00
\$10,200.00	\$14,820.00	\$25,020.00
\$17,000.00	\$24,700.00	\$41,700.00
\$17,000.00	\$24,700.00	\$41,700.00
\$13,600.00	\$19,760.00	\$33,360.00
\$8,500.00	\$12,350.00	\$20,850.00
\$1,785.00	\$2,593.50	\$4,378.50
\$714.00	\$1,037.40	\$1,751.40
\$187.00	\$271.70	\$458.70
\$1,020.00	\$1,482.00	\$2,502.00
\$867.00	\$1,259.70	\$2,126.70
\$3,060.00	\$4,446.00	\$7,506.00
\$901.00	\$1,309.10	\$2,210.10
\$714.00	\$1,037.40	\$1,751.40
\$15,300.00	\$22,230.00	\$37,530.00
\$228,548.00	\$332,066.80	\$560,614.80
\$841.84	\$1,223.14	\$2,064.98
\$229,389.84	\$333,289.94	\$562,679.78

APPENDIX “H”

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-OR-207816-T
 Estate No. 32-158744

Original Amended

Form 78
 Statement of Affairs (Business Bankruptcy) 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 bankruptcy of
 Canada Tobacco & Global Inc.
 of the city of Hamilton, in the Province of Ontario

To the bankrupt:

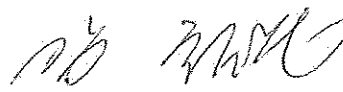
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the bankruptcy, on the 19th day of August 2014. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be 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"	844,471.45	1. Inventory	0.00
Balance of secured claims as per list "B"	0.00	2. Trade fixtures, etc.	0.00
Total unsecured creditors	844,471.45	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	0.00	Good	0.00
3. Preferred creditors as per list "C"	12,503.36	Doubtful	0.00
4. Contingent, trust claims or other liabilities as per list "D"		Bad	0.00
estimated to be reclaimable for	0.00	Estimated to produce	0.00
Total liabilities	856,974.81	4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
Surplus	124,025.19	5. Deposits in financial institutions	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, RRIFFs, life insurance, etc.	0.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	10,000.00
		15. Other property, as per list "H"	971,000.00
		If bankrupt 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	981,000.00
		Deficiency	NIL

I, James Kang, of the city of Niagara Falls in 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 19th day of August 2014 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 19th day of August 2014.

 Rahn Dodick, Commissioner of Oaths
 For
 Expires



 James Kang

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-OR-207816-T
 Estate No. 32-158744

FORM 78 - Continued

List "A"
 Unsecured Creditors

Canada Tobacco & Global Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Bastos Canada Limited	371 Rue Saint-Marc, C.P.68 Louisville QC J5V 2L9	1.00	0.00	1.00
2	Bell Canada F-88 - Business Attn: Insolvency Department 2896491888	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3	31.24	0.00	31.24
3	Bell Canada F-88 - Business Attn: Insolvency Department 521222897	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3	116.41	0.00	116.41
4	Byeung Joo Lim	8300 Malden Rd. Lasalle N9H 2V7 Lasalle ON N9H 2V7	1.00	0.00	1.00
5	Canadian Heritage Tobacco Ltd.	Camilla Place, 130 Dundas Steet East, Unit 402 Mississauga ON L5A3V8	1.00	0.00	1.00
6	Chang Jun Yoo	Unknown ON	1.00	0.00	1.00
7	Changhoon Lee		4,846.57	0.00	4,846.57
8	Cheol Joong (James) Kang		22,000.00	0.00	22,000.00
9	Chul Woo Ahn	50 Sykes St. N. Meadford ON M1L 1R2	1.00	0.00	1.00
10	CRA - Canada Revenue Agency - Tax - Ontario Attn: c/o London Taxes Services Office Division Regional Intake Centre for Insol	451 Talbot St., 3rd Floor, PO Box 5548 London ON N6A 4R3	55,080.00	0.00	55,080.00
11	Don Kwi Cho	1570 Highbury St. North London ON N5Y 6N5	1.00	0.00	1.00
12	Francis Kim		4,000.00	0.00	4,000.00
13	Hae Keun Lee	2817 County Rd. #40 Wooler ON K0K 3M0	1.00	0.00	1.00
14	Haingkeun Yoo	Unknown ON	1.00	0.00	1.00
15	Hamilton Police 159045	False Alarm Reduction Unit 155 King William Street, POB 1060, LCD1 Hamilton ON L8N 4C1	100.00	0.00	100.00
16	Hong Gi Kim	Unknown ON	1.00	0.00	1.00
17	Hong Kun Kim	Unknown ON	1.00	0.00	1.00
18	Horizon Utilities Corporation Attn: Chris Meredith 925919-001	PO Box 2249 Station LCD 1 Hamilton ON L8N 3E4	114.67	0.00	114.67
19	Hyeong Rae Cho	Unknown ON	1.00	0.00	1.00
20	Il Sang Kim	23 Brentwood Rd. Angus ON L0M 1B2	1.00	0.00	1.00
21	In Ho Song	8-190 Minets Points Rd. Barrie ON L4N 4C3	1.00	0.00	1.00
22	Jae Hyuck Goh	Unknown ON	1.00	0.00	1.00
23	Jae Shin Yoon	734 Kingstone Rd. L1V 1A8 Pickering ON L1V 1A8	1.00	0.00	1.00

27-Aug-2014

Date


 James Kang

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-OR-207816-T
 Estate No. 32-158744

FORM 78 -- Continued

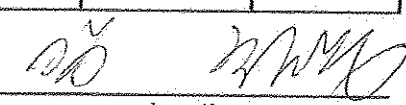
List "A"
 Unsecured Creditors

Canada Tobacco & Global Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
24	Jae Sook Kim	466 Spadina Ave. Toronto ON M5T 2G8	1.00	0.00	1.00
25	Jin Young Cho	Unknown ON	1.00	0.00	1.00
26	Joong Yong Sohn	Unknown ON	1.00	0.00	1.00
27	Ki-Hyook Park	Unknown ON	1.00	0.00	1.00
28	Kyung Jean Kim	57 Grovepark Cres. Toronto ON M2J 2C7	1.00	0.00	1.00
29	Kyung Man Bae	14421 Oldscugog Rd. Blackstock L0B 1B0 Blackstock ON L0B 1B0	1.00	0.00	1.00
30	Kyung Nam Choi	Unknown ON	1.00	0.00	1.00
31	Loblaws Companies Ltd. Attn: Accounts Receivable	Po box 1830 Winnipeg MB R3C 3R1	100,000.00	0.00	100,000.00
32	Losani Homes	430 McNeilly Road Stoney Creek ON L5E 5E2	1.00	0.00	1.00
33	Ministry of Finance - ON PST, EHT & Other Taxes Attn: Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5	15,000.00	0.00	15,000.00
34	Myungsu You	1001 Main Street West, Suite 201 Hamilton ON L8S 1A9	600,000.00	0.00	600,000.00
35	Nam Jin Baek	Unknown ON	1.00	0.00	1.00
36	Oh-Jin Kim	107 Roseview Ave. Richmond Hill ON L4C 1C6	1.00	0.00	1.00
37	RBC Royal Bank Visa c/o BankruptcyHighway.com Attn: Alison Houston	PO Box 57100 Etobicoke ON M8Y 3Y2	8,900.00	0.00	8,900.00
38	Seung Dae Lee	134 HWY 60 Huntsville ON P1H 1C2	1.00	0.00	1.00
39	Seung-Hyu Lee	Smith's Ultramar, Port Syndey, RR#1, Hwy 11 Port Syndey ON P0B 1L0	32,500.00	0.00	32,500.00
40	SPS Commerce Inc. C054485	VB Box 3, PO Box 9202 Minneapolis MN 55480-9202 USA	1.00	0.00	1.00
41	Suk Hoon Lee	Unknown ON	1.00	0.00	1.00
42	Sun Ok Shin	Unknown ON	1.00	0.00	1.00
43	TD Canada Trust Visa Attn: Natalie Bertucci, Credit Administration Services (CAS) 4520710001541520	4720 Tahoe Boulevard, 3rd Floor Mississauga ON L4W 5P2	761.10	0.00	761.10
44	TD Canada Trust Visa Attn: Natalie Bertucci, Credit Administration Services (CAS) 4520710001541530	4720 Tahoe Boulevard, 3rd Floor Mississauga ON L4W 5P2	49.92	0.00	49.92
45	TD Canada Trust Attn: Natalie Bertucci, Credit Administration Services (CAS)	4720 Tahoe Boulevard, 3rd Floor Mississauga ON L4W 5P2	600.00	0.00	600.00

27-Aug-2014

Date


 James Kang

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-OR-207816-T
 Estate No. 32-158744

FORM 78 -- Continued

List "A"
 Unsecured Creditors

Canada Tobacco & Global Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
46	Tobacco Control Program	2391 Midland Ave. Toronto ON M1P4R7	1.00	0.00	1.00
47	TouchCash Inc. Attn: Shirley	3 - 820 Denison Street Markham ON L3R 5M9	333.54	0.00	333.54
48	Union Gas 440-7695 258-4932	PO Box 4001 Toronto ON M5W 0G2	1.00	0.00	1.00
49	Yang-Pyung Kim	Unknown ON	1.00	0.00	1.00
50	Yong Kun Lee	Unknown ON	1.00	0.00	1.00
51	Yong Sul Kim	Unknown ON	1.00	0.00	1.00
52	Yong-Kun Lee	165 Gerrard Rd. Whitby ON L1N 3K7	1.00	0.00	1.00
53	Yoon-Sik Lim	17 Cayuga St. N. PO Box 805. Cayuga ON N0A 1E0	1.00	0.00	1.00
54	Young Dae Cho	Unknown ON	1.00	0.00	1.00
55	Young Ho Park	Unknown ON	1.00	0.00	1.00
Total:			844,471.45	0.00	844,471.45

27-Aug-2014

Date



James Kang

District of: Ontario
Division No. 09 - Toronto
Court No. 31-OR-207816-T
Estate No. 32-158744

FORM 78 - Continued

List "B"
Secured Creditors

Canada Tobacco & Global 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
			Total:			0.00	0.00	0.00

27-Aug-2014

Date



James Kang

District of: Ontario
Division No. 09 - Toronto
Court No. 31-OR-207816-T
Estate No. 32-158744

FORM 78 - Continued

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

Canada Tobacco & Global 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
1	Cheol Joong (James) Kang			-	9,003.36	0.00	9,003.36
2	Jason Gor			-	1,500.00	0.00	1,500.00
3	Lois Kim			-	2,000.00	0.00	2,000.00
Total:					12,503.36	0.00	12,503.36

27-Aug-2014

Date



James Kang

District of: Ontario
Division No. 09 - Toronto
Court No. 31-OR-207816-T
Estate No. 32-158744

FORM 78 -- Continued

List "D"
Contingent or Other Liabilities

Canada Tobacco & Global 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		

27-Aug-2014

Date



James Kang

District of: Ontario
Division No. 09 - Toronto
Court No. 31-OR-207816-T
Estate No. 32-158744

FORM 78 -- Continued

List "E"
Debts Due to the Bankrupt
Canada Tobacco & Global 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
			Total:	0.00 0.00 0.00			0.00	

27-Aug-2014

Date


James Kang

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-OR-207816-T
 Estate No. 32-158744

FORM 78 -- Continued

List "F"

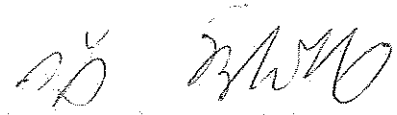
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
 Mortgages, etc., Available as Assets

Canada Tobacco & Global 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	

27-Aug-2014

Date


 James Kang

District of: Ontario
Division No. 09 - Toronto
Court No. 31-OR-207816-T
Estate No. 32-158744

FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Bankrupt
Canada Tobacco & Global Inc.

Description of property	Nature of bankrupt 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		0.00

27-Aug-2014

Date



James Kang

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-OR-207816-T
 Estate No. 32-158744

FORM 78 - Concluded

List "H"
 Property

Canada Tobacco & Global Inc.
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(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		Other - Fork Lift	0.00	1,000.00
		Automobile - Chrysler - PT Cruiser	0.00	9,000.00
(l) Taxes			0.00	0.00
(m) Other		Tax Refund	0.00	700,000.00
		Furniture & Fixtures	0.00	1,000.00
		Receivables: CHTL & Shareholders	0.00	270,000.00
			Total:	981,000.00

27-Aug-2014

Date



James Kang

Court No. 31-OR-207816-T

Estate No. 32-158744

In the matter of the bankruptcy of
Canada Tobacco & Global Inc.
of the city of Hamilton, in the Province of Ontario

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

Dodick Landau Inc. - Trustee

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

APPENDIX “I”

Dodick Landau Inc.**Claims Register**

In the matter of the bankruptcy of
Canada Tobacco & Global Inc.
of the city of Hamilton, in the Province of Ontario

Insolvency Date: 19-Aug-2014

Estate Number: 32-158744

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
Preferred creditors						
1. Cheol Joong (James) Kang	Yes	Disallowed		9,003.36		
2. Cheol-Joong (James) Kang	Yes	Partially Disallowed			6,808.75	
3. Jason Gor	No			1,500.00		
4. Lois Kim	No			2,000.00		
Total : Preferred creditors				12,503.36	6,808.75	
Secured creditors						
1. Cheol-Joong (James) Kang	Yes	Partially Disallowed			133,153.16	
2. Oh-Jin Kim	Yes	Disallowed			2,000.00	
3. Seung-Hyu Lee	Yes	Partially Disallowed			2,000.00	
4. Yoon-Sik Lim	Yes	Withdrawn			2,000.00	
Total : Secured creditors					139,153.16	
Unsecured creditors						
1. Bastos Canada Limited	No	Not proved		1.00		
2. Bell Canada F-88 - Business Attn: Insolvency Department 2896491888	No	Not proved		31.24		
3. Bell Canada F-88 - Business Attn: Insolvency Department 521222897	No	Not proved		116.41		
4. Byeung Joo Lim	No	Not proved		1.00		
5. Canada Heritage Tobacco Ltd. Attn: John Vamvakidis	Yes	Disallowed		1.00	19,300,000.00	
6. Chang Jun Yoo	No			1.00		
7. Changhoon Lee	No			4,846.57		
8. Cheol Joong (James) Kang	Yes	Disallowed		22,000.00	30,642.13	
9. Cheol Joong (James) Kang	Yes	Disallowed			4,629.25	
10. Cheol Joong (James) Kang	Yes	Disallowed			11,132.47	
11. Cheol-Joong (James) Kang	Yes	Disallowed			30,000.00	
12. Cheol-Joong (James) Kang	Yes	Partially Disallowed			20,760.77	8,992.14
13. Chul Woo Ahn	No	Not proved		1.00		
14. CRA - Canada Revenue Agency - Tax - Ontario Attn: c/o London Taxes Services Office Division Regional Intake Centre for Insol	No	Not proved		55,080.00		

Claims Register for Canada Tobacco & Global Inc. - Continued

Insolvency Date: 19-Aug-2014

Estate Number: 32-158744

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
15. Don Kwi Cho	No	Not proved		1.00		
16. Francis Kim	No			4,000.00		
17. Hae Keun Lee	No	Not proved		1.00		
18. Haingkeun Yoo	No			1.00		
19. Hamilton Police 159045	No			100.00		
20. Hong Gi Kim	Yes	Admitted		1.00	482.86	482.86
21. Hong Kun Kim	No	Not proved		1.00		
22. Horizon Utilities Corporation Attn: Chris Meridith 925919-001	No			114.67		
23. Hyeong Rae Cho	No	Not proved		1.00		
24. Il Sang Kim	No	Not proved		1.00		
25. Innho Song	No	Not proved		1.00		
26. Jae Hyuck Goh	No	Not proved		1.00		
27. Jae Shin Yoon	No	Not proved		1.00		
28. Jae Sook Kim	Yes	Admitted		1.00	15,565.00	15,565.00
29. Jeong Ok Yoo	No					
30. Jin Young Cho	No			1.00		
31. Joong Yong Sohn	No			1.00		
32. Ki-Hyouk Park	No	Not proved		1.00		
33. Kyung Jean Kim	No	Not proved		1.00		
34. Kyung Man Bae	No	Not proved		1.00		
35. Kyung Nam Choi	No	Not proved		1.00		
36. Loblaw's Companies Ltd. Attn: Accounts Receivable	No			100,000.00		
37. Losani Homes	No	Not proved		1.00		
38. Ministry of Finance - ON PST, EHT & Other Taxes Attn: Mrs. Asta Alberry	No	Not proved		15,000.00		
39. Myungsu You	Yes	Admitted		600,000.00	627,657.26	627,657.26
40. Myungsu You	Yes	Not proved			55,153.20	
41. Nam Jin Baek	No			1.00		
42. Oh-Jin Kim	Yes	Disallowed		1.00	4,379.68	
43. RBC Royal Bank Visa c/o BankruptcyHighway.com Attn: Razel Bowen	No			8,900.00		
44. Revenu Quebec	No					
45. Seung Dae Lee	No	Not proved		1.00		
46. Seung-Hyu Lee	Yes	Partially Disallowed		32,500.00	56,334.92	26,544.61
47. SPS Commerce Inc. C054485	No	Not proved		1.00		

