

District of: Ontario  
Division No. 09 – Toronto  
Court No. 31-2891309  
Estate No. 31-2891309

**CREDITOR PACKAGE  
2798497 ONTARIO INC.  
of the city of Oshawa  
in the Province of Ontario**

**Dodick Landau Inc.  
951 Wilson Ave., Suite 15L  
Toronto, ON M3K 2A7**

District of: Ontario  
Division No. 09 – Toronto  
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# **LETTER TO CREDITORS**

# DODICK LANDAU

January 11, 2023.

## **CREDITOR PACKAGE**

### **To the Creditors of 2798497 Ontario Inc. (“2798497” or the “Company”)**

Please be advised that on January 4, 2023, Dodick Landau Inc., in its capacity as Proposal Trustee (the “**Proposal Trustee**”) of the Estate of 2798497 Ontario Inc., filed with the Official Receiver a proposal in the name, and on behalf, of 2798497 Ontario Inc. (the “**Proposal**”).

The reason you are receiving this letter and the enclosed creditor information (“**Creditor Package**”) is because 2798497 advised the Proposal Trustee that you are a creditor of 2798497 and may be eligible to vote in the Proposal. The purpose of the Creditor Package is to provide you with the information you require to evaluate, and vote on, the Proposal.

Enclosed in this Creditor Package are the following documents:

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

**A Meeting of the Creditors to consider the Proposal will be held by Zoom videoconference on the 1st day of February, 2023 at 12:00 p.m. The Zoom link is as follows:**

<https://us06web.zoom.us/j/85605940940?pwd=L2tmOVBITUVrS01oaE9qL0hqa1J1Zz09>

**We will commence the Meeting with the unsecured creditors in the proposal. As soon as the unsecured meeting is complete we will immediately turn to the meeting of the secured creditors.**

# DODICK LANDAU

To be eligible to attend and vote at a meeting of creditors, creditors must have filed with the Proposal Trustee before the meeting, a proof of claim form signed and witnessed as required and accompanied by a statement of account. Those Creditors who do not intend to have a personal representative at the meeting held on February 1, 2023, may complete and submit the voting letter which is enclosed in this Creditor Package prior to the meeting indicating their vote for or against the acceptance of the Proposal. The Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the meeting. Additional details relating to the filing of claims prior to the meeting of creditors are outlined in the Report of the Trustee on the Proposal.

**Please read the instruction sheet following this letter for details on how to file your claim and vote on the Proposal.**

Completed proofs of claim, and other documents may be returned to the Proposal Trustee to the attention of Brenda McKnight by fax (1-866-874-1791) or electronic mail ([brenda.mcknight@dodick.ca](mailto:brenda.mcknight@dodick.ca)). Should you need further assistance, you may contact our office by telephone at 416-645-0542.

Properly completed Proofs of Claim not received at the Proposal Trustee's office **prior to the start of the February 1, 2023 meeting** will result in that creditor not being able to vote at the meeting on the Proposal. We encourage all creditors who wish to vote at the meeting to send to the Proposal Trustee's office their completed proof of claim as soon as possible. We also encourage creditors to vote by voting letter in advance as well if they are able.

**Please refer to the Trustee's Report on the Proposal. Please note that the Proposal Trustee is recommending that creditors vote in favour of the Proposal for the reasons as noted in the report.**

**For assistance in understanding the claims process, please see the Helpful Hints/Filing a claim/Voting/Proxies section of this Creditor Package.**

## **DODICK LANDAU INC.,**

Proposal Trustee of the estate of 2798497 Ontario Inc.  
and not in its personal or  
corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT  
President

**HELPFUL HINTS  
FILING A CLAIM  
VOTING  
PROXIES**

# DODICK LANDAU

## Helpful Hints

- You are receiving this Creditor Package as 2798497 Ontario Inc. has informed the Proposal Trustee that you are one of their creditors.
- Please note that a Meeting of Creditors will be held on February 1, 2023 at 12:00 p.m. via Zoom. The Zoom link is noted on the cover page of the Creditor Package letter, or contact Brenda McKnight for the link.
- To participate in the Proposal, all creditors MUST file a Proof of Claim form and submit it to the Proposal Trustee in advance of the Meeting of Creditors. The Proof of Claim and the instruction sheet can be found close to the end of the Creditor Package.
- If you have difficulty in completing the form, please call Brenda McKnight at 416-645-0542 or send an email to [brenda.mcknight@dodick.ca](mailto:brenda.mcknight@dodick.ca)
- Please remember that your claim must include a Schedule "A" which is proof of the amount that you are claiming. This should be invoices of the amount owing to you or similar documentation. Please call our office if you have questions.
- You can submit your claim by email, mail or by fax.
- Please read through the documents to understand how the proposal will work.

## Voting

- The Meeting of Creditors will be held on Zoom. If we have a large group attending the meeting, it can be difficult to receive the votes within a Zoom meeting, therefore, we encourage you to vote in advance by voting letter. The Proof of Claim form, proxy form and voting letter can all be found at the back of the Creditor Package. Your Proof of Claim, proxy (if applicable) and Schedule "A" must be received before the commencement of the Meeting of Creditors.

## General Proxy:

- If you are representing a corporation, you must have a proxy from the corporation to act on its behalf and vote at the Meeting, whether you vote in advance by voting letter or in person at the Meeting.
- If you are an individual, you may wish to have someone else represent you at the Meeting of Creditors. You must give that individual a signed proxy form.
- The Proposal Trustee must receive the proxy form in advance of the Meeting.

**If there are any questions in completing the proof of claim, please write, email or telephone the office of the trustee:**

**Dodick Landau Inc.**  
951 Wilson Avenue, Suite 15L  
Toronto, ON M3K 2A7  
Telephone: 416-645-0542  
Fax: 1-866-874-1791  
Email: [brenda.mcknight@dodick.ca](mailto:brenda.mcknight@dodick.ca)

# **NOTICE OF PROPOSAL**



District of: Ontario  
Division No.: 09 - Toronto  
Court No. 31-2891309  
Estate No. 31-2891309

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

In the matter of the proposal of  
2798497 Ontario Inc.  
of the city of Oshawa, in the Province of Ontario

Take notice that 2798497 Ontario Inc., of the City of Oshawa, in the Province of Ontario has lodged with us a proposal under the Bankruptcy and Insolvency Act.

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

A general meeting of the creditors will be held on the 1st day of February, 2023 at 12:00 p.m. We will begin the meeting with the **unsecured creditors** and when complete immediately continue with the **secured creditors** in the proposal estate. The meeting will be held by Zoom videoconferencing at:


<https://us06web.zoom.us/j/85605940940?pwd=L2tmOVBITUVrS01oaE9qL0hq1J1Zz09>

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

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

Dated at the city of Toronto in the Province of Ontario, this 11th day of January, 2023.

Dodick Landau Inc. – Licensed Insolvency Trustee

  
951 Wilson Avenue, Suite 15L  
Toronto, ON M3K 2A7  
Phone: (416) 645-0542 Fax: (866) 874-1791

# **PROPOSAL**

District of Ontario  
Division No.: 9 – Oshawa  
Estate No. 31-2891309

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

**IN THE MATTER OF THE PROPOSAL OF 2798497 ONTARIO INC.**  
**OF THE CITY OF OSHAWA, IN THE PROVINCE OF ONTARIO**

**PROPOSAL**  
**(January 4, 2023)**

2798497 Ontario Inc. hereby submits the following Proposal under Part III of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*.

