

Court Number: 31-OR-207816-T

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

**IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
OF THE CITY OF HAMILTON,
IN THE PROVINCE OF ONTARIO**

**RESPONDING MOTION RECORD
OF THE TRUSTEE IN BANKRUPTCY, DODICK LANDAU INC.
(MOTIONS RETURNABLE MARCH 30, 2016)**

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TAB 1

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

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

**IN THE MATTER OF THE BANKRUPTCY OF
 CANADA TOBACCO & GLOBAL INC.
 OF THE CITY OF HAMILTON,
 IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S SECOND REPORT TO COURT
 DATED JANUARY 29, 2016**

INTRODUCTION

1. On July 30, 2014 an application was made by Mr. Myungsu You for an order that Canada Tobacco & Global Inc. (“**CT&G**” or the “**Company**”) be adjudged bankrupt. Attached to this report and marked as **Appendix “A”** is a copy of the bankruptcy application.
2. On August 19, 2014 the Superior Court of Justice (the “**Court**”) made a bankruptcy order (“**Bankruptcy Order**”) against CT&G and Dodick Landau Inc. was appointed by the Court as trustee (the “**Trustee**”) of the bankruptcy estate of CT&G (the “**Estate**”). Attached to this report and marked as **Appendix “B”** is a copy of the Bankruptcy Order.
3. On January 8, 2016, the first report (the “**First Report**”) of the Trustee was filed with the court in connection with the appeal of Canada Heritage Tobacco Ltd. (“**CHTL**”) with respect to its claim for \$19.3 million; the appeal of Mr. Cheol-Joong Kang (“**Mr. Kang**”) with respect to his claim for \$160,722.68; the motion of Mr. Kang for, *inter alia*, the substitution and discharge of the Trustee and the Inspectors; and the Trustee’s request that an order be granted requiring Mr. Kang to deliver to the Trustee all CT&G books and records in his possession and declaring that Mr. Kang may not submit any further claims in the Estate.
4. On January 14, 2016, the Court scheduled a timetable for the exchange of documentation and for hearing these, and other, appeals and motions. Attached to this report and marked

as **Appendix “C” and “D”** are copies of the First Report (without appendices) and the Court’s endorsements dated January 14, 2016, respectively.

5. This second report (the **“Report”**) of the Trustee is being filed with the Court in connection with the Court’s order that by January 29, 2016, the Trustee:
 - i. deliver its response to the appeals of Oh Jin Kim, Jae Sook Kim and Seung Hyu Lee with respect to their claims for \$6,379.68, \$15,565.00 and \$58,334.92, respectively, scheduled to be heard in Court on March 30, 2016; and
 - ii. deliver its motion for security for costs against Mr. Kang.

At this time, the Trustee, in consultation with the Estate’s solicitors, has decided not to bring its motion for security for costs against Mr. Kang. However, the Trustee will reserve its rights to make this motion at a later date and, should it decide to do so, at that time will request the Court to re-schedule this motion.

DISCLAIMER

6. In preparing this Report, the Trustee has relied upon certain unaudited, draft and/or internal financial information, CT&G’s books and records, discussions with Mr. Kang, the President and a director of the Company, discussions with former directors and shareholders of the Company and information from other third-party sources (collectively, the **“Information”**). Except as described in this Report:
 - i. the Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance in respect of the Information; and
 - ii. the Trustee has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on the Trustee’s website at www.dodick.ca for purposes of the court hearing on March 30, 2016. Parties using this Report, other

than for the purpose of the aforementioned court hearing, are cautioned that it may not be appropriate for their purposes.

7. All monetary amounts referred to herein are in Canadian dollars.

COMPANY BACKGROUND

8. CT&G was a wholesaler of tobacco products which operated from leased facilities at 1040 South Service Road, Suite 101, Hamilton, Ontario. The Company held a wholesaler's tobacco permit governed by the Ontario *Tobacco Tax Act*. With its wholesaler's tobacco permit, the Company was permitted to buy tobacco products from a registered manufacturer and sell its tobacco products to retailers that hold a valid tobacco retail sales tax vendor's permit. The Company sold its tobacco products, which consisted of several brands of cigarettes, to retailers throughout Ontario.
9. The Company was incorporated on April 28, 2012 and originally operated under the name Korean Tobacco Import & Wholesale Inc. The initial directors of the Company were Mr. Kang and Mr. Yang-Pyung Kim. Mr. Kang was a director, a shareholder and a customer of the Company from its inception in 2012 until February 2014.
10. The Company changed its name to Canada Tobacco & Global Inc. in 2012 and at that time received equity investments totalling approximately \$1.0 million from 38 investors, the majority of whom are individuals that own convenience stores in Ontario.
11. On November 12, 2012, the Company entered into an agency agreement (the "**Agency Agreement**") with Canada Heritage Tobacco Ltd. ("**CHTL**") which provided for CHTL acting as agent for CT&G to, among other things, source the manufacture of CT&G's tobacco products.

BANKRUPTCY OF CT&G

12. Based on the Trustee's discussions with management, directors and shareholders of CT&G, and other information reviewed by the Trustee, it appears that the Company's financial difficulties were caused by a number of factors, including:

- i. insufficient capital investment, as management underestimated the amount of investment required to fund the cost of producing tobacco, including funding in advance the tobacco taxes payable by the Company;
- ii. poor tobacco sales which resulted in CT&G not meeting the minimum sales targets in the Agency Agreement, and that agreement being terminated by CHTL;
- iii. product quality issues resulting in high quantities of returned product;
- iv. a trademark infringement allegation against CT&G which caused it to suffer losses and incur repackaging and remarketing expenses in relation to its “Midas” brand; and
- v. packaging issues resulting in unsellable product and high product returns.

By early 2014, CT&G did not have sufficient liquidity to meet its financial obligations, including servicing its debt owed to Mr. Myungsu You, as described below.

13. In addition to CT&G’s liquidity issues, it also was experiencing significant governance issues resulting from a dispute among its shareholders and directors. A number of court orders were made in January and February 2014 in relation to this dispute.
14. On January 24, 2014, Mr. You commenced legal proceedings against the Company for repayment of a loan totalling approximately \$600,000 which was in default. On March 18, 2014, Mr. You obtained default judgment against the Company. In April 2014 Mr. You also issued a Notice of Garnishment (the “**Garnishment**”) to the Company's bank and the Company's bank paid approximately \$5,000 to the sheriff’s office, after which time there were insufficient funds in the Company’s bank account for any further garnishment payments.
15. On July 30, 2014, Mr. You commenced an application for a bankruptcy order against the Company. On August 19, 2014, the Court granted the Bankruptcy Order. The application was unopposed and no party other than the Trustee, and counsel for Mr. You, attended the hearing.
16. On September 8, 2014, the Creditors’ Meeting took place and the Official Receiver of the Office of the Superintendent of Bankruptcy acted as Chair of the meeting. A slate of 3

inspectors was appointed, being Mr. You, Mr. Jisung You and Mr. Dongkeon Yoon. No subsequent meetings of creditors have taken place. The administration of the CT&G bankruptcy has been carried out with the guidance of the appointed inspectors, one of which (Mr. You) is also a shareholder, a former director of CT&G and the largest proved creditor. Seven meetings of Inspectors have been held since the commencement of the bankruptcy proceeding.

BOOKS AND RECORDS

17. As described in the First Report, upon taking possession of the books and records of CT&G the Trustee observed that the Company's paper records were in disarray and the Trustee determined over the course of its administration that the electronic accounting records also appeared to be incomplete. The electronic accounting records were recorded using two different accounting software systems during CT&G's operations. The first system was used for the period up to January 2014, and the second system was used from February 2014 to the cessation of the operations. Management did not adequately reconcile the two systems to each other, did not adequately track accounts receivable and related payments and credit memos, did not record all cash transactions which customers alleged had taken place, and did not prepare bank reconciliations.
18. As described in the First Report, the Trustee requires that Mr. Kang deliver to the Trustee any and all books and records of CT&G in his possession whether in paper or electronic form in accordance with his obligations pursuant to the BIA. To date, Mr. Kang has not provided to the Trustee the CT&G books and records in his possession. On January 22, 2016, the Trustee issued a letter to Mr. Kang demanding he deliver to the Trustee all CT&G books and records in his possession. Attached to this report and marked as **Appendix "E"** is a copy of the January 22, 2016 letter sent to Mr. Kang.
19. As described in the First Report, the discrepancy in the recoveries of accounts receivable to date appears to relate primarily, if not entirely, to the unreliable and incomplete accounting records of CT&G. Specifically:
 - i. some customers have responded to the Estate's collection efforts by alleging that payment has already been made in cash, even though CT&G's accounting records

show the full amount to still be outstanding and do not show the cash as having been collected. In such cases, if the Trustee was unable to find evidence of payment in the Company's bank account, then the Trustee has requested proof of payment from the customer (i.e. some form of payment receipt); and

- ii. some customers have responded to the Estate's collection efforts by alleging that product was returned for which a credit memo was issued. In such cases, the Trustee has required that the customer provide, in addition to a copy of the credit memo, a copy of the product return slip that it obtained from the Company upon return of the product. This additional evidence was requested from customers even if a credit memo was recorded by the Company in the accounting records since, following its review of such credit memos, it appeared to the Trustee that a number of these credit memos may not be accurate. For this reason, the Trustee has requested additional evidence from the customer to prove that the product was actually returned to CT&G.

CLAIMS IN THE ESTATE

20. To date, the Estate has received proofs of claim totalling approximately \$20.3 million, including the claim from CHTL for \$19.3 million. Excluding the CHTL claim, approximately \$1.0 million in claims were received from eight unique claimants, of which \$667,816.67 was accepted by the Trustee on an unsecured basis from five of these claimants.
21. At the time the First Report was issued (January 8, 2016) only the CHTL claim and Mr. Kang's claim were under appeal. However, on January 13, 2016, the Trustee received the motion records of Oh-Jin Kim, Jae Sook Kim and Seung-Hyu Lee with respect to their claims in the CT&G Estate for \$6,379.68, \$15,565.00 and \$58,334.92, respectively.
22. At the January 14, 2016 Court hearing, the Court scheduled January 29, 2016 as the deadline for:
 - i. Mr. Kang to deliver his reply record on his appeal;

- ii. CHTL to deliver its motion for an extension of time to deliver its affidavit evidence or expert report in support of its appeal; and
 - iii. the Trustee to deliver its response to the appeals by Oh-Jin Kim, Jae Sook Kim and Seung-Hyu Lee with respect to their claims in the CT&G Estate.
23. Attached and marked as **Appendix “F”** is a copy of the Estate’s claims register as at January 28, 2016.
24. Attached hereto and marked as **Appendix “G”** is a copy of a Statement of Receipts and Disbursements for the Estate as of January 28, 2016, which shows that there is a total of \$436,135.02 in the Estate. In addition, currently, there are accrued fees and expenses of approximately \$30,000. The Trustee anticipates that the only other potential receipts in the estate, other than possible cost and litigation awards resulting from motions to be argued before the Court, are accounts receivable estimated to be in the total maximum gross amount of \$100,000.

Seung-Hyu Lee’s Proof of Claim

25. Seung-Hyu Lee (“**Mr. Lee**”) filed his Proof of Claim (“**Lee Proof of Claim**”) in this estate on September 18, 2014, a copy of which is attached hereto and marked as **Appendix “H”**.
26. In his Proof of Claim, Mr. Lee asserts an unsecured claim for \$58,334.92. The Schedule to the Proof of Claim breaks down the \$58,334.92 claim as follows:
- i. \$32,250.00 loan to CT&G, including interest of \$2,250.00 for the 9-months ended August 19, 2014;
 - plus
 - ii. \$16,000.00 of legal fees paid to Hassell Sommers LLP (“**Hassell**”);
 - plus
 - iii. \$9,436.92 for wages for the period of February 20, 2014 to April 19, 2014, and for this amount Mr. Lee asserts a preferred claim under section 136 of the BIA;

plus

- iv. \$648.00 for returned cigarettes.
27. Mr. Lee was a shareholder of CT&G, acted as President of CT&G from February 2014 until May 2014 when CT&G ceased operations, was on the board of directors of CT&G and owned a convenience store, Smith Service in Port Sydney, Ontario, which purchased tobacco products from CT&G.
28. The Trustee performed a thorough review of Mr. Lee's claim. Among other things, the Trustee:
- i. reviewed the Company's books and records, including accounting and bank records, and other relevant information with respect to Mr. Lee and its dealings with CT&G;
 - ii. requested additional information from Mr. Lee, and reviewed all such information provided by Mr. Lee;
 - iii. met with a shareholder, who is also a former director of the Company, to review and discuss Mr. Lee's claim; and
 - iv. sought legal advice from its lawyers, Kronis Rotsztain Margles Cappel LLP ("KRMC"), in connection with Mr. Lee's claim.
29. The Trustee issued a Notice of Disallowance of Claim on September 24, 2015, a copy of which is attached hereto and marked as **Appendix "I"** (the "**Lee Disallowance**").
30. Mr. Lee filed a Notice of Appeal with the Superior Court of Justice (Divisional Court) on October 21, 2015 to appeal the Lee Disallowance. Attached hereto and marked as **Appendix "J"** is a copy of the Notice of Appeal (without appendices).
31. Between October 21, 2015 and November 16, 2015, the Trustee made several enquiries of Mr. Lee with regards to Mr. Lee's claim. Consequently, the Trustee was able to obtain additional information in support of a portion of Mr. Lee's claim. As a result, on November 16, 2015, the Trustee was able to accept Mr. Lee's claim in part and admit \$35,981.53 of Mr. Lee's claim which is comprised of:

i. \$32,250.00 loan to CT&G, including interest of \$2,250.00 for the 9-months ended August 19, 2014;

plus

ii. \$9,436.92 for wages for the period of February 20, 2014 to April 19, 2014 (\$2,000.00 preferred claim and \$7,436.92 unsecured claim);

less

iii. \$5,705.39 for purchases made by Mr. Lee's sole proprietorship, Smith Services, and which remains owing to CT&G according to CT&G's records.

Attached and marked as **Appendix "K"** is the Trustee's amended Lee Disallowance (the "**Amended Lee Disallowance**").

32. A further amendment of Mr. Lee's claim was made by the Trustee on December 10, 2015 in which the Trustee reduced Mr. Lee's \$9,436.92 claim for wages to zero because the Trustee discovered that CT&G's accounting system indicates that immediately following the creation of Mr. Lee's payroll cheques (pages 82 and 83 of Mr. Lee's Motion Record) the payroll cheques were deleted from the accounting system, none of the related payroll remittance returns were filed and none of the remittances were paid to CRA. Therefore, it appears that the company did not intend on issuing these payroll cheques to Mr. Lee. If these amounts were payable to Mr. Lee, but insufficient funds existed to make the payments, than proper accounting for these transactions would have included an accrual for the net amount owing to Mr. Lee after deducting amounts owing to CRA and the source deduction remittance return would have been filed with CRA. Attached and marked as **Appendix "L"** is the Trustee's second amended Lee Disallowance (the "**Second Amended Lee Disallowance**").

33. The remaining portion of Mr. Lee's claim relates to \$16,000.00 of legal fees paid to Hassell and \$648.00 for tobacco returned by Mr. Lee's sole proprietorship, Smith Services for which no proof of return of product was provided to the Trustee.

34. Following receipt of legal advice from the Estate Solicitor and discussions with the Inspectors, the Trustee disallowed Mr. Lee's claim for legal fees totalling \$16,000.00 which he paid to Hassell since:
- i. Mr. Lee, in his personal capacity, was an applicant in this matter and Hassell acted for all the applicants, including Mr. Lee, and therefore, it appears that this amount was paid to Hassell on account of legal services provided to Mr. Lee directly;
 - ii. there is no evidence that this amount paid to Hassell was a loan from Mr. Lee to CT&G; and,
 - iii. there was no evidence that CT&G agreed to pay for the legal fees rendered to Mr. Lee in his personal capacity.

A copy of the Notice of Application is attached as **Appendix "M"**.

35. As part of the appeal of the Trustee's disallowance, in paragraph 15 of Mr. Lee's affidavit sworn on January 11, 2016, Mr. Lee states: "Attached to this affidavit and marked as Exhibit "I" are copies of the documents related to the proof of claim." In Exhibit "I", or page 81 of Mr. Lee's Motion Record, there is a document titled "Resolution of the Board of Director" which purports to be a resolution ("**Resolution**") passed at a special meeting of the Board of Directors of CT&G on March 15, 2014 ("**March 15/14 Board Meeting**"). Paragraph 3 of the Resolution states: "All the lawyer's fee paid by the director, Seung Hyu Lee and Jae Sook Kim on behalf of the Company shall be reimbursed by the Company. All directors presented at the meeting agreed to pay to them the legal costs until the end of this year."
36. The Trustee has the following comments with regards to the March 15/14 Board Meeting and the Resolution:
- i. the Resolution was not included as support to the Lee Proof of Claim and the first time the Trustee had received a copy of the Resolution was when the Trustee received Mr. Lee's Motion Record;

- ii. the Resolution, the minutes of the March 15/14 Board Meeting, or any mention of the March 15/14 Board Meeting, does not exist in any of CT&G's records that are in the Trustee's possession;
- iii. a special meeting of the board of directors of CT&G took place on March 8, 2014 ("**March 8/14 Board Meeting**"), one week before the March 15/14 Board Meeting purported to have taken place, however, according to the minutes of the March 8/14 Board Meeting, the topics discussed did not include any of the topics described in the Resolution, and instead related primarily to the future viability of CT&G and the prospects of a merger to attempt to save the business. In addition, the March 8/14 Board Meeting minutes did not indicate when the next board meeting would take place. The minutes of the March 8/14 Board Meeting are in the Korean language and have not been officially translated. The Trustee relied on an unofficial translation provided by one of CT&G's Inspectors who is fluent in Korean;
- iv. CT&G's records do not include the requisite notice of the March 15/14 Board Meeting which is required to be issued forty-eight hours in advance of any board meeting based on CT&G's by-laws;
- v. The individuals who have signed the Resolution are Mr. Lee himself, as President of CT&G, and Ms. Jae Sook Kim, as Treasurer of CT&G. Ms. Jae Sook Kim is also an appellant with respect to her claim in the CT&G estate. We understand that at the time that the March 15/14 Board Meeting purported to have taken place, CT&G had nine board members who were: Seung Hyu Lee, Yong Kun Lee, Jae Sook Kim, Yang Pyung Kim, Kyung Man Bae, Hyeong Rae Cho, Young Dae Cho, Ki Hyouk Park and Oh Jin Kim. As described in subsections 4.2 (2) and (3) of the Unanimous Shareholder Agreement (the "**Shareholder Agreement**") appended to Mr. Lee's Motion Record as Exhibit "C", motions must be passed at a duly constituted meeting of the directors at which at least the majority of the board must be present for there to be a quorum. In this case, there would need to be five board members present at the March 15/14 Board Meeting for the board meeting to have

been duly constituted. However, the Resolution indicates that only two board members were present; and

- vi. The Resolution only authorizes reimbursement for amounts paid *on behalf of the Company* but does not address whether the \$16,000 paid by Mr. Lee to Hassell actually constitute legal fees *on behalf of the Company* or in respect of Mr. Lee in his personal capacity as an Applicant in the legal proceeding.
37. Based on the Trustee's comments described above with regards to the March 15/14 Board Meeting and the Resolution, it is the Trustee's view that based on the documentary evidence there is insufficient evidence that a duly constituted meeting of the board of directors of CT&G actually took place on March 15, 2014 authorizing the reimbursement of the \$16,000 paid by Mr. Lee to Hassell. Based on this conclusion, Mr. Lee did not receive retroactive approval from the board of directors to receive a salary or reimbursement of legal fees paid to Hassell at a time when CT&G was likely insolvent and was contemplating closure. On March 15, 2014, when the March 15/14 Board Meeting purported to have taken place, there was a balance of \$1,248.00 in CT&G's bank account, and zero on April 28, 2014 on or around the time operations ceased.
 38. Previously, the Trustee had set-off \$5,705.39 of accounts receivable owed to CT&G by Smith Services, Mr. Lee's sole proprietorship, against Mr. Lee's claim. The balance of \$5,705.39 represents two sales of tobacco products to Smith Services on March 31, 2014 and June 3, 2014 totalling \$2,752.66 and \$2,952.69, respectively. Included on page 103 of Mr. Lee's Motion Record is a payment receipt for an interact debit payment for \$2,752.69 made on March 31, 2014 for payment of the first invoice. The Trustee was unable to reconcile this payment to CT&G's bank statement. The balance of \$5,705.39 remains owing and Mr. Lee's Motion Record does not include any additional proof of payment for these amounts.
 39. According to page 92 of Mr. Lee's Motion Record, Mr. Lee claimed that Smith Service has a credit with CT&G of \$3,548.08 at the end of 2013, as a result of a credit memo for return of product dated April 29, 2013 for \$3,548.09. Mr. Lee does not include the 2014 transactions, as described above, in this calculation.

40. As described above, some customers have responded to the Estate's collection efforts by alleging that product was returned for which a credit memo was issued. In such cases, the Trustee has required that the customer provide, in addition to a copy of the credit memo, a copy of the signed product return form that it obtained from the Company upon return of the product. In this case, while Mr. Lee had not provided such additional evidence to the Trustee, the Trustee was able to find among CT&G's records a copy of the return form issued by CT&G to corroborate this return of product and the related credit. As such, the Trustee is now prepared to credit the Smith Service account receivable by \$3,548.09 for this return of product. Attached and marked as **Appendix "N"** is a copy of the return form issued by CT&G.
41. As a result of the Trustee's further amendment to Mr. Lee's claim, as described above, the Trustee updated its calculation of the amount of Mr. Lee's claim which the Estate is willing to allow. Attached and marked as **Appendix "O"** is a revised calculation of Mr. Lee's allowable claim which now totals \$30,092.70.