Claims Register for Canada Tobacco & Global Inc. - Concluded

Insolvency Date: 19-Aug-2014
 Estate Number: 32-158744

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
48. Suk Hoon Lee	No			1.00		
49. Sun Ok Shin	No	Not proved		1.00		
50. TD Canada Trust Attn: Natalie Bertucci, Credit Administration Services (CAS)	No			600.00		
51. TD Canada Trust Visa Attn: Natalie Bertucci, Credit Administration Services (CAS) 4520710001541520	Yes	Admitted		761.10	591.71	591.71
52. TD Canada Trust Visa Attn: Natalie Bertucci, Credit Administration Services (CAS) 4520710001541538	No	Not proved		49.92		
53. Tobacco Control Program	No	Not proved		1.00		
54. TouchCash Inc. Attn: Shirley	No			333.54		
55. Union Gas 440-7695 258-4932	No	Not proved		1.00		
56. Yang-Pyung Kim	No			1.00		
57. Yong Kun Lee	No			1.00		
58. Yong Sul Kim	No			1.00		
59. Yong-Kun Lee	No	Not proved		1.00		
60. Yoon-Sik Lim	Yes	Withdrawn		1.00	259.00	
61. Yoon-Sik Lim	Yes	Withdrawn			2,830.46	
62. Young Dae Cho	No	Not proved		1.00		
63. Young Ho Park	No	Not proved		1.00		
Total : Unsecured creditors				844,471.45	20,160,418.71	679,833.58
Deferred Creditors						
1. Cheol-Joong (James) Kang	Yes	Partially Disallowed			18,725.99	
Total : Deferred Creditors					18,725.99	
Grand Total:				856,974.81	20,325,106.61	679,833.58

Canada Tobacco & Global Inc.
 Summary Status of Revised and/or Disallowed Claims
 As at January 4, 2016
 \$CDN

Name	Date of Claim	Amount and Priority Claimed		
		Secured	Preferred	Unsecured
Kang, Cheol-Ioong	18-Nov-15	\$ 133,153.16	\$ 6,808.75	\$ 20,760.77
Kim, Jae Sook	08-Sep-14	-	-	15,565.00
Kim, Hong Gi	05-Oct-15	-	-	2,197.32
Kim, Oh Jin	18-Sep-14	6,379.68	-	-
Lee, Seung-Hyu	18-Sep-14	9,436.92	-	48,898.00
Lim, Yoonsik	18-Sep-14	4,830.46	-	-
Total		\$ 153,800.22	\$ 6,808.75	\$ 87,421.09

Amount and Priority of Claim Admitted				Date of Revision and/or Disallowance of Claim	Deadline to Appeal Revision or Disallowance of Claim	Notice of Motion to Appeal Revision and/or Disallowance Received
Secured	Preferred	Unsecured	Postponed			
\$ -	\$ -	\$ 27,718.13	\$ 18,725.99	27-Nov-15	27-Dec-15	Yes
-	-	15,565.00	-	16-Nov-15	16-Nov-15	No-Disallowance withdrawn
-	-	482.86	-	None	n/a	No-Court determined value of claim.
-	-	-	-	13-Nov-15	13-Dec-15	No
-	-	26,544.61	-	16-Nov-15	16-Dec-15	No
-	-	-	-	16-Nov-15	16-Dec-15	No- Previous appeal withdrawn on December 12, 2015
\$ -	\$ -	\$ 70,310.60	\$ 18,725.99			

APPENDIX “J”

District of Ontario
 Division No. 07 - Hamilton
 Court No. 31-OR-207816-T
 Estate No. 32-158744

**In the matter of the bankruptcy of
 Canada Tobacco & Global Inc.
 of the city of Hamilton, in the Province of Ontario**

Form 12
 Interim Statement of Receipts and Disbursements

RECEIPTS

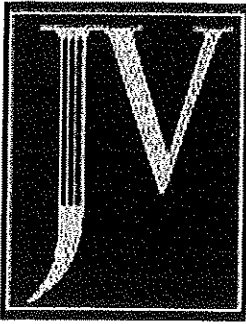
1. Asset Realization		
Accounts receivable	4,510.93	
Sale of assets enbloc	1,808.00	6,318.93
	<hr/>	
2. Deposit on Purchase		
Refunds- miscellaneous	2.97	2.97
	<hr/>	
3. Proceeds from Destruction of Cigarettes		
Tax Refunds from Destruction of Cigarettes	553,646.86	553,646.86
	<hr/>	
4. Tobacco Refund Credit		
Tobacco Refund Credit	10,000.00	10,000.00
	<hr/>	
5. Miscellaneous		
Funds from retainer	1,000.00	
Interest Income	443.84	1,443.84
	<hr/>	
TOTAL RECEIPTS		<u><u>571,412.60</u></u>

DISBURSEMENTS

6. Collection of Accounts Receivable		
Collection of Accounts Receivable	22.17	22.17
	<hr/>	
7. Fees Paid		
To official receiver	150.00	150.00
	<hr/>	
8. Notice of first meeting		
Local paper	1,649.54	1,649.54
	<hr/>	
9. Trustee's remuneration		
Trustee's fees	71,768.01	
HST charged on Trustee remuneration	9,329.85	81,097.86
	<hr/>	
10. Federal and Provincial taxes		
HST paid on disbursements exclusive of fees	450.95	
HST on legal fees	1,586.18	2,037.13
	<hr/>	
11. Miscellaneous		
Contract Labour Expense	66.00	
Bank charges	55.01	
HST paid (ITC)	214.38	
Courier	468.23	
Accounting services	467.05	
Legal fees/disbursements	15,469.25	16,739.92
	<hr/>	
TOTAL DISBURSEMENTS		<u><u>101,696.62</u></u>

Amount available for distribution **469,715.98**

APPENDIX “K”



JOHN VAMVAKIDIS PROFESSIONAL CORPORATION
BARRISTER & SOLICITOR

3700 Steeles Avenue West, Suite 600
Vaughan, Ontario, L4L 8K8
Tel: 905-856-3700 x 262
Fax: 905-856-1213
szareian@westonlaw.ca

September 19, 2014

Att: Stephanie

DODICK LANDAU INC.
6-4646 Dufferin St.
Toronto, Ontario
M3H 5S4

Dear Sir/Madam:

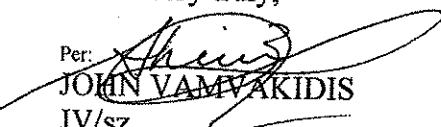
Re: Proof of Claim of Canadian Heritage Tobacco Ltd.

Please find enclosed herewith the Proof of Claim of Canadian Heritage Tobacco Ltd.

If you have any inquiries or any responses whatsoever please communicate them directly to my office as Counsel for Canadian Heritage Tobacco Ltd.

We look forward to your ongoing communications with respect to the steps being taken in the Bankruptcy and request that we be advised of all major decisions made.

Yours very truly,

Per: 
JOHN VAMVAKIDIS
JV/sz

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

District of: Ontario
Division No. 09 – Toronto
Court No. 31-OR-207816-T
Estate No. 32-158744

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

In the matter of the bankruptcy of
Canada Tobacco & Global Inc.
of the City of Hamilton, in the Province of Ontario

PROOF OF CLAIM

OF

CANADIAN HERITAGE TOBACCO LTD.

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

District of: Ontario
Division No. 09 – Toronto
Court No. 31-OR-207816-T
Estate No. 32-158744

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

In the matter of the bankruptcy of
Canada Tobacco & Global Inc.
of the City of Hamilton, in the Province of Ontario

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

c/o JOHN VAMVAKIDIS
3700 Steeles Ave. West, Suite 600
Vaughan, Ontario L4L 8K8

In the matter of the bankruptcy of Canada Tobacco & Global Inc. of the city of
Hamilton in the Province of Ontario and the claim of Canadian Heritage Tobacco Ltd.
Creditor.

I, Terry Kim, of the city of Mississauga in the province of Ontario, do hereby
certify:

1. That I am the President of Canadian Heritage Tobacco Ltd.
2. That I have knowledge of all the circumstances connected with the claim
referred to below.
3. That the debtor was, at the date of bankruptcy, namely the 19th day of
August 2014, and still is, indebted to the creditor in the sum of \$7,000,000.00, as
specified in the statement of account (or affidavit) attached and marked Schedule "A",
after deducting any counterclaims to which the debtor is entitled.

4. A. UNSECURED CLAIM OF \$7,000,000.00
(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold assets of the debtor as security and

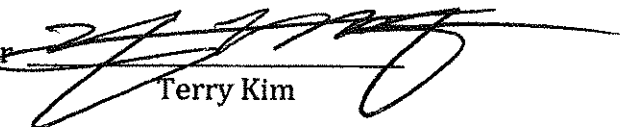
5. That, to the best of my knowledge, Canadian Heritage Tobacco Ltd. IS NOT related to the debtor within the meaning of section 4 of the Act, and WE HAVE NOT dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: \$200,000.00

Dated at Vaughan, this 17th day of September, 2014


Witness

Canadian Heritage Tobacco Ltd.

per 
Terry Kim

JOHN VAMVAKIDIS
3700 Steeles Ave. West, Suite 600
Vaughan, Ontario L4L 8K8
jvamvakidis@westonlaw.ca

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

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

PROOF OF CLAIM
"SCHEDULE"

It is important to note that the sole purpose of incorporating Canada Tobacco & Global Inc. was as a vehicle to procure the manufacture and distribution of more reasonably priced cigarettes to facilitate tobacco sales for the Korean convenience store owners in Ontario. In several of the articles, Mr. Kang advised the media that the intentions of Canada Tobacco & Global Inc. was to eventually distribute these cigarettes globally.

It is equally important to note that the Agency Agreement executed between CT&G and CHTL was the means by which CT&G's objectives were to be fulfilled.

1. AGENCY AGREEMENT

Canada Tobacco & Global Inc. (the "Bankrupt") entered into an Agency Agreement with Canadian Heritage Tobacco Limited (the "Broker"). The key terms of the agreement are as follows:

1. Term of Appointment
 - a. Pursuant to the agreement, the Broker was appointed for a period of ten years as the exclusive agent for the manufacturer and sales of products set out in the agreement
2. The Products and Purchase Price
 - a. The Bankrupt committed to the purchase of a minimum of 480,000 cartons of cigarettes annually.
3. The Purchase Price
 - a. The Bankrupt committed to purchase Premium Blend Cigarettes at \$12.00 per carton and Regular Blend Cigarettes at \$4.50 per carton at a proportion of at least 65% Premium Blend and no more than 35% Regular Blend.

In reliance of this agreement, the Broker incurred considerable expense, in excess of \$1.2 million regarding the manufacture, marketing, packaging, artwork and design, laboratory testing and approvals. This expense was incurred to insure the Broker was in compliance with the agreement.

The calculation of revenues on an annual basis for the mix of 480,000 cartons annually rendered a profit to the Broker in the amount of \$1.7 million per year.

Owing under contract

\$17,000,000.00

2. BRAND DAMAGE/ LOSS OF REPUTATION

In Ontario, there are approximately 6,000 grocery store owners, of those approximately 1,800 are Korean store owners.

The Bankrupt has advertised in the Korean newspapers and other media that they were the exclusive owners of the new brand of cigarettes. The enclosed newspaper articles at Tab 6 clearly demonstrate the erroneous information given by the Bankrupt directors.

Also enclosed with the Proof of Claim is a copy of Articles of Incorporation for CT Brands Holdings Ltd. which applied for and received trademarks for the following cigarette brands:

- a. Midas The Gold Standard of Cigarettes
- b. Gangnum
- c. C-38 Members Blend

Mr. Kang advised the newspapers that C-38 was representative of the 38 shareholders of the new corporation.

Given the total failure of this entire arrangement, and given the misleading (false) advertising to the public by the Bankrupt, the brand of cigarettes owned by the Broker has lost considerable reputation and has suffered considerable economic brand damage in excess of \$2,500,000.00.

Owing for Brand Damage
\$2,500,00.00

3. ACKNOWLEDGMENT OF DEPOSITS

The Broker acknowledges receipt of the sum of \$200,000.00 given as deposits pursuant to the Agency Agreement.

4. SETTLEMENT OF DEBT

Notwithstanding the fact that the Broker is entitled to pure economic damages and brand damages collectively in the amount of almost \$20,000,000.00 the Broker is prepared to settle its debt on the basis of acceptance by the Trustee of this Proof of Claim in the amount of \$7,000,000.00. In the event the Trustee or any other creditor challenges the Proof of Claim herein the Broker reserves its right to amend the proof of claim for the full amount of \$19,300,000.00 set out herein.

In support of the Brokers proof of claim, we attach the following documents:

- Tab 1: Agency Agreement
- Tab 2: Itemized Summary of Disbursements pursuant to Agency Agreement
- Tab 3: Statement of Claim
- Tab 4: Trademarks
- Tab 5: Purchase Orders and Invoicing
- Tab 6: News Articles
- Tab 7: Articles of Incorporation for CT Brands Holdings Ltd.
- Tab 8: Approval Notices to CT Brands Holdings Ltd. for the three Trademarks

Tab 1

AGENCY AGREEMENT
(Buyer and Broker)

THIS AGREEMENT made the 12 day of November, 2012

BETWEEN:

CANADA TOBACCO & GLOBAL INC.
a company incorporated under the laws of the Province of Ontario having its
head office at Unit 101- 1040 South service Rd. Stoney Creek, ON L8E 6G3 (the
"Buyer")

OF THE FIRST PART

- and -

CANADIAN HERITAGE TOBACCO LIMITED
a company incorporated under the laws of Canada having its head office at UNIT
402, Camilla Place 130 Dundas St. East, Mississauga, ON L5A 3V8 (the "Broker")

OF THE SECOND PART

WHEREAS the Broker has tobacco blending experience and are desirous of securing the exclusive right to provide services to the Buyer in purchasing tobacco products;

AND WHEREAS the Buyer is a wholesaler of tobacco products and has agreed to secure the services of the Broker;

NOW THEREFORE THIS AGREEMENT WITNESSES that for the sum of \$1.00 of lawful money of Canada paid by each of the parties hereto each of the others and other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each of the undersigned), the parties agree as follows:

1. TERM OF APPOINTMENT

The Buyer appoints, for a period of Ten (10) years following the execution of this Agreement, the Broker as its exclusive representative in the World, and the Broker agrees to provide its services exclusively to the Buyer, in respect of manufacturing and purchasing certain types of custom made marked cigarettes (MK) (the "Products") as described in paragraph 2 of this Agreement. The Buyer agrees that any and all custom-made marked cigarettes must be purchased and negotiated through the Broker for the length of this contract.

For clarity, this appointment does not restrict in any way the Buyer's right to purchase and distribute, and to appoint brokers therefor, any other non-custom tobacco products other than the Products that will be specifically manufactured in accordance with the terms and conditions of this Agreement. The Broker shall reserve the right to engage and help any other interested parties with the purchase and/or manufacturing of any other custom or non-custom tobacco products that has not been discussed in paragraph 2 (The "Products").

