

**Via Regular Mail**

July 24, 2019

**To the Creditors of On Track Door Systems Canada Inc. ("On Track" or the "Company")**

Please take notice that on July 22, 2019, OnTrack filed a Proposal (the "**Proposal**") pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* ("**BIA**") and MNP Ltd. has consented to act as Proposal Trustee (the "**Trustee**"). Please find enclosed the following:

- A. Notice of Proposal to Creditors;
- B. Proposal;
- C. Statement of Affairs;
- D. Report of Trustee on Proposal;
- E. Proof of Claim Form;
- F. Voting Letter; and
- G. Proxy Form

A meeting of creditors to consider the Proposal will be held at 10:30 a.m. on August 6, 2019 at the Trustee's Offices:

MNP Ltd.  
3100 Steeles Avenue East, Suite 900  
Markham, ON L3R 8T3

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.

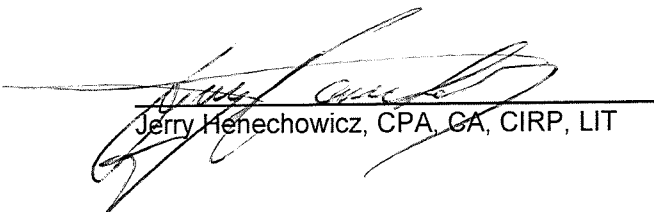
**Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with the Trustee prior to 10:30 a.m. (Toronto Time) on August 6, 2019. You may forward your claim, proxy and voting letter by either email at [angela.liu@mnp.ca](mailto:angela.liu@mnp.ca) or via facsimile at (416) 596-7894.**

Proof of claim forms are to be filed based on the amount owed as of **June 24, 2019**, the date the Notice of Intention to make a Proposal was filed.

If you have any questions concerning the foregoing or require any additional information, please contact Angela Liu at 647-775-1777 or by email at [angela.liu@mnp.ca](mailto:angela.liu@mnp.ca).

Yours truly,

**MNP Ltd.**  
**Trustee acting in re: the Proposal of**  
**On Track Door Systems Canada Inc.**  
Per:



Jerry Henechowicz, CPA, CA, CIRP, LIT

District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

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

In the matter of the proposal of  
On Track Door Systems Canada Inc.  
of the City of Owen Sound  
in the Province of Ontario

Take notice that On Track Door Systems Canada Inc. of the City of Owen Sound 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 at 3100 Steeles Avenue East, Suite 900, Markham, ON on the 6th day of August 2019 at 10:30 AM.

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 the commencement of the meeting.

Dated at the City of Toronto in the Province of Ontario, this 24th day of July 2019.

MNP LTD. - Licensed Insolvency Trustee

  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
2202398 Ontario Inc.	10114 Hwy 26, Unit 4 Collingwood ON L9Y 3Z1		31,000.00
Air Liquide Canada Inc.	Auite 1700-1250 Boul Rene-Levesque O Montreal QC H3B 5E6		48,566.07
Amarr	7460 Pacific Circle Mississauga ON L5T 2A3		19,940.93
Bauman Overhead Doors	4570 Hessen Strasse, RR3 Wellesley ON N0B 2T0		5,716.67
Bell Mobility c/o FCT Default Solutions	PO Box 2514, Stn B London ON N6A 4G9		2,725.00
Borden Ladner Gervais LLP	Bay Adelaide Centre, East Tower, 22 Bay Adelaide Street West Toronto ON M5H 4E3		19,396.05
CHI Overhead Doors	BOX 4090 STN A TORONTO ON M5W 0E9		127,784.02
Clopay Canada	2180 Matheson Blvd E., Unit #3 Mississauga ON L4W 5E1		11,074.44
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	803569755 RT0001	68,480.60
CRA - Tax - Ontario J. Langille - Collection Officer	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	803579755 RP0001	114,439.18
Customer Deposits	717950 Highway 6 Owen Sound ON N4K 5N7		40,000.00
DEK Canada	1908 ST. Regis Blvd Dorval QC H9P 1H6		4,677.41
Devanco Canada	19192 Hay Road, Unit Q Summerstown ON K0C 2E0		35,420.74
Donald L. Tweedle	10 George St. N. Brampton ON L6X 1R2		2,147.00
Employees	717950 Highway 6 Owen Sound ON N4K 5N7		1,000.00
GB Telecom	PO Box 68036 Hamilton ON L8M 3M7		1,084.73
Hydro One	P.O. Box 4102 STN A Toronto ON M5W 3L3		477.42