Oh-Jin Kim's Proof of Claim

42. Oh-Jin Kim ("**Mr. Kim**") filed his Proof of Claim ("**Kim Proof of Claim**") in this estate on September 18, 2014, a copy of which is attached hereto and marked as **Appendix "P"**.
43. In his Proof of Claim, Mr. Kim asserts an unsecured claim for \$6,379.68 for wages for the period of February 20, 2014 to April 19, 2014, and for this amount Mr. Kim asserts a preferred claim under section 136 of the BIA.
44. Mr. Kim was a shareholder of CT&G, acted as Director of Sales and Marketing of CT&G from February 2014 until April 2014 when CT&G ceased operations, was on the board of directors of CT&G and purchased tobacco from CT&G in his personal capacity.
45. The Trustee performed a thorough review of Mr. Kim's claim. Among other things, the Trustee:
- i. reviewed the Company's books and records, including accounting and bank records, and other relevant information with respect to Mr. Kim and his dealings with CT&G;

- ii. requested additional information from Mr. Kim, and reviewed all such information provided by Mr. Kim;
 - iii. met with a shareholder, who is also a former director of the Company, to review and discuss Mr. Kim's claim; and
 - iv. sought legal advice from its lawyers, Kronis Rotsztain Margles Cappel LLP ("KRMC"), in connection with Mr. Kim's claim.
46. After a full review and consideration of Mr. Kim's claim, the Trustee issued a Notice of Disallowance of Claim on November 13, 2015, a copy of which is attached hereto and marked as **Appendix "Q"** (the "**Kim Disallowance**"). The Kim Disallowance allowed the claim of \$6,379.38 before set-off against the amount receivable from Mr. Kim totalling \$29,729.05 for a net amount of \$23,349.37 owing by Mr. Kim to CT&G.
47. On December 11, 2015, Mr. Kim filed a hearing request form with the Superior Court of Justice (Bankruptcy Court) to appeal the Kim Disallowance. The hearing request form is appended to Mr. Kim's Motion Record as pages 72 and 73.
48. A further amendment of Mr. Kim's claim was made by the Trustee on December 10, 2015 in which the Trustee reduced Mr. Kim's \$6,379.38 claim for wages to zero because CT&G's accounting system indicates that immediately following the creation of Mr. Kim's payroll cheques (pages 49 and 50 of Mr. Kim's Motion Record) the payroll cheques were deleted from the accounting system, none of the related payroll remittance returns were filed and none of the remittances were paid to CRA. Therefore, like in the case of Mr. Lee, it appears that CT&G did not intend on issuing these payroll cheques to Mr. Kim. If these amounts were payable to Mr. Kim, but insufficient funds existed to make the payments, than proper accounting for these transactions would have included an accrual for the net amount owing to Mr. Kim after deducting amounts owing to CRA and the source deduction remittance return would have been filed with CRA. Attached and marked as **Appendix "R"** is the Trustee's amended Kim Disallowance (the "**Amended Kim Disallowance**").
49. In paragraph 15 of Mr. Kim's affidavit sworn on January 11, 2016, Mr. Kim states: "Attached to this affidavit and marked as Exhibit "I" is a copy of the resolution of the board of directors." In Exhibit "I", or page 75 of Mr. Kim's Motion Record, is a copy of the Resolution. The Resolution is the same one included in Mr. Lee's Motion Record and

described above. It appears that Mr. Kim has submitted the Resolution as evidence to attempt to support the board or directors of CT&G retroactively approving the payment of wages to him as Director of Sales and Marketing of CT&G.

50. Based on the Trustee's comments, as described above, with regards to the March 15/14 Board Meeting and the Resolution, it is the Trustee's view that based on the documentary evidence there is insufficient evidence to support that a duly constituted meeting of the board of directors of CT&G actually took place on March 15, 2014. Based on this conclusion, Mr. Kim did not receive retroactive approval from the board of directors to receive a salary at a time when CT&G was likely insolvent and was contemplating closure. As described above, when the March 15/14 Board Meeting purported to have taken place there was a balance of \$1,248.00 in CT&G's bank account, and zero on April 28, 2014 on or around when operations ceased.
51. Consistently, since early in CT&G's bankruptcy administration, the Trustee has demanded that Mr. Kim pay \$29,729.05 for purchases of tobacco he made from CT&G on March 6, 2014, approximately seven weeks prior to CT&G's cessation of operations and at a time when CT&G was likely insolvent. Included on pages 52-64 of Mr. Kim's Motion Record are copies of what Mr. Kim purports to be payment receipts and credit memos dated from April 1, 2014 to April 28, 2014 totalling \$12,484.89 and \$17,244.16, respectively, and together total \$29,729.05 resulting in a net balance owing to CT&G of zero.
52. Attached and marked as **Appendix "S"** is a copy of CT&G's April 2014 TD Canada Trust bank statement which includes total bank deposits in the month of April 2014 of \$6,579.57. Firstly, the total amount of actual bank deposits in the entire month were \$5,905.32 lower than what Mr. Kim purports to have paid in April 2014 to CT&G and, secondly, none of the \$5,905.32 of deposits can be reconciled to the deposit receipts submitted by Mr. Kim in his Motion Record (pages 55-56 and 60-63) either by amount, or by payment method or cheque/reference number. In addition, none of the payment receipts are signed.
53. In addition, the Trustee notes that it is unusual that Mr. Kim purchased tobacco products from CT&G at a time when he held the position of Director of Sales and Marketing and, to the Trustee's knowledge, did not own a convenience store in which he can re-sell the

tobacco. For the reasons described above, the Trustee does not accept Mr. Kim's support that he in fact paid these amounts.

54. Unlike in the case of Mr. Lee, the Trustee was unable to find return forms issued by CT&G to corroborate the return of product and the related credits claimed by Mr. Kim on pages 54, 57-59 and 64 of his Motion Record totalling \$17,244.16. As such, based on the supporting evidence received from Mr. Kim, the Trustee is not prepared to credit Mr. Kim's account receivable for product he alleges he returned to CT&G.
55. As described above, based on the documentary evidence provided by Mr. Kim to the Trustee and in his Motion Record, as well as CT&G's records, the Trustee continues to disallow Mr. Kim's claim in its entirety and intends to continue to pursue the account receivable from Mr. Kim totalling \$29,729.05.
56. At this time, the Trustee has not commenced any legal proceedings against Mr. Kim.

Jae-Sook Kim's Proof of Claim

57. Jae-Sook Kim ("**Ms. Kim**") filed her Proof of Claim ("**Ms. Kim Proof of Claim**") in this estate on September 18, 2014, a copy of which is attached hereto and marked as **Appendix "T"**.
58. In her Proof of Claim, Ms. Kim asserts an unsecured claim for \$15,565.00 for legal fees paid to Hassell on behalf of CT&G.
59. Ms. Kim was a shareholder of CT&G, acted as Treasurer of CT&G from December 2013 to August 19, 2014 when CT&G filed for bankruptcy, was on the board of directors of CT&G and purchased tobacco from CT&G for her sole proprietorship, Spadina Smoke located at 466 Spadina Avenue, Toronto, Ontario, M5T 2G8.
60. The Trustee performed a thorough review of Ms. Kim's claim. Among other things, the Trustee:
 - i. reviewed the Company's books and records, including accounting and bank records, and other relevant information with respect to Ms. Kim's and her dealings with CT&G;

- ii. requested additional information from Ms. Kim, and reviewed all such information provided by Ms. Kim;
 - iii. met with a shareholder, who is also a former director of the Company, to review and discuss Ms. Kim's claim; and
 - iv. sought legal advice from its lawyers, Kronis Rotsztain Margles Cappel LLP ("KRMCM"), in connection with Mr. Kim's claim.
61. The Trustee issued a Notice of Disallowance of Claim on September 24, 2015, a copy of which is attached hereto and marked as **Appendix "U"** (the "**Ms. Kim Disallowance**") which disallowed her claim in its entirety.
62. Ms. Kim filed a Notice of Appeal with the Superior Court of Justice (Divisional Court) on October 22, 2015 to appeal the Ms. Kim Disallowance. The Notice of Appeal is appended to Ms. Kim's Motion Record on pages 73-75.
63. A further amendment of Ms. Kim's claim was made by the Trustee on November 16, 2015 in which the Trustee allowed \$15,000.00 of Ms. Kim's claim before set-off for accounts receivable owing of \$16,516.14. Attached and marked as **Appendix "V"** is the Trustee's amended Ms. Kim Disallowance (the "**Amended Ms. Kim Disallowance**") indicating that after set-off Ms. Kim owes the Estate \$1,516.14.
64. Between November 17, 2015 and December 10, 2015, the Trustee received additional information from Ms. Kim and released a second amendment to Ms. Kim's claim in which her claim was allowed in full before application of any set off claims for amounts owing to the Estate. Attached and marked as **Appendix "W"** is the second amended notice issued to Ms. Kim on December 10, 2015 allowing her claim of \$15,565.00 in full before set-off.
65. As Ms. Kim's claim was allowed in full on December 10, 2015, it appears that Ms. Kim issued her Motion Record on January 14, 2016 for the purpose of addressing her account receivable which remains owing to CT&G.
66. Page 65 of Ms. Kim's Motion Record includes her summary of her account with CT&G which begins with a total amount owing of \$24,774.21 at March 6, 2014. Then on March 17, 2014 she claims to have returned product to CT&G for a total amount of \$16,516.14.

Lastly, she claims to have paid the balance owing of \$8,258.07 in two payments on April 15, 2014 and April 23, 2014.

67. Unlike in the case of Mr. Lee, the Trustee was unable to find return forms issued by CT&G to corroborate the return of product by Ms. Kim on March 17, 2014. In addition, one of the Inspectors, Mr. You, indicated that following the Court issuing his March 18, 2014 default judgement he requested that the Company conduct an inventory count which took place on March 26, 2014. As part of this inventory count, CT&G reconciled the change in inventory with its previous inventory count which had taken place on March 21, 2014. According to information received from Mr. You, a reconciling difference that remained included the product sold to Ms. Kim which had not yet been returned. Therefore, if this is correct, Ms. Kim did not in fact return product to CT&G on March 17, 2014 as per her credit memo.
68. As such, the Trustee is not prepared to credit Ms. Kim's account receivable for this amount. In addition, like in the case of Mr. Kim as described above, the TD Canada Trust April 2014 bank statement includes neither payment as having been received by CT&G.
69. Therefore, the Trustee intends to continue to pursue the account receivable totalling \$24,774.21 from Ms. Kim and will set this amount off against Ms. Kim's claim which would result in a net amount owing by Ms. Kim to CT&G of \$9,209.21.
70. At this time, the Trustee has not commenced any legal proceedings against Ms. Kim.

CONCLUSIONS

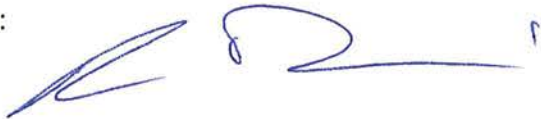
71. Based on the facts set out above, the Trustee respectfully submits that the following relief is appropriate and should be ordered by the Court:
- i. the allowable claim of Mr. Lee should be revised and set at \$30,092.70 and the balance of Mr. Lee's appeal should be dismissed;
 - ii. the appeals by Mr. Kim and Ms. Kim should be dismissed; and,
 - iii. costs of the Trustee to be paid by each of the appellants/moving parties on a partial indemnity basis.

Dated at Toronto, this 29th day of January, 2016

DODICK LANDAU INC.

Trustee of the Estate of
Canada Tobacco & Global Inc.
and not in its personal capacity.

Per:



Rahn Dodick CA, CPA, CIRP, LIT
President

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

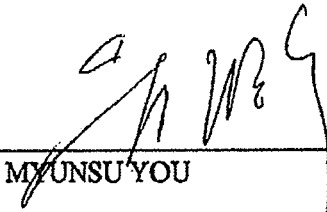
MYUNSU YOU (the "Applicant") hereby applies to the Court for an Order that Canada Tobacco & Global Inc. (the "Debtor") be adjudged bankrupt and that a Bankruptcy Order be made in respect of the property of the Debtor in the Province of Ontario and says:

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.

- 2 -

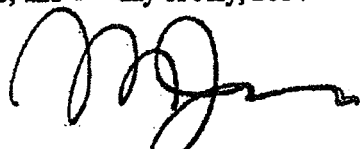
- 5. Dodick Landau Inc., a person qualified to act as trustee of the property of the Debtor has agreed to act as such and is acceptable to the Applicant.

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



Registrar
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.,**

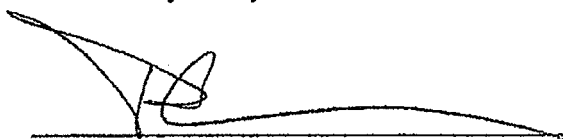
**a corporation incorporated pursuant to the laws of Ontario with its
head office in the City of Hamilton, in the Province of Ontario**

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

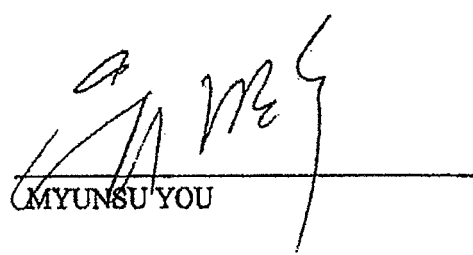
I, MYUNSU YOU, of the City of Mississauga in the Regional Municipality of Peel,
MAKE OATH AND SAY:

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)
)
)

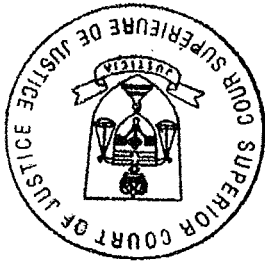


Philip Cho
A Commissioner for taking affidavits, etc


MYUNSU YOU

	Court File No. <i>3102-28038-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 <i>30</i> 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-I

**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”

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
OF THE CITY OF HAMILTON,
IN THE PROVINCE OF ONTARIO

TRUSTEE'S FIRST REPORT TO COURT
DATED JANUARY 8, 2016

INTRODUCTION

1. On July 30, 2014 an application was made by Mr. Myungsu You for an order that Canada Tobacco & Global Inc. ("**CT&G**" or the "**Company**") be adjudged bankrupt. Attached to this report and marked as **Appendix "A"** is a copy of the bankruptcy application.
2. On August 19, 2014 the Superior Court of Justice (the "**Court**") made a bankruptcy order ("**Bankruptcy Order**") against CT&G and Dodick Landau Inc. was appointed by the Court as trustee (the "**Trustee**") of the bankruptcy estate of CT&G (the "**Estate**"). Attached to this report and marked as **Appendix "B"** is a copy of the Bankruptcy Order.
3. On September 8, 2014 the first meeting of the creditors of CT&G ("**Creditors' Meeting**") took place at which the appointment of the Trustee was affirmed, and three inspectors were appointed (the "**Inspectors**"), by the creditors of CT&G (the "**Estate**"). Attached to this report and marked as **Appendix "C"** is a copy of the minutes of the Creditor's Meeting.
4. This first report (the "**Report**") of the Trustee is being filed with the court in connection with:
 - i. the appeal of Canada Heritage Tobacco Ltd. ("**CHTL**") with respect to its claim for \$19.3 million and the Trustee's request that an order be granted dismissing that

appeal on the basis that CHTL has missed the Court's deadline for providing its motion material with regards thereto;

- ii. the appeal of Mr. Kang with respect to his claim for \$160,722.68 and the Trustee's request that an order be granted fixing Mr. Kang's claim at the amounts and with the priority determined in NORD #5 (as hereinafter defined);
- iii. the motion of Mr. Kang for, *inter alia*, the substitution and discharge of the Trustee and the Inspectors of the Estate and the Trustee's request that an order be granted dismissing that motion in its entirety; and
- iv. the Trustee's request that an order be granted:
 - a. requiring Mr. Kang to deliver to the Trustee all CT&G books and records in his possession; and
 - b. declaring that Mr. Kang may not submit any further claims in the Estate.

Disclaimer

- 5. In preparing this Report, the Trustee has relied upon certain unaudited, draft and/or internal financial information, CT&G's books and records, discussions with Mr. Kang, the President and a director of the Company, discussions with former directors and shareholders of the Company and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report:
 - i. the Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance in respect of the Information; and
 - ii. the Trustee has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on the Trustee's website at www.dodick.ca for purposes of the court hearing on (and to be scheduled on) January 14, 2016. Parties

using this Report, other than for the purpose of the aforementioned court hearing, are cautioned that it may not be appropriate for their purposes.

6. All monetary amounts referred to herein are in Canadian dollars.

COMPANY BACKGROUND

7. CT&G was a wholesaler of tobacco products which operated from leased facilities at 1040 South Service Road, Suite 101, Hamilton, Ontario. The Company held a wholesaler's tobacco permit governed by the Ontario *Tobacco Tax Act*. With its wholesaler's tobacco permit, the Company was permitted to buy tobacco products from a registered manufacturer and sell its tobacco products to retailers that hold a valid tobacco retail sales tax vendor's permit. The Company sold its tobacco products, which consisted of several brands of cigarettes, to retailers throughout Ontario.
8. The Company was incorporated on April 28, 2012 and originally operated under the name Korean Tobacco Import & Wholesale Inc. The initial directors of the Company were Mr. Kang and Mr. Yang-Pyung Kim. Mr. Kang was a director, a shareholder and a customer of the Company from its inception in 2012 until February 2014.
9. The Company changed its name to Canada Tobacco & Global Inc. in 2012 and at that time received equity investments totalling approximately \$1 million from 38 investors, the majority of whom are individuals that own convenience stores in Ontario. 7 of the investors were appointed as additional directors of CT&G in May 2012.
10. On November 12, 2012, the Company entered into an agency agreement (the "**Agency Agreement**") with Canada Heritage Tobacco Ltd. ("**CHTL**") which provided for CHTL acting as agent for CT&G to, among other things, source the manufacture of CT&G's tobacco products. Paul Embury was President, and Terry Kim was Vice President, of CHTL.

EVENTS LEADING TO THE BANKRUPTCY OF CT&G

11. Based on the Trustee's discussions with management, directors and shareholders of CT&G, and other information reviewed by the Trustee, it appears that the Company's financial difficulties were caused by a number of factors, including:
 - i. insufficient capital investment, as management underestimated the amount of investment required to fund the cost of producing tobacco, including funding in advance the tobacco taxes payable by the Company;
 - ii. poor tobacco sales which resulted in CT&G not meeting the minimum sales targets in the Agency Agreement, and that agreement being terminated by CHTL;
 - iii. product quality issues resulting in high quantities of returned product;
 - iv. a trademark infringement allegation against CT&G which caused it to suffer losses and incur repackaging and remarketing expenses in relation to its "Midas" brand; and
 - v. packaging issues resulting in unsellable product and high product returns.
12. By early 2014, CT&G did not have sufficient liquidity to meet its financial obligations, including servicing its debt owed to Mr. Myungsu You, as described below.
13. In addition to CT&G's liquidity issues, it also was experiencing significant governance issues resulting from a dispute among its shareholders and directors. A court order was issued by Justice McEwen on January 21, 2014 which (among other things) precluded any further shareholder or director meetings from taking place without a further order from the Court. Attached to this report and marked as **Appendix "D"** is a copy of the Order dated January 21, 2014.
14. On January 24, 2014, Mr. You commenced legal proceedings against the Company for repayment of a loan totalling approximately \$600,000 which was in default. On March 18, 2014, Mr. You obtained default judgment against the Company. Attached to this report and marked as **Appendix "E"** is a copy of Mr. You's default judgement. Mr. You also issued a Notice of Garnishment (the "**Garnishment**") to the Company's bank. In April 2014, pursuant to the Garnishment, the Company's bank paid approximately \$6,000 to the sheriff's

office, after which time there were insufficient funds in the Company's bank account for any further garnishment payments.

15. According to Mr. Kang, in the months prior to the bankruptcy, he made attempts to find new investors for CT&G, however, the Trustee understands that no written offers of investment were received by Mr. Kang on behalf of CT&G. In addition, Mr. Kang made attempts to sell CT&G's wholesale tobacco permit. However, a wholesale tobacco permit is not transferable, and any change of ownership of a Company holding such permit requires the pre-approval of the Ontario Ministry of Finance (the "MOF") pursuant to the Ontario *Tobacco Tax Act*.
16. On July 30, 2014, Mr. You commenced an application for a bankruptcy order against the Company. On the same day, the Trustee attended at the Company's premises with Mr. You, his representatives and Mr. Kang and his wife to inspect the assets of CT&G. During that attendance, the Trustee was advised by Losani Homes ("Losani"), the landlord, that it had taken possession of the premises due to non-payment of rent and on July 27, 2014, had moved all the inventory of cigarettes (a regulated substance that requires a permit to handle), fixed assets and records of the Company (collectively, the "Property") to another nearby location controlled by Losani. Losani allowed the parties to inspect the Property at the alternate location on the same date.
17. Following the July 30, 2014 inspection, at Mr. Kang's instructions and with Losani's consent, the Property was moved to Platinum Liquidations' ("Platinum") storage facility in North York, Ontario, and Mr. Kang, on behalf of the Company, entered into a storage agreement with Platinum.

BANKRUPTCY ORDER AND THE CREDITORS' MEETING

18. On August 19, 2014, the Court granted the Bankruptcy Order. The application was unopposed and no party other than the Trustee, and counsel for Mr. You, attended the hearing.
19. Following its appointment, the Trustee distributed a Notice of Bankruptcy, a copy of the Statement of Affairs and a Proof of Claim form to all known creditors, as well as to the

Company's shareholders, and placed a Notice of Bankruptcy advertisement in The Globe and Mail newspaper (National Edition) on Wednesday, September 3, 2014.

20. On September 8, 2014, the Creditors' Meeting took place and the Official Receiver of the Office of the Superintendent of Bankruptcy acted as Chair of the meeting. A slate of 3 inspectors was appointed, being Mr. You, Mr. Jisung You and Mr. Dongkeon Yoon.
21. No subsequent meetings of creditors have been called by the Trustee, ordered by the Court or requested by a majority of inspectors, or by 25% of creditors holding 25% in value of proved claims as prescribed by s. 103(1) of the *Bankruptcy & Insolvency Act* ("BIA"). The administration of the CT&G bankruptcy has been carried out with the guidance of the appointed inspectors, one of which (Mr. You) is also a shareholder, a former director of CT&G and the largest proved creditor. Seven meetings of Inspectors have been held since the commencement of the bankruptcy proceeding.

BOOKS AND RECORDS

22. The Trustee observed at the inspection on July 31, 2014 that the Company's paper records were in disarray.
23. The books and records and the computers were delivered to the Trustee's office on or about August 20, 2014 to be inventoried and reviewed. The hard copy books and records were in poor physical condition and were incomplete. The Trustee determined over the course of its administration that the electronic accounting records also appeared to be incomplete. The electronic accounting records were recorded using two different accounting software systems during CT&G's operations. The first system was used for the period up to December 2013, and the second system was used from January 2014 to the cessation of the operations. Management did not adequately reconcile the two systems to each other, did not adequately track accounts receivable and related payments and credit memos, did not record all cash transactions which customers alleged had taken place, and did not prepare bank reconciliations.
24. The documents recovered from the Landlord's alternate location did not include any minutes of meetings of shareholders or directors (the Trustee does have a corporate minute

book but it does not contain any such minutes). However, Mr. Kang has included in motion material filed with the Court what he purports to be minutes of meetings of shareholders and directors in the Korean language.