**PART I**  
**INTERPRETATION**

**Definitions**

1. In this Proposal:
  - (a) “Act” means the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*, as amended.
  - (b) “Administrative Fees and Expenses” means the fees and expenses of the Trustee incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Funded Proposal Payments, and the legal fees and expenses incurred by the Trustee and the Company before and following execution, acceptance and approval of this Proposal and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
  - (c) “Affected Creditors” means those Creditors of the Company forming the Secured Class and the Unsecured Class, as defined in Part III of this Proposal;
  - (d) “Approval Order” means an order of the Court approving this Proposal, to be granted pursuant to the provisions of the Act, the appeal period having

expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;

- (e) “Bankruptcy Reserve” means a reserve amount of \$15,000 to be held by the Trustee as security for the administrative costs of the bankruptcy of the Company, in the event that this Proposal is annulled, and the Company becomes bankrupt;
- (f) “Business Day” means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (g) “Certificate of Full Performance” means the certificate that the Trustee issues to the Company and to the Official Receiver pursuant to Section 65.3 of the Act;
- (h) “Claim” means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executory in nature including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of Date of Filing;
- (i) “Company” means 2798497 Ontario Inc.;
- (j) “Court” means the Ontario Superior Court of Justice (In Bankruptcy and Insolvency);
- (k) “Court Approval Date” means the date on which the Approval Order is issued;
- (l) “Creditors” means any Person having a Claim;
- (m) “Creditors Meeting” means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (n) “Crown Claims” means Claims of Her Majesty in right of Canada or any province of all amounts of a kind contemplated by section 60(1.1) of the Act;
- (o) “Date of Filing” means December 5, 2022, the date on which the Company filed the NOI;

- (p) **“Employee Preferred Claim”** means a Claim by a current or former employee of the Company, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;
- (q) **“Effective Date”** means 10 calendar days from the date of the Approval Order, unless the Approval Order is appealed, in which case the Effective Date means the later of: (i) one Business Day after the full and final determination of the appeal; and (ii) the expiry of any further appeal periods;
- (r) **“Event of Default”** has the meaning given to it in Part VIII of this Proposal;
- (s) **“Funded Secured Proposal Payments”** shall mean funds which will be advanced to the Trustee for distribution pursuant to Part V of this Proposal to the Secured Creditors;
- (t) **“Funded Unsecured Proposal Payments”** shall mean funds which will be advanced to the Trustee for distribution pursuant to Part V of this Proposal to the Unsecured Creditors;
- (u) **“Inspectors”** means the inspectors appointed pursuant to Part X of this Proposal;
- (v) **“Levy”** means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (w) **“Maturity Date”** means the date on which all payments to the Creditors have been made and the Certificate of Full Performance has been issued by the Trustee to the Company, provided that no Event of Default has occurred that has not been cured or waived;
- (x) **“NOI”** means the Notice of Intention to Make a Proposal filed by the Company on December 5, 2022;
- (y) **“Person”** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (z) **“Post-Filing Crown Claims”** means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (aa) **“Post-Filing Goods and Services”** means the goods supplied, services rendered, and other consideration given or provided to the Company on or after the Date of Filing;
- (bb) **“Pre-Filing Crown Claims”** means all Crown Claims that were outstanding as at the Date of Filing;

- (cc) **“Preferred Claim” means any claim that is afforded priority under Section 136(1) of the Act;**
- (dd) **“Preferred Creditor” means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;**
- (ee) **“Proposal” means this proposal dated January 4, 2023 together with any amendments or additions thereto;**
- (ff) **“Proposal Period” means the period between the Court Approval Date and the Maturity Date;**
- (gg) **“Proven” as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor’s right of appeal to Court, the Court’s determination of that Claim or any applicable appeal periods having expired and no appeal having been made;**
- (hh) **“Related Party Claim” shall mean a claim by any person that is related to the Company within the meaning of the Act;**
- (ii) **“Secured Claim” means any Claim by a Secured Creditor, excluding the Crown Claims;**
- (jj) **“Secured Creditor” means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim, but excludes the Canada Revenue Agency to the extent of its Crown Claims;**
- (kk) **“Trustee” means Dodick Landau Inc., solely in its capacity as proposal trustee of the Company;**
- (ll) **“Unsecured Claim” means the value of any Proven Claim in respect of which no Security is held; and**
- (mm) **“Unsecured Creditors” means those Persons with Claims in respect of which no security is held, and which is not afforded priority under Section 136(1) of the Act and which is not a Related Party Claim.**

## **Headings**

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

**Number, etc.**

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

**Date for Action**

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

**Accounting Principles**

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

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

**Purpose of Proposal**

6. The purpose of this Proposal is to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the restructuring and the continued operation of the business and affairs of the Company than would result from a bankruptcy of the Company. Persons with any Related Party Claims shall be stayed during this Proposal but not participate in any voting nor in any dividends to be made under this proposal. Related Party Claims will no longer be stayed and may be paid by the Company once this Proposal is fully performed as evidenced by a Certificate of Full Performance.

**Effect of Proposal**

7. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors and persons with Related Party Claims will be stayed from commencing or continuing any proceeding or remedy against the Corporation or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.
8. Upon implementation of all elements of this Proposal, and the filing of the Certificate of Full Performance by the Trustee, all Claims other than Related Party

Claims against the Company and its directors shall be fully, finally and completely satisfied and released as provided in Paragraphs 38 and 39, below.

### **PART III CLASSIFICATION OF CREDITORS**

9. For the purpose of this Proposal, the Creditors of the Company shall be comprised of two classes as follows:
  - (a) Creditors having Proven Preferred Claims and Unsecured Claims ("Class 1"), which, for greater certainty, shall include Preferred Creditors entitled to vote pursuant to the Act and claims of Her Majesty In Right of Canada and any province for all amounts other than Crown Claims; and
  - (b) Creditors having Proven Secured Claims ("Class 2").

### **PART IV SECURED CREDITORS**

10. The Secured Creditors shall file proofs of claim for the full value of their indebtedness as a Secured Creditor in the Class 2, and the Secured Creditors shall only be entitled to receive payment from the Funded Secured Proposal Payments as set out in Sections 14 and 17 and 18 below.

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

#### **Crown Claims**

11. The Company covenants and agrees to, within six months after the Effective Date, pay in full all amounts that were outstanding at the Date of Filing of a kind that could be subject to a demand under: (i) Subsection 224(1.2) of the ITA; (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to s.224(1.2) of the *ITA* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalty or other amounts; or (iii) under any substantially similar provision of provincial legislation, including all amounts contemplated by Section 60(1.1) of the Act. This payment of Crown Claims (if any) will be made in addition to the Funded Proposal Payments.
12. At the Date of Filing, according to a claim already received from the Canada Revenue Agency, the Company owes the amount of \$15,393.30 to the Canada Revenue Agency for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing.



### **Employee Preferred Claims**

13. As at the date of the filing of the Proposal, there are no known Employee Preferred Claims. All Proven Employee Preferred Claims shall be paid out of additional funds to be delivered by the Company to the Trustee and shall be remitted by the Trustee to the entitled claimants (if any) immediately after the Effective Date.

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

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

### **Secured Claims**

15. Secured Creditors with Proven Secured Claims shall vote in Class 2 and shall be paid out of the Funded Secured Proposal Payments on a pro-rata basis.

### **Unsecured Claims**

16. Proven Unsecured Claims shall vote in the Class 1 and shall be paid out of the Funded Unsecured Proposal Payments on a *pro rata* basis after payment of Preferred Claims, if any.

### **Funding the Proposal**

17. The Company's obligation to fund the Funded Proposal Payments shall commence thirty-days following payment in full of the Crown Claims. The Company will cause to be paid to the Trustee monthly payments in the form of cash instalments:
- (i) for 36 months in an amount to equal the lesser of 20% of Secured Claims and \$36,000.00 (the "Funded Secured Proposal Payments"), and
  - (ii) for 60 months in an amount to equal the lesser of 10% of Unsecured Claims and \$7,000.00 (the "Funded Unsecured Proposal Payments").

For greater certainty, the amounts set out in this Paragraph 17 shall not include Crown Claims, if any, which Crown Claims will be paid in addition to the payments referred to in this Paragraph.

## **Distributions**

### ***Payment of Employee Preferred Claims***

18. Immediately following the Effective Date, the Trustee shall issue distributions out of such funds in respect of all Proven Employee Preferred Claims, if any.

### ***Distribution***

19. Interim distributions will be made to Secured and Unsecured Creditors with Proven Claims by the Trustee when sufficient Funded Secured and Unsecured Creditor Payments have, in the Trustee's discretion, accumulated to warrant an interim distribution. The Trustee may make an interim distribution at any time and frequency as the Trustee deems appropriate in the Trustee's discretion. A final distribution will be made when all Funded Secured and Unsecured Proposal Payments required in Paragraph 17 have been made.
20. The Funded Secured and Unsecured Proposal Payments shall be distributed by the Trustee in the following order of priority:
  - (a) first, to the Administrative Fees and Expenses;
  - (b) second, to establish the Bankruptcy Reserve, to be held in trust by the Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that this Proposal is annulled, and the Company becomes bankrupt, failing which such amount shall be distributed in accordance with Part V;
  - (c) third, to Proven Claims of Preferred Creditors, other than Employee Preferred Claims which will have been satisfied out of additional funds, without interest (if any); and
  - (d) fourth, the balance of the Funded Secured and Unsecured Proposal Payments shall be distributed *pro rata* among all of the Secured and Unsecured Creditors by class on account of Proven Secured and Unsecured Claims.