<b>List of Creditors with claims of \$250 or more.</b>			
Creditor	Address	Account#	Claim Amount
LiftMaster	PO Box 9550 Postal Station A TORONTO ON M5W 2K3		49,167.91
Lisa McPherson	11 Bent Willow Dr Kitchener ON N2N 2K8		100,000.00
Micanan	1380 St-Regis blvd Dorva QC H9P 2T5		7,102.45
ODCC, Corp. Kinnear	254 Matheson Blvd. E. Mississauga ON L4Z 1P5		166,311.08
Pentagon Security Shutters	P.O. Box 4390, 5 Granite Ave Stonewall MB R0C 2Z0		3,034.05
RBC Royal Bank / Banque Royale c/o BankruptcyHighway.com	PO Box 57100 Etobicoke ON M8Y 3Y2	Line of Credit	90,000.00
RBC Royal Bank / Banque Royale c/o BankruptcyHighway.com	PO Box 57100 Etobicoke ON M8Y 3Y2	Truck & Equipment Finance	264,000.00
RBC Royal Bank Visa c/o BankruptcyHighway.com Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2		65,000.00
Reuben Bauman	4535 Hessen Strasse, RR3 Wellesley ON N0B 2T0		2,084.85
Rodrigues Paiva LLP	20 Queen St n, Suite 201 Kitchener ON N2H 2G8		23,051.99
SJM Sunset Holdings Inc.	717950 Hwy 6, RR#5 Owen Sound ON N4K 5N7		16,300.00
Sunbelt Rentals of Canada Inc.	PO Box 99257, Station Terminal Vancouver BC V6B 0N5		570.32
Union Gas	P.O. Box 2025 Chatham ON N7M 6C7		348.19
Wells Fargo Financial Corporation Canada Bankruptcy Department	PO Box 250, Station A Mississauga ON L5A 3A1		31,175.00
Yellow Pages	PO Box 11788, Succ.Centre-Ville Montreal QC H3C 0C2		3,420.84
<b>Total</b>			1,355,496.94



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

**IN THE MATTER OF THE PROPOSAL OF ON TRACK DOOR SYSTEMS CANADA  
INC.,  
OF THE CITY OF OWEN SOUND IN THE PROVINCE OF ONTARIO**

**PROPOSAL**

On Track Door Systems Canada Inc., the above-named debtor (the “**Debtor**”), hereby submits the following Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3.

**PART I**

**Interpretation**

**Definitions**

1.1 In this Proposal unless otherwise stated or the context otherwise requires, capitalized terms shall have the following meanings:

- (a) “**Act**” means the *Bankruptcy and Insolvency Act*, (Canada) R.S.C. 1985, c. B-3, as it may be amended from time to time;
- (b) “**Administrative Fees and Expenses**” means the proper fees and expenses of the Trustee, counsel to the Trustee, the Debtor and counsel to the Debtor incidental to the preparation, presentation, consideration and implementation of the Proposal, any amendments thereto, and the proceedings, transactions and agreements contemplated thereby or arising therefrom, including all legal fees and disbursements incurred by the Trustee and the Debtor;
- (c) “**Approval Order**” means an Order of the Court approving this Proposal pursuant to the provisions of the Act;
- (d) “**Business Day**” means a day, other than a Saturday, Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
- (e) “**Claim**” means any right of any person against the Debtor in connection with any indebtedness, liability, or obligation of any nature whatsoever of the Debtor to any person, whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date, where such claims are proved and allowed, and “**Claims**” has a corresponding meaning;