2. THE PRODUCTS AND PURCHASE PRICE

The Buyer agrees to purchase from the Broker's appointed production facilities and the Broker agrees to supply from those facilities, during the duration of this agreement, not less than Four Hundred Eighty Thousand (480,000) cartons of cigarettes annually, which shall be a mix of the Premium Blend Cigarettes

Buyer Initial
de

Broker Initial
[Signature]
Page 1 of 5

Date

and Regular Blend Cigarettes, free from all liens and encumbrances whatsoever. The 480,000 cartons annually shall be distributed amongst sales in all the Provinces of Canada and not solely for Ontario. The Buyer further agrees that the ratio of the Premium Blend Cigarettes to the Regular Blend Cigarettes shall not be less than 65% of the monthly order.

The parties agree that the Premium Blend Cigarettes shall be of High Quality Premium Blends satisfactory to the Buyer and the Regular Blend Cigarettes shall be of similar quality and taste of Regular Blended quality taste satisfactory to the Buyer. The cartons shall be 25 Slide and Shell packs with 8 packs per carton and 20 Hinge Lid packs with 10 packs per carton, both being King Size. The Buyer may change these specifications and qualities of the Products from time to time.

3. THE PURCHASE PRICE

The parties agree that:

- (a) The purchase price of the Premium Blend Cigarettes shall be **Twelve (\$12.00) Canadian dollars** per carton plus applicable taxes; and
- (b) The purchase price of the Regular Blend Cigarettes shall be **Four (\$4.50) Canadian dollars and Fifty Cents** per cartons plus applicable taxes; and
- (c) Any increase or decrease in the purchaser price not related to applicable taxes shall be proposed in writing and mutually agreed upon by both parties in writing before the price increase or decrease takes place, which shall be determined taking into account the generally accepted accounting principles in the tobacco industry in Canada; and
- (d) The price in subparagraphs 3(a) and 3(b) are exclusively for the first custom products and may differ from future products; and
- (e) With respect to subparagraphs 3(c) of this agreement, any amount that has not been agreed upon by the parties within Thirty (30) calendar days from the date of proposal or request in writing, the amount shall be decided by arbitration alone pursuant to *the Arbitration Act (Ontario), 1991*, or any succeeding legislation thereof, and not by recourse to any Court by action of law.

The Buyer agrees to make the sum of One Hundred Thousand (\$100,000) Canadian dollars by cheque to the Broker, within Ten (10) calendar days from the date of its first order of the Products as security for the payments, which shall be returned without interest or deduction by certified cheque at the earlier of (i) the third anniversary date following the execution of this Agreement, (ii) or, early termination.

The Broker and its appointed facilities shall invoice the Buyer for each shipment of the Products and the Buyer shall make payment for the net Purchase Price, plus all applicable taxes, to the Broker in regards to commissions and all applicable taxes and costs for the Products to the appointed facilities at the time of delivery of the Products to the Buyer's warehouse. Once the Broker obtains a wholesale permit, the payment method shall change to all payments plus applicable taxes to be paid fully to only the Broker.

4. COMPENSATION FOR THE SERVICES OF THE BROKER

The parties agree that the Purchase Prices as set out in paragraph 3 above include all of the Broker's commissions and expenses, and the Buyer shall not be responsible for any other compensation for the services and/or business loss of the Broker in any nature whatsoever other than for the applicable taxes.

5. THE BROKER'S RESPONSIBILITIES

The Broker severally and jointly agrees and covenants as follows:

Buyer Initial

dl

Broker Initial

APC
Page 2 of 5

Date

- (a) to procure and appoint a manufacturing facility, which is able and willing to manufacture the Products in quality exclusively for the Buyer and in accordance with the Buyer's terms and conditions as set out herein;
- (b) to negotiate the purchase prices of the Products;
- (c) to deliver sample Products for the Buyer's approval;
- (d) to ensure that each Product manufactured is equal in quality and taste to the satisfaction of the Buyer (*return policy attached);
- (e) to ensure that the manufacturing facility complies, at its sole expense, with all Federal, Provincial and local laws, orders, rules, regulations and ordinances which may be applicable to the manufacturing and delivery of the Products;
- (f) to ensure that the Products are delivered to the orders of the Buyer without interruption during the term;
- (g) The Broker shall keep and maintain full, detailed and proper records regarding the payments;
- (h) generally to do and perform and, where desirable, contract for all things desirable or necessary for the purpose of this Agreement.

6. TERMINATION

In the event that the Broker and/or its appointed facilities fails to deliver the Products to the Buyer, or the Products delivered are not of merchantable quality, or the Buyer fails to pay for the Products on the due date for payment, or either party breaches its agreements and covenants (either such event being referred to as a 'Breach' and the party which has failed being referred to as the 'Defaulting Party'), then and at the option of the non-Defaulting Party, the non-Defaulting Party may give written notice to the Defaulting Party to remedy the Breach with Thirty (30) calendar days of the Defaulting Party receiving such notice. If the Defaulting Party of the Agreement does not remedy such Breach within the required time period, then the non-Defaulting Party may, by written notice to the Defaulting Party, elect to treat the Breach as a repudiation by the Defaulting Party of the Agreement and terminate the Agreement without prejudice to any of the rights of the non-Defaulting Party under this Agreement or at law.

7. CONFIDENTIALITY

The Buyer and Broker shall not disclose any contracts or agreements with any Manufacturer or Supplier to a non-related third party other than required Government Authority or by law.

8. NON-ASSIGNMENT

The parties may not assign or delegate their rights and/or obligations under this agreement without the other party's prior written consent. This agreement shall inure to the benefit of and be binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns.

9. GOVERNING LAW

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract.

Buyer Initial

AC

Broker Initial

MAZ
Page 3 of 5

Date

10. TIME

Time shall be of the essence.

11. SEVERABILITY

If any term of this agreement is invalid or unenforceable under any statute, regulation, ordinance, order or other rule of law, that term shall be deemed modified or deleted, but only to the extent necessary to comply with the statute, regulation, ordinance, order or rule, and the remaining provisions of this agreement shall remain in force and effect.

12. NO IMPLIED WAIVER

The failure of either party at any time to require performance by the other party of any provision of this agreement shall in no way affect the right to require performance at any time thereafter, nor shall the waiver of either party of a breach of any provision of this agreement constitute a waiver of any succeeding breach of the same or any other provision.

13. NOTICE

Any notice or other writing require or permitted to be given under this agreement or for the purposes of it to any party, shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by telefax to that party:

- (a) In the case of a notice to the Buyer at 101- 1040 South Service Rd, Stoney Creek, ON L8E 6G3
- (b) In the case of a notice to the Broker at 402 Camilla Place, 130 Dundas St E, Mississauga ON, L5A 3V8
- (c) Or at any other address as the party to whom the writing is to be given shall have last notified the other party. Any notice delivered to the party to whom it is addressed shall be deemed to have been given and received on the day it is delivered at that address, provided that if that day is not a business day then the notice shall be deemed to have been given and received on the first business day next following that day. Any notice mailed shall be deemed to have been given and received on the fifth business day next following the date of its mailing. Any notice transmitted by telefax shall be deemed given and received on the first business day after its transmission.

14. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the parties with respect to the matter contained herein and supersedes all prior oral or written representations, conditions and agreements. This agreement may only be modified by a written agreement duly executed by the parties.

[Signature Page to Follow]

Buyer Initial

cl

Broker Initial



PAE

Date

IN WITNESS WHEREOF the parties have executed this agreement on the date first written.

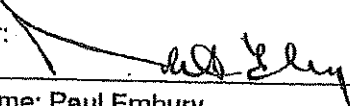
SIGNED, SEALED AND DELIVERED
In the presence of:

Witness:
Witness Address:


Canada Tobacco & Global Inc. (the 'Buyer')
per:  


Name: Cheol Joong Kang also known as James Kang
Title: President
I have authority to bind the corporation

Witness:
Witness Address:

Canadian Heritage Tobacco Limited (the 'Broker')
per: 

Name: Paul Embury
Title: President
I have authority to bind the corporation

Buyer Initial


Broker Initial

Page 6 of 5

Date



Appendix A

SUBJECT: RETURNED GOODS POLICY

To assist our customers with damaged or un-saleable product, Canadian Heritage Tobacco Limited has established the following policy and corresponding procedures.

Our objective is to reimburse customers up to the net value of the product purchased. Canadian Heritage Tobacco Limited will reduce the credit received by customers if the product has been bought down. For non-current customers, Canadian Heritage Tobacco Limited will act only as an agent to assist in recapturing related taxes.

Returned Goods may fall into one of the following categories:

- Out of Date Product
- Damaged Goods

Procedure

Customers with Un-saleable Product or Damaged Goods must follow the procedures as outlined below:

- Customers must inform their Canadian Heritage Tobacco Limited Sales Representative of un-saleable product or damaged goods for disposition.
- A Canadian Heritage Tobacco Limited representative must approve each un-saleable product or damaged goods return.
- All returned product must have a retail return sticker affixed by a Canadian Heritage Tobacco Limited representative.
- Canadian Heritage Tobacco Limited will not accept returns that do not have a retail return sticker on each carton and a wholesale return sticker on each case.
- A Canadian Heritage Tobacco Limited 'Returned Goods Memorandum' (RGM) must be completed, signed by an authorized Canadian Heritage Tobacco Limited representative, and a copy returned with each shipment.
- Returns will be limited to the items and quantities approved on the Returned Goods Memorandum.

Memorandum #2012 - 101

- **No credit will be issued for unauthorized products that are returned.** Unauthorized returns will be refused.
- All returned goods are handled on a credit transaction basis only.
- No payment in the form of checks or cash will occur.
- Customers have six months in which to apply the credit against future purchases. After six months, the credit will become void.
- Amounts credited for returns will be valued at the list price of the product originally invoiced, less any promotional allowances given to the direct account.
- If the product has been bought down, the buy-down amount will be deducted from the credit received by the customer.
- Canadian Heritage Tobacco Limited sales personnel will identify product that has been bought down by a standard marker.
- Wholesalers should not accept returns from retailers unless these returns have been marked with a returned goods sticker and approved by Canadian Heritage Tobacco Limited sales representative.
- Canadian Heritage Tobacco Limited sales personnel must approve and mark all returns with a returned goods sticker before these returns are made to wholesalers from retailers.
- All un-saleable product or damaged goods will be returned to the manufacturer which has been appointed.

dlk

hpc

Agency Agreement

Addendum

THIS ADDENDUM made the December 20, 2012, is to clarify Sections 3(a) and 3(b) of the 'Agency Agreement' which was finalized on November 12, 2012 between:

CANADA TOBACCO & GLOBAL INC.

A company incorporated under the laws of the Province of Ontario, having its head office at Unit 101- 1040 South Service Rd., Stoney Creek, ON L8E 6G3 (the "Buyer")

And

CANADIAN HERITAGE TOBACCO LIMITED

A company incorporated under the laws of the Province of Ontario, having its head office at Camilla Place, 130 Dundas St. East, Unit 402, Mississauga, ON L5A 3V8 (the "Broker")

Whereas the Broker will be applying for a Wholesale Tobacco License, and whereas Section 3(a) and Section 3(b) of the agreement specifies that the Buyer will purchase cigarettes from the Broker, these sections will become effective only after the Broker has received its Wholesale Tobacco License.

Until such time as the Broker is issued a Wholesale Tobacco License, the Buyer will purchase the tobacco products directly from the Manufacturer (Bastos du Canada Ltée) and not from the Broker. Sales of cigarettes by the Broker to the Buyer will commence following receipt of a Wholesale Tobacco License by the Broker.

For cigarettes produced prior to the Broker receiving its Wholesale Tobacco License, the Broker will invoice the Buyer only for services rendered which will equal the difference between material and production cost and the agreed upon purchase price as specified in Sections 3(a) and 3(b).

This constitutes the entire addendum.

IN WITNESS WHEREOF the parties have executed this agreement on the date first written.

SIGNED, SEALED AND DELIVERED
In the presence of:

Witness Name:

Witness Address:

Witness Name:

Witness Address:

Canadian Heritage Tobacco, Limited (The Broker)

per:

Name: Paul Embury

Title: President

Canada Tobacco & Global Inc. (the "Buyer")

per:

Name: Cheol Joong Kang, also known as James Kang

Title: President

Tab 2

Initial Investment (March 2013- Mar 2014)		
Packaging	\$175,742.22	CAD
Artwork	\$23,029.59	CAD
Production (1)	\$423,937.39	USD
Production (2)	\$4,768.86	CAD
Marketing	\$77,500.00	CAD
Legal cost	\$2,376.10	CAD
Operation	\$12,000.00	CAD
Labour	\$225,560.00	CAD
Initial Investment Total (March 2013- Mar 2014)		
	\$423,937.39	USD
	\$520,976.77	CAD

Ccontract per year (Min.)	\$1,754,160.00	CAD
YR. of Duration of contract	10	
10 Year Contract	\$17,541,600.00	CAD

Brand damage	\$2,500,000.00	CAD
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Total Damages	\$20,041,600.00	CAD
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CT&G	1	2	3	4	5	6	7	8	9	10	11	12
CT&G Canada Gangnam & Midas	26000	26000	26000	26000	26000	26000	26000	26000	26000	26000	26000	26000
CT&G Canada Gangnam & Midas Price	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
CT&G Canada CIB	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000
CT&G Canada CIB Price	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Sales Revenue												
Domestic Cigarette sales Cartons	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Revenue	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
Cost of Goods												
Tobacco	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520	\$52,520
Filter	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Tippling	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200	\$3,200
UP	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Beam Glue	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120
Tippling Glue	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Aluminum Foil	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Poly Film	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Tear Taps	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800
Closure Glue	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Pack	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Carton	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Master Case	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Manufacturer (OEM CAN)	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400	\$62,400
Product Insurance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Lab Test	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Gross Profit	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760	\$171,760
Selling Cost												
Traveling	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Sales & Marketing	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Management Cost												
Office Administrator	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Management Wage	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Professional Administrator	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Overhead Cost												
Office maintenance	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Sales office Rent	\$780	\$780	\$780	\$780	\$780	\$780	\$780	\$780	\$780	\$780	\$780	\$780
MISC.	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Total Expense	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820	\$228,820
Net Income Before Tax	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180

CT&G	1	2	3	4	5	6	7	8	9	10	11	12
Sales Revenue	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
Cost of goods	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240	\$203,240
Selling cost	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Management cost	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
overhead cost	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580	\$1,580
Net Income before Tax	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180	\$146,180

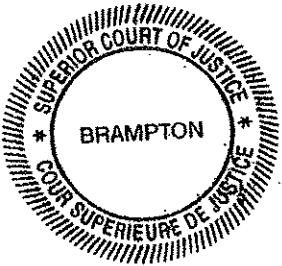
CT&G	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.	6th Yr.	7th Yr.	8th Yr.	9th Yr.	10th Yr.
CT&G Canada Gannam & Mides	312000	312000	312000	312000	312000	312000	312000	312000	312000	312000
CT&G Canada Gannam & Mides Price										
CT&G Canada C38	168000	168000	168000	168000	168000	168000	168000	168000	168000	168000
CT&G Canada C38 Price										
Sales Revenue										
Domestic Cigarette sales Cartons	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000
Total Revenue	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000
Cost of Goods										
Tobacco	\$630,240	\$630,240	\$630,240	\$630,240	\$630,240	\$630,240	\$630,240	\$630,240	\$630,240	\$630,240
Filter	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Tippling	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400
UP	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400
Seam Glue	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Tippling Glue	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Aluminum Foil	\$43,200	\$43,200	\$43,200	\$43,200	\$43,200	\$43,200	\$43,200	\$43,200	\$43,200	\$43,200
Poly Film	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400	\$14,400
Tear Tape	\$38,600	\$38,600	\$38,600	\$38,600	\$38,600	\$38,600	\$38,600	\$38,600	\$38,600	\$38,600
Closure Glue	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Pack	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
Carton	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000	\$144,000
Master Case	\$19,200	\$19,200	\$19,200	\$19,200	\$19,200	\$19,200	\$19,200	\$19,200	\$19,200	\$19,200
Manufacturer (OEM CAN)	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800	\$748,800
Product Insurance	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Lab Test	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Gross Profit	\$2,061,120	\$2,061,120	\$2,061,120	\$2,061,120	\$2,061,120	\$2,061,120	\$2,061,120	\$2,061,120	\$2,061,120	\$2,061,120
Selling Cost										
Travelling	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Sales & Marketing	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Manageme^t Cost										
Office Administrator	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
Management Wage	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Professional Administrator	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Overhead Cost										
Office maintenance	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Sales office Rent	\$9,360	\$9,360	\$9,360	\$9,360	\$9,360	\$9,360	\$9,360	\$9,360	\$9,360	\$9,360
MISC	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Total Expense	\$2,745,840	\$2,745,840	\$2,745,840	\$2,745,840	\$2,745,840	\$2,745,840	\$2,745,840	\$2,745,840	\$2,745,840	\$2,745,840
Net Income Before Tax	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160

CT&G	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.	6th Yr.	7th Yr.	8th Yr.	9th Yr.	10th Yr.
Sales Revenue	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000
Cost of goods	\$2,438,880	\$2,438,880	\$2,438,880	\$2,438,880	\$2,438,880	\$2,438,880	\$2,438,880	\$2,438,880	\$2,438,880	\$2,438,880
Selling cost	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Management cost	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000
overhead cost	\$18,960	\$18,960	\$18,960	\$18,960	\$18,960	\$18,960	\$18,960	\$18,960	\$18,960	\$18,960
Net Income before Tax	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160	\$1,754,160

Tab 3

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:



CANADIAN HERITAGE TOBACCO LIMITED

Plaintiff

and

CANADA TOBACCO & GLOBAL INC.