## **Amendments to Agreements**

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

### **Treatment of Claims**

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

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

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

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

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

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

### **Reporting by the Company**

25. During the Proposal Period, the Company shall provide to the Trustee every three months commencing on first day of the month following the month in which the Approval Order is issued, a report containing the information set out below:
- (i) a cash flow statement for the Company's business and affairs for the prior three months; and
  - (ii) evidence of Company's filing and remittance of source deductions and HST.
26. The Company has, or will, arrange to sell its assets, which are primarily comprised of restaurant equipment through sale to its landlord. The proceeds of sale are expected to be approximately CAD \$5,000, including HST, and shall be paid to the Trustee and applied to the Crown Claims pursuant to this Proposal. The Approval Order shall contain approval of such sale.

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

### **Levy**

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

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

28. The Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in a bankruptcy, if any, shall be paid in priority to the Crown Claims, the Claims of Secured Creditors, the claims of Preferred Creditors, and the Claims of Unsecured Creditors. The Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

### **Employee Claims**

29. As per Part V of this Proposal, all Proven Employee Preferred Claims will be paid in priority to other Claims as soon as reasonably possible after the Effective Date.

### **Preferred Claims**

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

## **PART VIII EVENTS OF DEFAULT**

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

## **PART IX TRUSTEE**

32. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.

33. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

## **PART X INSPECTORS**

### **Appointment of Inspectors**

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

### **Powers of Inspectors**

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

## **PART XI CONDITIONS PRECEDENT**

### **Creditor Approval**

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

### **Court Approval**

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

## **PART XII RELEASES**

38. As at 12:01 a.m. the Maturity Date, the Company, shall be released and discharged from any and all Claims except for Related Party Claims. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.
39. As of 12:01 a.m. the Maturity Date, each and every present and former officer and director of the Company shall be released from claims against them that arose before the Date of Filing and that relate to the obligations of the Company where such persons are by law liable in their capacity as directors for the payment of such obligations, provided that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the exceptions set out in section 50(14) of the Act. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.

## **PART XIII MISCELLANEOUS**

### **Related-Party Creditors**

40. The following Creditors have agreed, as evidenced by such Creditors' signed confirmation appended hereto as Schedule "A", that (i) they are related to the Company within the meaning of the Act, (ii) they will not file Claims in this Proposal, and (iii) will not participate in distributions to Creditors under this Proposal:
  - (a) Annette Zupancic;
  - (b) 2359374 Ontario Inc.,
  - (c) Jimmy Guaco's Inc.; and
  - (d) 2701402 Ontario Inc.

### **Preferential Payments**

41. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing unless the Company becomes bankrupt before the terms of the Proposal are fully performed. The releases contemplated in Part XII of this Proposal include releases from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

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

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

### **Further Actions**

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

### **Performance**

44. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein and a Certificate of Full Performance is issued by the Trustee to the Company and the Office of the Superintendent of Bankruptcy.

### **Acceleration of Payments**

45. Notwithstanding the payment structure set out in Part V of this Proposal, nothing herein prevents or restricts the Company from accelerating any of the Funded Proposal Payments or from satisfying the full amount of the Funded Proposal Payments in advance of the time period contemplated in Part V of this Proposal.

### **Binding Effect**

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

**PART XIV  
ANNULMENT OF PROPOSAL**

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

**PART XV  
AMENDMENTS**

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

**DATED** at the City of Toronto, in the Province of Ontario, as of this 4<sup>th</sup> day of January 2023.

**2798497 Ontario Inc.**

Per:  \_\_\_\_\_

Name: Annette Zupancic

Title: President



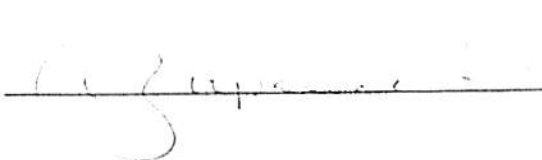
SCHEDULE "A"

CONFIRMATION OF RELATED-PARTY CREDITORS

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

Date: January 4, 2023

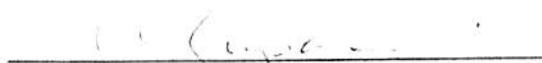
Annette Zupancic



Witness:

Date: January 4, 2023

2359374 Ontario Inc.



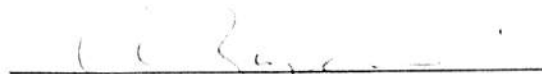
Per: Annette Zupancic

Title: President

I have authority to bind the corporation

Date: January 4, 2023

Jimmy Guaco's Inc.



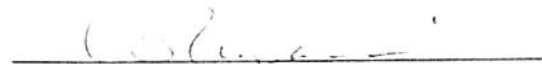
Per: Annette Zupancic

Title: President

I have authority to bind the corporation

Date: January 4, 2023

2701402 Ontario Inc.



Per: Annette Zupancic

Title: President

I have authority to bind the corporation

# **REPORT ON PROPOSAL**

**IN THE MATTER OF THE PROPOSAL OF  
2798497 ONTARIO INC.  
OF THE CITY OF OSHAWA  
IN THE PROVINCE OF ONTARIO**

**REPORT OF TRUSTEE ON PROPOSAL**

**January 13, 2023**

**INTRODUCTION**

1. On December 5, 2022 (the **"Date of Filing"**), 2798497 Ontario Inc. (**"2798 Ontario"** or the **"Company"**) filed with the Official Receiver a Notice of Intention to Make a Proposal (**"NOI"**) to its creditors and named Dodick Landau Inc. as Proposal Trustee (the **"Proposal Trustee"**). On January 4, 2023, pursuant to section 50(2) of the Bankruptcy and Insolvency Act (the **"BIA"** or the **"Act"**), 2798 Ontario filed a proposal (the **"Proposal"**) with the Proposal Trustee, who then filed the Proposal with the Official Receiver pursuant to section 62(1) of the Act.
2. The purpose of this report (**"Report"**) is to provide information to the creditors of 2798 Ontario (the **"Creditors"**) to assist in their evaluation of the proposal filed by 2798 Ontario.
3. The Proposal has been developed to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the restructuring than would result from a bankruptcy of the Company.
4. **Meetings of the Creditors to consider the Proposal will be held via teleconference, on February 1, 2023 at 12:00 p.m. for unsecured creditors and at 12:15 p.m. for secured creditors. Details relating to the filing of claims, and other documents, prior to the meetings of the Creditors, are outlined in this report and will be mailed to each known creditor of 2798 Ontario, or their duly appointed representative.**

**DISCLAIMER**

5. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with the Company's

management ("**Management**"), Creditors and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report:

- i) the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;
- ii) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
- iii) the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer. Parties using this Report, other than for the purpose of evaluating the Proposal, are cautioned that it may not be appropriate for their purposes.

6. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
7. The capitalized terms not defined in this report are defined in the Proposal and this Report should only be read in conjunction with the Proposal. While this Report summarizes key aspects of the Proposal, Creditors are advised to carefully read the Proposal in full. Should there be any discrepancy between the summary contained in this Report and the Proposal, the Proposal shall govern.
8. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

## **BACKGROUND**

### *Operations*

9. Jimmy Guaco's Inc., 2359374 Ontario Inc. ("**2359 Ontario**"), 8091463 Canada Inc., and 2798 Ontario (collectively "**Jimmy Guacos**") each operated a restaurant franchise as part of a small chain of Mexican inspired grills operating under the brand name of Jimmy Guaco's. Three of the restaurants, including the location operated by 2798 Ontario, closed prior to the Filing Date as they

could not meet their cash flow obligations as they were coming due. 2359 Ontario's restaurant, which is located in Whitby, Ontario, is the only location that remains open. In addition to 2798 Ontario, the remaining Jimmy Guacos' restaurant franchise legal entities each filed NOI's on the Filing Date. In addition, on December 6, 2022, Jimmy Guaco's Franchising Inc., which was incorporated in June 2020 for the purpose of selling franchises under the "Jimmy Guacho's" restaurant brand, was assigned into bankruptcy.

10. 2798 Ontario's restaurant, which operated from leased premises located in Oshawa, Ontario, was closed at the end of November 2022.

#### *Financial Results*

11. 2798 Ontario's externally prepared unaudited financial statements indicate that for its fiscal year-ended March 31, 2022 and March 31, 2021 the Company incurred operating losses of approximately \$15,000 and \$25,000, respectively, and had total liabilities of approximately \$400,000 and \$373,000, respectively.

#### **CAUSES OF FINANCIAL DIFFICULTIES**

12. Prior to its NOI filing, the Company had been operating at a loss. As Management was of the view that the location would not be profitable in the near term it decided that the best course of action was to close its doors. Management advised that the feedback it was consistently receiving from customers was that its location was difficult to find as it had poor street visibility. Furthermore, customers also advised there was regularly a lack of parking, which further exacerbated the restaurants challenges.
13. Unable to operate the business at a profit the Company had no other readily available option but to file the NOI on the Date of Filing.