- (f) “**Court**” means the Ontario Superior Court of Justice (In Bankruptcy and Insolvency);
- (g) “**Creditor**” means any person who holds one or more Claims, including Secured Creditors and Unsecured Creditors and “Creditors” has a corresponding meaning;
- (h) “**Creditors' Meeting**” means the meeting of the Unsecured Creditors called for the purpose of considering and voting on the Proposal;
- (i) “**Effective Date**” means the date upon which the Approval Order becomes final and non-appealable;
- (j) “**Filing Date**” means June 24, 2019, being the date upon which the Debtor filed its Notice of Intention to Make a Proposal under the Act;
- (k) “**Inspector**” means an inspector appointed pursuant to the Proposal in accordance with the provisions of the Act;
- (l) “**MNP**” means MNP Ltd.;
- (m) “**Ordinary Creditor**” means a Creditor with a Proven Claim, except for those Claims that:
- (i) the Trustee determines not to be a provable claim in accordance with section 135(1.1) of the Act;
  - (ii) have been finally and conclusively disallowed in accordance with the Act;
  - (iii) are claims by Preferred Creditors;
  - (iv) are Claims by a Related Party Creditor;
  - (v) are Claims by a Secured Creditor;
- and “Ordinary Creditors” has a corresponding meaning;
- (n) “**Performance of the Proposal**” means full performance of this Proposal as set out in Part III, section 3.3 hereof;
- (o) “**Post Filing Goods and Services**” means the goods and services purchased by the Debtor subsequent to the Filing Date;
- (p) “**Preferred Creditor**” means a Creditor with a Proven Claim that is required by the Act to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation:
- (i) employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under subsection **136(1)(d)** of the Act if the Debtor had become a bankrupt on the Filing Date, as well as wages,

salaries, commissions or compensation for services rendered after that date and before Court approval of the Proposal;

- (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under.
  - (A) subsection 244(1.2) of the *Income Tax Act* (Canada);
  - (B) any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 244(2.2) of the *Income Tax Act* (Canada) 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, penalties or other amounts; or
  - (C) any provision of provincial legislation that has a similar purpose to subsection 244(1.2) of the *Income Tax Act* (Canada), or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
    - I. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act* (Canada), or
    - II. is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

and "**Preferred Creditors**" has a corresponding meaning;

- (q) "**Proposal**" means this Proposal and any amendments thereto;
- (r) "**Proposal Fund**" means the payments to be made to the Trustee pursuant to the provisions of Part III of this Proposal;
- (s) "**Proof of Claim**" means the proof of claim required by the Act to be provided to each known Creditor prior to the Creditors' Meeting;
- (t) "**Proven Claim**" of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the Act;
- (u) "**Related Party Creditors**" means any claims by Sheldon McPherson, or of their immediate family members, that is not a claim by a Secured Creditor.



- (v) **“Secured Creditor”** means any person holding a mortgage, hypothec, pledge, charge, lien, encumbrance, security interest or privilege on or against the property of the Debtor or any part thereof as security for a Claim, and “Secured Creditors” has a corresponding meaning;
- (w) **“Trustee”** means MNP, or its duly appointed successor;
- (x) **“Unsecured Creditors”** means, collectively, the Preferred Creditors and the Ordinary Creditors; and
- (y) **“Voting Letter”** shall mean the voting letter required by subsection 51(1) of the Act to be mailed to each known Creditor prior to the Creditors' Meeting.