25. In July 2014, Mr. Kang applied with the MOF for a change of CT&G's business address. The MOF is the government body that regulates the sale of tobacco in Ontario. At that time, Mr. Kang provided the address of newly rented space that, according to the inspectors, is owned Mr. Marvin Honggi Kim (a shareholder of CT&G), located at 2-6119 Main St., Niagara Falls as CT&G's new place of business. It appears that Mr. Kang made this application after having been notified by Mr. You that he intended to make the bankruptcy application. Once the application for the bankruptcy order was made, Mr. Kang did not advise the MOF of the cessation of operations and the bankruptcy application that was pending, as required by section 6 of the Ontario *Tobacco Tax Act*. The MOF was informed of the cessation of operations and the bankruptcy by the Trustee following its appointment in accordance with the Ontario *Tobacco Tax Act*. The MOF's permit renewal with an issue date of August 7, 2014 included with Mr. Kang's motion material shows Mr. Kang's personal business address as CT&G's new office address. It appears that Mr. Kang attempted to retain personal control over the wholesale tobacco permit issued to CT&G despite the bankruptcy of CT&G.
26. Following the date of bankruptcy, the Trustee discovered that Mr. Kang, in the weeks prior to the date of bankruptcy, forwarded CT&G's mail to his business address at 2-6119 Main St., Niagara Falls.
27. On September 8, 2014, the Trustee handed to Mr. Kang a Notice to Officer of Bankrupt Corporation of Duties, a copy of which is attached hereto and marked as Appendix "F".
28. The Trustee has asked Mr. Kang whether he was aware of the existence of any other books and records of CT&G that are not in the possession of the Trustee. Mr. Kang responded that he was not aware of the existence of any other books and records and that the Trustee has in its possession all the books and records of CT&G, which he repeated in his letter to the Trustee dated October 4, 2015.

29. It appears that, notwithstanding Mr. Kang's statements to the Trustee and his legal obligation to deliver to the Trustee all books and records relating to the Estate, Mr. Kang claims to have in his possession (as demonstrated by the contents of the motion material he has filed with the Court) various legal and other documents which are not included in the books and records of the Estate in the possession of the Trustee.
30. The Trustee requires that Mr. Kang deliver to the Trustee any and all books and records of CT&G in his possession whether in paper or electronic form in accordance with his obligations pursuant to the BIA.

ASSETS OF CT&G

Tobacco Tax Refunds

31. The vast majority of the tobacco in the possession of the Trustee on the date of bankruptcy, and stored at Platinum, was past its expiry dates and was not saleable. According to tobacco regulations, tobacco that is not saleable must be returned to the manufacturer to be destroyed. Following its destruction, tax refund claims may be filed by the manufacturer of the tobacco with both the Federal and Provincial taxing authorities to whom the manufacturer remitted tax. Only the manufacturer may claim the tax refunds since the manufacturer was the remitter of the tax.
32. On November 27, 2014, the Trustee entered into an agreement with Bastos du Canada Ltee ("**Bastos**"), the manufacturer of 100% of the CT&G tobacco inventory in the possession of the Trustee, to: (a) transport the tobacco from Ontario to Bastos' facility in Quebec; (b) inventory, warehouse and insure the tobacco; (c) destroy the tobacco; (d) obtain the necessary certificate of destruction; and (e) file tax refund claims with the Federal and Ontario governments.
33. By June 2015 these steps were completed and the Estate received from Bastos tax refunds totalling \$553,647. The tobacco tax refunds received by the Estate from Bastos represent 100% of the tax refunds claimed by Bastos on behalf of the Estate from the Federal and Ontario governments, less a 1.5% fee charged by Bastos to cover the costs of insurance, transportation and destruction incurred by Bastos.

34. In February and May 2014, there were increases to the Federal and Ontario tobacco tax rates by 24% and 13%, respectively. As a result, CT&G was required to remit the additional tax with respect to tobacco which existed in its inventory at the time. However, as a result of its liquidity constraints, it was unable to remit the additional tax to the governments. The tax refund claims made by Bastos was for the amounts that were actually remitted based on the lower tax rates.
35. Attached to this report and marked as **Appendix “G”** is a copy of the tobacco inventory in the Trustee’s possession at the date of bankruptcy and a calculation of the tax remitted with respect to that inventory reconciled to the tax refunds received from Bastos.
36. In Mr. Kang’s affidavit dated December 14, 2015, and in CT&G’s statement of affairs, he estimated the value of the tax refunds to total \$689,911 and \$700,000, respectively. His calculations are incorrect since in both cases he applies the new higher tax rates in calculating the refunds and he includes a 13% HST refund to be claimed on the entire amount of inventory on-hand. Specifically:
- i. CT&G never remitted tax at the higher rate. Mr. Kang is aware of that fact and advised the Trustee at the start of the bankruptcy administration that CT&G had insufficient liquidity to make those tax payments. Consequently, Bastos, on behalf of CT&G, is not able to claim a refund based on that higher rate. The use of the higher tobacco tax rates in Mr. Kang’s calculations overstates CT&G’s tax refunds by approximately \$98,000; and
 - ii. the Estate is not eligible to claim an HST refund of 13% of the value of the inventory on hand. As a standard procedure during a bankruptcy administration, CRA carries out a review of all HST filings for the period up to the date of bankruptcy. As a result of this review carried out by CRA in the case of CT&G, CRA confirmed that CT&G is not eligible to receive any additional HST refunds with regards to the destroyed tobacco and that such a claim would be improper and would be denied by CRA in its entirety.

Attached hereto and marked as **Appendix “H”** is the Statement of Affairs signed by Mr. Kang.

Accounts Receivable

37. To date, the Trustee has collected approximately \$15,000 of accounts receivable.
38. In CT&G's Statement of Affairs, the value of the accounts receivable was estimated to be \$270,000. All or substantially all of the trade accounts receivable debtors are independent convenience store operators located throughout Ontario.
39. The discrepancy in the recoveries to date appears to relate primarily, if not entirely, to the unreliable and incomplete accounting records of CT&G. Specifically:
 - i. some customers have responded to the Estate's collection efforts by alleging that payment has already been made in cash, even though CT&G's accounting records show the full amount to still be outstanding and don't show the cash collected. In such cases, if the Trustee was unable to find evidence of payment in the Company's bank account, then the Trustee has requested proof of payment from the customer (i.e. some form of payment receipt); and
 - ii. some customers have responded to the Estate's collection efforts by alleging that product was returned for which a credit memo was issued. In such cases, the Trustee has required that the customer provide, in addition to a copy of the credit memo, a copy of the product return slip that it obtained from the Company upon return of the product. This additional evidence was requested from customers even if a credit memo was recorded by the Company in the accounting records since, following its review of such credit memos, it appeared to the Trustee that a number of these credit memos may not be accurate. For this reason, the Trustee has requested additional evidence from the customer to prove that the product was actually returned to CT&G.

Other Assets

40. At the date of bankruptcy, Mr. Kang informed the Trustee that a Chrysler PT Cruiser was purchased by him personally on behalf of the Company as the Company did not have a good credit rating and was unable to finance the purchase of the vehicle. It is unclear whether this vehicle was in fact used for business purposes or solely for personal use by Mr. Kang.

Following the date of bankruptcy, Mr. Kang signed over the vehicle registration to the Estate and transferred the vehicle to Platinum to be stored. At that time, Mr. Kang did not inform the Estate that Royal Bank of Canada (“RBC”) held a security interest over the vehicle in connection with a loan having an outstanding balance of \$5,716.91 at October 17, 2014. As a result of the outstanding loan, there was no net realizable value in the vehicle for the Estate. Accordingly, the Estate did not complete the transfer of ownership of the vehicle from Mr. Kang and on February 18, 2015 the Trustee informed Mr. Kang that he should make arrangements to retrieve his vehicle at Platinum. Based on the Trustee’s later review of the accounting records, it became apparent that: (a) Mr. Kang received from the Company a monthly car allowance of approximately \$1,400; (b) CT&G paid the direct costs associated with the vehicle, including fuel and vehicle maintenance; and (c) Mr. Kang charged to the Company the monthly loan payments to RBC of \$272.35.

41. Other CT&G assets included a fork lift and furniture and trade fixtures which were transported to, and stored at, Platinum by CT&G prior to the bankruptcy. The Trustee understands that CT&G left some furniture and trade fixtures in the possession of Losani as the cost for the Company to transport these items to Platinum was greater than its estimated net realizable value. This included raking which the Trustee sold to Losani after the date of bankruptcy.

CLAIMS IN THE ESTATE

42. To date, the Estate has received proofs of claim totalling \$20.3 million, including the claim from CHTL for \$19.3 million. Excluding the CHTL claim, approximately \$1.0 million in claims were received from eight unique claimants, of which \$679,833 was accepted by the Trustee on an unsecured basis from six of these claimants.
43. Currently, only the CHTL claim and Kang Claim #5 (as hereinafter defined) remain under appeal. The Trustee has either been able to determine and settle previously contested claims with additional information provided by the claimants or the appeal periods have expired and the claimants are no longer eligible to pursue an appeal.
44. Attached and marked as **Appendix “I”** is a copy of the Estate’s claims register as at January 4, 2016 and a status summary of the claims revised and/or disallowed by the Trustee.

45. Attached hereto and marked as **Appendix “J”** is a copy of a Statement of Receipts and Disbursements for the Estate as of January 4, 2016, which shows that there is a total of \$469,716 in the Estate. In addition, currently, there are accrued fees and expenses of approximately \$40,000. The Trustee anticipates that the only other potential receipts in the estate, other than possible cost and litigation awards resulting from motions to be argued before the Court, are accounts receivable estimated to be in the total maximum gross amount of \$100,000.

CHTL’s Proof of Claim

46. CHTL filed its Proof of Claim in this estate in September 2014, a copy of which is attached hereto and marked as **Appendix “K”**.
47. In its Proof of Claim, CHTL 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 ... in the event the Trustee or any other creditor challenges the Proof of Claim”.
48. The Schedule to the Proof of Claim breaks down the \$19,300,000 claim as follows:
- i. \$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 the Debtor and CHTL 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
 - ii. \$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 CT&G;
less
 - iii. \$200,000 received by CHTL from CTGI as deposits under the Agency Agreement.
49. The Trustee performed a thorough review of CHTL’s claim. Among other things, the Trustee:

- i. reviewed the Debtor's books and records, including all contracts, transactions and other relevant information with respect to CHTL and its contract manufacturer (Bastos);
 - ii. requested additional information from CHTL, and reviewed all such information provided by CHTL;
 - iii. met with the CT&G's former President, Mr. Kang, to review and discuss CHTL's claim;
 - iv. met with CHTL's representatives and lawyer to review and discuss its claim;
 - v. met with a shareholder, who is also a former director of the Company, to review and discuss CHTL's claim; and
 - vi. sought legal advice from its lawyers, Chaitons LLP ("**Chaitons**"), in connection with CHTL's claim.
50. After a full review and consideration of CHTL's claim, the Trustee issued a Notice of Disallowance of Claim on August 13, 2015, a copy of which is attached hereto and marked as **Appendix "L"** (the "**CHTL Disallowance**").
51. It appears that CHTL filed a Notice of Motion with the Toronto Bankruptcy Office on September 11, 2015 to appeal the CHTL Disallowance. Attached hereto and marked as **Appendix "M"** is a copy of the Notice of Motion sent to Chaitons on September 10, 2015 by CHTL's lawyer, John Vamvakidis.
52. Starting on September 11, 2015 and continuing until October 21, 2015, George Benchetrit, a partner with Chaitons, communicated repeatedly with Mr. Vamvakidis to set a schedule for the hearing of CHTL's motion. Mr. Vamvakidis did not complete the necessary Bankruptcy Court scheduling forms until October 21, 2015. In the Special Appointment Request Form signed by Mr. Vamvakidis on October 21, 2015 and a prior email message, Mr. Vamvakidis confirmed that CHTL's motion record would be served by October 31, 2015. Attached hereto and marked as **Appendix "N"** is a copy of the email string between Mr. Benchetrit and Vamvakidis over that time period.

53. By letter dated October 29, 2015, a copy of which is attached hereto and marked as **Appendix “O”**, Mr. Benchetrit notified Mr. Vamvakidis that the Trustee would seek to have CHTL’s motion dismissed unless, before the end of the day on October 30, 2015:
- i. he submitted the necessary forms to have the motion scheduled (Mr. Benchetrit had already provided dates on which he was available and notified Mr. Vamvakidis that the Trustee reserved the right to argue that this should not be a hearing *de novo*); and
 - ii. he delivered his material in support of CHTL’s motion.
54. On October 29, 2015, Mr. Vamvakidis signed a revised Special Appointment Request Form, a copy of which is attached hereto and marked as **Appendix “P”**, in which he confirmed that CHTL’s motion record would be served by November 13, 2015.
55. On November 13 and again on November 15, 2015, Mr. Vamvakidis indicated that CHTL’s motion record would be delivered by November 16, 2015. On November 18, 2015, Mr. Vamvakidis sent an email to Mr. Benchetrit in which he did not commit to any new date for the delivery of CHTL’s motion material and confirmed that CHTL had not yet retained an expert. Attached hereto and marked as **Appendix “Q”** is a copy of the email string between Mr. Benchetrit and Vamvakidis over that time period.
56. As part of the email communications mentioned above, CHTL was also asked to indicate who its intended expert was, as well as the nature of the evidence he/she intended to provide. CHTL has never provided that information.
57. The parties attended before Master Jean on November 19, 2015. At that hearing, Mr. Vamvakidis committed to the delivery of CHTL’s motion record by November 30, 2015 and the delivery of CHTL’s expert evidence by December 15, 2015. Master Jean endorsed the record with an order as follows:
- Canadian Heritage appeal: The motion record and expert report shall be delivered by Dec. 15/15.*
58. To date, CHTL has failed to deliver any affidavit evidence or expert report in support of its appeal from the Disallowance. Nor has CHTL or its counsel contacted the Trustee or its

counsel since the November 19, 2015 court date to explain its failure to abide by the court-ordered deadlines for delivery of its material.

59. Accordingly, the Trustee is respectfully requesting that CHTL's appeal be dismissed.

Claims by Mr. Kang

60. To date, Mr. Kang has filed 5 claims in the Estate and has sent numerous letters and e-mails to the Trustee with documents in both English and Korean, including:

- i. September 8, 2014 – Mr. Kang requested by e-mail that the Trustee release to him certain furniture and records that he claims the Trustee has in its possession, but did not provide evidence that he is the owner of these items. Attached hereto and marked as **Appendix "R"** is Mr. Kang's e-mail. The Trustee advised Mr. Kang verbally that it requires a detailed description of what he is seeking and evidence that it is not the property of the Estate. As Mr. Kang entered into the storage agreement (included in Kang's Claim #5, hereinafter defined) with, and transferred CT&G's assets to, Platinum, the Trustee's view is that Mr. Kang should have identified items owned by him or others at that time, if any.
- ii. October 8, 2014 – Mr. Kang submitted a proof of claim for \$30,000.00 for wages with no evidence attached to the claim ("**Claim #1**"). Attached hereto and marked as **Appendix "S"** is Claim #1.
- iii. February 19, 2015 – Mr. Kang submitted a proof of claim for \$4,629.95 with no evidence attached to the claim ("**Claim #2**"). A notation on the claim indicates that it relates to payments towards his RBC loan secured against the Chrysler PT Cruiser calculated as \$272.35 per month for the period of October 2013 to February 2015, which includes six months after the date of bankruptcy and twelve months after the date the Trustee informed Mr. Kang that he should make arrangements to retrieve his vehicle, as described above. Attached hereto and marked as **Appendix "T"** is Claim #2.
- iv. September 29, 2015 – Mr. Kang sent a letter to the Trustee asking whether any subsequent meetings of creditors had taken place and asked whether two

additional inspectors can be appointed. He also requested information about the administration of the Estate and for the Inspectors contact information. The Trustee responded to this letter on November 4, 2015 explaining to Mr. Kang the procedures under the BIA for calling a second meeting of creditors. Attached hereto collectively and marked as **Appendix “U”** are Mr. Kang’s letter and the Trustee’s response.

- v. October 2, 2015 – Mr. Kang filed two additional proofs of claim. The first was labeled “revised” but it was unclear whether he was replacing a claim previously submitted or submitting a new claim. This claim was for a loan of \$22,000 allegedly made to the Company and \$8,642.13 of wages for a total claim amount of \$30,642.03, accompanied by some supporting evidence (“**Claim #3**”). The second proof of claim was for \$11,132.47 with no evidence attached (“**Claim #4**”). On Claim #4 there were notations which indicated that \$1,906.52 was related to auto finance payments and \$9,225.95 was for wages. Attached hereto collectively and marked as **Appendix “V”** are Mr. Kang’s Claims #3 and #4. On this day, Mr. Kang also re-submitted Claims #1 and #2 and again didn’t provide any evidence to support these claims.
- vi. October 4, 2015 – Mr. Kang sent a letter to the Trustee repeating his requests in his letter dated September 8, 2014. In this letter he again does not provide the Trustee with a description of the assets and records he claims the Trustee has in its possession or evidence that it is third party property. In addition, in this letter he requests that the Trustee provide him with a copy of his loan agreement with CT&G. The Trustee responded to this letter on November 4, 2015. Attached hereto collectively and marked as **Appendix “W”** are Mr. Kang’s letter and the Trustee’s response.
- vii. November 18, 2015 – Mr. Kang submitted a claim in the Estate labeled “amended” totaling \$160,722.68 (“**Claim #5**”) which, according to Mr. Kang, replaced Claims #1, 2, 3 and 4 and includes additional amounts being claimed by Mr. Kang which were not included in his previous claims. On November 27, 2015, the Trustee issued a Notice of Revision and Disallowance of Mr. Kang’s

Claim #5 (“**NORD #5**”) which replaces the Trustee’s previous NORDs issued with respect to Claims # 1- 4. Attached hereto collectively and marked as **Appendix “X”** are Claim #5 and NORD #5.

viii. November 20, 2015 and December 5, 2015 – Mr. Kang sent a letter and an e-mail, respectively, to the Trustee requesting to receive the Inspectors’ contact information and information on the “current assets” of the Estate. On December 7, 2015, the Trustee responded to Mr. Kang by letter informing him that the Trustee asked the Inspectors at a meeting of the Inspectors whether he can release their contact information to Mr. Kang and they refused. The Trustee also provided Mr. Kang with a copy of the interim statement of receipts and disbursements of CT&G dated December 7, 2015. On December 11, 2015, Chaitons also responded to Mr. Kang’s request for this information. Attached hereto collectively and marked as **Appendix “Y”** are copies of Mr. Kang’s letter and responses from the Trustee and Chaitons.

ix. December 18, 2015 – The Trustee was informed by the Office of the Superintendent of Bankruptcy (“**OSB**”) that Mr. Kang had filed a complaint with the OSB with regards to the Estate. On January 7, 2016, the Trustee was notified by the OSB that it had sent a letter to Mr. Kang indicating, among other things, that the Bankruptcy Court is the appropriate forum for the review of his complaints and that no further action will be taken by the OSB at this time. Attached hereto and marked as **Appendix “Z”** is a copy of the letter from the OSB.

61. Based on a full review of Claim #5, the Trustee has accepted a portion thereof, as described in NORD #5, totalling \$27,718.13, of which \$8,992.14 is unsecured and \$18,725.99 is postponed. The acceptance of these claim amounts was made subject to any set-off claims which may be asserted by the Estate against Mr. Kang for amounts Mr. Kang may owe the Estate.

62. Early in the bankruptcy administration, with the pre-approval of the inspectors, the Trustee commenced an investigation of certain amounts transacted by CT&G while Mr. Kang acted

as director and Chief Executive Officer of CT&G. The Trustee issued a detailed letter to Mr. Kang listing the transactions and asking him a series of questions regarding these transactions. A number of these transactions were between Mr. Kang personally and CT&G. The Trustee has not completed its investigation. Attached hereto collectively and marked as **Appendix “AA”** is a copy of the letter issued to Mr. Kang on October 3, 2014, as well as Mr. Kang’s response to this letter.

Appeal by Mr. Kang

63. On December 15, 2015, Mr. Kang served material on the Trustee for a motion returnable January 14, 2016, in which he requests the Court to make an order:
 - i. granting all ‘Proof of Claim’ made by the Applicant; and
 - ii. that the Estate pay the applicant’s priority claim of \$139,961.91.

64. Regarding Mr. Kang’s appeal, the Trustee has the following comments:
 - i. At the November 19, 2015 hearing, Mr. Kang orally advised the Court that his Claim #5 was a replacement of Claims #1- 4. On his motion, Mr. Kang requests an order “granting all Proof of Claim”. If Mr. Kang intends on asserting any additional claims other than Claim #5, then he should make that clear in his Notice of Motion.
 - ii. Mr. Kang claimed wages of \$30,000 for the period of April - December 21, 2011. The shareholder meeting minutes included with the proof of claim as support for this amount was written in Korean and was not signed. The Trustee requested that an official translation be provided along with the signed original minutes of this shareholder meeting. Included with Mr. Kang’s motion material (but not as a properly commissioned exhibit to an affidavit) is an unofficial translation of minutes of a shareholder meeting purported to have taken place on May 26, 2012 signed by three individuals on December 7, 2015, approximately 3.5 years after the alleged shareholder meeting, and approximately 15 months after the date of bankruptcy. The Trustee did not find minutes for this meeting in CT&G’s minute book.