## *Secured and Unsecured Debt*

### *Secured Creditors*

14. At the Date of Filing, Management has estimated that the Bank of Montreal ("BMO") is owed approximately \$181,000 in respect of a secured outstanding small business loan. On February 1, 2021, BMO registered a general security interest in the Personal Property Security Registration ("PPSR") system as against all the assets of the Company.
15. The Proposal Trustee has not obtained a legal opinion on the validity of the security interest.

### *Crown Claims*

16. At the Date of Filing, the Company was indebted to the Canada Revenue Agency ("CRA") for approximately \$15,000 in respect of unremitted employee source deductions.

### *Employee Preferred Claims*

17. As of the Date of Filing, the Company is not aware of any potential Employee Preferred Claim.

### *Unsecured Creditors*

18. According to Management, the Company's unsecured debt totaled approximately \$245,000 at the Date of Filing. This unsecured indebtedness is owed to seventeen known unsecured creditors.
19. Unsecured Creditors for the purposes of the Proposal excludes Related Party Claims, which shall mean a claim by any person related to the Company with the meaning of the Act, which at the Date of Filing totaled approximately \$185,000 and is owed to six of the unsecured creditors. As such, known unrelated unsecured debts total \$60,000 and are comprised of ten creditors.

## **THE PROPOSAL**

### *Classes*

20. In the Proposal, the Creditors of the Company are comprised of two classes of Creditors: (i) Creditors having Proven Preferred and Unsecured Claims (the "Class 1") and (ii) Creditors having Proven Secured Claims ("Class 2"), which, for greater certainty, includes BMO.
21. The Proposal provides that the Creditors entitled to vote in the Unsecured Class consist of unsecured trade creditors (i.e., creditors holding claims without priority under the BIA), Preferred

Creditors pursuant to the BIA and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Priority Claims.

22. The Proposal further provides that the Secured Creditor shall file a proof of claim for the full value of its indebtedness as a Secured Creditor in the Class 2, and the Secured Creditor shall only be entitled to receive payment from the Funded Secured Proposal Payments as set out below.

#### *Treatment of Claims*

23. Crown Priority Claims are all proven pre-filing claims of CRA, or any province, contemplated by section 60(1.1) of the BIA, consisting of unremitted source deductions. Crown Priority Claims will be paid in full and shall be paid by the Company from funds paid to the Proposal Trustee and remitted by the Proposal Trustee to CRA, or the province, as applicable, within six (6) months of the Court Approval Date. As described above, according to the Company's books and records, at the Date of Filing, the Company owes \$15,393.50 that would constitute a Crown Priority Claim.
24. Employee Preferred Claims shall be paid in full, without interest, in priority to Unsecured Claims out of additional operating funds to be delivered by the Company to the Proposal Trustee and shall be remitted by the Proposal Trustee to the entitled claimants immediately after the Court Approval Date.
25. Proven Secured Claims shall be paid out of the Funded Secured Proposal Payments on a pro-rata basis as set out below.
26. Proven Preferred Claims, other than Employee Preferred Claims, shall be paid up to the full proven amount, without interest, out of the Funded Proposal Payments, in priority to Proven Unsecured Claims.
27. Proven Unsecured Claims shall, after satisfaction of any priority claims, be paid *pro rata* out of the Funded Unsecured Proposal Payments as set out below.
28. Related Party Claims shall be stayed during this Proposal but not participate in any voting nor in any distributions to be made to Unsecured Creditors under this Proposal. Related Party Claims will no longer be stayed and may be paid by the Company once this Proposal is fully performed.
29. The following Related-Party Creditors have agreed not to file Claims in the Proposal: (i) Annette Zupancic; (ii) 2359374 Ontario Inc.; (iii) Jimmy Guaco's Inc.; and (iv) 2701402 Ontario Inc. Each Related Party Creditor signed such confirmation which are appended to the Proposal as Schedule "A".

### *Funding the Proposal*

30. Thirty days following payment in full of the Crown Claims, the Company will cause to be paid to the Proposal Trustee monthly payments in the form of cash instalments:
- i) for 36 months in an amount to equal the lesser of 20% of Secured Claims and \$36,000 (**"Funded Secured Proposal Payments"**) for the Secured Creditor Class, and
  - ii) for 60 months in an amount to equal the lesser of 10% of the Unsecured Claims and \$7,000 (**"Funded Unsecured Proposal Payments"**) for the Unsecured Creditor Class.

### *Reporting*

31. During the Proposal Period, the Company shall provide to the Proposal Trustee every three months a report containing the following: (i) a cash flow statement for the Company's business and affairs for the prior three months; and (ii) evidence of Company's filing and remittance of source deductions and HST.
32. The Company is in the process of selling its assets, which are primarily comprised of restaurant equipment through a sale to its landlord (**"Equipment Sale"**). The proceeds of sale are estimated to be approximately \$5,000, including HST and shall be paid to the Trustee and applied to the Crown Claims pursuant to this Proposal. The Approval Order (defined below) to be sought shall contain approval of the Equipment Sale.

### *Distribution*

33. All distributions are subject to the Superintendent's Levy in accordance with the BIA.
34. The Funded Secured Proposal Payments and Unsecured Proposal Payments will be distributed by the Proposal Trustee in the following order of priority:
- i) *Administrative Fees and Expenses* - To fund all administrative fees and expenses of the Proposal Trustee, including the legal fees of the Proposal Trustee and the Company.
  - ii) *Bankruptcy Reserve* - To establish a reserve of \$15,000 to be held in trust by the Proposal Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Company in the event that the Proposal is annulled and the Company becomes bankrupt, failing which such amount shall be distributed to the Creditors.
  - iii) *Proven Claims of Preferred Creditors* – To pay all Proven Preferred Claims, if any, other than the Employee Preferred Claims, which would have been paid immediately after Court



approval. Preferred Creditors shall be paid in full, without interest, in priority to all Claims of the Unsecured Creditors.

- iv) *Proven Claims of Unsecured and Secured Creditors* – The remainder will be distributed among the Secured and Unsecured Creditors by class, who will share *pro rata* out of the funds available in each class after payment of the foregoing.

## OVERVIEW OF 2798 ONTARIO'S WEEKLY CASH FLOW FORECAST

- 35. Jimmy Guacos, with the assistance of the Proposal Trustee, prepared a consolidated cash flow forecast for the period from December 5, 2022 to March 5, 2023 ("Cash Flow Forecast"). A copy of the Cash Flow Forecast is attached hereto as Appendix "A" to this Report. The Cash Flow Forecast has been prepared by Management in support of its insolvency proceedings, using probable and hypothetical assumptions set out in notes 1 to 9 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the 13-week forecast period in Canadian dollars.
- 36. The Cash Flow Forecast projects that Jimmy Guacos will have sufficient liquidity to fund its expenses and restructuring costs throughout the Proposal proceeding.
- 37. A critical assumption made in the Cash Flow Forecast is that Jimmy Guacos is expected to be able to operate within its available cash flow throughout the Proposal proceeding and not require any external financing.
- 38. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposal Trustee by Management. Since hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee has also reviewed the support provided by Management of Jimmy Guaco for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
- 39. Based on the Proposal Trustee's review, nothing has come to its attention to cause it to believe that, in all material respects:
  - i) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;

- ii) as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of Jimmy Guacos or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
  - iii) the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.
40. As described in the Disclaimer above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast.
41. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

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

##### *Liquidation Analysis*

42. In the event that the Proposal is not accepted by the Creditors and 2798 Ontario is deemed bankrupt, the following liquidation analysis represents the estimated liquidated value of 2798 Ontario's assets.
43. The Proposal Trustee has relied on representations of the Company in determining the estimated liquidation value of the assets. The liquidation analysis was prepared at a point in time, being the Date of Filing. However, the value of the cash-on-hand is changing. Accordingly, in the event that the Company were to become bankrupt, the realizable value of the assets at that time may be different than presented herein.

**Summary of Estimated Liquidation Value**  
**As at December 5, 2022**  
(000's)

	Notes	Total
<b>Receipts</b>		
Cash	1	3,991
Kitchen Equipment	2	5,000
<b>Total Receipts</b>		<b>8,991</b>
<b>Disbursements</b>		
		-
		-
<b>Net Cash Flow from Liquidation</b>	<b>\$</b>	<b>8,991</b>

**Notes:**

1. *The Company had approximately \$4,000 of cash on hand as of the Date of Filing.*
2. *Kitchen Equipment includes all the restaurant equipment that is expected to be sold to the landlord and as such there are no removal or liquidation costs to be incurred to realize these proceeds.*

**Estimated Recovery – Bankruptcy vs. Proposal Scenario**

44. The following chart (which is rounded to the nearest thousand dollars) sets out the expected recovery to Secured Creditors and Unsecured Creditors under a Bankruptcy/Liquidation scenario and the Proposal scenario. As can be seen below, the net estimated recovery to:
- i) Crown Priority Claims in a bankruptcy scenario is 60% versus 100% under the Proposal scenario;
  - ii) Secured Creditors in a bankruptcy scenario is NIL versus approximately 15% under the Proposal scenario; and
  - iii) Unsecured Creditors in a bankruptcy scenario is NIL versus approximately 8% under the Proposal scenario.