### **Headings**

- 1.2 The division of this Proposal into Parts and Sections and the insertion of headings are for the convenience of reference only and do not affect the construction or interpretation of this Proposal. The terms “this Proposal”, “hereof”, “hereunder” and similar expressions refer to this entire Proposal and not to any particular Part, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent herewith, references herein to Parts and Sections are to Parts and Sections of this Proposal.

### **Extended Meanings**

- 1.3 In this Proposal words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

### **Date for Any Action**

- 1.4 If any date on which any action required to be taken hereunder by any of the parties is not a Business Day, such action must be taken on the next succeeding day which is a Business Day unless precluded by statute.

### **Stay of Proceedings**

- 1.5 During the Proposal each Unsecured Creditor will be stayed from commencing or continuing any proceeding or remedy against the Debtor or its property including the Assets based upon a Claim existing on or before the Filing Date.



**PART II**  
**Classification of Creditors**

**Classes of Creditors**

- 2.1 For the purposes of voting on the Proposal, the Creditors of the Debtor shall be composed of one class, namely, Unsecured Creditors.

**PART III**  
**Proposal**

**Purpose and Implementation of Proposal**

- 3.1 The purpose of this Proposal is to effect a restructuring of the business and affairs of the Debtor with the expectation that all Creditors and other stakeholders will derive a greater benefit from the continued operation of the business and affairs of the Debtor than would result from a forced liquidation of its assets.
- 3.2 The Proposal Fund shall comprise the following:
- (i) The Debtor shall pay the sum of \$10,000 to the Trustee contemporaneously with issuance of the Approval Order and shall pay an additional \$110,000 to Trustee at a rate of \$13,750 every three months after issuance of the Approval Order;
  - (ii) But will not include any payments made by the Debtor for amounts owing to Preferred Creditors noted in 1.1(p)(ii), above, and any such amount shall not be considered as part of the Proposal Fund.
- 3.3 The Proposal Fund shall be distributed by the Trustee pursuant to Part IV of this Proposal and the provisions of the Act and upon payment of the Proposal Fund to the Trustee, the Debtor's obligations under the Proposal shall be fully performed and the Trustee shall issue a certificate of full performance to the Debtor in accordance with section 65.3 of the Act. Payments to Preferred and Unsecured Creditors shall be net of any applicable levy payable to the office of the Superintendent of Bankruptcy as required by the Act.
- 3.4 In the event that the Proposal is not accepted by the Unsecured Creditors or the Court refuses to issue the Approval Order, the Debtor shall become a bankrupt and the Proposal Fund shall not be available to the Unsecured Creditors in accordance with their respective priorities.

**PART IV**  
**Treatment of Creditors**

**Payment of Administrative Fees and Expenses**

- 4.1 The Administrative Fees and Expenses shall be paid in full out of the Proposal Fund and other retainers provided to the Trustee by the Debtor prior to distribution to the Unsecured Creditors, to a maximum of \$40,000 disbursements and applicable taxes.



### **Secured Creditors**

- 4.2 The Claims of Secured Creditors shall not be compromised by this Proposal and Secured Creditors shall be paid in accordance with the respective agreement(s) between each Secured Creditor and the Debtor or as otherwise agreed between each Secured Creditor and the Debtor.

### **Distribution To Preferred Creditors**

- 4.3 The Proven Claims of Preferred Creditors are to be paid by the Trustee in full from the Proposal Fund in priority to all claims of Unsecured Creditors in accordance with the scheme of distribution set forth in the Act.

### **Distribution To Related Party Creditors**

- 4.4 If this Proposal is accepted by the creditors, approved by the Court, and not subsequently annulled, the Related Party Creditors shall postpone payment of all amounts owing to them by the Debtor and shall not participate in the distribution of the Proposal Fund paid over to the Trustee pursuant to this Proposal.

### **Distribution To Ordinary Creditors**

- 4.5 The Proven Claims of Ordinary Creditors shall be paid from the balance of the Proposal Fund after payment of the Administrative Fees and Expenses, and the Claims set out in Paragraph 4.3 above as follows:
- (i) Their pro rata share of the Proposal Fund, after deductions of the claims noted in paragraph 4.3 above.