Defendant

STATEMENT OF CLAIM

TO THE DEFENDANT

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

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

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

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 188 prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

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

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$2,000.00 for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiffs claim and \$500 for costs and have the costs assessed by the court.

Issued: July 22 2014

Issued by: _____



Local registrar

Address of
Court office: 7755 Hurontario Street
Brampton, Ontario L6W 4T1

TO: **CANADA TOBACCO & GLOBAL INC.**
Unit 101-1040 South Service Rd.
Stoney Creek, ON L8E 5E3

CLAIM

RELIEF CLAIMED

1. The Plaintiff Canadian Heritage Tobacco Limited claims:
 - (a) General and punitive damages in the amount of \$20,000,000.00;
 - (b) Pre-judgment and post-judgment interest pursuant to the *Courts of Justice Act*.
 - (c) Cost of this action on a substantial indemnity basis; and
 - (d) Such further and other relief as this Honorable Court may deem just.

THE PARTIES

2. The Plaintiff Canadian Heritage Tobacco Limited (CHT) is a company incorporated under the laws of Canada having its head office at Unit 402, Camilla Place 130 Dundas St. East, Mississauga, ON L5A 3V8. CHT has tobacco blending experience and secured exclusive right to provide services to the defendant in purchasing tobacco products.
3. The Defendant Canada Tobacco & Global Inc. (CT&G) is a company incorporated under the laws of the Province of Ontario having its head office at Unit 101-1040 South Service Rd. Stoney Creek, ON L8E 5E3. CT&G is a wholesaler of tobacco products and has agreed to secure the services of CHT.

THE MATERIAL FACTS

4. CHT and CT&G entered into an ' Agency Agreement' for a period of ten (10) years on 12th Day of November, 2012.
5. CHT agreed to provide its services **exclusively to CT&G** in respect of manufacturing and purchasing certain types of custom made marked cigarettes (MK) and CT&G agreed that any

and all custom-made marked cigarettes must be purchased from CHT for the length of the contract.

6. CT&G agreed to purchase from CHT' s appointed production facilities and CHT agreed to supply from those facilities, **not less than Four Hundred Eighty; Thousand (480,000) cartons of cigarettes annually.**

7. CHT has invested considerable amount of funds and resources approximated to be **\$ 508,976.77 CAD plus \$ 423,937.39 USD** to meet the requirements of the ' Agency Agreement' and expended those funds in reliance upon CT&G' s contractual obligations. The expenditures included, *inter alia*, the following:
 - (a) Packaging; **\$175,742.22 CAD**

 - (b) Artwork; **\$23,029.59 CAD**

 - (c) Production; **\$ 423,937.39 USD plus \$ 4,768.86 CAD**

 - (d) Marketing; **\$ 77,500.00 CAD**

 - (e) Legal costs; **\$2,376.10 CAD**

 - (f) labor/salaries. **\$ 225,560.00 CAD**

8. CT&G grossly failed to meet the required order quantity for the first year of the ' Agency Agreement' by ordering approximately **less than 5% of the quantity** contracted for.

9. CHT advised CT&G throughout the first year of the contract that CT&G was behind in meeting its contractual obligations, more specifically letters were sent **on December 17, 2013, January 21, 2014, March 24, 2014 and May 13, 2014.**

10. As at March 22, 2014, CT&G pursuant to the ' Agency Agreement' and CT&G' s purchase orders, CT&G owed \$4,550,003.40.
11. CHT has demanded payment and CT&G has failed to make payment, or otherwise neglected to do so.
12. CT&G substantially breached the ' Agency Agreement' in failing to pay for the quantity agreed upon and to meet CT&G contractual obligation for further purchase orders.
13. CHT submits that costs should be awarded to the Plaintiff on a substantial indemnity basis.
14. The Plaintiff proposes that the trial of this action be held at BRAMPTON.

Date: July 22, 2014

CANADIAN HERITGAE TOBACCO LIMITED
Unit 402, Camilla Place
130 Dundas Street East
Mississauga, Ontario
L5A 3V8

Canadian Heritage Tobacco Limited
Plaintiff

v. Canada Tobacco & Global Inc.
Defendants

(Court file no.

CN-14-3348-00

ONTARIO SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT Brampton

Statement of Claim

TAE JEONG KIM

Vice President

Canadian Heritage Tobacco Limited.

130 Dundas St. East, Mississauga, Ontario, L5A 3V8

Tel: (905) 232-7122

Fax: (905) 232-7322

Email: terry@heritagetobacco.ca

Tab 4

Canadian Intellectual
Property OfficeAn Agency of
Industry CanadaOffice de la propriété
intellectuelle du CanadaUn organisme
d'Industrie Canada

Canada

Canadian Intellectual Property Office**Canadian Trade-marks Database****CANADIAN TRADE-MARK DATA**[➔ Search Page](#)

*** Note Data on trade-marks is shown in the official language in which it was submitted.

The database was last updated on: 2013-01-29

APPLICATION NUMBER:

1603924

REGISTRATION NUMBER:

not registered

STATUS:

FORMALIZED

FILED:

2012-11-27

FORMALIZED:

2012-11-28

APPLICANT:CT Brands Holdings, Ltd.
1131 Ivandale Drive
Mississauga
L5A 1A9
ONTARIO**TRADE-MARK:****Midas The Gold Standard of Cigarettes****INDEX HEADINGS:**

MIDAS THE GOLD STANDARD OF CIGARETTES

WARES:

(1) Tobacco products including Cigarettes and Cigars

CLAIMS:

Used in CANADA since November 26, 2012.

Action Information

<u>ACTION</u>	<u>DATE</u>	<u>BF</u>	<u>COMMENTS</u>
Filed	2012-11-27		
Created	2012-11-27		
Formalized	2012-11-28		

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Last updated: 2012-03-26



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Canada

Canadian Intellectual Property Office

Canadian Trade-marks Database

CANADIAN TRADE-MARK DATA

➔ [Search Page](#)

*** Note Data on trade-marks is shown in the official language in which it was submitted.

The database was last updated on: 2013-01-29

APPLICATION NUMBER:

1603926

REGISTRATION NUMBER:

not registered

STATUS:

FORMALIZED

FILED:

2012-11-27

FORMALIZED:

2012-11-28

APPLICANT:

CT Brands Holdings, Ltd,
1131 Ivandale Drive
Mississauga
L5A 1A9
ONTARIO

TRADE-MARK:

Gangnam

INDEX HEADINGS:

GANGNAM

GANG NAM

WARES:

(1) Tobacco Products including Cigarettes and Cigars

CLAIMS:

Used in CANADA since November 26, 2012.

Action Information

<u>ACTION</u>	<u>DATE</u>	<u>BF</u>	<u>COMMENTS</u>
Filed	2012-11-27		
Created	2012-11-27		
Formalized	2012-11-28		

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Property Office
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Canada

Canadian Intellectual Property Office

Canadian Trade-marks Database

CANADIAN TRADE-MARK DATA

➔ [Search Page](#)

*** Note Data on trade-marks is shown in the official language in which it was submitted.

The database was last updated on: 2013-01-29

APPLICATION NUMBER:

1603925

REGISTRATION NUMBER:

not registered

STATUS:

FORMALIZED

FILED:

2012-11-27

FORMALIZED:

2012-11-28

APPLICANT:

CT Brands Holdings, Ltd.
1131 Ivandale Drive
Mississauga
L5A 1A9
ONTARIO

TRADE-MARK:

c38 Members Blend

INDEX HEADINGS:

C38 MEMBERS BLEND

C 38

WARES:

(1) Tobacco products including Cigarettes and Cigars

CLAIMS:

Used in CANADA since November 26, 2012.

Action Information

<u>ACTION</u>	<u>DATE</u>	<u>BF</u>	<u>COMMENTS</u>
Filed	2012-11-27		
Created	2012-11-27		
Formalized	2012-11-28		

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Tab 5



Canadian
HERITAGE TOBACCO, LTD.
CT&G 2013 MARCH - 2014 March

1st PO	March	Midas	Red	25 S&S	850	\$8,874.00	
			Blue	25 S&S	850	\$8,874.00	
			Red	20 HLP		\$0.00	
			Blue	20 HLP		\$0.00	
		Gangnam	Black	25 S&S	1300	\$13,572.00	
			Silver	25 S&S	1300	\$13,572.00	
			Black	20 HLP		\$0.00	
			Silver	20 HLP		\$0.00	
		C38	Red	20 HLP	500	\$1,470.00	
			Blue	20 HLP		\$0.00	
		Total			4600	\$46,362.00	
		HST				\$6,027.06	
		Total				\$52,389.06	
2nd PO	April	Midas	Red	25 S&S		\$0.00	
			Blue	25 S&S		\$0.00	
			Red	20 HLP		\$0.00	
			Blue	20 HLP		\$0.00	
		Gangnam	Black	25 S&S		\$0.00	
			Silver	25 S&S		\$0.00	
			Black	20 HLP		\$0.00	
			Silver	20 HLP		\$0.00	
		C38	Red	20 HLP	2000	\$5,880.00	
			Blue	20 HLP		\$0.00	
		Total			2000	\$5,880.00	
		HST				\$764.40	
		Total				\$6,644.40	
3rd PO	19-Apr	Midas	Red	25 S&S	-500	\$0.00	Returned
			Blue	25 S&S	-500	\$0.00	Returned
			Red	20 HLP		\$0.00	
			Blue	20 HLP		\$0.00	
		Gangnam	Black	25 S&S	-800	\$0.00	Returned
			Silver	25 S&S	-800	\$0.00	Returned
			Black	20 HLP		\$0.00	
			Silver	20 HLP		\$0.00	
		C38	Red	20 HLP	2000	\$5,880.00	
			Blue	20 HLP		\$0.00	
		Total			1600	\$5,880.00	Returned
		HST				\$764.40	
		Total				\$6,644.40	deposit 100k
4th PO	April	Midas	Red	25 S&S	500	\$2,610.00	Returned credit 50%
			Blue	25 S&S	500	\$2,610.00	Returned credit 50%
			Red	20 HLP		\$0.00	
			Blue	20 HLP		\$0.00	
		Gangnam	Black	25 S&S	800	\$4,176.00	Returned credit 50%
			Silver	25 S&S	800	\$4,176.00	Returned credit 50%
			Black	20 HLP		\$0.00	
			Silver	20 HLP		\$0.00	
		C38	Red	20 HLP		\$0.00	
			Blue	20 HLP		\$0.00	
		Total			2600	\$13,572.00	Returned credit 50%
		HST				\$1,764.36	
		Total				\$15,336.36	
5th PO	Jun	Midas	Red	25 S&S	1500	\$15,660.00	
			Blue	25 S&S	1500	\$15,660.00	
			Red	20 HLP		\$0.00	
			Blue	20 HLP		\$0.00	
		Gangnam	Black	25 S&S	1500	\$15,660.00	
			Silver	25 S&S		\$0.00	
			Black	20 HLP		\$0.00	
			Silver	20 HLP		\$0.00	
		C38	Red	20 HLP	2450	\$7,203.00	
			Blue	20 HLP		\$0.00	
		Total			6950	\$54,183.00	
		HST				\$7,043.79	
		Total				\$61,226.79	

Current	Agreement					
Total PO	20,700	Premium	312000	\$3,257,280.00	Midas	2,100 Carton
Total Paid	\$255,802.62	Regular	168000	\$493,920.00	Gangnam	7,600 Carton
Total Credit	\$79,154.00	CHT Total	480000	\$3,751,200.00	C38	11,000 Carton
Security deposit	\$200,000.00	Bastos	480000	\$748,800.00	Total	20,700 Carton
	\$534,936.62	Total (Inc. HST)		\$5,085,000.00		



Canadian
HERITAGE TOBACCO, LTD.

CT&G 2013 MARCH - 2014 March

page 2

6th PO	Jun	Midas	Red	25 S&S		\$0.00		
			Blue	25 S&S		\$0.00		
			Red	20 HLP		\$0.00		
		Gangnam	Blue	20 HLP		\$0.00		
			Black	25 S&S		\$0.00		
			Silver	25 S&S	1500	\$15,660.00		
		C38	Black	20 HLP		\$0.00		
			Silver	20 HLP		\$0.00		
			Red	20 HLP		\$0.00		
				Blue	20 HLP		\$0.00	
		Total				1500	\$15,660.00	
		HST					\$2,035.80	
		Total					\$17,695.80	
7th PO	July	Midas	Red	25 S&S		\$0.00		
			Blue	25 S&S		\$0.00		
			Red	20 HLP		\$0.00		
		Gangnam	Blue	20 HLP		\$0.00		
			Black	25 S&S		\$0.00		
			Silver	25 S&S		\$0.00		
		C38	Black	20 HLP		\$0.00		
			Silver	20 HLP		\$0.00		
			Red	20 HLP		\$0.00		
				Blue	20 HLP	500	\$0.00	Credit of 11k
		Total				500	\$0.00	Credit of 11k
		HST					\$0.00	
		Total					\$0.00	
8th PO	July	Midas	Red	25 S&S		\$0.00		
			Blue	25 S&S		\$0.00		
			Red	20 HLP		\$0.00		
		Gangnam	Blue	20 HLP		\$0.00		
			Black	25 S&S		\$0.00		
			Silver	25 S&S		\$0.00		
		C38	Black	20 HLP		\$0.00		
			Silver	20 HLP		\$0.00		
			Red	20 HLP	2550	\$7,497.00		
				Blue	20 HLP		\$0.00	
		Total				2550	\$7,497.00	
		HST					\$974.63	
		Total					\$8,471.63	Pre-paid 11k (\$87394.20)
9th PO	Aug	Midas	Red	25 S&S	-1350	\$0.00	Returned	
			Blue	25 S&S	-1250	\$0.00	Returned	
			Red	20 HLP		\$0.00		
		Gangnam	Blue	20 HLP		\$0.00		
			Black	25 S&S		\$0.00		
			Silver	25 S&S		\$0.00		
		C38	Black	20 HLP		\$0.00		
			Silver	20 HLP		\$0.00		
			Red	20 HLP		\$0.00		
				Blue	20 HLP		\$0.00	
		Total				-2600	\$0.00	Returned
		HST					\$0.00	
		Total					\$0.00	
10th PO	Aug	Midas	Red	25 S&S		\$0.00		
			Blue	25 S&S		\$0.00		
			Red	20 HLP		\$0.00		
		Gangnam	Blue	20 HLP		\$0.00		
			Black	25 S&S		\$0.00		
			Silver	25 S&S		\$0.00		
		C38	Black	20 HLP	1000	\$0.00	Returned credit	
			Silver	20 HLP	1000	\$0.00	Returned credit	
			Red	20 HLP		\$0.00		
				Blue	20 HLP	1000	\$0.00	Credit of 11k
		Total				3000	\$0.00	
		HST					\$0.00	
		Total					\$0.00	

1) Remain credit: 9th PO 600 carton (Gangnam)
 2) Remain credit: 10th PO 9,500 carton (Gangnam 6000/C38 3500)
 CT&G Order 2013 March ~2014 January: \$534,996.62
 Agreement: \$5,085,000.00

Balance owing: \$4,550,003.40



Canada Tobacco & Global Inc.