000'S Omitted - \$CDN				
Estimated Recovery in a Liquidation Scenario		Estimated Recovery in a Proposal Scenario		
			Secured	Unsecured
Liquidation Value of Assets (based on a liquidation as calculated above)	9	Estimated Funded Proposal Payments (note 2)	36	7
Less: Crown Priority Claims (note 1)	(15)	Less: Crown Priority Claims (note 1)	n/a	n/a
Less: Estimated Professional fees and expenses (note 3)	n/a	Less: Estimated Professional fees and expenses (note 3)	(8)	(2)
Less: Superintendent's Levy (note 4)	n/a	Less: Superintendent's Levy (note 4)	(1)	(0.3)
Less: Preferred Claims	n/a	Less: Preferred Claims	n/a	n/a
Net amount available for Secured Creditors	NIL	Net amount available	26	5
		Estimated Claims (note 5)	181	60
Estimated Recovery to CRA for Crown Claims	60%	Estimated Recovery to CRA for Crown Claims	100%	
Estimated Recovery to Secured Creditors	NIL	Estimated Recovery to Secured Creditors	15%	
Estimated Recovery to Unsecured Creditors	NIL	Estimated Recovery to Unsecured Creditors	8%	

**Notes:**

- In a bankruptcy scenario the balance outstanding to CRA in respect of Crown Priority Claims will be paid in priority to any payment to the secured and unsecured creditors. In a proposal scenario, Crown Priority Claims will be paid out of additional proceeds to be provided to the Trustee.*
- According to the Proposal, the Funded Secured Proposal Payments total the lesser of 20% of the Secured Claims and \$36,000 and the Funded Unsecured Proposal Payments total the lesser of 10% of the Unsecured Claims and \$7,000. Accordingly, the actual funded proposal payments will vary depending on claims filed.*
- This amount represents a provision for the estimated professional fees in the case of a proposal, professional fees including administering the proposal before and after Court approval. In a bankruptcy there would be no funds remaining for professional fees as CRA will experience a shortfall on its Crown Priority Claim.*
- The Superintendent's Levy is applicable to payments made to Secured, Preferred and Unsecured Creditors and is calculated as 5% of each payment. It is not applicable to payments made to satisfy CRA Priority Claims.*
- Estimated Claims for Unsecured Claims in a Proposal exclude Related Party Claims totaling approximately \$185,000 as per the Proposal such Claims shall be stayed and will not participate in any distributions.*

## CREDITORS' MEETINGS/VOTING PROCEDURE AND CLASSES OF CREDITORS

### *Creditors' Meetings/Voting Procedure*

45. The primary purpose of the Creditors' Meetings (the "Meetings") is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, at least two-thirds (66.67%) of each creditor class by dollar value, and more than 50% of each creditor class by number, must vote in favour of the Proposal at the Meetings either in person, by proxy or by mailing a voting letter to the Proposal Trustee in advance of the Meetings. Only Creditors who actually vote are counted for the purpose of determining whether the necessary thresholds have been reached. Creditors related to 2798 Ontario may not vote for the Proposal.
46. To be eligible to vote on the Proposal, Creditors must have filed with the Proposal Trustee, before the Meetings, a secured or unsecured proof of claim form, as applicable, signed and witnessed as required and accompanied by a statement of account or affidavit in support of the claim. Those Creditors who do not intend to have a personal representative at the Meetings, to be held on February 1, 2023, may complete and submit the voting letter, which is enclosed in the creditor package, prior to the Meetings indicating their vote for or against the acceptance of the Proposal. The Proposal Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the Meetings. If the Proposal is not accepted by the required majorities of Secured and Unsecured Creditors, the Company will become bankrupt.
47. If the Proposal is accepted by the required statutory majorities referenced above, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court provides such approval ("Approval Order"), the Proposal will be binding on all Creditors and such Creditors, and their respective heirs, executors, administrators, successors and assigns, shall have no further Claim against the Company other than for the distributions provided in the Proposal.

### *Class of Creditors*

48. For purposes of considering, and voting on, the Proposal, and receiving a distribution pursuant to the Proposal, the Creditors are grouped into Class 1 and Class 2 creditors.
49. The Proposal does not compromise or otherwise affect certain creditor claims, specifically:
  - i) claims for goods and/or services delivered to the Company on or after the Date of Filing, December 5, 2022, including Administrative Fees and Expenses;

- ii) Crown Priority Claims;
- iii) Related Party Creditors; and
- iv) Employee Preferred Creditors.

50. Distributions to Creditors will be made as described in the "Distribution" section of this Report.

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

51. At the Meetings, the Creditors are being asked by the Proposal Trustee to choose between two alternatives, namely accepting the Proposal, or rejecting the Proposal, which would result in 2798 Ontario being deemed bankrupt.
52. For the reasons described above, the Proposal Trustee is of the view that the Proposal Scenario will produce a more favourable and certain result for the Creditors of 2798 Ontario than would a liquidation in a bankruptcy.

#### **CONDUCT OF 2798 ONTARIO**

##### *Preference Transactions and Transfers at Undervalue*

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

##### *Conduct Post-Filing*

55. Pursuant to Section 50(10) of the BIA, the Proposal Trustee is required to monitor the affairs of the Company until the Proposal is approved by the Court.
56. During the NOI Period, the Company worked diligently with the Proposal Trustee to prepare its Proposal. 2798 Ontario is working diligently to complete the Proposal. 2798 Ontario continues to meet its liquidity needs in order to be able to successfully implement the Proposal.

## **CREDITORS' CLAIMS**

57. To date, no proofs of claim in the Proposal have been received by the Proposal Trustee.

## **PREVIOUS BUSINESS DEALINGS WITH 2798 ONTARIO**

58. The Proposal Trustee has not had any business dealings with 2798 Ontario prior to its appointment as Proposal Trustee and is not in a conflict of interest.

## **SUMMARY COMMENTS/RECOMMENDATION**

59. For the reasons set out in this Report it is the Proposal Trustee's opinion that:

- i) the Proposal will allow for a greater recovery to both the Secured and Unsecured Creditors of the Company than they would receive in a liquidation of the Company's assets in a bankruptcy proceeding; and
- ii) acceptance of the Proposal is in the best interest of the Creditors. If the Proposal is rejected by the Affected Creditors, the Company will become automatically bankrupt and while it is uncertain what the actual realizable values of the assets will ultimately be in a bankruptcy, it is anticipated to be less than what is contemplated in the Proposal. Accordingly, the Proposal Trustee recommends that the Creditors vote in favour of the Proposal.

Yours very truly,

**DODICK LANDAU INC.**

Proposal Trustee *re* the Proposal of 2798497 Ontario Inc.  
and not in its personal or corporate capacity.

Per:



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Rahn Dodick, CPA, CA, CIRP, LIT

## **APPENDIX "A"**



**Jimmy Guaco's Inc., 2359374 Ontario Inc., 8091463 Canada Inc., 2798497 Ontario Inc. (collectively "Jimmy Guaco")**  
**Weekly Cash Flow Forecast**  
**For the period from December 5, 2022 to March 5, 2023**