### **Claims Against Directors**

- 4.6 Any Claims against the Debtor by any Creditor that are also Claims against the directors and officers of the Debtor that relate to obligations of the Debtor where directors are under any law liable in their capacity as directors for the payment of such obligations shall be, and upon Court approval of this Proposal, are hereby, to the extent permitted by the Act, compromised and released and forever discharged as against the directors of the Debtor upon acceptance of this Proposal by the Unsecured Creditors and approval by the Court.

## **PART V Procedure For Validation and Valuation of Claims**

### **Allowance or Disallowance of Claims by the Trustee**

- 5.1 Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each Claim in accordance with the provisions of the Act.



**Valuation of Claims**

- 5.2 The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as provided for in the Act. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing any Claim of a Creditor and in respect of any other matter as may be required.

**PART VI  
Meeting of Creditors****Creditors' Meeting**

- 6.1 On August 6, 2019 the Debtor shall hold the Creditors' Meeting in order for the Unsecured Creditors to consider and vote upon the Proposal.

**Notice of Creditors' Meeting**

- 6.2 The Trustee shall provide the Creditors with notice of the time and place of the Creditors' Meeting by mail pursuant to the Act. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the Act and any order which may be issued by the Court in respect of the procedure governing the Creditors' Meetings.

**Conduct of Meetings**

- 6.3 The Official Receiver, or any nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons (including the holders of proxies) entitled to vote at the Creditors' Meeting, the Secured Creditors and their respective legal counsel, if any, and the officers, directors and legal counsel of the Debtor together with such representatives of the Trustee as the Trustee may appoint in its discretion. Any other persons may be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Unsecured Creditors.

**Adjournment of Meetings**

- 6.4 The Creditors' Meetings may be adjourned in accordance with section 52 of the Act.

**Voting by Creditors**

- 6.5 To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount which is equal to the Proven Claim of such Unsecured Creditor.



### **Approval by Creditors**

- 6.6 In order for the Proposal to be binding on all of the Unsecured Creditors, it must first be accepted by the Unsecured Creditors by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Proven Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

### **Appointment of Inspectors**

- 6.7 At the Creditors' Meeting, the Unsecured Creditors may appoint up to five (5) inspectors whose powers will include, but not be limited to, the following:
- (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims;
  - (b) the power to waive any default in the performance of any provisions of the Proposal; and
  - (c) Advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it deems just.

The authority and term of office of the Inspectors will terminate upon the Performance of the Proposal.

## **PART VII**

### **Post Filing Date Payments**

#### **Payment of Post Filing Goods and Services**

- 7.1 All Post Filing Goods and Services shall be paid in full in the ordinary course of the Debtor's business and on terms agreed to between the Debtor and its respective creditors from funds other than the Proposal Fund. The Debtor agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made to any person supplying Post Filing Goods and Services.

#### **Crown Claims**

- 7.2 During the period between the Filing Date and the Effective Date, the Debtor shall pay and keep current Her Majesty in Right of Canada and in Right of Ontario all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the Income Tax Act (Canada) or otherwise as provided for in subsection 60(1.1) of the Act or any substantially similar provision of Ontario legislation.





**PART VIII**  
**Miscellaneous**

**Affect of Payment of Proposal Fund**

- 8.1 Preferred Creditors, and Unsecured Creditors will accept the payments provided for in this Proposal in complete satisfaction of all of their Claims, and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the property, assets and undertaking of the Debtor including the Assets. Upon distribution of the Proposal Fund as provided for in this Proposal, any and all such registered liens, certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without cost to the Debtor.