PO1

Sulte101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
Tel: 289-649-1888 Fax: 289-649-1889 www.ctng.ca

February 1st, 2013

Mr. Paul Embury
President, Canadian Heritage Tobacco LTD.
Camilla Place, 130 Dundas Street East Unit 402
Mississauga, ON. L5A 3V8
T: 905-232-8516, 1-800-398-8516
F: 905-232-7322

RE: Order List

Dear Mr. Paul Embury,

This is to place an order as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	REMARKS
MIDAS 25 Red King	\$53.70	850	\$45,645.00	
MIDAS 25 Blue King	\$53.70	850	\$45,645.00	
Gangnam 25 Black King	\$53.70	1,300	\$69,810.00	
Gangnam 25 Silver King	\$53.70	1,300	\$69,810.00	
C38 20 Red King	\$46.20	500	\$23,100.00	
Total			\$254,010.00	
HST 13%			\$33,021.30	
Grand Total			\$287,031.30	

Best regards,

James Kang
President,
Canada Tobacco & Global Inc.



Canadian
HERITAGE TOBACCO, LTD.

PO1

INVOICE

Invoice #: 13-0001

Date: March 12 2013

To: Canada Tobacco & Global Inc.
Sult 101 - 1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of MIDAS, GANGNAM and C38 Brands Canadian of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$46,362.00
HST 13%	\$ 6,027.06
TOTAL OUTSTANDING	<u>\$ 52,389.06</u>

Signing officer: Terry Kim

Terms: Due upon receipt.

Payment: By Wire Transfer to the following TD account:

Canadian Heritage Tobacco Limited.
TD Institution Number: 004
TD Transit Number: 13092
TD Account Number: 1309-5240868



Canada Tobacco & Global Inc.

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
Tel: 289-649-1888 Fax: 289-649-1889 www.ctng.ca

PO 2

April 5th, 2013

2nd order

TO:
Mr. Guilbert Cantin
Bastos Canada Limited
371 Rue St-Marc .O. Box 68
Louiseville QC
L5v 2L9

CC:
Canadian Heritage Tobacco LTD.
Camilla Place, 130 Dundas Street East Unit 402
Mississauga, ON. L5A 3V8
T: 905-232-8516, 1-800-398-8516
F: 905-232-7322

RE: Order List

This is to place an order as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	REMARKS
C38 20 Red King	\$43.26	2,000	\$86,520.00	
HST 13%			\$11,247.60	
Total			\$97,767.60	

Best regards,

James Kang
President,
Canada Tobacco & Global Inc.

PO2

INVOICE

Invoice #: 13-0002
Date: April -08 2013

To: Canada Tobacco & Global Inc.
Suit 101-1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of MIDAS, GANGNAM and C38 Brands of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$5,880.00 CAD
HST 13%	\$764.40 CAD
TOTAL OUTSTANDING.....	\$6,644.40 CAD

TERRY KIM

VICE PRESIDENT

Terms:

Due upon receipt.

Payment:

By Wire Transfer to the following TD account:

Canadian Heritage Tobacco Limited.

TD Institution Number : 004

TD Transit Number : 13092

TD Account Number : 1309-5240868



Canada Tobacco & Global Inc.

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
Tel: 289-649-1888 Fax: 289-649-1889 www.ctng.ca

POS

April 11th, 2013

3rd order.

TO:
Mr. Guilbert Cantin
Bastos Canada Limited
371 Rue St-Marc .O. Box 68
Louiseville QC
L5v 2L9

CC:
Canadian Heritage Tobacco LTD.
Camilla Place, 130 Dundas Street East Unit 402
Mississauga, ON. L5A 3V8
T: 905-232-8516, 1-800-398-8516
F: 905-232-7322

RE: 3rd Order List

This is to place an order as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	REMARKS
C38 20 Red King	\$43.26	2,000	\$86,520.00	
HST 13%			\$11,247.60	
Total			\$97,767.60	

Best regards,

James Kang
President,
Canada Tobacco & Global Inc.

PO3



Canada Tobacco & Global Inc.

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
Tel: 289-649-1888 Fax: 289-649-1889 www.ctng.ca

April 19th, 2013

TO:
Mr. Gullbert Cantin
Bastos Canada Limited
371 Rue St-Marc .O. Box 68
Louiseville QC
L5v 2L9

CC:
Canadian Heritage Tobacco LTD.
Camilla Place, 130 Dundas Street East Unit 402
Mississauga, ON. L5A 3V8
T: 905-232-8516, 1-800-398-8516
F: 905-232-7322

RE: Return List

This is to return products as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	REMARKS
MIDAS 25 Red King		500		
MIDAS 25 Blue King		500		
Gangnam 25 Black King		800		
Gangnam 25 Silver King		800		
Total		2,600		

Best regards,

James Kang
President,
Canada Tobacco & Global Inc.



Canadian
HERITAGE TOBACCO, LTD.

INVOICE

Invoice #: 13-0003
Date: April -15 2013

To: Canada Tobacco & Global Inc.
Suit 101-1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of MIDAS, GANGNAM and C38 Brands of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$5,880.00 CAD
HST 13%	\$764.40 CAD
TOTAL OUTSTANDING	\$6,640.40 CAD

TERRY KIM

VICE PRESIDENT

Terms: Due upon receipt.

Payment: By Wire Transfer to the following TD account:

Canadian Heritage Tobacco Limited.

TD Institution Number : 004

TD Transit Number : 13092

TD Account Number : 1309-5240868



Canada Tobacco & Global Inc.

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 6E3
Tel: 289-649-1888 Fax: 289-649-1889 www.ctng.ca

P04

April 29th, 2013

TO:

Mr. Guilbert Cantin
Bastos Canada Limited
371 Rue St-Marc .O. Box 68
Loulleville QC
L5v 2L9

CC:

Canadian Heritage Tobacco LTD.
Camilla Place, 130 Dundas Street East Unit 402
Mississauga, ON. L5A 3V8
T: 905-232-8516, 1-800-398-8516
F: 905-232-7322

RE: Purchase Order List(Returning Products of 2,600 cartons)

This is to place an order as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	REMARKS
MIDAS 25 Red King	\$1.56	500	\$780.00	
MIDAS 25 Blue King	\$1.56	500	\$780.00	
Gangnam 25 Black King	\$1.56	800	\$1,248.00	
Gangnam 25 Silver King	\$1.56	800	\$1,248.00	
Total			\$4,056.00	
HST			\$527.28	
Grand Total		2,600	\$4,583.28	

Best regards,

James Kang

President,

Canada Tobacco & Global Inc.



Canadian
HERITAGE TOBACCO, LTD.

PO#

INVOICE

Invoice #: 13-0004
Date: April -29 2013

To: Canada Tobacco & Global Inc.
Suit 101-1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of MIDAS and GANGNAM Brands of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$13,572 CAD
HST 13%	\$1,764.36 CAD
TOTAL OUTSTANDING	\$15,336.36 CAD

TERRY KIM

VICE PRESIDENT

Terms: Due upon receipt.

Payment: By Wire Transfer to the following TD account:

Canadian Heritage Tobacco Limited.
TD Institution Number : 004
TD Transit Number : 13092
TD Account Number : 1309-5240868



Canada Tobacco & Global Inc.

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
 Tel: 289-949-1888 Fax: 289-949-1889 www.ctng.ca

PO 5,6

May 23rd, 2013

TO:

Mr. Gilbert Cantin
 Bastos Canada Limited
 371 Rue Saint-Marc, C.P. 08
 Louiseville, QC. J5V 2L9
 T: 819-228-5531, F: 819-228-2437

CC:

Canadian Heritage Tobacco LTD.
 Camilla Place, 130 Dundas Street East Unit 402
 Mississauga, ON. L5A 3V8
 T: 905-232-8516, 1-800-398-8516
 F: 905-232-7322

RE: Order List

This is to place an order as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	REMARKS
MIDAS 25 Red King	\$43.26	1,500	\$64,890.00	
MIDAS 25 Blue King	\$43.26	1,500	\$64,890.00	
Gangnam 25 Black King	\$43.26	1,500	\$64,890.00	
Gangnam 25 Silver King	\$43.26	1,500	\$64,890.00	
C38	\$43.26	5,000	\$216,300.00	
Total			\$476,960.00	
HST			\$61,861.80	
Grand Total		11,000	\$537,721.00	

Best regards,

James Kang
 President,
 Canada Tobacco & Global Inc.

POS



Canadian
HERITAGE TOBACCO, LTD.

INVOICE

Invoice #: 13-0005
Date: Jun -03 2013

To: Canada Tobacco & Global Inc.
Suit 101-1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of MIDAS ,GANGNAM, and C38 Brands of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$54,183.00 CAD
HST 13%	\$7,043.79 CAD
TOTAL OUTSTANDING.....	<u>\$61,226.79 CAD</u>

**TERRY KIM
VICE PRESIDENT**

Terms: Due upon receipt.

Payment: By Wire Transfer to the following TD account:
Canadian Heritage Tobacco Limited.

TD Institution Number : 004
TD Transit Number : 13092
TD Account Number : 1309-5240868



Canadian
HERITAGE TOBACCO, LTD.

POB

INVOICE

Invoice #: 13-00046
Date: April -29 2013

To: Canada Tobacco & Global Inc.
Sult 101-1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of MIDAS and GANGNAM Brands of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$15,600 CAD
HST 13%	\$2,028CAD
TOTAL OUTSTANDING.....	\$17,628 CAD

TERRY KIM

VICE PRESIDENT

.....

Terms: Due upon receipt.

Payment: By Wire Transfer to the following TD account:

Canadian Heritage Tobacco Limited.
TD Institution Number : 004
TD Transit Number : 13092
TD Account Number : 1309-5240868



Canada Tobacco & Global Inc.

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
Tel: 289 649-1888 Fax: 289-649-1889 www.ctng.ca

PO 7

July 16th, 2013

7th

TO:
Mr. Gilbert Cantin
Bastos Canada Limited
371 Rue Saint-Marc, C.P. 68
Louiseville, QC. J5V 2L9
T: 819-228-5531, F: 819-228-2437

CC:
Canadian Heritage Tobacco LTD.
Camilla Place, 130 Dundas Street East Unit 402
Mississauga, ON. L5A 3V8
T: 905-232-8516, 1-800-398-8516
F: 905-232-7322

RE: Order List

This is to place an order as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	Remarks
C38 20 Blue King	\$43.26	500	\$21,630.00	
HST			\$2,811.90	
Total		500	\$24,441.90	

500 / 11,000

Best regards,

James Kang
President,
Canada Tobacco & Global Inc.



Canadian
HERITAGE TOBACCO, LTD.

PO8, PO5
(Delivered)

INVOICE

Invoice #: 13-0008
Date: July -03 2013

To: Canada Tobacco & Global Inc.
Suit 101-1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of and C38 (2550) Brands of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$7,497.00 CAD
	HST 13% \$974.61 CAD
TOTAL OUTSTANDING.....	<u>\$8,471.61 CAD</u>

TERRY KIM
VICE PRESIDENT

Terms: Due upon receipt.

Payment: By Wire Transfer to the following TD account:
Canadian Heritage Tobacco Limited.

TD Institution Number : 004
TD Translt Number : 13092
TD Account Number : 1309-5240868

HST : 838047249 RT 0001

Order Schedule(Draft)

* 1st Order : May 22

	ITEM	QTY	Price	Amount	Remarks
Midas	25 Large Red KS	1,500	\$53.70	\$80,550.00	
	25 Large Blue KS	1,500	\$53.70	\$80,550.00	
	Total	3,000		\$161,100.00	
Gangnam	25 Large Black KS	1,500	\$53.70	\$80,550.00	
	25 Large Silver KS	1,500	\$53.70	\$80,550.00	
	Total	3,000		\$161,100.00	
c38	20 Small Red KS	5,000	\$46.20	\$231,000.00	
	20 Small Blue KS				
	Total	5,000		\$231,000.00	
Total				\$553,200.00	
HST(13%)				\$71,916.00	
Grand Total				\$625,116.00	

* 2nd Order : June 5 (??)

	ITEM	QTY	Price	Amount	Remarks
Midas	25 Large Red KS				
	25 Large Blue KS				
	20 Small Red KS	1,500	\$53.70	\$80,550.00	
	20 Small Blue KS	1,500	\$53.70	\$80,550.00	
	Total	3,000		\$161,100.00	
Gangnam	25 Large Black KS				
	25 Large Silver KS				
	20 Small Black KS	1,500	\$53.70	\$80,550.00	
	20 Small Silver KS	1,500	\$53.70	\$80,550.00	
	Total	3,000		\$161,100.00	
c38	20 Small Red KS				
	20 Small Blue KS	5,000	\$46.20	\$231,000.00	
	Total	5,000		\$231,000.00	
Total				\$553,200.00	
HST(13%)				\$71,916.00	
Grand Total				\$625,116.00	

NGT

* 3rd Order : June 12

	ITEM	QTY	Price	Amount	Remarks
Midas	25 Large Red KS		\$53.70		TC 취득후 Order
	25 Large Blue KS		\$53.70		
	20 Small Red KS	1,000	\$53.70	\$53,700.00	
	20 Small Blue KS	1,000	\$53.70	\$53,700.00	
	Total	2,000		\$107,400.00	
Gangnam	25 Large Black KS		\$53.70		
	25 Large Silver KS		\$53.70		
	20 Small Black KS	1,000	\$53.70	\$53,700.00	
	20 Small Silver KS	1,000	\$53.70	\$53,700.00	
	Total	2,000		\$107,400.00	
c38	20 Small Red KS				
	20 Small Blue KS	4,000	\$46.20	\$184,800.00	
	Total	4,000		\$184,800.00	
Total				\$399,600.00	
HST(13%)				\$51,948.00	
Grand Total				\$451,548.00	

* MIDAS/Gangnam = 16,000 cartons, c38 = 14,000 cartons Total = 30,000 cartons
 * 1st + 2nd = \$1,250,232.00

PO 8
(credit)



Canadian
HERITAGE TOBACCO, LTD.

INVOICE

Invoice #: 13-0007
Date: July -03 2013

To: Canada Tobacco & Global Inc.
Suit 101-1040 South Service Rd.
Stoney Creek, Ontario, L8E 5E3

Description	Total Due
Consulting on production of MIDAS ,GANGNAM, (6000) and C38 (5000) Brands of cigarettes for sale to CANADA TOBACCO & GLOBAL INC.	\$77,340.00 CAD
	HST 13% \$10,054.20 CAD
TOTAL OUTSTANDING.....	<u>\$87,394.20 CAD</u>

TERRY KIM
VICE PRESIDENT

Terms:

Due upon receipt.

Payment:

By Wire Transfer to the following TD account:
Canadian Heritage Tobacco Limited.

TD Institution Number : 004
TD Transit Number : 13092
TD Account Number : 1309-5240868

HST : 838047249 RT 0001

PO 9



Canada Tobacco & Global Inc.

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
Tel: 289-649-1888 Fax: 289-649-1889 www.ctng.ca

August 19th, 2013

TO:

Mr. Gilbert Cantin
Bastos Canada Limited
371 Rue Saint-Marc, C.P. 68
Louiseville, QC. J5V 2L9
T: 819-228-5531, F: 819-228-2437

CC:

Canadian Heritage Tobacco LTD.
Camilla Place, 130 Dundas Street East Unit 402
Mississauga, ON. L5A 3V8
T: 905-232-8516, 1-800-398-8516
F: 905-232-7322

RE: Return List

This is to return products as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	REMARKS
MIDAS 25 Red King		1,350		
MIDAS 25 Blue King		1,250		
Total		2,600		

Best regards,

James Kang
President,
Canada Tobacco & Global Inc.



Canada Tobacco & Global Inc.