- iii. Mr. Kang claimed wages of \$84,000.00 as salary and bonus for 2012. The Trustee determined in NORD #5 that Mr. Kang must provide either a signed directors' resolution approving the "Payroll Plan" permitting him to draw salary of \$80,000, plus bonus, or an employment agreement approved by the directors entitling him to the amounts he has claimed for 2012. Neither document appears to exist based on the Trustee's review of CT&G's records. Mr. Kang did not provide as part of his motion materials the information described by the Trustee in NORD #5. Instead, Mr. Kang describes meetings of the board of directors and shareholders which allegedly took place in June 2013, a year later. Mr. Kang has included in his material a number of documents in Korean with no translation, and he has not included any signed minutes of these meetings. He has included (but not as a properly commissioned exhibit to an affidavit) a document titled "Payroll Plan" signed by four individuals between November 28, 2015 and December 7, 2015, approximately 2.5 years after the meetings purportedly took place and 15 months after the date of bankruptcy.
- iv. The individuals who have signed the documents many months after the purported meetings took place, as described above, are Mr. Kang, Hong Gi Kim, Suk Hoon Lee and Yong Sul Kim. These individuals are shareholders of CT&G. Of the nine members of the board of directors appointed on May 26, 2012, as described in section 4.2 of the Unanimous Shareholder Agreement (the "**Shareholder Agreement**") submitted by Mr. Kang, only Mr. Kang and Mr. Suk Hoon Lee were appointed to the board of directors of CT&G on May 26, 2012. According to the Shareholder Agreement, motions must be passed at a duly constituted meeting of the directors at which at least 4 members of the board must be present for there to be a quorum.
- v. It is the Trustee's view, based on the documentary evidence provided by Mr. Kang, that he has not demonstrated that a duly constituted meeting of the board of directors or shareholders had taken place at which the requisite approvals were obtained to approve Mr. Kang's compensation for the period prior to December 2012.
- vi. Mr. Kang's claim of \$6,808.75 is based on twenty-four monthly personal loan payments of \$272.35 for the period of November 14, 2013 to November 13, 2015. Therefore, this claim consists of two parts; a pre-bankruptcy claim for \$2,451.15 and

a post-bankruptcy claim for \$4,357.60. In his motion material, Mr. Kang does not provide any additional information that would change the Trustee's position with regards to this claim amount. As such, the Trustee continues to disallow this amount in its entirety for the reasons described in NORD #5.

KANG MOTION #3

65. On December 22, 2015, Mr. Kang served material on the Trustee for a motion returnable January 14, 2016 (“**Kang Motion #3**”)¹ in which he requests the Court to make an order, *inter alia*:
- i. discharging the Trustee and the three inspectors of the Estate;
 - ii. appointing a “Court-designated Trustee or appointing a trustee of the Estate by a new Inspectors Meeting”;
 - iii. appointing Mr. Kang, Mr. Yong Sul Kim and Honggi Kim as inspectors in the Estate;
 - iv. transferring the assets of the Estate to the substitute Trustee and the new inspectors;
 - v. that Mr. You pay all professional fees incurred to date;
 - vi. that the Trustee pay to the creditors and shareholders costs of motions and expenses for “improper/fraudulent/wrongful conduct”; and
 - vii. granting the substitute Trustee and the inspectors a charge on the assets of the Estate in order that they have security for their costs.
66. In Kang Motion #3, Mr. Kang describes the Trustee's collection efforts from several customers, who are also shareholders of CT&G, as being improper and includes this as

¹ Earlier in December 2015, Mr. Kang served material on the Trustee for the following two other motions: (1) a motion to obtain the personal contact information of the inspectors; and (2) a motion to (among other things) appeal Kang Claim #5.

grounds for Kang Motion #3. These individuals are: Mr. Kang (\$3,963.36 receivable), Mr. Yong Sul Kim (\$5,053.38 receivable) and Yang Pyung Kim (\$3,373.53 receivable).

67. The Trustee has reviewed the Company's Quickbooks accounting software, which pertains to transactions commenced in January 2014. None of the transactions described by Mr. Kang with respect to himself and Mr. Yong Sul Kim, or their respective businesses, were recorded in the Quickbooks accounting system. These customers were not even set up as customers in the system.
68. The Trustee relied on information from the Company's prior accounting system, which shows the aforesaid amounts as still outstanding, as well as paper records in its possession. It appears that when the accounting system was changed in January 2014, customer transactions, or opening balances, in the old accounting system were not carried forward to the new accounting system.
69. On April 20, 2015, the Estate demanded that Mr. Kang, on behalf of his former business, E-Z go Beststore Inc., pay \$3,963.36 to the Estate, which includes (i) \$1,010.67 for purchases made on November 30, 2013; and (ii) \$2,952.69 for tobacco the Estate claims he removed from inventory in June 2014, prior to the date of bankruptcy, which has not been invoiced by CT&G as the business was closed by then, or paid by Mr. Kang or his business. Mr. Kang has not acknowledged the later amount of \$2,952.69 in any of his correspondence with the Trustee, and claims that \$1,010.67 was paid in cash and provided a receipt marked in pen "cash paid". The Trustee also has an original copy of the identical receipt that does not say "cash paid", a copy of which is attached hereto and marked as **Appendix "BB"**.
70. On October 31, 2014, the Estate demanded that Mr. Yong Sul Kim, on behalf of his business, Mount Pleasant Convenience, pay \$5,053.38 to the Estate. On December 20, 2014, Mr. Kim responded with a hand written credit note for product returns for \$4,119.05 dated January 10, 2014 and a money order to CT&G for payment of the balance of \$934.33 dated April 23, 2014. The Trustee was able to confirm that \$934.33 was received in CT&G's bank account but, to date, due to CT&G's incomplete records, has not been able to corroborate that the product was in fact returned.

71. On October 31, 2014, the Estate demanded that Mr. Yang Pyung Kim, on behalf of his business, K&K Super Save, pay \$3,373.53 to the Estate. After receipt of additional information from Mr. Kim, the Estate issued a revised letter to him dated June 9, 2015 reducing the amount owing to the Estate to \$2,487.28. Attached hereto and marked as **Appendix “CC”** is the Estate’s letter dated June 9, 2015.
72. Mr. Kang also comments in Kang Motion #3 on the claim of Mr. Seunghyu Lee. Following receipt of additional information from Mr. Lee in November 2015, the Estate has accepted Mr. Lee’s claim at a value of \$26,544.61. The Trustee did not receive a Notice of Motion to appeal from Mr. Lee in the 30 days following the issuance of the Trustee’s claim determination.
73. Mr. Kang claims that the Trustee informed the creditors at the Creditors’ Meeting that two more inspectors would be appointed at the next creditors’ meeting. It appears that Mr. Kang has misunderstood the procedures under the BIA for calling a second meeting of creditors and for appointing inspectors, despite the explanations provided at the Creditors’ Meeting by the Official Receiver, who acted as Chair of the Creditors’ Meeting, and the Trustee. The Chair and the Trustee explained to the attendees at the meeting, including Mr. Kang, that only at a meeting of the creditors could additional inspectors be appointed, and there is a maximum of five inspectors which can be appointed. At no time did the Chair or the Trustee advise Mr. Kang that there would be a second meeting of the creditors and that additional inspectors would be appointed.
74. Despite having received notice of the Creditors’ Meeting and having attended in person, Mr. Kang did not submit any of his five claims in advance of the Creditors’ Meeting and, therefore, he did not have the right to vote at the Creditors’ Meeting.
75. As described above, the Estate has begun an investigation into past transactions which include transactions between CT&G and Mr. Kang. While this investigation remains ongoing, it appears likely at this time that Mr. Kang may become involved in a contested action by the Estate and, therefore, would be ineligible to act as an inspector pursuant to s. 116 (2) of the BIA, even if elected by the creditors of the Estate.

76. Currently, Mr. You's claim represents \$627,657.26, or 92% of the total value of the allowed claims in the Estate to date. Should a second meeting of the creditors be held, it is unlikely that the choice of Trustee or inspectors would be different. To date, except for Mr. Kang, part of whose claim remains in dispute, none of the proved creditors, nor any of the inspectors, have requested that the Trustee call a second meeting of creditors. For these reasons, the Trustee does not believe that it is worthwhile for the Court to order that a second meeting of the creditors take place.

CONDUCT OF MR. KANG

77. The Trustee is of the view that Mr. Kang has been conducting himself in an irresponsible and offensive manner by, among other things, willfully making incorrect and misleading comments in his motion material and in his five claims in order to disparage the Trustee, the inspectors and the administration of the Estate.
78. Mr. Kang's actions have also caused the Estate to incur substantial costs in having to respond to his five claims, multiple duplicative correspondence, numerous motions and unsupported complaints.
79. Mr. Kang was informed of his duties and of bankruptcy offences when he attended the Creditors' Meeting as the Company's representative.
80. Mr. Kang has failed to comply with his statutory duties under Section 158, including his duties to remit to the Trustee all information and documents in any way relating to the Company's property and affairs.
81. The Trustee is compiling any additional relevant information to report to the Court pursuant to Section 205 of the BIA.
82. The Trustee is also reserving its right to bring a motion for security for costs against Mr. Kang to protect the Estate's ability to recover costs against Mr. Kang with respect to the various motions that he has brought or intends to bring in this proceeding.

CONCLUSIONS

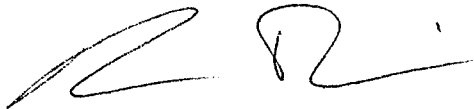
83. Based on the facts set out above, the Trustee respectfully submits that the following relief is appropriate and should be ordered by the Court:
- i. the appeal by CHTL of the CHTL Disallowance should be dismissed;
 - ii. the appeal of Mr. Kang from NORD #5 should be dismissed, and an order should be issued declaring that he may not file any new claims in the Estate;
 - iii. Kang Motion #3 should be dismissed; and
 - iv. Mr. Kang should be ordered to deliver to the Trustee all CT&G books and records in his possession.

Dated at Toronto, this 8th day of January, 2016

DODICK LANDAU INC.

Trustee of the Estate of
Canada Tobacco & Global Inc.
and not in its personal capacity.

Per:



Rahn Dodick CA, CPA, CIRP, LIT
President


APPENDIX “D”

IN THE MATTER OF THE BANKRUPTCY OF CANADA TOBACCO & GLOBAL INC.
OF THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO

Cheol-Joong Kang
Applicant

and

Rahn Dodick, Myungsu You, Ji Sung You and Myungsu You's nephew (the third Inspector)
Respondents

<p>ONTARIO SUPERIOR COURT OF JUSTICE BANKRUPTCY COURT</p> <p>Proceeding commenced at Toronto</p>	<p><u>Jan. 14/16</u> D. Benckert, Counsel for the Justice C. Kang, say represented On consent, this motion is adjourned to be heard by a CJ judge. The motion shall be heard by the parties with the court of fee. The parties have agreed that the motion is beyond the jurisdiction of the registrar in bankruptcy. The trustee is directed to give notice of the motion & provide a copy of this endorsement to the creditor, with (by providing a copy of the notice of motion) and for the Justice of the Mr. Kang and/or the trustee on the motion creditor will appear on the materials. or require the materials.</p> <p style="text-align: right;">MJR</p>
<p>NOTICE OF MOTION</p>	
<p>Cheol_Joong Kang 7759 Southwood Drive Niagara Falls, ON. L2H 2X1 Tel: 416-889-3537 Email: owwb@hotmail.com</p>	

Court File Number: 32-158744

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Canada Tobacco Global Inc
Plaintiff(s)

AND

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
See Service/Release list at page 5.		
(counsel slip)		

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

Scheduling attendance held Jan 14/16.

A kang's motion record in respect of his request to remove the Inspector did Justice has been adjourned on consent to a CL judge. The motion record has been endorsed accordingly.

The remaining motions/appeals have been scheduled as follows, an

Date

Judge's Signature

Additional Pages _____

ONTARIO SUPERIOR COURT OF JUSTICE

BANKRUPTCY AND INSOLVENCY

FILE/DIRECTION/ORDER

ENDORSEMENT

consultation with all parties:

(D)

By January 29/16:

1. Justice to deliver its motion for security for costs against Kang;
2. Canadian Heritage to deliver its motion to extend the time to file the motion record (ie appeal);
3. Kang to deliver his reply record on his appeal.
4. Justice to deliver its respond records re appeals by Kim, Lee and Kerri

(E)

By February 19/16:

1. Kang to deliver his response to the Justice's security for costs motion
2. Justice to deliver its response to ~~Kang's~~ Canadian Heritage's motion to extend time
3. Inspectors to deliver response to Kang's motion for contact information
4. Kim/Lee/Kern to deliver replies to Justice's response on appeals
5. Cross examinations to be completed in the Kang appeal

ONTARIO SUPERIOR COURT OF JUSTICE

BANKRUPTCY AND INSOLVENCY

FILE/DIRECTION/ORDER

ENDORSEMENT

(D) By March 4/16:

1. Justice to deliver reply to Kang's response on security for costs motion
2. Kang to deliver reply to Inspectors' response on motion for contact information
3. Canadian Heritage to deliver reply to Justice's response on the motion to extend time.

(E) By Mar. 18/16:

1. Cross examinations to be completed in the Lee/Kim/Kim appeals

(F) By Mar 31/16:

1. Cross examinations to be completed on the 3 motions (Justice security for costs / Canadian Heritage motion to extend time / Kang motion for inspectors' contact information)

(G) ON March 30/16:

1. Hearing of the Kang appeal (3 hours)
2. Hearing of Kim/Lee/Kim appeals (2 hours)

5 hrs total

ONTARIO SUPERIOR COURT OF JUSTICE

BANKRUPTCY AND INSOLVENCY

FILE/DIRECTION/ORDER

ENDORSEMENT

total

(H) On April 18/16 (5 hours)

1. Hearing of 3 motions

(a) Security for costs (by Trusta)

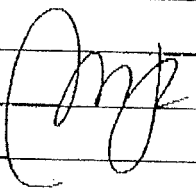
(b) Extend Time (by Canadian Heritage)

(c) Inspectors' contact info (by Kang)

(I) Costs of all attendances to date are reserved to the hearing of the motions/appeals

(J) The appeal by Canadian Heritage is adjourned sine die pending the disposition of the motion to extend time, to be heard April 18/16.

it is so ordered.


Mark Jean
Jan 14/16

APPENDIX “E”



REPLY TO: GEORGE BENCHETRIT
DIRECT: 416.218.1141
FAX: 416.218.1841
E-MAIL: george@chaitons.com

January 22, 2016

VIA EMAIL (owwb@hotmail.com)

Cheol Joong (James) Kang
3 Navy Wharf Court, Unit 2103
Toronto, Ontario
M5V 3V1

Dear Mr. Kang,

Re: Bankruptcy of Canada Tobacco & Global Inc. ("CTGI")

In the Trustee's First Report (a copy of which was delivered to you on January 11, 2016), the Trustee reported to the Court, among other things, that you failed to comply with your statutory duties under Section 158 of the *Bankruptcy & Insolvency Act* ("**BIA**"), including your duties to remit to the Trustee all information and documents in any way relating to CTGI's property and affairs.

You were informed of your duties and provided with an explanation of bankruptcy offences when you attended the creditors' meeting on September 8, 2014 as the Company's representative. Enclosed with this letter is a copy of the "Notice to Bankrupts or Officers of a Bankrupt Corporation" provided to you prior to the commencement of that meeting.

The Trustee has asked you on several occasions whether you were aware of the existence of books and records of CT&G that are not in the possession of the Trustee. You responded that you were not aware of the existence of any other books, which you repeated in your letter to the Trustee dated October 4, 2015.

It appears that, notwithstanding your statements to the Trustee and your statutory obligation to deliver to the Trustee all books and records relating to the bankruptcy estate, you claim to have in your possession (as demonstrated by the contents of the motion material that you have filed with the Court) various legal and other documents which are not included in the books and records of the estate in the possession of the Trustee.



Pursuant to Section 198(2) of the BIA:

198 (2) A bankrupt who, without reasonable cause, fails to comply with an order of the court made under section 68 or to do any of the things required of the bankrupt under section 158 is guilty of an offence and is liable

(a) 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

(b) 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.

Pursuant to Section 204 of the BIA:

204. If a corporation commits an offence under this Act, any officer or director, or agent or mandatary, of the corporation, or any person who has or has had, directly or indirectly, control in fact of the corporation, who directed, authorized, assented to, acquiesced in or participated in the commission of the offence is a party to and guilty of the offence and is liable on conviction to the punishment provided for the offence, whether or not the corporation has been prosecuted or convicted.

The Trustee requires that you deliver immediately to the Trustee any and all books and records of CT&G in your possession, whether in paper or electronic form, in accordance with your obligations pursuant to the BIA.

Yours truly,
CHAITONS LLP

A handwritten signature in black ink, consisting of stylized initials "GB" followed by a horizontal line extending to the right.

George Benchetrit
PARTNER
GB/ac
Enc.

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 “F”

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	
Total : Preferred creditors				9,003.36	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	
Total : Secured creditors					137,153.16	
Unsecured creditors						
1. Canada Heritage Tobacco Ltd. Attn: John Vamvakidis	Yes	Disallowed		1.00	19,300,000.00	
2. Cheol Joong (James) Kang	Yes	Disallowed		22,000.00	30,642.13	
3. Cheol Joong (James) Kang	Yes	Disallowed			4,629.25	
4. Cheol Joong (James) Kang	Yes	Disallowed			11,132.47	
5. Cheol-Joong (James) Kang	Yes	Partially Disallowed			20,760.77	8,992.14
6. Cheol-Joong (James) Kang	Yes	Disallowed			30,000.00	
7. Hong Gi Kim	Yes	Admitted		1.00	482.86	482.86
8. Jae Sook Kim	Yes	Disallowed		1.00	15,565.00	
9. Myungsu You	Yes	Admitted		600,000.00	627,657.26	627,657.26
10. Oh-Jin Kim	Yes	Disallowed		1.00	4,379.68	
11. Seung-Hyu Lee	Yes	Partially Disallowed		32,500.00	56,334.92	30,092.70
12. TD Canada Trust Visa Attn: Natalie Bertucci, Credit Administration Services (CAS) 4520710001541520	Yes	Admitted		761.10	591.71	591.71
Total : Unsecured creditors				655,265.10	20,102,176.05	667,816.67
Deferred Creditors						
1. Cheol-Joong (James) Kang	Yes	Partially Disallowed			18,725.99	
Total : Deferred Creditors					18,725.99	
Grand Total:				664,268.46	20,264,863.95	667,816.67

APPENDIX “G”

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

Interim Statement of Receipts and Disbursements
As at January 28, 2016

RECEIPTS

1. Asset Realization		
Accounts receivable	6,146.93	
Sale of assets en bloc	<u>1,808.00</u>	7,954.93
2. Deposit on Purchase		
Refunds- miscellaneous	<u>2.97</u>	2.97
3. Proceeds from Destruction of Cigarettes		
Tax Refunds from Destruction of Cigarettes	<u>553,646.86</u>	553,646.86
4. Tobacco Refund Credit		
Tobacco Refund Credit	<u>10,000.00</u>	10,000.00
5. Miscellaneous		
Funds from retainer	1,000.00	
Interest Income	<u>443.84</u>	1,443.84
TOTAL RECEIPTS		<u><u>573,048.60</u></u>

DISBURSEMENTS

6. Collection of Accounts Receivable		
Collection of Accounts Receivable	<u>22.17</u>	22.17
7. Fees Paid		
To official receiver	<u>150.00</u>	150.00
8. Notice of first meeting		
Local paper	<u>1,649.54</u>	1,649.54
9. Trustee's remuneration		
Trustee's fees	102,164.37	
HST charged on Trustee remuneration	<u>13,287.25</u>	115,451.62
10. Federal and Provincial taxes		
HST paid on disbursements exclusive of fees	450.95	
HST on legal fees	<u>1,586.18</u>	2,037.13
11. Miscellaneous		
Contract Labour Expense	66.00	
Bank charges	55.01	
HST paid (ITC)	214.38	
Courier	513.43	
Accounting services	1,285.05	
Legal fees/disbursements	<u>15,469.25</u>	17,603.12
TOTAL DISBURSEMENTS		<u><u>136,913.58</u></u>

Amount available for distribution **436,135.02**

APPENDIX “H”

FORM 31

Proof of Claim

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

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

Smith Service, RR #1, Hwy 11, Port Sydney ON POB 110

In the matter of the bankruptcy (or the proposal or the receivership) of Canada Tobacco & Global Inc. (name of debtor) of Hamilton (city), Ontario (province) and the claim of Seung Hye Lee, creditor.

I, Seung Hye Lee (name of creditor or representative of the creditor), of Huntsville (city), Ontario (province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am [state position or title] of [name of creditor or representative of the creditor]).

2. That I have knowledge of all of the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy (or the date of the receivership or, in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the 19th day of August, 2014, and still is, indebted to the creditor in the sum of \$58,334.92, as specified in the statement of account (or affidavit) attached and marked Schedule "A," after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category)

[X] A. UNSECURED CLAIM OF \$58,334.92

(Other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and regarding the amount of \$9,436.92, I - Select - a right to a priority under section 136 of the Act.

(Set out on an attached sheet details to support priority claim)

[] B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based)

[] C. SECURED CLAIM OF \$

That in respect of this debt, I hold assets of the debtor valued at \$ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$.

(Attach a copy of sales agreement and delivery receipts)

E. CLAIM BY WAGE EARNER OF \$ 9,436.92

That I hereby make a claim under - Select - of the Act in the amount of \$.

F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$

That I hereby make a claim under - Select - of the Act in the amount of \$.

G. CLAIM AGAINST DIRECTOR \$

(To be completed when a proposal provides for the compromise of claims against directors)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

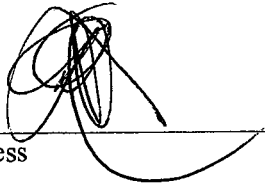
6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are 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 subsection 2(1) of the Act:

(Provide details of payments, credits and transfers at undervalue)

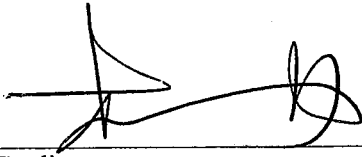
7. (Applicable only in the case of the bankruptcy of an individual)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Toronto, this 18th day of September, 2014.



 Witness



 Creditor

Telephone No.: (705) 385-2718
 Fax No.: (905) 385-3697
 Email address: [@]seunghyu@yahoo.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 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

SEUNG HYU LEE

c/o Smith Service, RR # 1, Hwy 11, Port Sydney ON P0B 1L0
Tel.: 705-385-2718 Email: seunghyulee@yahoo.ca

STATEMENT OF ACCOUNT

September 18, 2014

To: DODICK LANDAU INC.