**Amendment to Proposal**

- 8.2 This Proposal may be amended by the Debtor with the consent of the Trustee at any time prior to the conclusion of the Creditors' Meeting called to consider the Proposal, provided that any amendment made pursuant to this section shall not reduce the rights and benefits given to the Unsecured Creditors under the Proposal before any such amendment, and provided further that any and all amendments shall be deemed to be effective as of the filing date of the Proposal.

**Performance Certificate**

- 8.3 The Trustee will give the Debtor and the Official Receiver the certificate provided for in section 65.3 of the Act on the date that payment of the Proposal Fund has been made by the Debtor to the Trustee.

**Court Approval**

- 8.4 After the Creditors' acceptance of the Proposal, the Debtor will proceed to seek approval by the Court to have the Court make the Approval Order.

**Binding Effect**

- 8.5 The provisions of this Proposal will be binding on the Creditors, the Debtor, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order.

**Conduct of Debtor's Business**

- 8.6 Subject to any Order made by the Court, the Debtor shall remain in possession and control of its property and assets at all times, both before and after implementation of this Proposal.



**PART IX****Trustee**

- 9.1 MNP, of the City of Toronto, in the Province of Ontario, shall be the Trustee under this Proposal and all monies payable under this Proposal shall be paid over to the Trustee who shall make the payment of all dividends in accordance with the terms of this Proposal.
- 9.2 MNP is acting in its capacity as Trustee under this Proposal and not in its personal capacity and no officer, director, employee or agent of MNP shall incur any obligations or liabilities in connection with this Proposal or in respect of the business or liabilities of the Debtor.
- 9.3 Any payments made by the Trustee to the Unsecured Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.
- 9.4 Upon payment by the Trustee of the amounts contemplated in Part IV of this Proposal, the Trustee shall have discharged its duties as Trustee, and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. For greater certainty, the Trustee will not be responsible or liable for any obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by the Proposal unless such acts have been carried out in bad faith and constitute a willful or wrongful act or default.

**PART X****General****Notices**

- 10.1 Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by telecopier (except for Proofs of Claim which may only be sent by personal delivery, telecopier or registered mail) address to the respective parties as follows:

- (a) if to the Debtor:

**On Track Door Systems Canada Inc.**  
c/o Jaffe & Peritz LLP  
100 Richmond Street West, Suite 424  
Toronto, Ontario M5H 3K6

**Attn: Brandon Jaffe**  
E-Mail: [bjaffe@jaffeperitz.com](mailto:bjaffe@jaffeperitz.com)



- (b) if to any Creditor, to the address or telecopier number for such Creditor specified in the Proof of Claim filed by such creditor or, if no Proof of Claim has been filed, to such other address or telecopier number at which the notifying party may reasonably believe that the Creditor may be contacted; and
- (c) it to the Trustee:

**MNP Ltd.**  
300-111 Richmond St W  
Toronto, ON M5H 2G4

**Attention: Jerry Henechowicz**  
Telecopier: 416-596-7894  
E-Mail: [jerry.henechowicz@mnp.ca](mailto:jerry.henechowicz@mnp.ca)

or to such other address or telecopier number as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by telecopier and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by telecopier or by delivery prior to 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in the case of notice mailed as aforesaid, on the fifth (5<sup>th</sup>) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

### **Foreign Currency Obligations**

- 10.2 For the purpose of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Proposal Date.

### **Applicable Law**

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



**Non-Severability**

10.4 It is intended that all provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in any event that any particular provision or provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

Dated at Toronto, Ontario this 19<sup>th</sup> day of July, 2019.