PO 10

Suite 101 - 1040 South Service Rd. Stoney Creek, Ont. L8E 5E3
 Tel: 289-849-1888 Fax: 289-849-1888 www.ctng.ca

August 19th, 2013

TO:

Mr. Gilbert Cantin
 Bastos Canada Limited
 371 Rue Saint-Marc, C.P. 68
 Louiseville, QC. J5V 2L9
 T: 819-228-5531, F: 819-228-2437

CC:

Canadian Heritage Tobacco LTD.
 Camilla Place, 130 Dundas Street East Unit 402
 Mississauga, ON. L5A 3V8
 T: 905-232-8516, 1-800-398-8516
 F: 905-232-7322

RE: Order List

This is to place an order as follows;

ITEM	PRICE	QTY(Carton)	AMOUNT	Remarks
Gangnam 20 Black King	\$1.58	1,000	\$1,580.00	Tax Credit
Gangnam 20 Silver King	\$1.58	1,000	\$1,580.00	Tax Credit
C38 20 Blue King	\$1.56	600	\$936.00	Tax Credit
C38 20 Blue King	\$43.26	400	\$17,304.00	
Total		3,000	\$21,360.00	
HST			\$2,776.80	
Grand Total			\$24,136.80	

Best regards,

James Kang
 President,
 Canada Tobacco & Global Inc.

John Vamvakidis

From: terry kim [terrykim7010@hotmail.com]
Sent: Friday, September 05, 2014 1:24 PM
To: 'jvamvakidis@westonlaw.ca'
Subject: CT&G
Attachments: CANADIAN TRADE-MARK DATA_ 1603924 - Canadian Trade-marks Database - Canadian Intellectual Property Office.pdf; CANADIAN TRADE-MARK DATA_ 1603925 - Canadian Trade-marks Database - Canadian Intellectual Property Office.pdf; CANADIAN TRADE-MARK DATA_ 1603926 - Canadian Trade-marks Database - Canadian Intellectual Property Office.pdf

Dear John,

Regarding the meeting of CT&G Trustee on Monday September 8, before we attend the meeting, I have some questions and want you to think about it below comments.

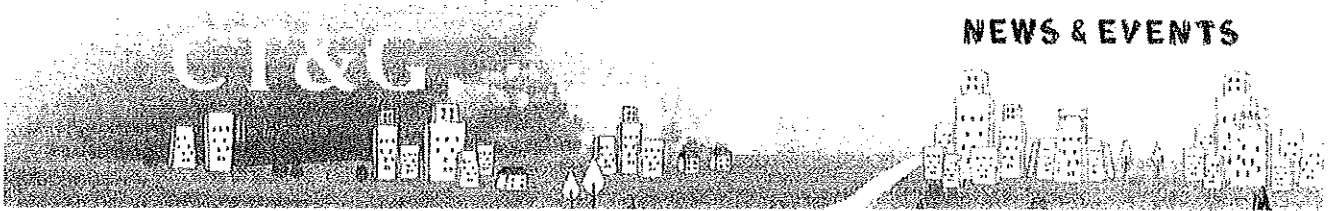
1. From the documents of List A unsecured creditors, 36 creditors are CT&G common shareholders from total 55 creditors.
Can trustee put anyone and any amount without proven record? Why common shareholders are listed by trustee as unsecured creditors? The trustee should not favor to anyone.
2. I registered the statement of claim on July 22 2014 and CT&G filed bankruptcy on July 30.
Why don't you use the statement of claim which I registered?
I already sent it with registered mail and filed in Brampton. Can't you use our claim at all?
I think that they intentionally bankrupted in order to avoid the claim from us, After They received the statement claim.
3. We had sent the demanding the outstanding balance and the defaulting letters minimum 4 times since December 2013 till March 2014. Please see documents.
Also we warned so many times for the lack of ability to operate CT&G business and unlawful the federal tobacco act with formal letter.
4. From the termination letter which we sent to CT&G on March 24 2014, we had no choice but to terminate the contract because of CT&G didn't do their obligations, instabilities and insolvency.
The termination letter indicated specifically that the cause of termination is from CT&G not from us.
5. I gave you the excel spread sheet, each year we suppose to gain \$ 4,499,200 and net profit \$ 1,754,160.00.
The term is 10 years.
The Brand is belong to us. (CT BRAND & CT ENTERPRISE)
We, CHT, paid all raw materials.
CT&G is only distributor.
CT&G have misrepresented to public that the product is belong to them.
CT&G ex- president , Kang is in the civil litigation with Korean business association currently and because of that all Korean retail stores against CT&G sales.
There are about 6000 convenience store in Ontario, 1500 stores are owned by Koreans.
CT&G had no full time sales representatives from the begin till bankruptcy. There were 4 administrators.
CHT hired one sales person to work for CT&G's sales improvement.
The first deposit \$100,000 is refundable, if they pay 4.5 Mill to us but second deposit \$100,000 is not refundable.
All purchasing credit is valid only 6 months.
6. As creditor, common shareholder and director, Myung soo You's Statement is invalid.
1) there is no payment demand letter was sent out to CT&G.

- 2) the interest was not defaulted when You sent the claim.
- 3) Without any notice to the directors and shareholders, Kang and You changed loan agreement freely.
- 4) Kang and You are the same team.
- 5) During the You's claim, Kang controlled the CT&G and suddenly, You changed his role as creditor from director.
- 6) During the you's claim, CT&G was insolvency by Court, So new president could not defend You's claim.

Above all facts can be found in the documents, and we must win from these crooks.
I hope this helps you to clear the issues between CT&G and CHT.
If you have any questions, please let me know.
Thank you very much.

Terry Kim

Tab 6



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NEWS & EVENTS

FINDING HOPE IN A CIGARETTE PACK

The article was written by Lisa Grace Marr and published in 'Hamilton Spectator' dated June 12, 2013. All rights of the article and pictures belong to 'Hamilton Spectator' and 'Lisa Marr'. The article does not necessarily represent our views or opinion.



Eric Choi inspects CT&G inventory. A group of 35 independent store owners launched a new tobacco wholesale company because of what owners considered unfair pricing practices by Imperial Tobacco.

FINDING HOPE IN A CIGARETTE PACK

Stories By Lisa Grace Marr
Hamilton Business

Store owners fight back against Imperial Tobacco, launch their own tobacco company

A group of independent convenience store owners is fighting big tobacco by launching its own local tobacco company.

The group - made up largely of Korean-Canadian business owners - say it's a matter of survival.

It all began with a November 2010 letter from Imperial Tobacco informing its distributors that the company was launching a new pricing program that gave about 10,000 Canadian retailers, roughly a third of all stores, a \$5-a-carton price break they are supposed to pass along to consumers.

But the group said they were largely left out of the deal.

This past March, more than two years after that initial letter, James Kang and 37 other independent convenience store owners, launched a new tobacco company CT&G, which has its head office and warehouse in Stoney Creek.

"I was president of the Ontario Korean Business Association (OKBA) at the time (in 2010). I thought we had to fight back," said Kang, who owns a convenience store in Niagara Falls and is now president of CT&G.

CT&G stock is held with shares of Mon

... to produce and package cigarettes for them. For a year and a half, the team of CT&G worked with Dunlop to create three new brands of tobacco: Mitas, C38 (for the 38 shareholders) and Changanah.

The owners are proud of their Canadian-made products, even as they acknowledge smoking is bad for people's health.

The key that too sets them apart - Imperial Tobacco no longer makes cigarettes in Canada. The company moved its manufacturing plants in Ontario to Mexico more than five years ago.

The 38 investors put in about \$1 million collectively, with one wealthy silent partner injecting some startup funds until the money starts rolling in.

Ten years ago, Kang himself spent \$150,000 on his convenience store business. He would like to sell it, but right now, he figures it's worth holding. He's hoping the tobacco business will allow him to put some value back into it.

But it will be a tough fight and the independent convenience store owners know it. From the moment Kang first opened the letter from Imperial Tobacco, he recognized it spelled potential disaster for him and his fellow store owners.

The changes from Imperial resulted in a price difference between retailers who got the deal and retailers who didn't, many of them small independents with small sales volumes. It meant those small retailers would have to charge more for their tobacco products than their competitors to make the same profit, putting them at a disadvantage.

Imperial Tobacco would not elaborate details of the preferred pricing program, but explained in a written response: "The terms we have with retailers are confidential and different from one retailer to another."

They did add that it was a preferred pricing program, "no different than any other pricing program you would find in any other industry."

The company indicated it does to evaluate the program on an ongoing basis and, since its launch in 2010, has added some retailers

to the program.

It did not provide details on which retailers were added.

However in a followup letter addressed to Kang and the Ontario Korean Business Owners Association (OKBA) executive, Imperial Tobacco warned opposition to the new pricing program could result in action taken by the company.

It also severed ties with the OKBA.

"In terms of competition in the marketplace, the pro-competitive objectives and likely effects of ITCO's program are obvious ... it will lower prices for consumers and enhance price competition," the company's letter stated.

"We understand the disappointment of your members (of OKBA in 2010) who were not selected to be part of the initial rollout of the program.

"ITCO offered the program to approximately 10,000 retailers nationally comprised of independents and corporate banners. Retailers were selected based on specific criteria including the retailer's volume of tobacco products, the geographical location of a retailer's outlet, the demographic profile of the population surrounding the retailer's location and the retailer's willingness, capability and motivation to work with ITCO."

Kang said most retailers who were offered the program from Imperial Tobacco immediately lowered their prices by about \$1 to \$2.50 a pack.

Since the March launch, business is picking up for the local company.

Eric Choi, CT&G's general manager, said the company took a shipment of another 6,000 cartons in May with C38 packs leading sales.

However, marketing in an industry where cigarette packages must be hidden and brand promotion is forbidden is difficult.

But not impossible, said Choi. "We have 38 sales reps," said Choi, referring to the 38 shareholders who carry the cigarette packages in their stores.

"We are starting to plan events and ways to market."

Choi said many members of the OKBA and other independents will sell CT&G products in their stores, therefore providing an instant distribution system.

There's strong motivation - money - with a price difference of about \$8 to \$11 a carton, depending on the brand of cigarettes.

CT&G will offer its products to all retailers with the same wholesale price, no matter what the store sales volumes are.

Kang says the company is not just providing an alternative to Imperial Tobacco - it offers hope.

They've also placed a lot of hope in the lobbying effort by the Ontario Convenience Store Association (OCSA) to allow for wine and beer sales in corner stores.

Meanwhile, some store owners are trying to stay in business by having sandwich counters, food kiosks, or if the location supports it, reinventing themselves into local corner markets with fresh flowers, plants, fruits and vegetables.

But with cigarette sales representing an average of 60 per cent of revenues for traditional independent convenience store owners, the tobacco pricing issue is a crucial one.

Yoonsik (Tony) Lhu writes out a list of friends, other Korean-Canadian, who have gone out of business or have ended up on social assistance, all liquidity in the businesses they carefully tended to for so long dried up.

It may be too late for Lhu's business, but if CT&G is successful, it will be sweet to steal any market share from Imperial Tobacco, no matter how small.


"Isn't it an amazing story that 38 small guys - independent convenience store retailers - got together and after two years of hard work at last start selling our own brand of cigarettes?"

"It's exciting."


A group of independent convenience store owners is fighting big tobacco by launching its own local tobacco company. The group - made up largely of Korean Canadian business owners - says it's matter of survival.

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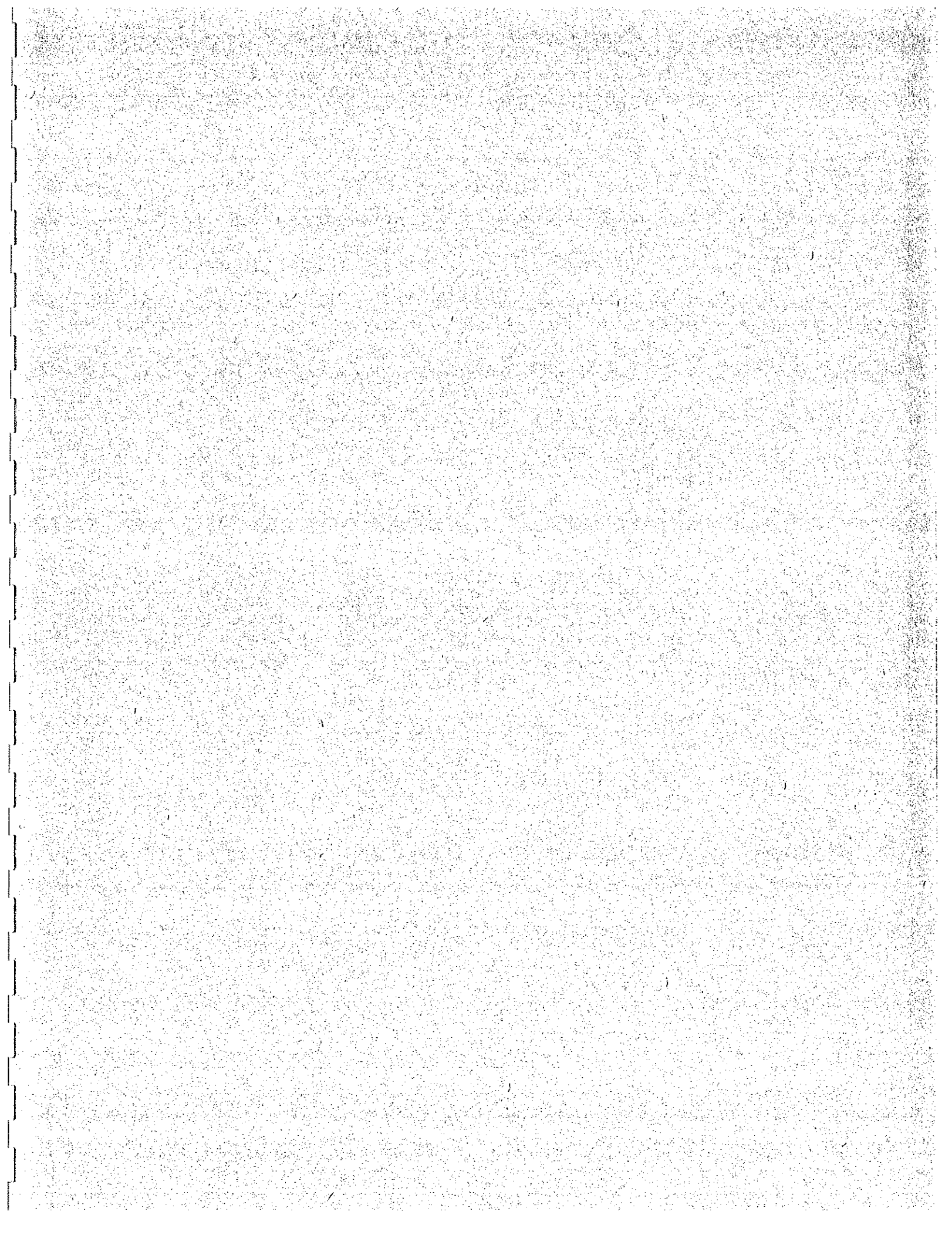
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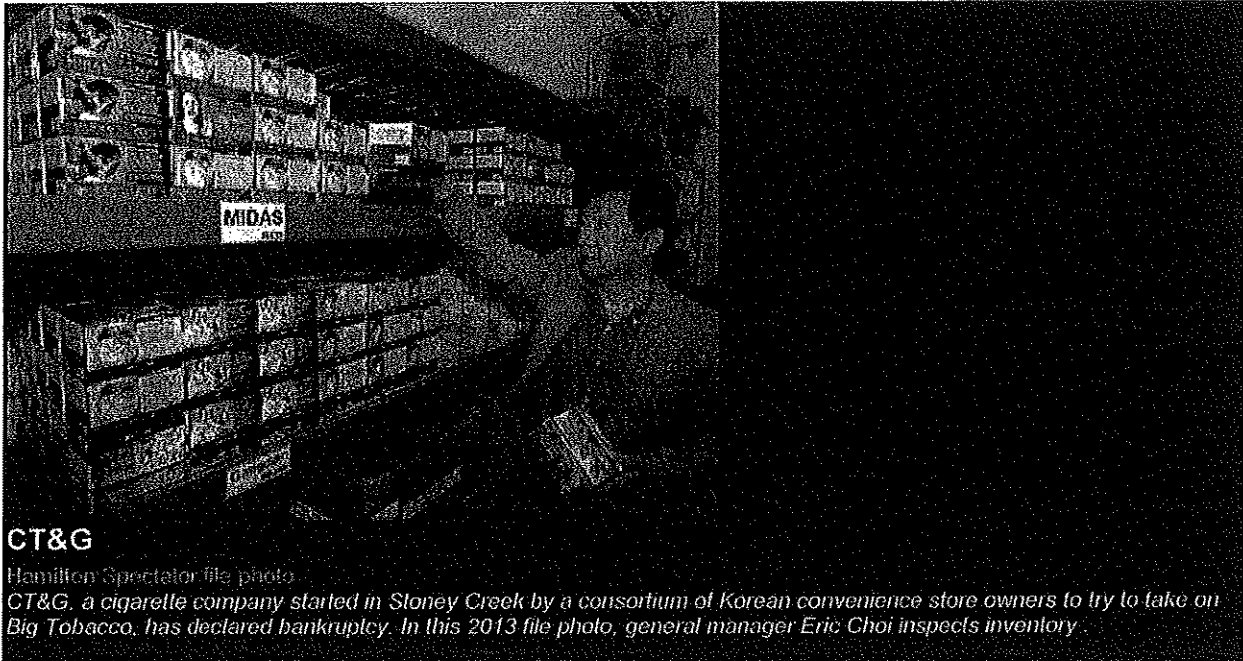


HomeNewsBusinessStoney Creek startup tobacco business goes up in...