<b>Week Ending</b>	<b>Notes</b>	<b>11-Dec-22</b>	<b>18-Dec-22</b>	<b>25-Dec-22</b>	<b>01-Jan-23</b>	<b>08-Jan-23</b>	<b>15-Jan-23</b>	<b>22-Jan-23</b>	<b>29-Jan-23</b>	<b>05-Feb-23</b>	<b>12-Feb-23</b>	<b>19-Feb-23</b>	<b>26-Feb-23</b>	<b>05-Mar-23</b>	<b>TOTAL</b>
Restaurant Receipts	2	14,100	18,900	13,100	14,600	17,700	17,000	17,900	19,100	18,800	19,000	20,600	19,400	20,100	230,300
Equipment Sales	3	-	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000
<b>Total Receipts</b>		<b>14,100</b>	<b>18,900</b>	<b>13,100</b>	<b>14,600</b>	<b>17,700</b>	<b>27,000</b>	<b>17,900</b>	<b>19,100</b>	<b>18,800</b>	<b>19,000</b>	<b>20,600</b>	<b>19,400</b>	<b>20,100</b>	<b>240,300</b>
<b>Disbursements</b>															
Direct Costs	4	9,300	8,400	8,400	8,400	7,600	7,100	8,300	10,400	10,200	9,600	10,200	8,700	9,600	116,200
Payroll Costs	5	-	11,305	-	10,285	-	9,469	-	9,469	-	9,469	-	9,469	-	59,467
Occupancy Costs	6	15	450	15	6,025	15	-	2,931	-	6,040	-	1,111	1,820	6,040	24,462
G&A Expenses	7	580	1,394	1,080	785	780	100	1,674	800	1,328	150	1,744	590	1,346	12,351
Professional Fees	8	-	-	-	-	10,000	5,000	-	-	-	-	-	-	-	15,000
<b>Total Disbursements</b>		<b>9,895</b>	<b>21,550</b>	<b>9,495</b>	<b>25,494</b>	<b>18,395</b>	<b>21,669</b>	<b>12,905</b>	<b>20,669</b>	<b>17,568</b>	<b>19,219</b>	<b>13,055</b>	<b>20,579</b>	<b>16,986</b>	<b>227,479</b>
<b>Net Cash Flow</b>		<b>4,205</b>	<b>(2,650)</b>	<b>3,605</b>	<b>(10,894)</b>	<b>(695)</b>	<b>5,331</b>	<b>4,995</b>	<b>(1,569)</b>	<b>1,232</b>	<b>(219)</b>	<b>7,545</b>	<b>(1,179)</b>	<b>3,114</b>	<b>12,821</b>
<b>Bank Balance</b>															
Opening Bank Balance	9	7,864	12,069	9,420	13,025	2,130	1,435	6,766	11,761	10,192	11,424	11,205	18,750	17,570	7,864
Add: Net Cash Flow		4,205	(2,650)	3,605	(10,894)	(695)	5,331	4,995	(1,569)	1,232	(219)	7,545	(1,179)	3,114	12,821
<b>Closing Bank Balance</b>		<b>12,069</b>	<b>9,420</b>	<b>13,025</b>	<b>2,130</b>	<b>1,435</b>	<b>6,766</b>	<b>11,761</b>	<b>10,192</b>	<b>11,424</b>	<b>11,205</b>	<b>18,750</b>	<b>17,570</b>	<b>20,685</b>	<b>20,685</b>

This statement of forecast cash flow of Jimmy Guaco is prepared in accordance with section 50.4 (2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the accompanying notes and Trustee's report on cash flow statement dated this 15th day of December, 2022.

Dodick Landau Inc.

Jimmy Guaco's Inc., 2359374 Ontario Inc., 8091463 Canada Inc., 2798497 Ontario Inc.

Per: *Signature on file*  
Rahn Dodick, CPA, CA, CIRP, LIT

Per: *Signature on file*  
Annette Zupancic  
President & CEO

**Jimmy Guaco's Inc, 2359374 Ontario Inc., 8091463 Canada Inc., 2798497 Ontario Inc. (collectively "Jimmy Guaco" or the "Company")**

**Major Assumptions**

**Cash Flow Forecast**

**For the Period December 5, 2022 to March 5, 2023 (the "Period")**

1. Jimmy Guaco's was a small chain of restaurants operating as Mexican inspired grills. Prior to the NOI filings on December 5, 2022 ("**Filing Date**") the Company operated three restaurants, each as a separate legal entity. Prior to the Filing Date, three of the locations were closed and one restaurant, located at 4099 Baldwin St S, Whitby, ON, ("**Remaining Restaurant**") remained open. Jimmy Guaco's cash flow projections have been prepared by management of Jimmy Guaco on a consolidated basis and include the following related legal entities, each of which filed NOIs:

- Jimmy Guaco's Inc,
- 2359374 Ontario Inc.,
- 8091463 Canada Inc., and
- 2798497 Ontario Inc.

2359374 Ontario Inc. is the legal entity that owns the Remaining Restaurant and as such is the only entity that has active operations. The other companies are selling their kitchen equipment in the Period.

The financial projections have been prepared for the purpose of meeting the requirements of the Bankruptcy and Insolvency Act. The Projection is based on the hypotheses that Jimmy Guaco will continue operations of the Remaining Restaurant in the normal course and will generate sufficient cash flow to meet its ongoing operational needs.

**Receipts:**

2. Sales projections for the purposes of this cash flow are based on in-restaurant sales and sales realized through third party delivery services including, among others, Uber Eats and Skip the Dishes ("**Delivery Apps**") Receipts are forecast based on weekly sales from the prior year.
3. The Company anticipates receiving approximately \$10,000 from the sale of kitchen equipment from the restaurants that have closed.

**Disbursements:**

4. Direct costs include the cost of food, beverages, delivery fees charged by the Delivery Apps, and kitchen supplies. These are based on historic costs for the Remaining Restaurant.
5. Payroll includes amounts for two salaried employees and fourteen part-time contractors employed at an hourly rate by the Remaining Restaurant as well as a bi-weekly salary for the Company's owner. Starting in January 2023 one of the salaried employees will

transition to a part-time hourly rate independent contractor. Other payroll costs include source deduction remittances in the Period.

6. Occupancy expenses include rent for the remaining restaurant, cell phone, internet and utilities.
7. General and administrative expense include primarily general office expenses, bookkeeping fees, vehicle lease payments, gas, advertising and promotional expenses, point of sale system fees, credit card processing fees and bank charges.
8. Professional fees include fees for the Proposal Trustee and the Company's legal counsel for the Period.
9. The opening cash balance as of December 5, 2022 is \$7,864.

# **STATEMENT OF AFFAIRS**

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2891309  
 Estate No. 31-2891309

Original  Amended

Form 78  
**Statement of Affairs (Business Proposal) made by an entity**  
**(Subsection 49(2) and Paragraph 159(d) of the Act / Subsections 50(2) and 62(1) of the Act)**

In the Matter of the Proposal of  
 2798497 Ontario Inc.  
 of the city of Oshawa, in the Province of Ontario


To the debtor:


You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 4th day of January 2023. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A" .....	261,038.52	1. Inventory .....	0.00
Balance of secured claims as per list "B" .....	176,366.88	2. Trade fixtures, etc. ....	0.00
Total unsecured creditors .....	437,405.40	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B" .....	5,000.00	Good .....	0.00
3. Preferred creditors as per list "C" .....	9.00	Doubtful .....	0.00
4. Contingent, trust claims or other liabilities as per list "D"		Bad .....	0.00
estimated to be reclaimable for .....	0.00	Estimated to produce .....	0.00
Total liabilities .....	442,414.40	4. Bills of exchange, promissory note, etc., as per list "F" ...	0.00
Surplus .....	NIL	5. Deposits in financial institutions .....	0.00
		6. Cash .....	0.00
		7. Livestock .....	0.00
		8. Machinery, equipment and plant .....	5,000.00
		9. Real property or immovable as per list "G" .....	0.00
		10. Furniture .....	0.00
		11. RRSPs, RRIFs, life insurance, etc. ....	0.00
		12. Securities (shares, bonds, debentures, etc.) .....	0.00
		13. Interests under wills .....	0.00
		14. Vehicles .....	0.00
		15. Other property, as per list "H" .....	0.00
		If debtor is a corporation, add:	
		Amount of subscribed capital .....	0.00
		Amount paid on capital .....	0.00
		Balance subscribed and unpaid .....	0.00
		Estimated to produce .....	0.00
		Total assets .....	5,000.00
		Deficiency .....	437,414.40

I, Annette Zupancic, of the city of Whitby in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 9th day of January 2023 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED) remotely by Annette Zupancic stated as being located in the city of Whitby in the Province of Ontario before me at the city of Toronto in the Province of Ontario, on this 9th day of January 2023 in accordance with provincial Regulation on Administering Oath or Declaration Remotely.