**On Track Door Systems Canada Inc.**



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Per: Sheldon McPherson

*I/We have authority to bind the Corporation*



District of: Ontario  
 Division No. 04 - Owen Sound  
 Court No. 35-2526785  
 Estate No. 35-2526785

Original  Amended

-- Form 78 --

Statement of Affairs (Business Proposal) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of  
 On Track Door Systems Canada Inc.  
 of the City of Owen Sound  
 in the Province of Ontario


To the debtor:

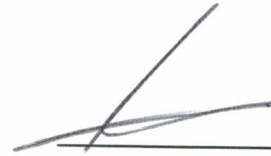
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 22nd day of July 2019. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" .....	1. Inventory .....
877,774.45	10,000.00
Balance of secured claims as per list "B" .....	2. Trade fixtures etc. ....
171,441.18	0.00
Total unsecured creditors .....	3. Accounts receivable and other receivables, as per list "E"
1,049,215.63	Good .....
2. Secured creditors as per list "B" .....	100,000.00
307,000.00	Doubtful .....
3. Preferred creditors as per list "C" .....	96,500.00
0.00	Bad .....
4. Contingent, trust claims or other liabilities as per list "D"	0.00
estimated to be reclaimable for .....	Estimated to produce .....
0.00	100,000.00
Total liabilities .....	4. Bills of exchange, promissory note, etc. as per list "F" .....
1,356,215.63	0.00
Surplus .....	5. Deposits in financial institutions .....
NIL	0.00
	6. Cash .....
	0.00
	7. Livestock .....
	0.00
	8. Machinery, equipment and plant .....
	197,000.00
	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 .....
	307,000.00
	Deficiency .....
	1,049,215.63

I, Sheldon McPherson, of the City of Toronto in the Province of Ontario do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 22nd day of July 2019 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the City of Owen Sound in the Province of Ontario, on this 22nd day of July 2019.

  
 JILL T. SAMPSON  
 Jerry Henechewicz, Commissioner of Oaths  
 For the Province of Ontario  
 MNP LTD.  
 Expires LIFE

  
 Sheldon McPherson

District of: Ontario  
 Division No. 04 - Owen Sound  
 Court No. 35-2526785  
 Estate No. 35-2526785

FORM 78 -- Continued

List "A"  
 Unsecured Creditors

On Track Door Systems Canada Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	2202398 Ontario Inc.	10114 Hwy 26, Unit 4 Collingwood ON L9Y 3Z1	31,000.00	0.00	31,000.00
2	2647626 Ontario Inc	67 Young Street, PO Box 255 Tara ON N0H 2N0	44.64	0.00	44.64
3	407 ETR Express Toll Route Attn: Marion Richardson/Collections	6300 Steeles Ave W Woodbridge ON L4H 1J1	78.44	0.00	78.44
4	Air Liquide Canada Inc.	Auite 1700-1250 Boul Rene-Levesque O Montreal QC H3B 5E6	48,566.07	0.00	48,566.07
5	Amarr	7460 Pacific Circle Mississauga ON L5T 2A3	19,940.93	0.00	19,940.93
6	Atlas Rolling Entry Systems	40 Sovereign Court Woodbridge ON L4L 8M1	61.01	0.00	61.01
7	Bauman Overhead Doors	4570 Hessen Strasse, RR3 Wellesley ON N0B 2T0	5,716.67	0.00	5,716.67
8	Bell Mobility c/o FCT Default Solutions	PO Box 2514, Str B London ON N6A 4G9	2,725.00	0.00	2,725.00
9	Borden Ladner Gervais LLP	Bay Adelaide Centre, East Tower, 22 Bay Adelaide Street West Toronto ON M5H 4E3	19,396.05	0.00	19,396.05
10	CHI Overhead Doors	BOX 4090 STN A TORONTO ON M5W 0E9	127,784.02	0.00	127,784.02
11	Clopay Canada	2180 Matheson Blvd E., Unit #3 Mississauga ON L4W 5E1	11,074.44	0.00	11,074.44
12	Collus Powerstream	43 Stewart Road Collingwood ON L9Y 4M7	77.29	0.00	77.29
13	CRA - Tax - Ontario 803569755 RC0001	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	6.36	0.00	6.36
14	CRA - Tax - Ontario 803569755 RT0001	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	68,480.60	0.00	68,480.60
15	Customer Deposits	717950 Highway 6 Owen Sound ON N4K 5N7	40,000.00	0.00	40,000.00
16	DEK Canada	1908 ST Regis Blvd Dorval QC H9P 1H6	4,677.41	0.00	4,677.41
17	Devanco Canada	19192 Hay Road, Unit Q Summerstown ON K0C 2E0	35,420.74	0.00	35,420.74
18	Donald L. Tweedle	10 George St N Brampton ON L6X 1R2	2,147.00	0.00	2,147.00
19	Employees	717950 Highway 6 Owen Sound ON N4K 5N7	1,000.00	0.00	1,000.00
20	Enbridge	PO Box 650 Scarborough ON M1K 5E3	235.55	0.00	235.55
21	GB Telecom	PO Box 68036 Hamilton ON L8M 3M7	1,084.73	0.00	1,084.73
22	Halton Autolease Inc. Attn: Heather Stewart	4100 Harvester Road Burlington ON L7L 0C1	0.00	1.00	1.00