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Sep 13, 2014 | Vote0 0

Stoney Creek startup tobacco business goes up in smoke



CT&G

Hamilton Spectator file photo

CT&G, a cigarette company started in Stoney Creek by a consortium of Korean convenience store owners to try to take on Big Tobacco, has declared bankruptcy. In this 2013 file photo, general manager Eric Choi inspects inventory.

Hamilton Spectator

By [Lisa Marr](#)

CT&G, a cigarette company started in Stoney Creek by a consortium of Korean convenience store owners throughout Ontario to try to take on Big Tobacco, has declared bankruptcy.

Papers were filed with the Superintendent of Bankruptcy in Toronto July 29, a little more than a year after CT&G launched such cigarette brands as Gangnam and Midas.

The company was established in an attempt to offset losses following a 2010 move by Imperial Tobacco that effectively gave big discounts to big retailers, severely affecting small convenience store owners dependent on those sales to bring customers in the door.

"This is a sad day for all Ontario convenience store owners," said James Kang, president. "We did our best. Our salespeople did our best. Starting a tobacco company takes a lot of money, a lot of money."

In the case of CT&G, that was "more than \$1 million" on the part of more than three dozen shareholders from across the province, said Kang.

But in the end, it wasn't enough.

CT&G had struck a deal with Bastos, of Montreal, to produce and package cigarettes for them, making it among the few Canadian cigarette manufacturers. They developed the flavours and the brands and had a plan to sell through the convenience store owners' network.



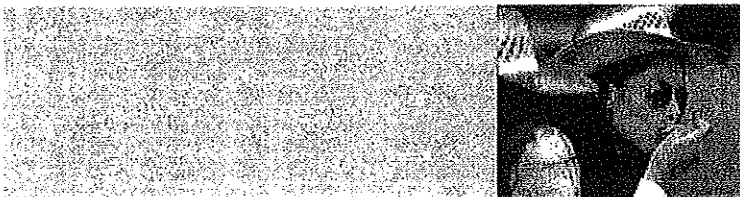
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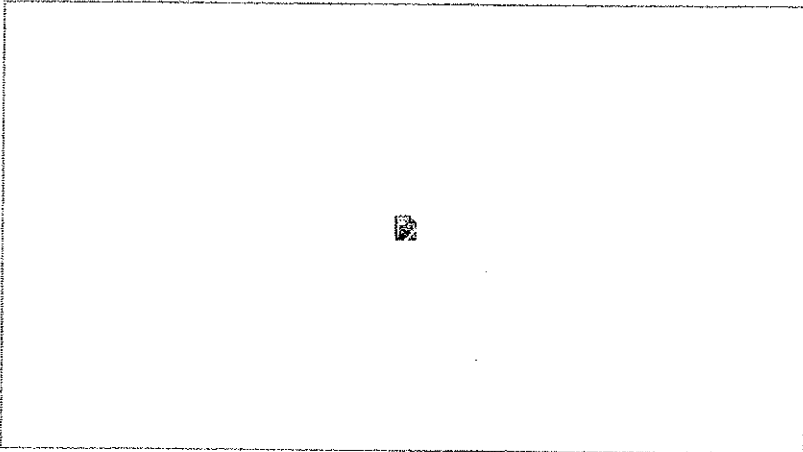
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'Gangnam Style' Cigarettes to Debut in Canada

Talia Ralph
Wednesday, 30 Jan 2013 | 10:52 PM ET



COMMENTS Start the Discussion

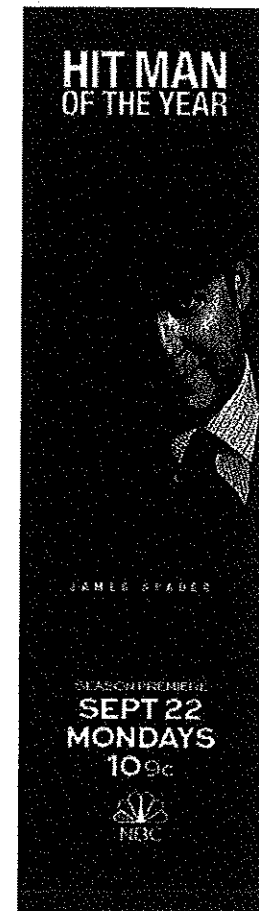


Source: Psy | Youtube

'Gangnam Style' is coming to Canada, though perhaps not in the way you'd expect.

Made famous by Korean pop sensation Psy, the term refers to the upscale lifestyle in Seoul's Gangnam district. However, a newly established cigarette company is piggy-backing on the **song's popularity** to sell their products.

"One of our new arrivals will have the name of 'Gangnam,' riding on the huge popularity of Psy's 'Gangnam Style,'" said Kang Cheol-jung, the 54-year-old CEO of CT&G, a new tobacco company set up by South Koreans living in Ontario, Yonhap News reported.



More From the Global Post:

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> Chinese Workers Stage 'Gangnam Style' Protest Over Unpaid Wages

The other types of Virginia-blend cigarettes are called "38" (for the number of company shareholders) and "MIDAS" (we presume in a nod to the golden king).

The cigarettes will be produced by a manufacturer in Canada on consignment, and will go on sale in Ontario mid-February, Kangtold the Korea Herald.

"[We] plan to expand the market into the whole areas of Canada as well as China, Southeast Asian countries and South America," said Kang, adding that he hoped the cigarettes will "help promote his home country," the Korea Herald reported.

No offense, but we think Psy may have already taken care of that.

(Read More: [Google 'Gangnam Style' Gains?](#))

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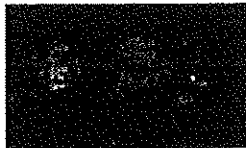
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United offers up to \$100,000 if workers leave

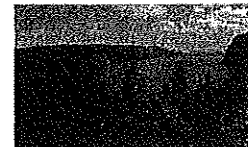
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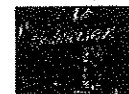


A Drone's View of Burning Man
(Adventure.com)

LIFE



Stolen Jag finds owner 46 years later
Ivan Schneider was 36 when he bought "the prettiest" Jaguar XKE convertible. Now 82, he's finally getting his hot wheels back.



What NFL must do: Ex-Anheuser-Busch exec
If the NFL doesn't want to lose sponsors, it must act soon, Anheuser-Busch's former head of sports marketing said.



Scotland vote scares whisky makers
Members of Scotland's best-known industry are watching the vote for independence with serious trepidation.



How to make Obama's ISIL strategy work
Here's what could help make Obama's strategy for defeating the Islamic State work, says former State Dept. adviser David Phillips.

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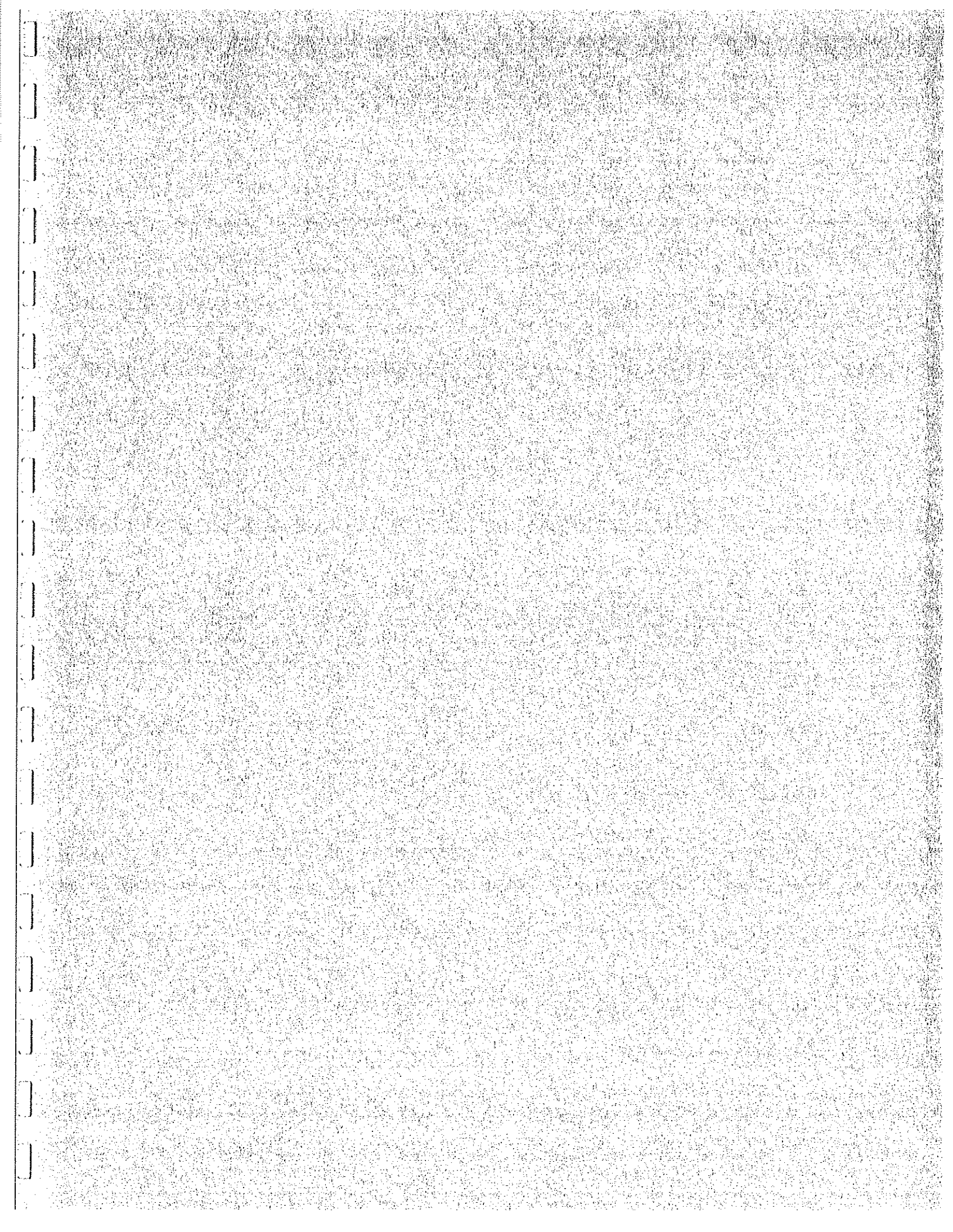
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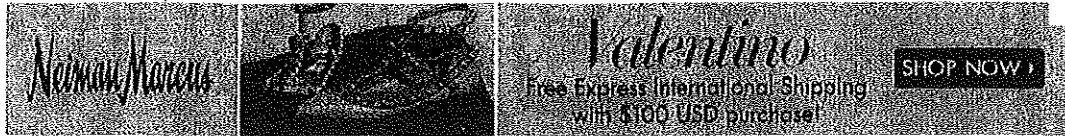
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News you wish you didn't know.

Talia Ralph | January 30, 2013 11:09

Follow @taliabethralph

'Gangnam Style' cigarettes to debut in Canada

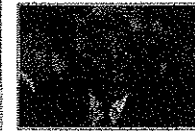
'Gangnam Style,' made famous by Korean pop star Psy, is now being used to market new cigarettes in Canada.

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MOST SHARED



SYRIA REBELS, IS IN 'NON-AGGRESSION' PACT NEAR DAMASCUS



THESE 8 EUROPEAN SEPARATIST GROUPS ARE TOTALLY INSPIRED BY SCOTLAND RIGHT NOW



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MONTREAL — "Gangnam Style" is coming to Canada, though perhaps not in the way you'd expect.

Made famous by Korean pop sensation Psy, the term refers to the upscale lifestyle in Seoul's Gangnam district. However, a newly established cigarette company is piggy-backing on the song's popularity to sell their products.

"One of our new arrivals will have the name of 'Gangnam,' riding on the huge popularity of Psy's 'Gangnam Style,'" said Kang Cheol-jung, the 54-year-old CEO of CT&G, a new tobacco company set up by South Koreans living in Ontario, Yonhap News reported.



Psy performs during the Pentaport Rock Festival on July 29, 2006 in Incheon, South Korea. (Chung Sung-Jun/AFP/Getty Images)

The other types of Virginia-blend cigarettes are called "38" (for the number of company shareholders) and "MIDAS" (we presume in a nod to the golden king).

The cigarettes will be produced by a manufacturer in Canada on consignment, and will go on sale in Ontario mid-February, Kang told the Korea Herald.

"[We] plan to expand the market into the whole areas of Canada as well as China, Southeast

Asian countries and South America," said Kang, adding that he hoped the cigarettes will "help promote his home country," the Korea Herald reported.

No offense, but we think Psy may have already taken care of that.

More from GlobalPost: Chinese workers stage 'Gangnam Style' protest over unpaid wages

<http://www.globalpost.com/diipaletos/globalpost-blogs/weird-wild-act/gangnam-style-cigarettes-caoada>



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Business

Gangnam Style: Local wholesaler to introduce Gangnam cigarettes

Company president insists cigarettes are named after Seoul neighbourhood, not Psy's hit song.

By: Morgan Campbell Staff Reporter. Published on Mon Feb 04 2013

Starting next week, convenience stores across Ontario can start selling cigarettes, Gangnam style.

On Feb. 15, Canadian Tobacco and Global Inc., an Ontario cigarette wholesaler made up of 38 Korean-Canadian convenience store owners, will debut three cigarette brands, including Gangnam, which company president James Kang insists is not named after the ultra-popular novelty song by South Korean rapper Psy.

Though the runaway popularity of "Gangnam Style" will doubtless draw attention to the new product, which is manufactured by a Canadian company Kang won't identify, he points out that even the song takes its name from an upscale neighbourhood in Seoul.

Among people familiar with Korean culture, he says, the name Gangnam would resonate anyway.

But hitching his wagon to Psy's 1.27 billion YouTube page views doesn't hurt.

"'Gangnam Style' by Psy is popular, but Gangnam (the neighbourhood) is popular in Korea, too," Kang said in a phone interview.

Kang says company officials considered nearly 100 names for the three cigarette brands before settling on "Midas," "C38" and "Gangnam," though he says the product isn't target specifically at the Korean-Canadian community.

"We focus on all the convenience stores," Kang said, adding that he aims to distribute the new cigarette brands to 8,000 convenience stores across the province.