Trustee in Bankruptcy of Canada Tobacco & Global Inc.
4646 Dufferin St., # 6A, Toronto , ON M3H 5S4
Tel. 416-736-4357 Fax: 416-649-7725 Email: rahn.dodick@dodick.ca

Account Charges

Description	Amount	Remarks
Loan to Canada Tobacco & Global Inc.	\$ 30,000.00	Loan was made on July 9, 2013.
Not paid Interest until August 19, 2014	2,250.00	For 9 monthly payments
Legal Fee paid by me on behalf of Company	16,000.00	Paid to Mr. Mike Hassell
Returned Cigarettes	2,400.00 648.00 S.N)	
Wages	9,436.92	Title: CEO & President
Pay Period from Feb.20, 2014 to April 19, 2014		
		\$58,334.92
TOTAL AMOUNT DUE:		\$61,086.92 S.N)

Please make checks Payable to SEUNG HYU LEE. If you have any questions regarding this statement, contact either me or my representative Tony Yoonsik Lim by phone at 905-772-5783 or via E-mail at kimchimanca@naver.com

Seung Hyu Lee





Canada Tobacco & Global Inc.
 Suite 101 - 1040 South Service Rd., Stoney Creek, ON, L8E 6G3

Canada Trust
 DUFFERIN AND APEX C.B.C.
 3140 DUFFERIN ST. AT APEX RD.,
 TORONTO, ONTARIO M6A 2T1

00544

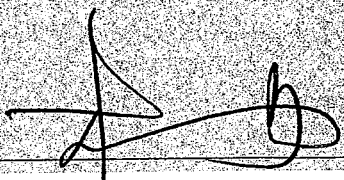
Security
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DATE 1 2 0 3 2 0 1 4
 D D M M Y Y Y Y

PAY *****Four Thousand Seven Hundred Eighteen and 46/100 \$ **4,718.46

To the order of **Seung Hyu Lee**

MEMO Pay Period: 20/02/2014 - 19/03/2014

PER 

⑈000544⑈ ⑆19932⑈004⑆ 0654⑈5257279⑈

00544

<u>Employee</u>		<u>Occupation</u>	
Seung Hyu		CEO	
		Pay Period: 20/02/2014 - 19/03/2014	
		Cheque-Date: 12/03/2014	

<u>Earnings and Hours</u>	<u>Qty</u>	<u>Rate</u>	<u>Current</u>	<u>YTD Amount</u>
Salary	160:00		6,666.67	13,333.34

<u>Taxes</u>	<u>Current</u>	<u>YTD Amount</u>
CPP - Employee	-315.56	-631.12
EI - Employee	-125.33	-250.66
Federal Income Tax	-1,507.32	-3,014.64
	-1,948.21	-3,896.42

Net Pay	4,718.46	9,436.92
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Company Message
 Pay Period - Feb. 20/14 ~ Mar. 19/14

Canada Tobacco & Global Inc., Suite 101 - 1040 South Service Rd., Stoney Creek, ON, L8E 6G3

00544

<u>Employee</u>		<u>Occupation</u>	
Seung Hyu		CEO	
		Pay Period: 20/02/2014 - 19/03/2014	
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Company Message
 Pay Period - Feb. 20/14 ~ Mar. 19/14

Canada Tobacco & Global Inc., Suite 101 - 1040 South Service Rd., Stoney Creek, ON, L8E 6G3

Financial Statements

Canada Tobacco & Global Inc.

Unaudited - See Notice to Reader

March 31, 2013



Francis Kim & Company C.A., P.C.
Chartered Accountant

NOTICE TO READER

On the basis of information provided by management, I have compiled the balance sheet of **Canada Tobacco & Global Inc.** as at March 31, 2013 and the statements of operations, deficit and cash flows* for the year then ended.

I have not performed an audit or a review engagement in respect of these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Francis Kim & Company

Toronto, Canada
September 30, 2012

Authorized to practice public accounting by
the Institute of Chartered Accountants of Ontario

*: No cash flow statements provided.

Canada Tobacco & Global Inc.
 [Incorporated under the laws of Ontario]

BALANCE SHEET

As at March 31,

(Unaudited - See Notice to Reader)

	2013	2012
	\$	\$
ASSETS		
Current Assets		
Cash	138,399	167,130
Accounts receivable	65,069	371,500
Inventory	157,728	-
Prepaid expenses	212,646	-
Sales tax recoverable	20,316	-
	<u>594,158</u>	<u>538,630</u>
Fixed Assets		
Computer	300	-
Equipment	18,751	-
Less: Accumulated depreciation	(1,958)	-
	<u>17,093</u>	<u>-</u>
Other Assets		
Incorporate costs	6,833	6,833
Less: Accumulated amortization	(359)	-
	<u>6,474</u>	<u>6,833</u>
Total Assets	<u>617,725</u>	<u>545,463</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	2,825	-
Payroll taxes payable	5,095	-
Due to shareholders	-	7
Total Liabilities	<u>7,920</u>	<u>7</u>
Shareholders' Equity		
Common shares	665,500	497,500
Preferred shares	70,000	50,000
Deficit	(125,695)	(2,044)
Total Shareholders' Equity	<u>609,805</u>	<u>545,456</u>
Total Liabilities and Shareholders' Equity	<u>617,725</u>	<u>545,463</u>

Canada Tobacco & Global Inc.
 [Incorporated under the laws of Ontario]

STATEMENT OF OPERATIONS AND DEFICIT

For the Year Ended March 31,

(Unaudited - See Notice to Reader)

	2013	2012
	\$	\$
Revenue		
Sales	109,620	-
Cost of Sales		
Inventory, beginning of year	-	-
Purchases	256,022	-
Less: Inventory, end of year	(157,728)	-
	98,294	-
Gross Profit	11,326	-
Expenses		
Advertising expense	7,834	-
Automobile expense	589	-
Bank charges	768	35
Charitable donation	600	-
Dues & Subscriptions	1,505	-
Insurance	2,497	-
Meals & Entertainment	2,542	-
Office expense	18,198	2,009
Professional fees	21,852	-
Rent	4,299	-
Repairs & Maintenance	7,362	-
Salaries & Wages	29,296	-
Telephone & Communication	8,400	-
Travel	25,301	-
Utilities	1,617	-
Amortization	2,317	-
Total expenses	134,977	2,044
Net income (loss) for the year	(123,651)	(2,044)
Retained Earnings, beginning of year	(2,044)	-
Net income (loss) for the year	(123,651)	(2,044)
Deficit, end of the year	(125,695)	(2,044)

KTW →

Account Quick Report
All Transactions

Type	Date	Num	Name	Memo	Split	Amount	Balance
TD Bank							
Deposit	30/03/2012		KTW				
Bill Pmt -Che...	31/09/2012	Debit	IKEA	Account Openin...	Opening Bal...	167,130.20	167,130.20
Bill Pmt -Che...	24/09/2012	278	Blue Sky Graphics	Office Desks & ...	Accounts Pa...	-4,949.75	162,180.45
Bill Pmt -Che...	24/09/2012	279	Scotia Bank	MIDAS, REX, T...	Accounts Pa...	-2,260.00	159,920.45
Bill Pmt -Che...	31/12/2012	12	Francis Kim & Co.	Paid Cell Phone ...	Accounts Pa...	-1,489.44	158,431.01
Bill Pmt -Che...	31/12/2012	c-008	Print Three	CTG Flyer	Accounts Pa...	-847.50	157,583.51
Bill Pmt -Che...	31/12/2012	280	Choi, Eun Kyu	Auto Gas for 2012	Accounts Pa...	-209.05	157,374.46
Bill Pmt -Che...	31/12/2012	281	Kang, Cheol Joong	Auto Gas for 2012	Accounts Pa...	-2,013.71	155,360.75
Bill Pmt -Che...	31/12/2012	2	Bell Canada	Deposit for Offic...	Accounts Pa...	-8,028.90	147,331.85
Bill Pmt -Che...	31/12/2012	15	Kim, Terry	Condolence for ...	Accounts Pa...	-500.00	146,831.85
Bill Pmt -Che...	31/12/2012	15	CCSRA	Donation for Mo...	Accounts Pa...	-100.00	146,731.85
Bill Pmt -Che...	31/12/2012	282	Staples	Printer's Toner	Accounts Pa...	-450.00	146,281.85
Bill Pmt -Che...	31/12/2012	283	Changhoon Lee ...	Legal Fee for 2012	Accounts Pa...	-73.83	146,208.02
Bill Pmt -Che...	31/12/2012	23	Kang, Cheol Joong	Meals with Shar...	Accounts Pa...	-21,019.74	125,188.28
Bill Pmt -Che...	31/12/2012	284	IKEA	Office Supplies	Accounts Pa...	-305.00	124,883.28
Bill Pmt -Che...	31/12/2012	c-016	Staples	Office Supplies	Accounts Pa...	-583.08	124,300.20
Bill Pmt -Che...	31/12/2012	25	Canadian Seafoo...	Forklift	Accounts Pa...	-96.65	124,203.35
Bill Pmt -Che...	31/12/2012	17	Kim, Young Sook	KTI & W Packag...	Accounts Pa...	-6,780.00	117,423.35
Bill Pmt -Che...	31/12/2012	26	Colliers Macaula...	Office Rent Secu...	Accounts Pa...	-3,300.00	114,123.35
Bill Pmt -Che...	31/12/2012	5971...	Blue Sky Graphics	Office Supplies	Accounts Pa...	-5,074.90	109,048.45
Bill Pmt -Che...	31/12/2012	6332...	CAPS	Security Deposit	Accounts Pa...	-3,500.74	105,547.71
Bill Pmt -Che...	31/12/2012	6126...	Canadian Heritag...	Security Deposit	Accounts Pa...	-100,000.00	5,547.71
Bill Pmt -Che...	31/12/2012	27	Ministry of Finan...	Security Deposit	Accounts Pa...	-100,000.00	-94,452.29
Bill Pmt -Che...	31/12/2012	15	Total Lift Co. Ltd.	Forklift Driver Tr...	Accounts Pa...	-10,000.00	-104,452.29
Bill Pmt -Che...	31/12/2012	Debit	Park, Ki-Hyounk	CKBA Web Desi...	Accounts Pa...	-1,081.98	-105,534.27
Bill Pmt -Che...	31/12/2012	Debit	Scotia Bank	Paid Cell Phone ...	Accounts Pa...	-2,500.00	-108,034.27
Bill Pmt -Che...	31/12/2012	Debit	Kang, Cheol Joong	Cigar Sample	Accounts Pa...	-315.78	-108,350.05
Bill Pmt -Che...	31/12/2012	Debit	Kim, Terry	Condolence for ...	Accounts Pa...	-76.50	-108,426.55
Bill Pmt -Che...	31/12/2012	Debit	Kang, Cheol Joong	Demonstration of...	Accounts Pa...	-300.00	-108,726.55
Bill Pmt -Che...	31/12/2012	Debit	Korean Chinese ...	Donation to KCA	Accounts Pa...	-1,071.23	-109,797.78
Bill Pmt -Che...	31/12/2012	Debit	Korean Canadian...	Donation of 50 yr...	Accounts Pa...	-200.00	-109,997.78
Bill Pmt -Che...	31/12/2012	Debit	Kim, Byung Gil	Donation for the ...	Accounts Pa...	-100.00	-110,097.78
Bill Pmt -Che...	31/12/2012	Debit	Kang, Cheol Joong	Meals with	Accounts Pa...	-200.00	-110,297.78
Bill Pmt -Che...	31/12/2012	Debit	YJJA Moving Ser...	Moving Expense...	Accounts Pa...	-1,454.49	-111,746.27
Bill Pmt -Che...	31/12/2012	Debit	Home Depot	Office BBQ Grill	Accounts Pa...	-865.50	-112,411.77
Bill Pmt -Che...	31/12/2012	Debit	Future Shop	Office Computer...	Accounts Pa...	-56.49	-112,468.26
Bill Pmt -Che...	31/12/2012	Debit	Future Shop	Office Fridger	Accounts Pa...	-3,971.04	-116,439.30
Bill Pmt -Che...	31/12/2012	Debit	Staples	Office Supplies	Accounts Pa...	-564.99	-117,004.29
Bill Pmt -Che...	31/12/2012	Debit	Kang, Cheol Joong	Travel Exp.	Accounts Pa...	-1,258.59	-118,262.88
Bill Pmt -Che...	31/12/2012	Debit	Park, Ki Hyounk	Web Hosting & ...	Accounts Pa...	-164.56	-118,427.44
General Jour...	31/12/2012	4		Bank Service Ch...	Bank Servic...	-806.12	-119,233.56
General Jour...	31/12/2012	5		Deposit from Ac...	Account Re...	-486.23	-119,719.79
General Jour...	31/12/2012	6		Capital Stock	Capital Stock	371,500.00	251,780.21
General Jour...	31/12/2012	47		Petty Cash	Petty Cash	40,000.00	291,780.21
Bill Pmt -Che...	10/01/2013	29...	Total Lift Co. Ltd.	Scheduled Maint...	Accounts Pa...	-955.62	290,824.59
Bill Pmt -Che...	10/01/2013	30	Bell	A/C No. 521222...	Accounts Pa...	-203.40	290,621.19
Bill Pmt -Che...	10/01/2013	33	Choi, Eun Kyu	Auto Gas for Jan...	Accounts Pa...	-10.93	290,610.26
Bill Pmt -Che...	10/01/2013	31	AMSUK Comput...	POS System (20...	Accounts Pa...	-1,000.00	289,610.26
Bill Pmt -Che...	10/01/2013	35	Choi, Eun Kyu	GM's Cell Phone...	Accounts Pa...	-1,638.50	287,971.76
Bill Pmt -Che...	10/01/2013	34	SECOM Security	Office Phone Sy...	Accounts Pa...	-78.70	287,893.06
Bill Pmt -Che...	10/01/2013	37	Park, Ki Hyounk	Web Hosting & ...	Accounts Pa...	-4,840.92	283,052.14
Cheque	10/01/2013	32	Choi, Eun Kyu	Payroll from Jan ...	-SPLIT-	-664.52	282,387.62
Cheque	10/01/2013	36	Kang, Cheol Joong	Payroll from Jan ...	-SPLIT-	-864.96	281,522.66
General Jour...	16/01/2013	48		Cho, Jin Young	Capital Stock	-886.25	280,636.41
General Jour...	17/01/2013	7			Capital Stock	10,000.00	290,636.41
Bill Pmt -Che...	21/01/2013	Debit	Im, Eun Hyang	Green Tea	Accounts Pa...	-10,000.00	300,636.41
Cheque	22/01/2013	38	CT&G	Petty Cash	Petty Cash	-1,500.00	299,136.41
Cheque	24/01/2013	42	Kang, Cheol Joong	Payroll from Jan ...	-SPLIT-	-2,000.00	297,136.41
Cheque	24/01/2013	41	Choi, Eun Kyu	Payroll from Jan ...	-SPLIT-	-886.25	296,250.16
Cheque	24/01/2013	40	Bell Canada	A/C No. 289-649...	-SPLIT-	-1,170.51	295,079.65
Cheque	24/01/2013	43	Choi, Eun Kyu	Auto Gas from J...	Auto Gas	-693.75	294,385.90
General Jour...	24/01/2013	44	Korean Canadian...	Rent Space for E...	Marketing	-1,000.00	293,385.90
Cheque	29/01/2013	39	KONSTANT	Debit Card	Office Suppl...	-500.00	292,885.90
Cheque	29/01/2013	48	Union Gas	Warehouse Shel...	-SPLIT-	-269.70	292,616.20
Cheque	29/01/2013	47	1520866 ONT LT...	Office Gas Conn...	-SPLIT-	-1,896.14	290,720.06
Cheque	29/01/2013	45	Kang, Cheol Joong	Office Gas for D...	-SPLIT-	-392.94	290,327.12
				2013-27, Auto G...	Auto Gas	-93.36	290,233.76
						-1,378.35	288,855.41

Date	Description	Total
2014-01-17	Milage to and from Stoney Creek.	\$90.00
2014-01-21	Printing	\$4.50
Expenses Subtotal		\$94.50
Subtotal		\$15,844.50
HST (13.0%)		\$2,059.79
Total		\$17,904.29
Payment (2014-02-21)		-\$8,009.58
Balance Owing		\$9,894.71

Hassell Sommers LLP Trust Account

Date	Type	Description	Receipts	Payments	Balance
2014-01-08		Retainer balance		\$5,000.00 <i>Kim</i>	\$5,000.00 ✓
2014-01-15		Retainer		\$5,000.00 <i>Kim</i>	\$10,000.00 ✓
2014-01-15		Retainer		\$11,000.00 <i>Lee</i>	\$21,000.00
2014-01-17		Payment for invoice #145127	\$21,000.00		\$0.00
2014-01-22		Retainer		\$5,000.00 <i>Kim</i>	\$5,000.00 ✓
2014-01-22		Retainer		\$5,000.00 <i>Lee</i>	\$10,000.00
2014-02-20		Payment for invoice #145127	\$1,990.42		\$8,009.58
2014-02-21		Payment for invoice #145130	\$8,009.58		\$0.00
Hassell Sommers LLP Trust Account Balance					\$0.00

Please make all payments out to Hassell Sommers LLP.

We accept payment by cheque, email transfer, credit card, cash and debit. Please contact our office to arrange payment.

Interest on unpaid accounts will be charged at 12% per year.

Hassell Sommers LLP's HST Number is 81143 0933 RT0001

Payment is due upon receipt.



HASSELL SOMMERS LLP
BARRISTERS

329 St. George Street, Suite 4
Toronto, Ontario
M5R 2R2

Invoice

Invoice # 145125
Date: 2014-01-06
Due Upon Receipt

Canada Tobacco & Global Inc.
C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Date	Description	Timekeeper
2014-01-06	Consultation, including: Telephone calls and/or correspondence prior to the consultation; Review of any key documents provided; Meeting to discuss legal rights and legal options; Follow-up correspondence confirming the legal advice provided at the consult.	MH

Subtotal	\$500.00
HST (13.0%)	\$65.00
Total	\$565.00
Payment (2014-01-06)	-\$565.00
Balance Owing	\$0.00

Please make all payments out to Hassell Sommers LLP.

We accept payment by cheque, email transfer, credit card, cash and debit. Please contact our office to arrange payment.

Interest on unpaid accounts will be charged at 12% per year.

Hassell Sommers LLP's HST Number is 81143 0933 RT0001

Payment is due upon receipt.

HS
HASSELL SOMMERS LLP
 BARRISTERS

329 St. George Street, Suite 4
 Toronto, Ontario
 M5R 2R2

Invoice

Invoice # 145130
 Date: 2014-02-21
 Due Upon Receipt

Canada Tobacco & Global Inc.
 C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Legal Services

Date	Description	Timekeeper
2014-01-17	Travel (half rate): To and from company headquarters to serve injunction and halt shareholders meeting.	DS
2014-01-17	Meeting: Meeting with Changhoon Lee regarding judge's order and negotiation for withdrawal of shotgun offer.	DS
2014-01-17	Travel (half rate): To and from company headquarters to serve injunction and halt shareholders meeting.	MH
2014-01-17	Meeting: Meeting with Changhoon Lee regarding judge's order and negotiation for withdrawal of shotgun offer.	MH
2014-01-17	Letter to TD re Court order. Emails with client re outcome at Court. Email to shareholders re issued notice of application and Court order. Email to client recommending settlement negotiations.	MH
2014-01-20	Email from client re notice of director and shareholder meetings. Review notices. Email to client re time emails were sent and signed shareholders agreement.	MH
2014-01-20	Telephone call: To TD and left message re Court order.	MH
2014-01-20	Telephone call to client re emergency meeting and emergency Court attendance. Email to client to request email with notices.	MH
2014-01-20	Letter to shareholders re Kang violation. Email to Changhoon Lee re potential counselling of violation of Court order.	MH
2014-01-20	Letter from Changhoon Lee re directors meeting. Letter to Changhoon Lee re Court and directors meeting.	MH

2014-01-20	Draft supplementary application record including affidavits of personal service and affidavit of Seung Hyu Lee, together with draft order.	MH
2014-01-21	Attendance at Court: Preparation for meeting with client. Meeting with client. Attendance at Ontario Superior Court of Justice for emergency motion to invalidate directors meeting and to prohibit future shareholder and director meetings and to schedule urgent 9:30 am attendance.	MH
2014-01-21	Attendance at Court: Attendance at Court: Preparation for meeting with client. Meeting with client. Attendance at Ontario Superior Court of Justice for emergency motion to invalidate directors meeting and to prohibit future shareholder and director meetings and to schedule urgent 9:30 am attendance.	DS
2014-01-22	Email; Email from client re email addresses. Email to all shareholders re endorsements and orders.	MH
2014-01-22	Emails with client re strategy. Emails with Changhoon Lee re action and review claim by Mr. You. Emails with Richard Macklin re Court attendance.	MH
2014-01-23	Attendance at Court: Ontario Superior Court of Justice before Justice Morawetz to schedule a hearing and shareholders meeting.	MH
2014-01-23	Attendance at Court: Ontario Superior Court of Justice before Justice Morawetz to schedule a hearing and shareholders meeting.	DS
2014-01-23	Email to client: To report on outcome of Court.	MH
2014-01-24	Telephone call from Janet requesting MH call bank manager on Monday re issue with accounts.	HS
2014-01-24	Telephone call to Janet at TD Bank re freezing of account.	HS
2014-01-24	Dictation of letter to TD Bank re Canada Tobacco Inc.	MH
2014-01-24	Prepare fax to send out to TD Bank.	HS
2014-01-24	Email from opposing counsel re pressing issues. Email to opposing counsel re pressing issues.	MH
2014-01-24	Telephone call to Francis & Kim re request of financial information from April 1, 2012 until December 31, 2013.	MH
2014-01-24	Telephone call to Maurizio Feijo re freezing of bank accounts and hearing on Feb. 10, 2014 as well of possibility of interim signing authority.	MH
2014-01-24	Correspondence with accountant and review engagement letter. Telephone call with accountant. Emails re financial issues. Telephone calls re corporate lawyer. Emails will opposing counsel.	MH
2014-01-26	Brief review of documents received from client and discussion with DS.	MH
2014-01-26	Review and revise: Detailed review of documents sent from client today, multiple telephone calls with MH regarding strategic direction of affidavit and examination at forthcoming court date, drafting of affidavit, e-mail to client re meeting tomorrow.	DS
2014-01-27	Telephone call: From Mr. Lee's translator, asking to postpone meeting with Mr. Lee.	MS
2014-01-27	Email to opposing counsel: Regarding disallowance of You as signing authority.	DS

2014-01-27	Meeting with client: Review of evidence sent by client, drafting of affidavit, discussion of forthcoming hearing dates and matters thereto, collation and organization of affidavit, service of affidavit on opposing counsel.	DS
2014-01-27	Emails with opposing counsel and comments on draft affidavit.	MH
2014-01-28	Receive and review: Fax re Mr. Kang's Salary.	MS
2014-01-28	Scan and organize Supplementary Affidavit of Seung Hyu Lee.	MS
2014-01-28	Review of e-mails from opposing counsel re next shareholders meeting and signing authority, discussion with MH re signing authority, e-mail to Mr. Lee re signing authority suggestion of opposing counsel.	DS
2014-01-29	Attendance at Court: Ontario Superior Court of Justice before Justice McEwen for Order regarding bank signing authority to enable preparation of financial statements in advance of shareholders meeting.	MH
2014-01-29	Email to client: Re Court Order for bank signing authority.	MH
2014-01-29	Email from opposing counsel re immediate steps. Email to opposing counsel re meeting Chair.	MH
2014-01-29	Letter to bank re Order of Justice McEwen.	MH
2014-01-30	Detailed email to client re battle for interim control.	MH
2014-01-30	Multiple emails with opposing counsel and client on pressing issues.	MH
2014-01-31	Telephone call from Mr. Lee requesting a call back from MH.	HS
2014-01-31	Emails with client re questions about application and shareholders meeting. Advise clients on settlement. Get instructions for settlement offer. Draft and send settlement offer.	MH
2014-01-31	Discussion with MH regarding strategy and direction for next steps in action.	DS
2014-02-05	Telephone call with opposing counsel re plan for February 10, 2013.	MH
2014-02-05	Email from client re agreement. Email to client re consent order to reflect agreement.	MH
2014-02-09	Email to client re February 5 and 10, 2014 Court dates and February 14, 2014 shareholders meeting.	MH
2014-02-09	Emails with accountant and client re arranging payment for accountant.	MH
2014-02-13	Email from client re bank signing authority. Email to client re bank signing authority and financials.	MH
2014-02-13	Telephone call: To TD to follow up on Court order.	MH
2014-02-21	Telephone call from TD branch. Telephone call to TD legal department.	MH
Legal Services Subtotal		\$15,750.00

Expenses


HASSELL SOMMERS LLP
 BARRISTERS

329 St. George Street, Suite 4
 Toronto, Ontario
 M5R 2R2

Invoice

Invoice # 145125
 Date: 2014-01-06
 Due Upon Receipt

Canada Tobacco & Global Inc.
 C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Date	Description	Timekeeper
2014-01-06	Consultation, including: Telephone calls and/or correspondence prior to the consultation; Review of any key documents provided; Meeting to discuss legal rights and legal options; Follow-up correspondence confirming the legal advice provided at the consult	MH

Subtotal	\$500.00
HST (13.0%)	\$65.00
Total	\$565.00
Payment (2014-01-06)	-\$565.00
Balance Owing	\$0.00

Please make all payments out to Hassell Sommers LLP.