  
 \_\_\_\_\_  
 Rahn Dodick, Commissioner of Oaths  
 For the Province of Ontario  
 Expires July 20, 2023

  
 \_\_\_\_\_  
 Annette Zupancic (Jan 10, 2023 14:55 EST)  
 Annette Zupancic

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2891309  
 Estate No. 31-2891309


FORM 78 - Continued

In the Matter of the Proposal of  
 2798497 Ontario Inc.  
 of the city of Oshawa, in the Province of Ontario  
 List "A"  
 Unsecured Creditors  
 2798497 Ontario Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	1000240983 Ontario Inc.	36 Athol Street Oshawa ON L1H 1S7	7,857.00	0.00	7,857.00
2	2359374 Ontario Inc.	36 Athol Street Oshawa ON L1H 1J7	34,131.27	0.00	34,131.27
3	2701402 Ontario Inc.	36 Athol Street Oshawa ON L1H 1S7	21,270.53	0.00	21,270.53
4	2701402 Ontario Inc.	36 Athol Street East Oshawa ON L1H 1J7	424.71	0.00	424.71
5	8091463 Canada Inc.	36 Athol Street Oshawa ON L1H 1J7	33.90	0.00	33.90
6	Annette Zupancic	36 Athol Street Oshawa ON L1H 1J7	16,628.06	0.00	16,628.06
7	Beverly Crane		1.00	0.00	1.00
8	Bloomington Contracting	7777 Weston Road, Suite 211 Vaughan ON L4L 0G9	435.05	0.00	435.05
9	BMO Financial Group c/o BankruptcyHighway.com Attn: Mike Timko	PO Box 57100 Etobicoke ON M8Y 3Y2	0.00	176,366.88	176,366.88
10	Cintas Canada Limited	1 - 15911 Robin's Hill Road London ON N5V 0A5	1,490.66	0.00	1,490.66
11	Clover Capital	415N Mathilda Avenue Sunnyvale CA 94085 USA	22,198.00	0.00	22,198.00
12	Copetti & Co. Professional Corporation	601 Brock St. South Whitby ON L1N 4L1	369.50	0.00	369.50
13	CRA - Tax - Ontario 79515 2669 RC Account	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	250.00	0.00	250.00
14	CRA - Tax - Ontario 79515 2669 RP Account	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	15,393.30	0.00	15,393.30
15	CRA - Tax - Ontario 79515 2669 RT Account	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	28,195.76	0.00	28,195.76
16	Emily Neilson		1.00	0.00	1.00
17	Enrico Pecotic		1.00	0.00	1.00
18	Faith McDonald		1.00	0.00	1.00
19	H & T Holdings Attn: Paul Lebo	3093 Bathurst St., Suite 365 Toronto ON M6A 0A3	250.00	0.00	250.00

09-Jan-2023

Date

  
 Annette Zupancic

Annette Zupancic

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2891309  
 Estate No. 31-2891309

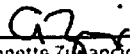
FORM 78 – Continued

In the Matter of the Proposal of  
 2798497 Ontario Inc.  
 of the city of Oshawa, in the Province of Ontario  
 List "A"  
 Unsecured Creditors  
 2798497 Ontario Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
20	Jessica Frizzell		1.00	0.00	1.00
21	Jimmy Guaco's Franchising	36 Alhol Street Oshawa ON L1H 1S7	83,413.99	0.00	83,413.99
22	Jimmy Guaco's Inc.	36 Alhol Street Oshawa ON L1H 1S7	22,051.86	0.00	22,051.86
23	Kevin Aular		1.00	0.00	1.00
24	Kylie Reid		1.00	0.00	1.00
25	Nathaniel Hodgkinson		1.00	0.00	1.00
26	Oshawa Power (formerly Oshawa PUC Networks Inc.) Attn: Suzanne Neal	100 Simcoe St S Oshawa ON L1H 7M7	1,806.47	0.00	1,806.47
27	Rebecca Whiteside		1.00	0.00	1.00
28	Selbie's Select Produce Ltd.	P. O. Box 436 Orono ON L0B 1M0	4,059.50	0.00	4,059.50
29	Uber LLP	x Xx ON L1H 1J7	250.00	0.00	250.00
30	Workplace Safety and Insurance Board Attn: Eric Kupka	200 Front St W, 22nd Floor Toronto ON M5V 3J1	519.96	0.00	519.96
<b>Total:</b>			<b>261,038.52</b>	<b>176,366.88</b>	<b>437,405.40</b>

09-Jan-2023

Date

  
 Annette Zupancic (Jan 10, 2023 14:55 EST)  
 Annette Zupancic

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2891309  
 Estate No. 31-2891309

FORM 78 - Continued

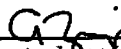
In the Matter of the Proposal of  
 2798497 Ontario Inc.  
 of the city of Oshawa, in the Province of Ontario  
 List "B"  
 Secured Creditors

2798497 Ontario Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	BMO Financial Group c/o BankruptcyHighway.com Attn: Mike Timko	PO Box 57100 Etobicoke ON M8Y 3Y2	181,366.88	Business Assets - Machinery - Restaurant Equipment	01-Feb-2021	5,000.00		176,366.88
<b>Total:</b>			<b>181,366.88</b>			<b>5,000.00</b>	<b>0.00</b>	<b>176,366.88</b>

09-Jan-2023

Date

  
 Annette Zupancic (Jan 10, 2023 14:55 EST)

Annette Zupancic



District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2891309  
 Estate No. 31-2891309

FORM 78 -- Continued

In the Matter of the Proposal of  
 2798497 Ontario Inc.  
 of the city of Oshawa, in the Province of Ontario  
 List "C"  
 Preferred Creditors for Wages, Rent, etc.

2798497 Ontario Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
1	Beverly Crane			-	1.00	0.00	1.00
2	Emily Neilson			-	1.00	0.00	1.00
3	Enrico Pecotic			-	1.00	0.00	1.00
4	Faith McDonald			-	1.00	0.00	1.00
5	Jessica Frizzell			-	1.00	0.00	1.00
6	Kevin Autar			-	1.00	0.00	1.00
7	Kylie Reid			-	1.00	0.00	1.00
8	Nathaniel Hodgkinson			-	1.00	0.00	1.00
9	Rebecca Whiteside			-	1.00	0.00	1.00
<b>Total:</b>					<b>9.00</b>	<b>0.00</b>	<b>9.00</b>

09-Jan-2023

Date

  
 Annelie Zupanic

Annelie Zupanic

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-2891309  
Estate No. 31-2891309

FORM 78 - Continued

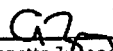
In the Matter of the Proposal of  
2798497 Ontario Inc.  
of the city of Oshawa, in the Province of Ontario  
List "D"  
Contingent or Other Liabilities

2798497 Ontario Inc.

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

09-Jan-2023

Date

  
Annette Zupancic (Jan 10, 2023 14:55 EST)

Annette Zupancic

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2891309  
 Estate No. 31-2891309


FORM 78 - Continued

In the Matter of the Proposal of  
 2798497 Ontario Inc.  
 of the city of Oshawa, in the Province of Ontario  
 List "E"  
 Debts Due to the Debtor  
 2798497 Ontario Inc.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
				0.00				
			Total:	0.00			0.00	
				0.00				

09-Jan-2023

Date

  
 Annette Zupancic (Jan 10, 2023 14:55 EST)  
 Annette Zupancic

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-2891309  
Estate No. 31-2891309

FORM 78 - Continued

In the Matter of the Proposal of  
2798497 Ontario Inc.  
of the city of Oshawa, in the Province of Ontario  
List "F"

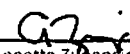
Bills of Exchange, Promissory Notes, Lien Notes, Chattel  
Mortgages, etc., Available as Assets

2798497 Ontario Inc.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

09-Jan-2023

Date

  
Annette Zupancic (Jan 10, 2023 14:55 EST)  
Annette Zupancic

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-2891309  
Estate No. 31-2891309

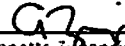
FORM 78 -- Continued

In the Matter of the Proposal of  
2798497 Ontario Inc.  
of the city of Oshawa, in the Province of Ontario  
List "G"  
Real Property or Immovables Owned by Debtor  
2798497 Ontario Inc.

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

09-Jan-2023

Date

  
Annette Zupancic (Jan 10, 2023 14:55 EST)

Annette Zupancic

District of: Ontario  
 Division No. 09 - Toronto  
 Court No. 31-2891309  
 Estate No. 31-2891309


FORM 78 - Concluded

In the Matter of the Proposal of  
 2798497 Ontario Inc.  
 of the city of Oshawa, in the Province of Ontario  
 List "H"  
 Property  
 2798497 Ontario Inc.  
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Restaurant Equipment	0.00	5,000.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
			<b>Total:</b>	<b>5,000.00</b>

09-Jan-2023

Date

  
 Annette Zupancic

Annette Zupancic

**Court No. 31-2891309**

**Estate No. 31-2891309**

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**In the Matter of the Proposal of  
2798497 Ontario Inc.  
of the city of Oshawa, in the Province of Ontario**

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

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**Trustee: Rahn Dodick  
License: 3276  
Email: rahn.dodick@dodick.ca**

**Dodick Landau Inc. - Licensed Insolvency Trustee**

---

**951 Wilson Ave., Unit 15L  
Toronto ON M3K 2A7  
Phone: (416) 645-0542 Fax: (866) 874-1791**

# **PROOF OF CLAIM WITH INSTRUCTIONS**



# DODICK LANDAU

## PROOF OF CLAIM FORM 31

IN THE MATTER OF THE PROPOSAL OF **2798497 Ontario Inc.** (referred to in this form as "the debtor")

and the claim of \_\_\_\_\_ (referred to in this form as "the creditor")

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

\_\_\_\_\_  
Telephone : \_\_\_\_\_ Fax : \_\_\_\_\_ Email : \_\_\_\_\_

I, \_\_\_\_\_ residing in the \_\_\_\_\_  
(name of person signing claim) (city, town, etc.)  
of \_\_\_\_\_ in the Province of \_\_\_\_\_  
(name of city, town, etc.)