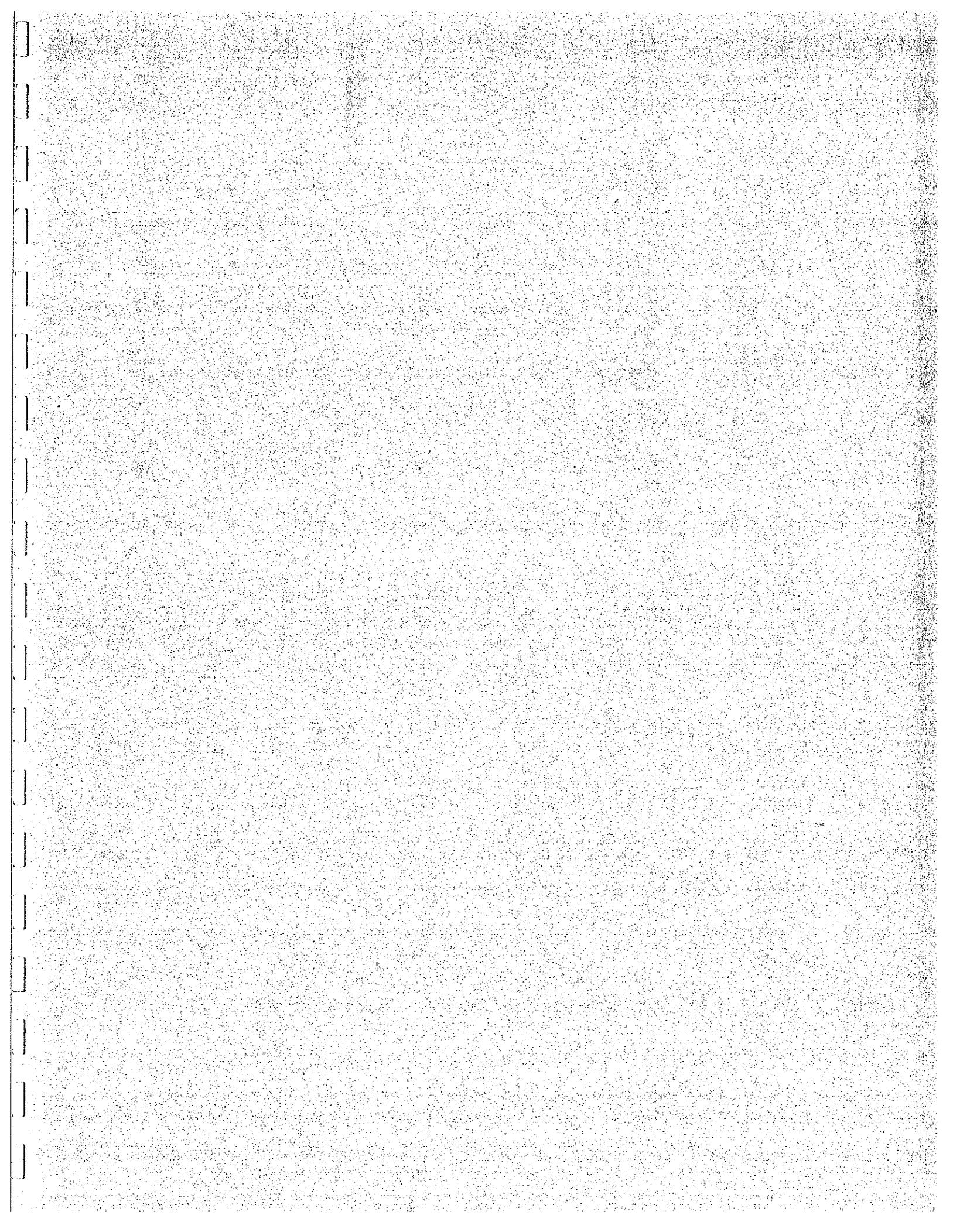
Kang says the company was born two years ago, when he and 37 other Korean-Canadian convenience store owners, upset at the amount they were paying for cigarettes from Ontario's tobacco suppliers, formed a tobacco wholesale company.

A news release hyping the unveiling of the new cigarettes describes them as "premium products" hitting the market after roughly 18 months of testing.

Using catchy pop-cultural devices to sell cigarettes has backfired in the past.

In the late 1980s, Camel cigarettes featured the mascot Joe Camel in print and billboard ads, but was later sued by anti-smoking advocates who argued Camel used an animated character to popularize their cigarettes among people too young to buy them legally.

Camel eventually settled the claims out of court and abandoned the Joe Camel mascot.



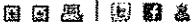
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LATEST NEWS Yonhap News Summary

Culture

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2013/01/30 10:08 KST



Cigarettes named Psy's 'Gangnam' to be showcased in Canada

SEOUL, Jan. 30 (Yonhap) -- K-pop sensation Psy's "Gangnam Style" will now reach smokers as a Canadian tobacco company gears up to launch a new cigarette named "Gangnam" next month, a company official said Wednesday.

The tobacco firm CT&G set up last year by South Koreans residing in Ontario, Canada, said three Virginia blend-typed cigarettes -- Gangnam, c38 and MIDAS -- will be released in mid-February.

"One of our new arrivals will have the name of 'Gangnam,' riding on the huge popularity of Psy's 'Gangnam Style,'" said Kang Cheol-jung, the 54-year-old company chief, adding that "38" in the name of one of the new products stands for the number of shareholders of the company.

"Our products will be produced by a Canadian manufacturer on a consignment basis. This year, we will sell them here in Ontario, but plan to expand the market into the whole areas of Canada as well as China, Southeast Asian countries and South America," Kang said, expressing hope that their products will help promote his home country.

As a countermeasure against British American Tobacco, the world's most international tobacco group, which supplied its products to small-scaled mom and pop stores in the region at higher prices, 38 South Korean shop owners set up the company with a capital of US\$623,000 in May 2012 and has since prepared to produce their own products, according to the company chief.



graceoh@yna.co.kr (END)

Tab 7

Tab 8



**Office de la propriété
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50, rue Victoria
Place du Portage 1
Gatineau (Québec) K1A 0C9

**Canadian
Intellectual Property
Office**

An Agency of
Industry Canada

50 Victoria Street
Place du Portage 1
Gatineau, Quebec K1A 0C9

CT Brands Holdings, Ltd.
1131 Ivandale Drive
Mississauga
ONTARIO L5A 1A9

Date	30 mai/May 2013
Votre référence - Your reference	
Numéro de dossier - File number	1603925

Requérant - Applicant:
CT Brands Holdings, Ltd.

Marque de commerce - Trade-mark
c38 Members Blend

AVIS D'APPROBATION

La présente est pour vous aviser que, conformément aux dispositions de l'article 37 de la *Loi sur les marques de commerce*, cette demande est prévue pour publication au *Journal des marques de commerce* en temps opportun.

Une feuille de vérification contenant l'information qui paraîtra dans le *Journal des marques de commerce* conformément à l'article 16 du *Règlement sur les marques de commerce* est jointe à titre de révision. Si vous trouvez des erreurs ou inconsistances, veuillez communiquer avec l'examineur identifié ci-dessous avant le 27 juin 2013. Si aucune correspondance n'est reçue à la date mentionnée, les détails de la demande, tels qu'ils apparaissent sur la feuille de vérification ci-jointe, seront publiés dans le *Journal des marques de commerce*.

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APPROVAL NOTICE

This is to inform you that, pursuant to section 37 of the *Trade-marks Act*, this application is scheduled to be advertised in the *Trade-marks Journal* in due course.

A proof sheet containing the information that will appear in the *Trade-marks Journal* pursuant to Section 16 of the *Trade-marks Regulations* is attached for your review. Should you find errors or discrepancies, please inform the examiner identified below before June 27, 2013. If no correspondence is received by that date, the particulars of the application, as shown in the attached proof sheet, will be published in the *Trade-marks Journal*.

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**Canadian
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Office**

An Agency of
Industry Canada

50 Victoria Street
Place du Portage I
Gatineau, Quebec K1A 0C9

CT Brands Holdings, Ltd,
1131 Ivandale Drive
Mississauga
ONTARIO L5A 1A9

Date	30 mai/May 2013
Votre référence - Your reference	
Numéro de dossier - File number	1603926

Requérant - Applicant:
CT Brands Holdings, Ltd,

Marque de commerce - Trade-mark
Gangnam

AVIS D'APPROBATION

La présente est pour vous aviser que, conformément aux dispositions de l'article 37 de la *Loi sur les marques de commerce*, cette demande est prévue pour publication au *Journal des marques de commerce* en temps opportun.

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1131 Ivandale Drive
Mississauga
ONTARIO L5A 1A9

Date	30 mai/May 2013
Votre référence - Your reference	
Numéro de dossier - File number	1603924

Requérant - Applicant:

CT Brands Holdings, Ltd.

Marque de commerce - Trade-mark

Midas The Gold Standard of Cigarettes

AVIS D'APPROBATION

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APPENDIX “L”

Court File No.: 31-0R-207816-T
Estate File No.: 32-158744

IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.,
A CORPORATION INCORPORATED PURSUANT TO THE LAWS OF ONTARIO
WITH ITS HEAD OFFICE IN THE CITY OF HAMILTON,
IN THE PROVINCE OF ONTARIO

NOTICE OF DISALLOWANCE OF CLAIM
(Subsection 135(3) of the *Bankruptcy and Insolvency Act* ("Act"))

TO: CANADIAN HERITAGE TOBACCO LTD.
c/o John Vamvakidis
3700 Steeles Ave. West, Suite 600
Vaughan, Ontario
L4L 8K8

TAKE NOTICE THAT, as Trustee acting in the bankruptcy of Canada Tobacco & Global Inc. ("CTGI"), we have this day disallowed the claim of Canadian Heritage Tobacco Ltd. ("CHTL") in CTGI's bankrupt estate for the reasons set out in **Schedule "A"**.

AND FURTHER TAKE NOTICE that the disallowance of your claim is final and conclusive unless, within the 30-day period after the service of this notice, or within such further time as the Court may, on application made within that 30-day period, allow, you appeal from the Trustee's decision to the court in accordance with the General Rules under the *Bankruptcy and Insolvency Act*.

DATED at Toronto, Ontario, this 13th day of August, 2015.

**DODICK LANDAU INC.,
TRUSTEE IN THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.**



Per: _____
Rahn Dodick CPA, CA, CIRP, LTIR

Dodick Landa Inc.
4646 Dufferin St., Suite 6
Toronto, Ontario
M3H 5S4

SCHEDULE "A"

CHTL's Proof of Claim

1. CHTL's Proof of Claim dated September 17, 2014 asserts a claim for \$7,000,000 with a reservation of rights "to amend the proof of claim for the full amount of \$19,300,000 set out herein".
2. The Schedule to the Proof of Claim breaks down the \$19,300,000 claim as follows:
 - a) \$17,000,000 "owing under contract" for profits that would have allegedly been earned by CHTL under the Agency Agreement made as of November 12, 2012 between CTGI (as "Buyer") and CHTL (as "Broker") based on the purchase of a minimum of 480,000 cartons of cigarettes annually for 10 years, calculated as \$1.7 million for 10 years;

plus
 - b) \$2,500,000 "owing for brand damage" based on a loss of reputation and "economic brand damage" allegedly suffered by CHTL as a result of the failure of CTGI;

less
 - c) \$200,000 received by CHTL from CTGI as deposits under the Agency Agreement.

The Agency Agreement

3. The Agency Agreement provides, *inter alia*, as follows:

2. THE PRODUCTS AND PURCHASE PRICE

The Buyer agrees to purchase from the Broker's appointed production facilities and the Broker agrees to supply from those facilities, during the duration of this agreement, not less than Four Hundred Eighty Thousand (480,000) cartons of cigarettes annually, which shall be a mix of the Premium Blend Cigarettes and Regular Blend Cigarettes, free from all liens and encumbrances whatsoever. The 480,000 cartons annually shall be distributed amongst sales in all the Provinces of Canada and not solely for Ontario. The Buyer further agrees that the ratio of the Premium Blend Cigarettes to the Regular Blend Cigarettes shall not be less than 65% of the monthly order.

The parties agree that the Premium Blend Cigarettes shall be of High Quality Premium Blends satisfactory to the Buyer and the Regular Blend Cigarettes shall be of similar quality and taste of Regular Blended quality taste satisfactory to the Buyer. The cartons shall be 25 Slide and Shell packs with 8 packs per carton and 20 Hinge Lid packs with 10 packs per carton, both being King Size. The Buyer may change these specifications and qualities of the Products from time to time.

3. THE PURCHASE PRICE

The parties agree that:

(a) The purchase price of the Premium Blend Cigarettes shall be Twelve (\$12.00) Canadian dollars per carton plus applicable taxes; and

(b) The purchase price of the Regular Blend Cigarettes shall be Four (\$4.50) Canadian dollars and Fifty Cents per cartons plus applicable taxes; ...

...

The Buyer agrees to make the sum of One Hundred Thousand (\$100,000) Canadian dollars by cheque to the Broker, within Ten (10) calendar days from the date of its first order of the Products as security for the payments, which shall be returned without interest or deduction by certified cheque at the earlier of (i) the third anniversary date following the execution of this Agreement, (ii) or, early termination.

The Broker and its appointed facilities shall invoice the Buyer for each shipment of the Products and the Buyer shall make payment for the net Purchase Price, plus all applicable taxes, to the Broker in regards to commissions and all applicable taxes and costs for the Products to the appointed facilities at the time of delivery of the Products to the Buyer's warehouse. Once the Broker obtains a wholesale permit, the payment method shall change to all payments plus applicable taxes to be paid fully to only the Broker.

4. COMPENSATION FOR THE SERVICES OF THE BROKER

The parties agree that the Purchase Prices as set out in paragraph 3 above include all of the Broker's commissions and expenses, and the Buyer shall not be responsible for any other compensation for the services and/or business loss of the Broker in any nature whatsoever other than for the applicable taxes.

4. CTGI and CHTL entered into an Addendum to the Agency Agreement on or about December 20, 2012, which provided as follows:

Whereas the Broker will be applying for a Wholesale Tobacco License, and whereas Section 3(a) and Section 3(b) of the agreement specifies that the Buyer will purchase cigarettes from the Broker, these sections will become effective only after the Broker has received its Wholesale Tobacco License.

Until such time as the Broker is issued a Wholesale Tobacco License, the Buyer will purchase the tobacco products directly from the Manufacturer (Bastos du Canada ltee) and not from the Broker. Sales of cigarettes by the Broker to the Buyer will commence following receipt of a Wholesale Tobacco license by the Broker.

For cigarettes produced prior to the Broker receiving its Wholesale Tobacco license, the Broker will invoice the Buyer only for services rendered which will equal the difference between material and production cost and the agreed upon purchase price as specified in Sections 3(a) and 3(b).

5. CHTL states that it did apply for a Wholesale Tobacco License, but that it abandoned the application process due to the failure of CTGI to abide by its obligations under the Agency Agreement. As a result, CHTL never obtained a Wholesale Tobacco License.
6. As CHTL had never obtained a Wholesale Tobacco License, the actual course of conduct between the parties, from the commencement of the Agency Agreement until CTGI was adjudged bankrupt, was consistent with the last clause of the Addendum. Specifically, the Broker (CHTL) was only invoicing the Buyer (CTGI) for the difference between material and production costs and the agreed upon purchase prices for the orders made by CTGI, except for an overcharge of approximately \$70,000 with respect to CTGI's last order.
7. CHTL terminated the Agency Agreement by letter dated March 24, 2014.

CHTL Claim for \$17,000,000

8. Given the terms of the Addendum and the fact that CHTL never obtained a Wholesale Tobacco License, CTGI could only buy tobacco products from the Manufacturer, and the Manufacturer could only sell tobacco products directly to CTGI (holder of a Wholesale Tobacco License), and therefore sales of cigarettes by CHTL to CTGI never "commenced". It therefore appears that the covenant of CTGI to purchase from CHTL a minimum of 480,000 cartons of cigarettes annually during the duration of the Agency Agreement was not engaged. In addition, in the agreement between the Manufacturer and CHTL, the Manufacturer did not require that CTGI either directly, or through CHTL, purchase a minimum quantity of cigarettes annually.
9. The Agency Agreement specifically provides that CTGI "shall not be responsible for any ... business loss of [CHTL] in any nature whatsoever other than for the applicable taxes".
10. In the event that CHTL did suffer damages for which CTGI is liable, the Agency Agreement does not describe the liability of the defaulting party to the other party, and CHTL has not adduced evidence of mitigation.

CHTL Claim for \$2,500,000

11. No evidence has been put forward by CHTL to support this claim.