We accept payment by cheque, email transfer, credit card, cash and debit. Please contact our office to arrange payment.

Interest on unpaid accounts will be charged at 12% per year.

Hassell Sommers LLP's HST Number is 81143 0933 RT0001

Payment is due upon receipt.


HASSELL SOMMERS LLP
 B A R R I S T E R S

329 St. George Street, Suite 4
 Toronto, Ontario
 M5R 2R2

Invoice

Invoice # 145127
 Date: 2014-01-17
 Due Upon Receipt

Canada Tobacco & Global Inc.
 C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Legal Services

Date	Description	Timekeeper
2014-01-09	Email from client re Yang Pyung Kim no longer part of shotgun buy-sell offer.	MH
2014-01-10	Draft initial letter to Mr. Kang. Email to client for instructions and to identify other key issues such as freezing the bank account.	MH
2014-01-10	Email from client re withdrawal of Y. P. Kim offer. Email to client re withdrawal of Y. P. Kim offer.	MH
2014-01-13	Revise letter to Mr. Kang and send. Email a copy of final letter to clients.	MH
2014-01-13	Letter: To bank re freezing the accounts and changing signing authority. Email to client re draft letter to bank.	MH
2014-01-13	Telephone call from client: Re urgent issues and meeting today.	MH
2014-01-13	Email to client: Re bank signing authority.	MH
2014-01-13	Meeting with client: To discuss Court application.	MH
2014-01-14	Review: Review articles on shareholder rights.	DS
2014-01-14	Organize and rename all client documents.	MS
2014-01-14	Telephone call from Janet at TD Bank.	HS
2014-01-15	Review case law authorities, annotated shareholder agreements, client articles of incorporation.	DS
2014-01-15	Review: Draft of application, draft of affidavit, client by-laws, client shotgun buy-sell provision, principles of fiduciary duty.	DS

2014-01-15	Draft: Notes for factum pertaining to grounds of review, avenues of attack, form of notice, and oppression remedies.	DS
2014-01-15	Instruct DS re immediate research issues. Instruct HS re putting together application record.	MH
2014-01-15	Receive and review: Incorporation information, bank information and correspondence from client.	MH
2014-01-15	Email to client: Re documents and information.	MH
2014-01-15	Prepare draft templates for client pleadings.	HS
2014-01-15	Receive and review: Original notice of shareholders meeting.	MH
2014-01-15	First draft of notice of application.	MH
2014-01-15	Review authorities re shareholders meetings, directors meetings and financial disclosure by corporations.	MH
2014-01-16	Prepare and Print tabs for Affidavit of Documents.	HS
2014-01-16	Letter: To all shareholders re notice of application and Court on Friday, January 17, 2014.	MH
2014-01-16	Attendance at Court: Letter to Mr. Kang re urgent Court appearance.	MH
2014-01-16	Telephone call: To TD and left voicemail with Small Business Advisor re status of the bank account and credit cards.	MH
2014-01-16	Review: Notes and sources for common law authorities for factum, financial reporting requirements under the OBCA.	DS
2014-01-16	Review: Scholarly articles on principles of corporate governance, collating client by-laws, statutory requirements and common law sources for drafting of factum.	DS
2014-01-16	Letter to accountant.	MH
2014-01-16	Telephone call with TD. Letter to TD re notice of application.	MH
2014-01-16	Fax sent to accountant.	HS
2014-01-16	Meeting: With co-counsel. Discussion of all resources for factum and case law. Strategizing for court appearance.	DS
2014-01-16	Prepare affidavit for binding.	MS
2014-01-16	Draft affidavit of Seung Hyu Lee	MH
2014-01-16	Revisions to notice of application and supporting affidavit with respect to facts and urgency.	MH
2014-01-16	Plan a strategy for Thursday and getting the application issued, hearing scheduled and factum prepared.	MH
2014-01-16	Prepare: Draft copy of affidavit with exhibits for client review.	MS
2014-01-16	Prepare: Draft copy of affidavit with exhibits for client review.	HS

2014-01-16	Meeting with client to review, revise and swear affidavits. Amend notice of application in accordance with client interactions.	MH
2014-01-16	Prepare and Print tabs for Affidavit of Documents.	MS
2014-01-17	Initial draft of factum with emphasis on facts and issues. Compilation of application records.	MH
2014-01-17	Draft: Case law, legislation, and by-laws into factum.	DS
2014-01-17	Prepare: Documents for court.	DS
2014-01-17	Attendance at Court: Ontario Superior Court of Justice before the Honourable Justice Newbould on an emergency basis to obtain injunctive relief with respect to the prohibition of a shareholders meeting later in the day and the securing of company assets including the bank account and \$500,000.00 of tobacco inventory. Have order issued and entered in preparation for personal service.	DS
2014-01-17	Prepare: Documents for Court.	MH
2014-01-17	Attendance at Court: Ontario Superior Court of Justice before the Honourable Justice Newbould on an emergency basis to obtain injunctive relief with respect to the prohibition of a shareholders meeting later in the day and the securing of company assets including the bank account and \$500,000.00 of tobacco inventory. Have order issued and entered in preparation for personal service.	MH
Legal Services Subtotal		\$19,820.00

Expenses

Date	Description	Total
2014-01-16	Printing application records for Court	\$65.00
2014-01-16	Parking for Commercial List Court.	\$4.00
2014-01-17	Printing of case law for emergency hearing.	\$100.50
2014-01-17	Paid to issue Court application	\$181.00
2014-01-17	Civil litigation transaction levy	\$50.00
2014-01-17	Binding of application records and factums.	\$125.00
Expenses Subtotal		\$525.50
Subtotal		\$20,345.50
HST (13.0%)		\$2,644.92
Total		\$22,990.42
Payment (2014-01-17)		-\$21,000.00
Balance Owing		\$1,990.42

Hassell Sommers LLP Trust Account

Date	Type	Description	Receipts	Payments	Balance
2014-01-08		Retainer balance		\$5,000.00	\$5,000.00
2014-01-15		Retainer		\$5,000.00	\$10,000.00
2014-01-15		Retainer		\$11,000.00	\$21,000.00
2014-01-17		Payment for invoice #145127	\$21,000.00		\$0.00
Hassell Sommers LLP Trust Account Balance					\$0.00

Please make all payments out to Hassell Sommers LLP.

We accept payment by cheque, email transfer, credit card, cash and debit. Please contact our office to arrange payment.

Interest on unpaid accounts will be charged at 12% per year.

Hassell Sommers LLP's HST Number is 81143 0933 RT0001

Payment is due upon receipt.

APPENDIX “I”

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

FORM 77

Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

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

Seung-Hyu Lee
Smith's Ultramar, Port Syndey, RR#1, Hwy 11
Port Syndey ON P0B 1L0

Take notice that:

As trustee acting in the matter of the bankruptcy of Canada Tobacco & Global Inc., we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

- 1) No proof of payment of \$30,000 loan to Canada Tobacco & Global Inc. ("CT&G") was included with the claim;
- 2) No proof that loan claimed was interest bearing;
- 3) No proof of payment of legal fees to Hassel Sommers LLP. In addition, we require a sworn affidavit by Mike Hassel indicating what invoices you had paid;
- 4) You have provided copies of cheques issued to you for wages but have not provided evidence that they were returned, and of your cessation of employment; and
- 5) The Trustee has claimed \$5,705.39 on February 27, 2015 as being owed by you to CT&G. Assuming you have a valid claim, this amount would be set-off against it.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the city of Toronto in the Province of Ontario, this 24th day of September 2015.

Dodick Landau Inc. - Trustee



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

APPENDIX “J”

DIVISIONAL COURT FILE NO.:

**ONTARIO
SUPERIOR COURT OF JUSTICE
(DIVISIONAL COURT)**

IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
of the City of Hamilton, in the Province of Ontario

BETWEEN:

SEUNG-HYU LEE

Appellant

-and-

DODICK LANDAU INC.

Respondent

NOTICE OF APPEAL

THE APPELLANT APPEALS to the Divisional Court from the decision of disallowances of appellant's claim of the Dodick Landau Inc. ("Trustee of the Estate of Canada Tobacco & Global Inc.") dated September 24, 2015 at the City of Toronto in the Province of Ontario.

THE APPELLANT ASKS THAT:

1. The decision of the Trustee be set aside;
2. An Order approving the claims of the appellant;
3. The Appellant be awarded the costs of this appeal; and
4. Such further and other relief this Honourable Court may deem just.

THE GROUNDS OF APPEAL are as follows:

1. The Trustee disallowed the appellant's proof of claim of \$30,000 loan to Canada Tobacco & Global Inc. ("CT &G") on July 9, 2013;

2. The Trustee disallowed the appellant's proof of payment of legal fees to Hassel Sommers LLP on behalf of CT & G;
3. The Trustee failed to maintain impartiality and fairness in the review of the claims which the appellant should be accepted as creditor of the estate;
4. Section 135(4) of the *Bankruptcy and Insolvency Act*;
5. Rule 61 of the *Rules of Civil Procedure*; and
6. Such further and other grounds as counsel may advise and this Honourable Court may permit.

The appellant requests that this appeal be heard at 130 Queen Street West, Toronto, Ontario.

October 21, 2015

SEUNG-HYU LEE

Port Sydney, RR#1, Hwy 11

Port Sydney, Ontario.

POB 1L0

Tel: (705) 791-2718

Self-Represented Appellant.

TO: Dodick Landau Inc.
(Rahn Dodick)
Trustee of the Estate of
Canada Tobacco & Global Inc.
4646 Dufferin Street. Suite 6
Toronto, Ontario.
M3H 5S4
Tel: (416) 736-4357
Fax: (416) 649-7725

SEUNG-HYU LEE

and

DODICK LANDAU INC

Appellant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Divisional Court)**

PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPEAL

SEUNG-HYU LEE

Port Syndey, RR#1, Hwy 11
Port Syndey, Ontario.
POB 1L0
Tel: (705) 791-2718

Self-Represented Appellant.

DIVISIONAL COURT FILE NO.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(DIVISIONAL COURT)

IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
of the City of Hamilton, in the Province of Ontario

BETWEEN:

SEUNG-HYU LEE

Appellant

-and-

DODICK LANDAU INC.

Respondent

CERTIFICATE RESPECTING EVIDENCE

The appellant certifies that the following evidence is required for the appeal, in the appellant's opinion:

1. All of the oral and documentary evidence heard and considered by the Trustee of the Canada Tobacco & Global Inc. in this proceeding appealed from;
2. All exhibits including any recordings of documentary evidence obtained by the Trustee of the Canada Tobacco & Global Inc. in the course of the proceeding appealed from;
3. Such further and other documents as contemplated by Rule 61 of the Rules of Civil Procedure;
and
4. Such other documents as counsel may advise and this Honourable Court permit.

Date: October 21, 2015

SEUNG-HYU LEE

Port Syndey, RR#1, Hwy 11

Port Syndey, Ontario.

POB 1L0

Tel: (705) 791-2718

Self-Represented Appellant

TO **Dodick Landau Inc.**
(Rahn Dodick)
Trustee of the Estate of
Canada Tobacco & Global Inc.
4646 Dufferin Street. Suite 6
Toronto, Ontario.
M3H 5S4
Tel: (416) 736-4357
Fax: (416) 649-7725

SEUNG-HYU LEE

and

DODICK LANDAU INC.

Appellant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Divisional Court)**

PROCEEDING COMMENCED AT TORONTO

**CERTIFICATE RESPECTING EVIDENCE
OF SEUNG-HYU LEE**

SEUNG-HYU LEE

Port Sydney, RR#1, Hwy 11

Port Sydney, Ontario.

P0B 1L0

Tel: (705) 791-2718

Self-Represented Appellant .

APPENDIX “K”

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

AMENDED.

FORM 77

Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

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

Seung-Hyu Lee
Smith's Ultramar, Port Syndey, RR#1, Hwy 11
Port Syndey ON P0B 1L0

Take notice that:


As trustee acting in the matter of the bankruptcy of Canada Tobacco & Global Inc., we have disallowed your claim (or your right to priority or your security on the property) to the extent of \$22,353.39, pursuant to subsection 135(2) of the Act, and allowed your claim of \$35,981.53, for the following reasons:

Please see attached schedule.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in part (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the city of Toronto in the Province of Ontario, this 16th day of November 2015.

Dodick Landau Inc. - Trustee



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

Claim of: Seung Hyu Lee
Smith Service

Amount of Claim: \$58,334.92

Description of Claim	Amount Claimed	Allowed	Disallowed	Reason for Disallowance
Loan paid to CT&G	\$ 30,000.00	\$ 30,000.00		
Interest on loan	\$ 2,250.00	\$ 2,250.00		
Legal Fees paid on behalf of CT&G	\$ 16,000.00		\$ 16,000.00	No proof of payment
Returned Cigarettes	\$ 648.00		\$ 648.00	No proof of returned cigarettes
Wages	\$ 9,436.92	\$ 9,436.92		
Total:	\$ 58,334.92	\$ 41,686.92	\$ 16,648.00	

Amount of Disallowance: \$ 16,648.00
Amount owed to CT&G: \$ 5,705.39 *see attached schedule
Total: \$ 22,353.39

Amount of claim: \$ 58,334.92
Disallowance and Set-Off \$ 22,353.39
Admitted Proof of Claim amount: **\$ 35,981.53**

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.,
OF THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO**

**AMENDED NOTICE OF REVISION AND DISALLOWANCE OF CLAIM
(Subsection 135(3) of the *Bankruptcy and Insolvency Act* (“Act”))**

**TO: Mr. Seung Hyu Lee
Smith’s Ultramar
RR#1, Hwy 11
Port Sydney, ON
P0B 1L0**

TAKE NOTICE THAT, as Trustee acting in the bankruptcy of Canada Tobacco & Global Inc. (“**CT&G**” or the “**Company**”), we have this day partially disallowed the claim of Seung Hyu Lee (“**Mr. Lee**”) in CT&G’s bankrupt estate for the reasons set out in **Schedule “A”**. As such, the allowed portion of Mr. Lee’s claim totals \$26,544.61.

AND FURTHER TAKE NOTICE that the revision and 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 10th day of December, 2015.

**DODICK LANDAU INC.,
TRUSTEE IN THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
AND NOT IN ITS PERSONAL CAPACITY.**

Per: 

Rahn Dodick CPA, CA, CIRP, LIT
Dodick Landau Inc.
4646 Dufferin St., Suite 6
Toronto, Ontario
M3H 5S4
(416)-645-0552

Claim of: Seung Hyu Lee
Smith Service

Amount of Claim: \$58,334.92

Description of Claim	Amount Claimed	Allowed	Disallowed	Reason for Disallowance
Loan paid to CT&G	\$ 30,000.00	\$ 30,000.00		
Interest on loan	\$ 2,250.00	\$ 2,250.00		
Legal Fees paid on behalf of CT&G	\$ 16,000.00		\$ 16,000.00	Note 1
Returned Cigarettes	\$ 648.00		\$ 648.00	No Proof provided
Wages	\$ 9,436.92		\$ 9,436.92	Note 2
Total	\$ 58,334.92	\$ 32,250.00	\$ 26,084.92	

Amount of Disallowance: \$ 26,084.92
Amount owed to CT&G (Note 3): \$ 5,705.39 *see attached schedule
Total: \$ 31,790.31

Amount of claim: \$ 58,334.92
Disallowance and Set-Off \$ 31,790.31
Admitted Proof of Claim amount: **\$ 26,544.61**

Note 1:

Legal counsel has determined that the legal expenses paid by yourself were for your own personal benefit. Therefore, you are not able to recover this amount from CT&G.

Note 2:

Your claim for wages has been disallowed in its entirety because CT&G's accounting system indicates that immediately following the creation of these cheques for wages, they were deleted and never issued to you, and the related remittances to the Canada Revenue Agency were never made by CT&G.

Note 3:

While we've received a schedule of payments/credit memos, payments totalling \$5,705.39 were not deposited in the bank account on or around the apparent date of payment.

Smith Service and Seung Hyu Lee

Type	Num	Date	Amount (CAD)
Invoice		03/06/2014	2,952.69
Invoice	46	31/03/2014	2,752.69
Invoice	122	27/05/2013	70.00
Payment		27/05/2013	-70.00
Credit Memo	83	06/05/2013	-70.00
Invoice	84	06/05/2013	70.00
Payment	HR001M	25/03/2013	-1,750.05
Payment	HR001M	25/03/2013	-5,000.00
Invoice	10	22/03/2013	6,750.06
Total			<u>5,705.39</u>

(page 2 of 2)

APPENDIX “M”

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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, WOOSEOK 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

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on January 17, 2014 at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A

prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

January 17, 2014

Issued by _____

Local Registrar

Superior Court of Justice
393 University Ave
10th Floor
Toronto, Ontario
M5G 1E6

TO THE RESPONDENTS / SHAREHOLDERS
OF CANADA TOBACCO & GLOBAL INC.

APPLICATION

1. **THE APPLICANTS MAKE APPLICATION FOR:**
 - a. **An order permitting this application to be heard by the Commercial List at Toronto.**
 - b. **An order abridging the time for service and filing of applicant materials.**
 - c. **An order permitting service of applicant materials by email or an alternative to personal service.**
 - d. **An interim, interlocutory and permanent injunction prohibiting the company from holding a January 17, 2014 shareholders meeting. In the alternative, a declaration that the notice for and any business conducted at a January 17, 2014 shareholders meeting are invalid.**
 - e. **A declaration that the December 31, 2013 Notice of Purchase and Sale of shares of the Canada Tobacco and Global Inc. (hereinafter the "company") is invalid.**
 - f. **An order that the company prepare audited financial statements for the fiscal year ending March 31, 2013 and audited financial statements for the period of April 1, 2013 to December 31, 2013 within a reasonable timeframe so that the shareholders of the company can make informed business decisions.**
 - g. **An order that all shareholders of the company forthwith provide the company with all company financial information in their possession, control or power to enable the company to prepare financial statements.**

- h. An order directing a meeting or meetings of the company as deemed necessary by this Honourable Court.
- i. A declaration that Seung Hyu Lee and Yong Kun Lee are the President and Vice-President, respectively of the company, until further resolution of the company or further order of this Honourable Court.
- j. An order that Seung Hyu Lee and Yong Kun Lee as officers of the company are in control of its daily management, until further resolution of the company or further order of this Honourable Court.
- k. An order that Seung Hyu Lee and Yong Kun Lee together are the only bank signing officers for the company, until further resolution of the company or further order of this Honourable Court.
- l. An order abolishing by-law no. 2 until further resolution of the company or further order of this Honourable Court.
- m. An interim, interlocutory and permanent injunction restraining Cheol James Kang from dealing with the property of Canada Tobacco and General Inc.
- n. Costs of this application against Cheol Joong Kang and any party opposing the application; and
- o. Such further and other relief as counsel may advise and this Honourable Court may permit.

2. THE GROUNDS FOR THE APPLICATION ARE:

- a. **Canada Tobacco & Global Inc. is a wholesaler and distributor of tobacco products.**

- b. **On December 10, 2013, a board meeting was held and a new President was elected. The former President who is also a current director of the company refuses to hand over control of the company, refuses to provide financial information concerning the company and refuses to participate in changing the bank signing authority from his sole authority. The company has not provided shareholders with financial statements.**

- c. **Instead, the former President has participated in making a shotgun buy-sell offer on December 31, 2013 (which is open for 30 days) and relies on the offer as justification for not turning over control of the company, even though the two issues are not connected. The shotgun buy-sell offer is impossible to assess without financial information, which is in the former President's possession.**

- d. **The former President has also taken the unusual step of calling a special shareholders meeting on January 17, 2014 for the potential purpose of electing new directors and officers shortly after losing his Presidency and during the course of his participation in making a shotgun buy-sell offer. It is impossible for shareholders to make informed decisions without financial information.**

- e. **The corporation has initial investments and loans of approximately \$1,500,000.00 that are unaccounted for, business relationships with suppliers and customers that are in jeopardy and approximately \$500,000.00 in inventory that is at risk.**

- f. **The corporation has not been properly governed in accordance with corporate law.**

- g. Sections 248, 253, 254 of the Ontario *Business Corporations Act*.
- h. Rules 14.05(3)(d) and 40 of the *Rules of Civil Procedure*;
- i. Section 101 of the *Courts of Justice Act*; and
- j. Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- a. The affidavit of Seung Hyu Lee, affirmed January 16, 2014; and
- b. Such further and other materials as counsel may advise and this Honourable Court may permit.