Do hereby certify that:

If an officer of the company, state position or title

1. I am the creditor or I am \_\_\_\_\_ of the creditor.  
(state position or title)

2. I have knowledge of all the circumstances connected with the claim referred to in this form.

The attached statement of account must include invoices or other evidence in support of the claim

3. The debtor was, at the date of the Notice of Intention to Make a Proposal, namely **December 5, 2022** and still is, indebted to the creditor in the sum of \$ \_\_\_\_\_, as specified in the statement of account attached hereto and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

Check and complete appropriate category.

4. A Unsecured claim of \$ \_\_\_\_\_  
In respect to the said debt, I do not hold any assets of the debtor as security and

Check appropriate description and attach a separate sheet to detail and support priority claim, if applicable.

(i) I do not claim a right to a priority  
or  
(ii) I do claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act (the "Act").

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

B Claim of landlord for disclaimer of a lease of \$ \_\_\_\_\_  
That I hereby makes a claim under subsection 65.2(4) of the Act, 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.

C Secured claim of \$ \_\_\_\_\_  
In respect of the said debt, I hold assets of the debtor valued at \$ \_\_\_\_\_  
as security, particulars of which are as follows:  
\_\_\_\_\_  
\_\_\_\_\_

Attach a copy of sales agreement and delivery receipts.

D Claim by farmer, fisherman, or aquaculturist of \$ \_\_\_\_\_  
That I hereby makes a claim under subsection 81.2(1) of the Act for the unpaid amount  
\$ \_\_\_\_\_.

Check and complete appropriate category.

E Claim by Wage Earner of \$ \_\_\_\_\_

Check appropriate description.

(i) That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_.  
(ii) That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_.

**FORM 31  
PAGE TWO  
PROOF OF CLAIM**

**F**      **Claim against Director of \$** \_\_\_\_\_  
            That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows: \_\_\_\_\_  
\_\_\_\_\_

To be filed when a proposal provides for the compromise of claims against directors.

**G**      **Claim of a Customer of a Bankrupt Securities Firm of \$** \_\_\_\_\_  
            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.

Strike out "is" or "is not".

5. To the best of my knowledge, the creditor **is / is not** related to the debtor within the meaning of section 4 of the Act.

Attach a separate schedule if necessary.

6. The following are the payments that the creditor has received from and the credits that the creditor has allowed to the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act, within the twelve months) immediately before the date of the initial bankruptcy event (December 5, 2022) within the meaning of section 2 of the Act.

\_\_\_\_\_, \_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_,

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Must be signed and witnessed

\_\_\_\_\_  
**Witness**

\_\_\_\_\_  
**(Signature of individual completing this form)**

**Print Name:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Notes:** All references to "the Act" refer to the Bankruptcy and Insolvency Act. If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document. If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations.

**Warning:** 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.

## Instructions for completing proof of claim forms

Every creditor who does not prove his claim is not entitled to share in any distribution. Claims not completed correctly in every respect will be returned. As well, in order to vote at a meeting of creditors, a properly completed Proof of Claim must be returned to the Trustee's office before the time of the meeting.

In completing the attached form, your attention is directed to the marginal notes on the form and to the following requirements:

### Proof of Claim:

1. The form must be completed by an individual and not by a corporation. If you are acting for a corporation or other person, you must state the capacity in which you are acting, such as, "Credit Manager", "Treasurer", "Authorized Agent", etc.
2. The person signing the form must have knowledge of the circumstances connected with the claim.
3. The debtor's name and date of the bankruptcy must be filled in and a Statement of Account containing details of the claim must be attached and marked "Schedule A". The date at which claims are to be calculated and the correct name of the debtor may be found as well on the Notice sent to the creditor.
4. The nature of the claim must be indicated by placing a check mark at the type of claim which applies, for example:

Check mark at A indicates the claim is unsecured and

Check mark at A(i) indicates that the creditor is not claiming any priority or

Check mark at A(ii) indicates the creditor is claiming preferred status under section 136 of the Act. Details to support the priority claim must be set out on an attached schedule.

Check mark at B indicates a claim of landlord for disclaimer of a lease under subsection 65.2(4) of the Act. Details to support this claim must be set out on an attached schedule.

Check mark at C indicates the claim is secured and the value at which the creditor assesses the security must be inserted. Details of each item of security held should be attached as a separate schedule and submitted with a copy of the chattel mortgage, conditional sales contract, security agreement, etc.

Check mark at D indicates that the creditor is a farmer, fisherman or aquaculturist who supplied goods within 15 days prior to the date of receivership or bankruptcy and has not yet been paid for those goods.

Check mark at E indicates that the creditor is a wage earner under subsection 81.3(8) or 81.4(8) of the Act. Details to support this claim must be set out on an attached schedule.

Check mark at F indicates the claim is against a director under subsection 50(13) of the Act. It is applicable only in the case of a proposal which provides for the compromise of claims against directors. Details to support this claim must be set out on an attached schedule.

Check mark at G indicates the claim is of a Customer of a Bankrupt Securities Firm, who is a customer for net equity as contemplated by section 262 of the Act. Details to support this claim must be set out on an attached schedule.

5. The person signing the form must indicate (by striking out "is" or "is not") whether the creditor and the debtor are related. Section 4 of the Act defines persons related to a debtor. If the creditor is related by blood or marriage to the debtor, the creditor should consider itself to be a related person. If the debtor is a corporation, a creditor would be related if it was controlled by the same shareholders as the debtor.

6. The person signing the form must provide full details of all payments and credits received from or allowed to the debtor during the period indicated. Leaving a blank will indicate that there were no such payments and credits.

7. The person signing the form must insert the place and date and the signature must be witnessed. If an affidavit is attached, it must have been made before a person qualified to take affidavits.

### General Proxy:

If it is desired to appoint a proxy, the proxy form must be completed and signed by the creditor; if the creditor is a corporation, the proxy form must be signed in the corporate name (not necessarily by the individual signing the proof of claim form) and the proxy must be witnessed.

**If there are any questions in completing the proof of claim, please write, email or telephone the office of the trustee:**

**Dodick Landau Inc.**  
951 Wilson Avenue, Suite 15L  
Toronto, ON M3K 2A7  
Telephone: 416-645-0542  
Fax: 1-866-874-1791  
Email: [brenda.mcknight@dodick.ca](mailto:brenda.mcknight@dodick.ca)

**PROXY**

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-2891309  
Estate No. 31-2891309

FORM 36  
PROXY  
(Paragraph 102(2) and paragraphs 51(1)(e) of the Act)

In the Matter of the Proposal of  
**2798497 Ontario Inc.**  
of the city of Oshawa  
In the Province of Ontario

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

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

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature of Corporate Creditor

Per: \_\_\_\_\_

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

Return to:  
Dodick Landau Inc. – Licensed Insolvency Trustee  
951 Wilson Avenue, Suite 15L  
Toronto, ON M3K 2A7  
Phone: (416) 645-0542 Fax: (866) 874-1791  
Email: [brenda.mcknight@dodick.ca](mailto:brenda.mcknight@dodick.ca)

**PLEASE NOTE :**

All Corporations **MUST** appoint an individual to act on its behalf if the Corporation wishes to log a vote in the Proposal.

# **VOTING LETTER**

District of: Ontario  
Division No. 09 – Toronto  
Court No. 31-2891309  
Estate No. 31-2891309

FORM 37  
Voting Letter  
(Paragraph 51(1)(f) of the Act)

In the Matter of the Proposal of  
**2798497 Ontario Inc.**  
of the City of Oshawa, in the Province of Ontario

I, \_\_\_\_\_, creditor (or I, \_\_\_\_\_, representative  
of \_\_\_\_\_, (creditor) of \_\_\_\_\_, a creditor in the above matter  
for the sum of \$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of  
2798497 Ontario Inc. to record my vote \_\_\_\_\_ (for or against) the acceptance of the  
Proposal as made on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature of Corporate Creditor

Per:

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

Return to:  
Dodick Landau Inc. – Licensed Insolvency Trustee  
951 Wilson Avenue, Suite 15L  
Toronto, ON M3K 2A7  
Phone: (416) 645-0542 Fax: (866) 874-1791  
Email: [brenda.mcknight@dodick.ca](mailto:brenda.mcknight@dodick.ca)