January 17, 2014

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

Michael Hassell
Daniel Sommers
Tel: 416-944-2274
Fax: 416-342-1776

Counsel for the Applicants

APPENDIX “N”



1040 S SERVICE RD. SUITE 101
 STONEY CREEK, ON L8E 6G3
 Tel: 289-649-1888
 Fax: 289-649-1889
 WWW.CTNG.CA
 JAMESKANG@CTNG.CA

- Return Credit -

Tran #: 1000119 Clerk: 0016 Date: 04/26/2013 15:50
 Cust #: H80014 705-3852718
 000 MIS SERVICE**40
 ITEM/DESC AMOUNT T
 64.60 MIDAS LK RED -516.80 T
 065258684006
 64.60 MIDAS LK BLUE -516.80 T
 065258684013
 61.95 GANGNAM
 065258
 61.95 GANGNAM
 065258 04
 615473004 Sub
 HST -408.18

Total Amount -3548.09

No Refund!
 Exchange Only!

Return Form

Date: April 25 / 2013
 Store Name: 01 승규 리장 (Smith)

ITEM	DESCRIPTION	PRICE	QTY	TOTAL
MIDAS	25 LK Red	64.60+HST (8.40) =\$73.00	8	
	25 LK Blue		8	
Gangnam	25 LK Black	61.95+HST (8.05) =\$70.00	16	
	25 LK Silver		18	
C38	20 SK Red	46.90+HST (6.10) =\$53.00		
Grand Total				- 3548.09.

Canada Tobacco & Global Inc.

담당	실장	전무	사장
<i>John</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>

APPENDIX “O”

Claim of: Seung Hyu Lee
 Amount of Claim: \$58,334.92

Description of Claim	Amounts Claimed	Allowed	Disallowed	Reason for Disallowance
Loan paid to CT&G	30,000.00	30,000.00		
Interest on loan	2,250.00	2,250.00		
Legal Fees paid on behalf of CT&G	16,000.00		16,000.00	Note 1
Returned Cigarettes	648.00		648.00	No proof provided
Wages	9,436.92		9,436.92	Note 2
Total	58,334.92	32,250.00	26,084.92	

Accounts receivable reconciliation:

Amount calculated as receivable from Smith Service before adjustment 5,705.39
 Less: credit for return of product on April 26, 2013 3,548.09
 Credit balance on account 2,157.30

Summary of allowable claim amount:

Amount of claim 58,334.92
 Less: amount disallowed 26,084.92
 Less: account receivable balance 2,157.30
 Admitted proof of claim amount 30,092.70

Note 1:

Legal counsel has determined that the legal expenses paid by Mr. Lee were for his own personal representation as one of the applicants. Therefore, he is not able to recover this amount from CT&G.

Note 2:

Mr. Lee's claim for wages has been disallowed in its entirety because CT&G's accounting system indicates that immediately following the creation of these cheques for wages, they were deleted and never issued to Mr. Lee, and the related remittances to the Canada Revenue Agency ("CRA") were never paid by CT&G to the CRA. Therefore, it appears that the Company never intended to pay this amount to Mr. Lee.

APPENDIX “P”

FORM 31

Proof of Claim

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

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

Oh Jim Kim, 107 Roseview Ave., Richmond Hill, ON L4C 1C6

In the matter of the bankruptcy (or the proposal or the receivership) of Canada Tobacco & Global Inc. (name of debtor) of Hamilton (city), Ontario (province) and the claim of creditor.

Oh Jim Kim, Oh Jim Kim, I, (name of creditor or representative of the creditor), of (city), Ontario (province), do hereby certify: Richmond Hill

- 1. That I am a creditor of the above-named debtor (or that I am [state position or title] of [name of creditor or representative of the creditor]).
2. That I have knowledge of all of the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy (or the date of the receivership or, in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the 19th day of August, 2014, and still is, indebted to the creditor in the sum of \$, as specified in the statement of account (or affidavit) attached and marked Schedule "A," after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category)

A. UNSECURED CLAIM OF \$

(Other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and regarding the amount of \$, I - Select - a right to a priority under section 136 of the Act.

(Set out on an attached sheet details to support priority claim)

[] B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based)

[] C. SECURED CLAIM OF \$

That in respect of this debt, I hold assets of the debtor valued at \$ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$

(Attach a copy of sales agreement and delivery receipts)

E. CLAIM BY WAGE EARNER OF \$ 6,379.68

That I hereby make a claim under - Select - of the Act in the amount of \$

F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$

That I hereby make a claim under - Select - of the Act in the amount of \$

G. CLAIM AGAINST DIRECTOR \$

(To be completed when a proposal provides for the compromise of claims against directors)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, 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 subsection 2(1) of the Act:

(Provide details of payments, credits and transfers at undervalue)

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

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Toronto, this 18th day of September, 2014.

Witness

Creditor

Telephone No.: (647-654-1888)
 Fax No.: () -
 Email address: @
 825 Kimohjin@hanmail.net

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

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

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

Oh Jin Kim

107 Roseview Ave. Richmond Hill, ON L4C 1C6

Phone: 647-654-1888 Email: 825kimohjin@hanmail.net

STATEMENT OF ACCOUNT

September 18, 2014

To: DODICK LANDAU INC.

The trustee in bankruptcy of Canada Tobacco & Global Inc.

4646 Dufferin St., # 6A, Toronto , ON M3H 5S4

Tel. 416-736-4357 Fax: 416-649-7725 Email: rahn.dodick@dodick.ca

Account Charges

Description	Amount	Remarks
Wages	6,379.68	
Pay Period from Feb.20, 2014 to April 19, 2014		
TOTAL AMOUNT DUE:	\$6,379.68	

I worked as the Director of Sales and Marketing of the CT&G Inc. from February 19, 2014 to June 3, 2014.

Please make checks Payable to Oh Jin Kim. If you have any questions regarding this statement, contact either me or my representative Tony Yoonsik Lim by phone at 905-772-5783 or via E-mail at kimchimanca@naver.com

Oh Jin Kim



2014 Sep 18



Canada Tobacco & Global Inc.
 Suite 101 - 1040 South Service Rd. Stoney Creek, ON, L8E 6G3

DUFFERIN AND APEX C.B.C.
 3140 DUFFERIN ST. AT APEX RD.,
 TORONTO, ONTARIO M6A 2T1

UU543
 111
 Security Watermark

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

PAY ***Three Thousand One Hundred Eighty-Nine and 84/100**

\$ **3,189.84

To the order of **Oh Jin Kim**

MEMO Pay Period: 20/02/2014 - 19/03/2014

PER 

⑈000543⑈ ⑆19932⑈004⑆ 0654⑈5257279⑈

00543

<u>Employee</u>		<u>Occupation</u>		
Oh Jin		Director		
		Pay Period: 20/02/2014 - 19/03/2014		Cheque Date: 12/03/2014
<u>Earnings and Hours</u>	<u>Qty</u>	<u>Rate</u>	<u>Current</u>	<u>YTD Amount</u>
Salary	160:00		4,166.67	12,500.01
<u>Taxes</u>			<u>Current</u>	<u>YTD Amount</u>
CPP - Employee			-191.81	-575.43
EI - Employee			-78.33	-234.99
Federal Income Tax			-706.69	-2,120.07
			-976.83	-2,930.49
 Net Pay			 3,189.84	 9,569.52
<u>Company Message</u>				
Pay Period - Feb. 20/14 ~ Mar. 19/14				

Canada Tobacco & Global Inc., Suite 101 - 1040 South Service Rd., Stoney Creek, ON, L8E 6G3

00543

<u>Employee</u>		<u>Occupation</u>		
Oh Jin		Director		
		Pay Period: 20/02/2014 - 19/03/2014		Cheque Date: 12/03/2014
<u>Earnings and Hours</u>	<u>Qty</u>	<u>Rate</u>	<u>Current</u>	<u>YTD Amount</u>
Salary	160:00		4,166.67	12,500.01
<u>Taxes</u>			<u>Current</u>	<u>YTD Amount</u>
CPP - Employee			-191.81	-575.43
EI - Employee			-78.33	-234.99
Federal Income Tax			-706.69	-2,120.07
			-976.83	-2,930.49
 Net Pay			 3,189.84	 9,569.52
<u>Company Message</u>				
Pay Period - Feb. 20/14 ~ Mar. 19/14				

Canada Tobacco & Global Inc., Suite 101 - 1040 South Service Rd., Stoney Creek, ON, L8E 6G3



Canada Tobacco & Global Inc.
 Suite 101 - 1040 South Service Rd. Stoney Creek, ON L8E 6G3

DUFFERIN AND APEX C.B.C.
 3140 DUFFERIN ST. AT APEX RD.
 TORONTO, ONTARIO M6A 2T1

00549
 112
 Security Watermark

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

PAY *****Three Thousand One Hundred Eighty-Nine and 84/100

\$ **3,189.84

To the order of **Oh Jin Kim**

MEMO Pay Period: 20/03/2014 - 19/04/2014

PER 

⑈000549⑈ ⑆19932004⑆ 0654⑆5257279⑈

00549

Employee: Oh Jin Occupation: Director
 Pay Period: 20/03/2014 - 19/04/2014

Cheque Date: 12/04/2014

Earnings and Hours	Qty	Rate	Current	YTD Amount
Salary	160:00		4,166.67	16,666.68
Taxes			Current	YTD Amount
CPP - Employee			-191.81	-767.24
EI - Employee			-78.33	-313.32
Federal Income Tax			-706.69	-2,826.76
			-976.83	-3,907.32
Net Pay			3,189.84	12,759.36

Company Message
 Pay Period - Mar. 20/14 ~ Apr. 19/14

Canada Tobacco & Global Inc., Suite 101 - 1040 South Service Rd., Stoney Creek, ON, L8E 6G3

00549

Employee: Oh Jin Occupation: Director
 Pay Period: 20/03/2014 - 19/04/2014

Cheque Date: 12/04/2014

Earnings and Hours	Qty	Rate	Current	YTD Amount
Salary	160:00		4,166.67	16,666.68
Taxes			Current	YTD Amount
CPP - Employee			-191.81	-767.24
EI - Employee			-78.33	-313.32
Federal Income Tax			-706.69	-2,826.76
			-976.83	-3,907.32
Net Pay			3,189.84	12,759.36

Company Message
 Pay Period - Mar. 20/14 ~ Apr. 19/14

Canada Tobacco & Global Inc., Suite 101 - 1040 South Service Rd., Stoney Creek, ON, L8E 6G3

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

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(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

I, Oh Jin Kim, of Richmond Hill, creditor in the above matter, hereby
appoint Tony Yoonsik Lim, of Caluga, ONT., to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at Toronto, this 18th day of Sept. 2014.

[Signature]
Witness

[Signature]
Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
Dodick Landau Inc. - Trustee

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

APPENDIX “Q”

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

FORM 77

Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

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

Oh-Jin Kim
107 Roseview Ave.
Richmond Hill ON L4C 1C6

Take notice that:

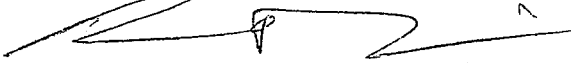
As trustee acting in the matter of the bankruptcy of Canada Tobacco & Global Inc., we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

The books and records show that you owe Canada Tobacco & Global Inc. (the "Company") \$29,729.05. This amount will be offset from your claim of \$6,379.68 resulting in a net amount owed by you to the Company of \$23,349.37.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the city of Toronto in the Province of Ontario, this 13th day of November 2015.

Dodick Landau Inc. Trustee



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

Canada Tobacco & Global Inc.

Invoice

Suite 101 - 1040 South Service Rd.
 Stoney Creek, ON. L8E 6G3
 Tel: 289-649-1888
 Fax: 289-649-1889

Date	Invoice #
06/03/2014	2

Invoice To
Oh Jin Kim 55 Huron Rd. E. Shakespeare, ON

Ship To
Oh Jin Kim 55 Huron Rd. E. Shakespeare, ON

S.O. No.	P.O. No.	Terms	Project
2			

Item	Description	Ordered	Prev. Inv...	Backor...	Invoiced	Rate	Amount
C38 BLUE 20	C38 BLUE 20	75	0	0	97	52.26	5,069.22
D1	Promotional Discount (Tax Exempt)	1				-388.00	-388.00
C38 RED 20	C38 RED 20	365	0	0	443	52.26	23,151.18
D1	Promotional Discount (Tax Exempt)	1				-1,772.00	-1,772.00
	HST (ON) on sales					13.00%	3,668.65
						Total	\$29,729.05

Schedule "A"
Oh Jin Kim

Type	Num	Date	Due Date	Amount
Invoice	2	06/03/2014	31/03/2014	29,729.05
Total				<u>29,729.05</u>

APPENDIX “R”

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

**IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.,
OF THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO**

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

TO: Oh-Jin Kim
107 Roseview Ave.
Richmond Hill, ON
L4C 1C6

TAKE NOTICE THAT, as Trustee acting in the bankruptcy of Canada Tobacco & Global Inc. ("CT&G" or the "Company"), we have this day disallowed the claim of Oh-Jin Kim in CT&G's bankrupt estate in its entirety for the reasons set out in **Schedule "A"**. This Amended Notice of Revision and Disallowance of Claim replaces any previously issued Notice of Revision and Disallowance of Claim.

AND FURTHER TAKE NOTICE that the revision and 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 10th day of December, 2015.

**DODICK LANDAU INC.,
TRUSTEE IN THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
AND NOT IN ITS PERSONAL CAPACITY.**

Per: 

Rahn Dodick CPA, CA, CIRP, LIT
Dodick Landau Inc.
4646 Dufferin St., Suite 6
Toronto, Ontario
M3H 5S4
(416)-645-0552

APPENDIX “S”



Tel: 1-866-222-3456
 TTY: 1-800-361-1180

TDCDA11100_5343759_007 E D 01993 17024

CANADA TOBACCO & GLOBAL INC.
 1040 SOUTH SERVICE RD SUITE 101
 STONEY CREEK ON L8E 6G3



Statement of Account	
Branch No.	Account No.
1993	0654-5257279

Account Type
BUSINESS CHEQUING ACCOUNT - CAD UNLIMITED

Statement From - To
MAR 31/14 - APR 30/14
Page 1 of 1

DESCRIPTION	CHEQUE/DEBIT	DEPOSIT/CREDIT	DATE	BALANCE
BALANCE FORWARD			MAR31	9,381.38
DEPOSIT		2,500.53	APR07	
CAD DRAFT 69189559	11,007.50		APR07	874.41
GC 2092-DEPOSIT		532.00	APR09	
73QA02 CANADA MSP		2,753.53	APR09	4,159.94
GC 0350-DEPOSIT		548.10	APR17	4,708.04
LEGAL DEMAND - PYMT	4,708.04		APR28	0.00
GC 0350-DEPOSIT		245.41	APR29	
LEGAL DEMAND - PYMT	245.41		APR29	0.00
MONTHLY PLAN FEE	125.00		APR30	
OVERDRAFT INTEREST	0.07		APR30	125.070D
0 CHQS ENCLOSED NEXT STATEMENT DATE IS MAY 30/14				
MONTHLY AVER. CR. BAL.		\$4,770.16		
MONTHLY MIN. BAL.		\$125.070D		
DEP CONTENT- CASH 2,702	ITEMS 4	UNC BATCH 0		
			Credits	5
			Debits	5
				Amount
				6,579.57
				16,086.02

-
-
-

Please ensure that you report in writing any errors or irregularities found within this statement within 30 days of the statement date. If you do not, the statement of account shall be conclusively deemed correct except for any amount credited to the account in error.

Accounts issued by: THE TORONTO-DOMINION BANK

APPENDIX “T”

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), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the 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:

466 Spadina Ave
Toronto, ON M5T 2G8

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
_____ creditor.

I, Jae-Sook Kim, (name of creditor or representative of the creditor), of the city of Toronto in the
province of ON, do hereby certify:

1. That I am a creditor of the above named debtor (or I am shareholder (position/title) of _____
creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy, namely the 19th day of August 2014, and still is, indebted to the creditor in the sum of
\$ 65,565, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any
counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in
support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ 65,565

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

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

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

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,
and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ _____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____

G. CLAIM AGAINST DIRECTOR \$ _____
(To be completed when a proposal provides for the compromise of claims against directors.)
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____
 That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I am (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

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

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

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Toronto, this 8th day of September, 2014.

Ensemble
 Witness

[Signature]

Creditor
 Phone Number: 416-975-0365
 Fax Number: _____
 E-mail Address: balvena@hotmail.com

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.
 WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.
 Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.



HASSELL LAW
TRIAL COUNSEL

329 St. George Street, Suite 4
Toronto, Ontario
M5R 2R2

Invoice

Invoice # 145515
Date: 2014-04-30
Due Upon Receipt

Canada Tobacco & Global Inc.
C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Legal Services

Date	Description	Timekeeper
2014-03-11	Email from bank re signing authority. Email to bank re signing authority. Email to clients re signing authority.	MH
2014-04-03	Meeting with client to discuss state of affairs including judgment, supplier contract termination, lease issues and other debts. Confirmed that I no longer act for the company due to outstanding legal fees.	MH
2014-04-07	Email to client re urgent issues concerning judgment, demand and commercial lease.	MH
2014-04-30	Meeting with client to explore options: 1. carrying on 2. bankruptcy 3. settlement.	MH
Legal Services Subtotal		\$1,560.00

Expenses

Date	Description	Total
2014-02-27	Levy charge.	\$50.00
Expenses Subtotal		\$50.00
Subtotal		\$1,610.00
Discount		\$1,110.00
<i>Discretionary Discount</i>		
HST (13.0%)		\$65.00

Total	\$565.00
Payment (2014-05-02)	-\$565.00
Balance Owing	\$0.00

Hassell Law Trust Account

Date	Type	Description	Receipts	Payments	Balance
2014-01-08		Retainer balance		\$5,000.00 ✓	\$5,000.00
2014-01-15		Retainer		\$5,000.00 ✓	\$10,000.00
2014-01-15		Retainer		\$11,000.00	\$21,000.00
2014-01-17		Payment for invoice #145127 ✓	\$21,000.00		\$0.00
2014-01-22		Retainer		\$5,000.00 ✓	\$5,000.00
2014-01-22		Retainer		\$5,000.00	\$10,000.00
2014-02-20		Payment for invoice #145127	\$1,990.42		\$8,009.58
2014-02-21		Payment for invoice #145130	\$8,009.58		\$0.00
2014-04-30	Credit Card	Retainer		\$5,000.00	\$5,000.00
2014-04-30		Retainer		\$565.00	\$5,565.00
2014-05-01		Payment for invoice #145516	\$2,500.00		\$3,065.00
2014-05-02		Payment for invoice #145515	\$565.00		\$2,500.00
2014-05-15		Payment for invoice #145535	\$2,500.00		\$0.00
Hassell Law Trust Account Balance					\$0.00

Please make all payments out to Hassell Law.

We accept payment by cheque, credit card and cash (receipt provided). Please contact our office to arrange payment.

Interest on unpaid accounts will be charged at 12% per year.

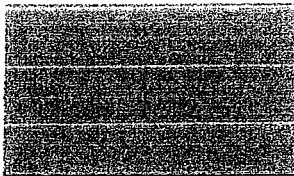
Hassell Law's HST Number is 84275 8690 RT0001

Payment is due upon receipt.



Scotiabank

2900 STEELES AVE EAST
THORNHILL, ONTARIO L3T 4X1



Scotia MomentumTM
VISA* card

123

JAE-SOOK Kim

SBVRED_10100_014016_A E D 87122 27615

MR ~~XXXXXXXXXX~~ KIM

330 SPRING GARDEN AVE
NORTH YORK, ON M2N 3H5



if you have any questions about this statement, call us at:
1-800-387-6556 / 416-288-1460
TTY Service 1-800-645-0288

Payment due date	Feb 6, 2014	
Total minimum payment	\$10.00	
Current minimum payment	\$10.00	
Previous balance, Dec 16/13	\$204.44	
Interest	+	\$0.00
Payments/credits	-	\$205.00
Purchases/charges	+	\$10,204.41
New balance	=	\$10,203.85
Credit limit	\$16,800.00	
Credit available	\$6,596.00	

Borrowers on this account:

MR ~~XXXXXXXXXX~~ KIM, MRS JAE SOOK KIM

This statement covers transactions posted to your account during the Statement Period.

Transactions since your last statement

TRANS. REF.#	POST DATE	DATE	DETAILS	AMOUNT(\$)
001	Jan 6	Jan 6	PAYMENT-THANK YOU SCOTIABANK TORONTO ON	205.00
SUB-TOTAL CREDITS				\$205.00
SUB-TOTAL DEBITS				\$0.00
MRS JAE SOOK KIM - XXXXXXXXXX				
002	Dec 31	Jan 2	BELL MONTREAL QC	204.41
003	Jan 8	Jan 9	HASSELL SOMMERS LLP TORONTO ON	5,000.00
004	Jan 15	Jan 16	HASSELL SOMMERS LLP TORONTO ON	5,000.00
SUB-TOTAL CREDITS				\$0.00
SUB-TOTAL DEBITS				\$10,204.41

Interest Information

Annual interest rates as of statement date:

Cash advances	21.99%
Purchases	19.99%

Scotia Momentum Cash Back Summary

Based on your eligible purchases, we have calculated your annual Scotia Momentum cash back as follows:

2.00% cash back*	=	\$8.20
1.00% cash back	=	\$100.00

*2% cash back is earned on eligible Gas, Groceries, Recurring Payments and Drug store purchases.

Every November your accumulated cash back earnings will appear as a credit on your statement.

Use your Scotia Momentum VISA card for all your day-to-day purchases to maximize your cash back.

Interest charges

Cash advances/cheques	\$0.00
Special rate offers	\$0.00
Purchases	\$0.00



Handwritten: \$10,203.85, 25, TR, and a signature.

1-800-387-6556



Scotiabank®

2900 STEELES AVE EAST
THORNHILL, ONTARIO L3T 4X1

Scotia Momentum™
VISA* card

JAE-Sook, Kim

SBVRED_10100_014048_A E D 87122 16409

MR ~~XXXXXXXXXX~~ KIM
330 SPRING GARDEN AVE
NORTH YORK, ON M2N 3H5



If you have any questions about this statement, call us at:
1-800-387-6556 / 416-288-1460
TTY Service 1-800-645-0288

Payment due date	Mar 10, 2014
Minimum payment	\$10.00
Current minimum payment	\$10.00
Previous balance, Jan 16/14	\$10,203.85
Interest	+ \$0.00
Payments/credits	- \$10,203.85
Purchases/charges	+ \$5,204.41
New balance	= \$5,204.41
Credit limit	\$16,800.00
Credit available	\$11,595.00

Borrowers on this account:
MR ~~XXXXXXXXXX~~ KIM, MRS JAE SOOK KIM

This statement covers transactions posted to your account during the Statement Period.

Transactions since your last statement

TRNS. POST	REF.#	DATE	DATE	DETAILS	AMOUNT(\$)
MR XXXXXXXXXX KIM - XXXXXXXXXX	001	Feb 6	Feb 7	PAYMENT - THANK YOU ROYAL BANK OF CANADA TORONTO 00	10,203.85-
SUB-TOTAL CREDITS - XXXXXXXXXX					\$10,203.85-
SUB-TOTAL DEBITS - XXXXXXXXXX					\$0.00
MRS JAE SOOK KIM - XXXXXXXXXX	002	Jan 22	Jan 23	HASSELL SOMMERS LLP TORONTO ON	5,000.00
003	Jan 28	Jan 30	BELL MONTREAL QC	204.41	
SUB-TOTAL CREDITS - XXXXXXXXXX					\$0.00
SUB-TOTAL DEBITS - XXXXXXXXXX					\$5,204.41

Interest information

Annual interest rates as of statement date:

Cash advances	21.99%
Purchases	19.99%

Scotia Momentum Cash Back Summary

Based on your eligible purchases, we have calculated your annual Scotia Momentum cash back as follows:

2.00% cash back*	=	\$12.29
1.00% cash back	=	\$150.04

*2% cash back is earned on eligible Gas, groceries, recurring payments and drug store purchases.

Interest charges

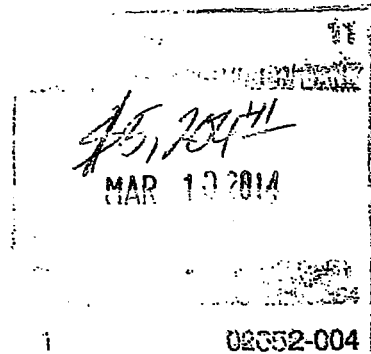
Cash advances/cheques	\$0.00
Special rate offers	\$0.00
Purchases	\$0.00

*****Congratulations!*****

We are pleased to advise that due to your excellent account history, you qualify for an increase in your credit limit on your Scotia Momentum VISA* card up to \$19,800. This offer is available until Apr 28, 2014, if your account remains in good standing. To accept this offer, please visit your branch together with all your co-borrowers, or contact the Call Centre together at 1-800-387-6556.

Every November your accumulated cash back earnings will appear as a credit on your statement.

Use your Scotia Momentum VISA card for all your day-to-day purchases to maximize your cash back.

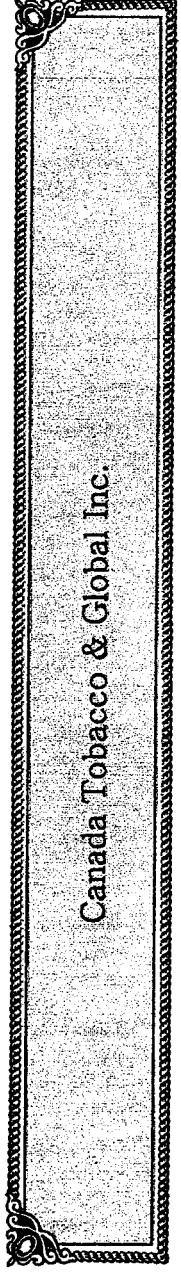


02052-004

No. C044

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO

2000 Shares

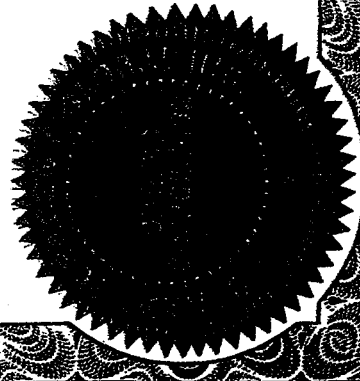


Canada Tobacco & Global Inc.

This is to Certify that Kim, Jae Sook
is the registered holder of 2000 Common Shares of

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,
(i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
(ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

LIEN ON SHARES The Corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.
RESTRICTIONS ON TRANSFER There are restrictions on the right to transfer the shares represented by this Certificate



IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers
this June 27, 2013 day of (year)

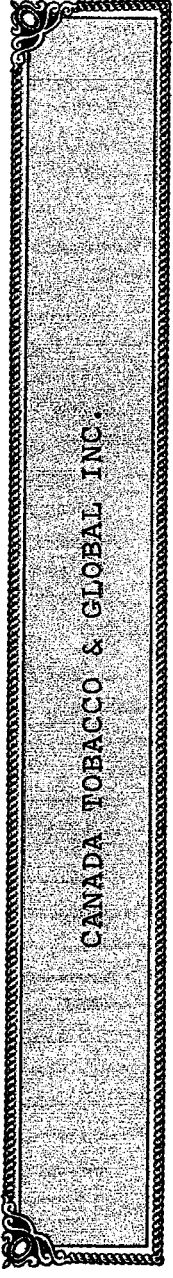
AB *Ma* *JO*
Kang, Cheol Joong

NO PAR VALUE

No. C034

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO

3,000 Shares



CANADA TOBACCO & GLOBAL INC.

This is to Certify that Kim, Jae-Sook is the registered holder of 3,000 Common Shares of

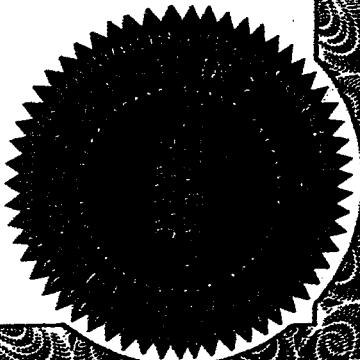
The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of, (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

LIEN ON SHARES The Corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation. RESTRICTIONS ON TRANSFER There are restrictions on the right to transfer the shares represented by this Certificate.

COMMON

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers this 01 day of September, 2012.

11b [Signature] Kang, Cheol Joong



NO PAR VALUE

**DODICK
LANDAU**

Stephanie Toye <stephanie@dodick.ca>

Re: Proof of Claim

2 messages

Stephanie Toye <stephanie@dodick.ca>
To: balvena@hotmail.com

Tue, Sep 30, 2014 at 4:18 PM

Ms. Kim,

In review of your proof of claim, I have a few concerns.

I am unsure how you came to the amount of \$65,565. I see that you paid \$15,000 (As shown on your visa) towards legal expenses, but do not find any other proof to support your amount.

Please provide further information to show where the other \$50,000 came from.

Stephanie Toye | Estate AdministratorDodick Landau Inc.
4646 Dufferin St., Suite 6, Toronto, ON, M3H 5S4
Phone: [416 736-HELP\(4357\)](tel:416-736-HELP(4357)) | Fax: [416 649 7725](tel:416-649-7725)stephanie@dodicklandau.ca
www.dodick.ca

jae-sook <balvena@hotmail.com>
To: Stephanie Toye <stephanie@dodick.ca>
Cc: jae-sook <balvena@hotmail.com>

Tue, Sep 30, 2014 at 8:02 PM

Hello Ms. Toye,

Thank you for confirming my proof of claim.

The (common shares worth) \$50,000 was the initial investment that I had put into CT&G in the beginning when the company was first formed. I was told some wrong information about the claims form and therefore would like to void the \$50,000 from my claim. I apologize for the confusion, As well, as part of my claim, I would like add a claim of \$565 which was for legal fees paid in cash to Hassell Sommers LLP on January 6, 2014. The receipt for this payment is attached to this email and can be confirmed by the firm.

This should bring my total claim to \$15,565.

If there are any other questions or concerns, do not hesitate to contact me.

Sincerely,

Mrs. Kim

Date: Tue, 30 Sep 2014 16:18:22 -0400
Subject: Re: Proof of Claim
From: stephanie@dodick.ca
To: balvena@hotmail.com
[Quoted text hidden]

This message (including any attachments) is CONFIDENTIAL and may be PRIVILEGED. If you are not an intended recipient you are hereby notified that any distribution, copying or use by you of this information is strictly prohibited. If you have received this message in error please immediately notify the sender and delete all copies of this information from your system. // L'information contenue dans le présent courriel (y compris les pièces jointes, le cas échéant) est CONFIDENTIELLE et peut être PRIVILÉGIÉE. Si vous n'êtes pas le destinataire prévu, vous êtes par la présente avisé(e) que toute diffusion, copie ou utilisation de ladite information est strictement interdite. Si vous avez reçu cette communication par erreur, veuillez nous en aviser immédiatement en répondant à l'expéditeur et effacer de votre ordinateur toute trace de cette information.



140106 CT&G Inc. invoice.pdf

60K

HS
HASSELL SOMMERS LLP
 BARRISTERS

329 St. George Street, Suite 4
 Toronto, Ontario
 M5R 2R2

Invoice

Invoice # 145125
 Date: 2014-01-06
 Due Upon Receipt

Canada Tobacco & Global Inc.
 C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Date	Description	Timekeeper
2014-01-06	Consultation, including: Telephone calls and/or correspondence prior to the consultation; Review of any key documents provided; Meeting to discuss legal rights and legal options; Follow-up correspondence confirming the legal advice provided at the consult	MH
Subtotal		\$500.00
HST (13.0%)		\$65.00
Total		\$565.00
Payment (2014-01-06)		-\$565.00
Balance Owing		\$0.00

Please make all payments out to Hassell Sommers LLP.

We accept payment by cheque, email transfer, credit card, cash and debit. Please contact our office to arrange payment.

Interest on unpaid accounts will be charged at 12% per year.

Hassell Sommers LLP's HST Number is 81143 0933 RT0001

Payment is due upon receipt.

HS
HASSELL SOMMERS LLP
 BARRISTERS

329 St. George Street, Suite 4
 Toronto, Ontario
 M5R 2R2

Invoice

Invoice # 145127
 Date: 2014-01-17
 Due Upon Receipt

Canada Tobacco & Global Inc.
 C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Legal Services

Date	Description	Timekeeper
2014-01-09	Email from client re Yang Pyung Kim no longer part of shotgun buy-sell offer.	MH
2014-01-10	Draft initial letter to Mr. Kang. Email to client for instructions and to identify other key issues such as freezing the bank account.	MH
2014-01-10	Email from client re withdrawal of Y. P. Kim offer. Email to client re withdrawal of Y. P. Kim offer.	MH
2014-01-13	Revise letter to Mr. Kang and send. Email a copy of final letter to clients.	MH
2014-01-13	Letter: To bank re freezing the accounts and changing signing authority. Email to client re draft letter to bank.	MH
2014-01-13	Telephone call from client: Re urgent issues and meeting today.	MH
2014-01-13	Email to client: Re bank signing authority.	MH
2014-01-13	Meeting with client: To discuss Court application.	MH
2014-01-14	Review: Review articles on shareholder rights.	DS
2014-01-14	Organize and rename all client documents.	MS
2014-01-14	Telephone call from Janet at TD Bank.	HS
2014-01-15	Review case law authorities, annotated shareholder agreements, client articles of incorporation.	DS
2014-01-15	Review: Draft of application, draft of affidavit, client by-laws, client shotgun buy-sell provision, principles of fiduciary duty.	DS

2014-01-15	Draft: Notes for factum pertaining to grounds of review, avenues of attack, form of notice, and oppression remedies.	DS
2014-01-15	Instruct DS re immediate research issues. Instruct HS re putting together application record.	MH
2014-01-15	Receive and review: Incorporation information, bank information and correspondence from client.	MH
2014-01-15	Email to client: Re documents and information.	MH
2014-01-15	Prepare draft templates for client pleadings.	HS
2014-01-15	Receive and review: Original notice of shareholders meeting.	MH
2014-01-15	First draft of notice of application.	MH
2014-01-15	Review authorities re shareholders meetings, directors meetings and financial disclosure by corporations.	MH
2014-01-16	Prepare and Print tabs for Affidavit of Documents.	HS
2014-01-16	Letter: To all shareholders re notice of application and Court on Friday, January 17, 2014.	MH
2014-01-16	Attendance at Court: Letter to Mr. Kang re urgent Court appearance.	MH
2014-01-16	Telephone call: To TD and left voicemail with Small Business Advisor re status of the bank account and credit cards.	MH
2014-01-16	Review: Notes and sources for common law authorities for factum, financial reporting requirements under the OBCA.	DS
2014-01-16	Review: Scholarly articles on principles of corporate governance, collating client by-laws, statutory requirements and common law sources for drafting of factum.	DS
2014-01-16	Letter to accountant.	MH
2014-01-16	Telephone call with TD. Letter to TD re notice of application.	MH
2014-01-16	Fax sent to accountant.	HS
2014-01-16	Meeting: With co-counsel. Discussion of all resources for factum and case law. Strategizing for court appearance.	DS
2014-01-16	Prepare affidavit for binding.	MS
2014-01-16	Draft affidavit of Seung Hyu Lee	MH
2014-01-16	Revisions to notice of application and supporting affidavit with respect to facts and urgency.	MH
2014-01-16	Plan a strategy for Thursday and getting the application issued, hearing scheduled and factum prepared.	MH
2014-01-16	Prepare: Draft copy of affidavit with exhibits for client review.	MS
2014-01-16	Prepare: Draft copy of affidavit with exhibits for client review.	HS

2014-01-16	Meeting with client to review, revise and swear affidavits. Amend notice of application in accordance with client interactions.	MH
2014-01-16	Prepare and Print tabs for Affidavit of Documents.	MS
2014-01-17	Initial draft of factum with emphasis on facts and issues. Compilation of application records.	MH
2014-01-17	Draft: Case law, legislation, and by-laws into factum.	DS
2014-01-17	Prepare: Documents for court.	DS
2014-01-17	Attendance at Court: Ontario Superior Court of Justice before the Honourable Justice Newbould on an emergency basis to obtain injunctive relief with respect to the prohibition of a shareholders meeting later in the day and the securing of company assets including the bank account and \$500,000.00 of tobacco inventory. Have order issued and entered in preparation for personal service.	DS
2014-01-17	Prepare: Documents for Court.	MH
2014-01-17	Attendance at Court: Ontario Superior Court of Justice before the Honourable Justice Newbould on an emergency basis to obtain injunctive relief with respect to the prohibition of a shareholders meeting later in the day and the securing of company assets including the bank account and \$500,000.00 of tobacco inventory. Have order issued and entered in preparation for personal service.	MH
Legal Services Subtotal		\$19,820.00

Expenses

Date	Description	Total
2014-01-16	Printing application records for Court	\$65.00
2014-01-16	Parking for Commercial List Court.	\$4.00
2014-01-17	Printing of case law for emergency hearing.	\$100.50
2014-01-17	Paid to issue Court application	\$181.00
2014-01-17	Civil litigation transaction levy	\$50.00
2014-01-17	Binding of application records and factums.	\$125.00
Expenses Subtotal		\$525.50
Subtotal		\$20,345.50
HST (13.0%)		\$2,644.92
Total		\$22,990.42
Payment (2014-01-17)		-\$21,000.00
Balance Owing		\$1,990.42


HASSELL SOMMERS LLP
 BARRISTERS

329 St. George Street, Suite 4
 Toronto, Ontario
 M5R 2R2

Invoice

Invoice # 145125
 Date: 2014-01-06
 Due Upon Receipt

Canada Tobacco & Global Inc.
 C/O Seung Hyu Lee, President

2014-00149-Canada Tobacco & Global Inc.

Corporate/Commercial Litigation

Date	Description	Timekeeper
2014-01-06	Consultation, including: Telephone calls and/or correspondence prior to the consultation; Review of any key documents provided; Meeting to discuss legal rights and legal options; Follow-up correspondence confirming the legal advice provided at the consult	MH

Subtotal	\$500.00
HST (13.0%)	\$65.00
Total	\$565.00
Payment (2014-01-06)	-\$565.00
Balance Owing	\$0.00

Please make all payments out to Hassell Sommers LLP.

We accept payment by cheque, email transfer, credit card, cash and debit. Please contact our office to arrange payment.

Interest on unpaid accounts will be charged at 12% per year.

Hassell Sommers LLP's HST Number is 81143 0933 RT0001

Payment is due upon receipt.

APPENDIX “U”

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

FORM 77

Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

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

Jae Sook Kim
466 Spadina Ave.
Toronto ON M5T 2G8

Take notice that:

As trustee acting in the matter of the bankruptcy of Canada Tobacco & Global Inc., we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

The amounts claimed appear to be for payments made to Hassell Law for \$15,565. You have not provided Hassell Law invoices supporting \$15,000 of your claim. You have also not provided evidence that you had paid personally \$565.00 to Hassell Law. In addition, we require a sworn affidavit by Mike Hassel indicating what invoices you had paid. Equity claims can only be paid once all claims for debt have been satisfied in full. No claims for equity investments are allowed. Regardless, you have an amount owing to the Estate totalling \$24,774.21 which would be off-set against any amount owing to you if this claim had been allowed. Therefore, for the above reasons your claim has been disallowed in its entirety.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the city of Toronto in the Province of Ontario, this 24th day of September 2015.

Dodick Landau Inc. - Trustee



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

APPENDIX “V”

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

AMENDED

FORM 77

Notice of Disallowance of Claim, Right to Priority or Security or Notice of Valuation of Claim
(Subsection 135(3) of the Act)

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

Jae Sook Kim
466 Spadina Ave.
Toronto ON M5T 2G8

Take notice that:

As trustee acting in the matter of the bankruptcy of Canada Tobacco & Global Inc., we have disallowed your claim (or your right to priority or your security on the property) in whole, pursuant to subsection 135(2) of the Act, for the following reasons:

You have filed a claim totalling \$15,565. We have accepted your claim at \$15,000 as you have not provided proof of payment for the Hassel Law invoice #145125 for \$565.00. However, according to the records, you owe Canada Tobacco & Global Inc. ("CT&G") \$16,516.14 which we have set-off against your admitted claim of \$15,000, resulting in a net balance owing to CT&G of \$1,516.14.

Please see the attached schedules for more detail.

And further take notice that if you are dissatisfied with our decision in disallowing your claim in whole (or a right to rank or your security or valuation of your claim), you may appeal to the court within the 30-day period after the day on which this notice is served, or within any other period that the court may, on application made within the same 30-day period, allow.

Dated at the city of Toronto in the Province of Ontario, this 16th day of November 2015.

Dodick Landau Inc. - Trustee



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

Claim of: Jae Sook Kim
Spadina Smoke

Amount of Claim: \$15,565.00

Description of Claim	Amount Claimed	Allowed	Disallowed	Reason for Disallowance
Legal fees paid on behalf of CT&G	\$ 15,000.00	\$ 15,000.00		
Legal fees paid on behalf of CT&G	\$ 565.00		\$ 565.00	No proof of payment provided
Total:	\$ 15,000.00	\$ 15,000.00	\$ 565.00	

Amount of Disallowance: \$ 565.00
Amount owed to CT&G: \$ 16,516.14 *see attached schedule
Total: \$ 17,081.14

Amount of claim: \$ 15,565.00
Disallowance and Set-Off \$ 17,081.14
Difference **-\$ 1,516.14**

Amount owed to CT&G \$ 1,516.14

Please provide payment of the outstanding amount by November 30th, 2015.

Canada Tobacco & Global Inc.

137
Invoice

Suite 101 - 1040 South Service Rd.
Stoney Creek, ON. L8E 6G3
Tel: 289-649-1888
Fax: 289-649-1889

Date	Invoice #
06/03/2014	3

Invoice To
Spadina Smoke Jae Sook Kim 466 Spadina Ave. Toronto, ON. M5T 2G8

Ship To
Spadina Smoke Jae Sook Kim 466 Spadina Ave. Toronto, ON M5T 2G8

S.O. No.	P.O. No.	Terms	Project
3			

Item	Description	Ordered	Prev. Inv...	Backor...	Invoiced	Rate	Amount
C38 BLUE 20	C38 BLUE 20	37	0	0	37	52.26	1,933.62
C38 RED 20	C38 RED 20	413	0	0	413	52.26	21,583.38
D1	Promotional Discount (Tax Exempt)	1				-1,800.00	-1,800.00
	HST (ON) on sales					13.00%	3,057.21
						Total	\$24,774.21
						Payments/Credits	-\$8,258.07
						Balance Due	\$16,516.14

Spadina Smoke and Jae Sook Kim

<u>Type</u>	<u>Num</u>	<u>Date</u>	<u>Due Date</u>	<u>Aging</u>	<u>Amount</u>
Invoice	3	06/03/2014	31/03/2014	347	<u>24,774.21</u>
Total					<u><u>24,774.21</u></u>

APPENDIX “W”

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

**IN THE MATTER OF THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.,
OF THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO**

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


**TO: Ms. Jae Sook Kim
Spadina Smoke
466 Spadina Ave.
Toronto, ON M5T 2G8**

TAKE NOTICE THAT, as Trustee acting in the bankruptcy of Canada Tobacco & Global Inc. ("CT&G" or the "Company"), we have this day amended our previously issued Notice of Revision and Disallowance of Claim and have now allowed in full the claim of Jae Sook Kim ("Ms. Kim") in CT&G's bankrupt estate totalling \$15,565.00 after receipt of additional proof.

DATED at Toronto, Ontario, this 10th day of December, 2015.

**DODICK LANDAU INC.,
TRUSTEE IN THE BANKRUPTCY OF
CANADA TOBACCO & GLOBAL INC.
AND NOT IN ITS PERSONAL CAPACITY.**

Per: _____


Rahn Dodick CPA, CA, CIRP
Dodick Landau Inc.
4646 Dufferin St., Suite 6
Toronto, Ontario
M3H 5S4
(416)-645-0552

**IN THE MATTER OF THE BANKRUPTCY OF CANADA TOBACCO & GLOBAL INC.,
OF THE CITY OF HAMILTON, IN THE PROVINCE OF ONTARIO**

Court File No. 31-OR-207816-T

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

PROCEEDING COMMENCED AT
TORONTO

**RESPONDING MOTION RECORD
OF THE TRUSTEE IN BANKRUPTCY,
DODICK LANDAU INC.
(MOTION RETURNABLE MARCH 30, 2016)**

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
Barristers and Solicitors
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