22-Jul-2019

Date



Sheldon McPherson

District of: Ontario  
 Division No. 04 - Owen Sound  
 Court No. 35-2526785  
 Estate No. 35-2526785

FORM 78 -- Continued

List "A"  
 Unsecured Creditors

On Track Door Systems Canada Inc

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
23	Hydro One	P O Box 4102 STN A Toronto ON M5W 3L3	477.42	0.00	477.42
24	Hydro One Yard light		89.10	0.00	89.10
25	LiftMaster	PO Box 9550 Postal Station A TORONTO ON M5W 2K3	49,167.91	0.00	49,167.91
26	Lisa McPherson	11 Bent Willow Dr Kitchener ON N2N 2K8	0.00	100,000.00	100,000.00
27	Micanan	1380 St-Regis blvd Dorva QC H9P 2T5	7,102.45	0.00	7,102.45
28	ODCC, Corp. Kinnear	254 Matheson Blvd E Mississauga ON L4Z 1P5	166,311.08	0.00	166,311.08
29	Pentagon Security Shutters	P O Box 4390 5 Granite Ave Stonewall MB R0C 2Z0	3,034.05	0.00	3,034.05
30	RBC Royal Bank / Banque Royale Attn: c/o BankruptcyHighway.com Line of Credit	PO Box 57100 Etobicoke ON M8Y 3Y2	90,000.00	0.00	90,000.00
31	RBC Royal Bank / Banque Royale Attn: c/o BankruptcyHighway.com Truck & Equipment Finance	PO Box 57100 Etobicoke ON M8Y 3Y2	0.00	71,439.18	71,439.18
32	RBC Royal Bank Visa c/o BankruptcyHighway.com Attn: Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2	65,000.00	0.00	65,000.00
33	Reuben Bauman	4535 Hessen Strasse, RR3 Wellesley ON N0B 2T0	2,084.85	0.00	2,084.85
34	Rodrigues Paiva LLP	20 Queen St n, Suite 201 Kitchener ON N2H 2G8	23,051.99	0.00	23,051.99
35	SJM Sunset Holdings Inc.	717950 Hwy 6 RR#5 Owen Sound ON N4K 5N7	16,300.00	0.00	16,300.00
36	Sunbelt Rentals of Canada Inc.	PO Box 99257 Station Terminal Vancouver BC V6B 0N5	570.32	0.00	570.32
37	Toyota Industries Commercial Finance Canada, Inc.	300 The East Mall Suite 401 Toronto ON M9B 6B7	0.00	1.00	1.00
38	Union Gas	P O Box 2025 Chatham ON N7M 6C7	348.19	0.00	348.19
39	Wells Fargo Financial Corporation Canada Attn: Bankruptcy Department	PO Box 250 Station A Mississauga ON L5A 3A1	31,175.00	0.00	31,175.00
40	West Side Auto Glass	# North RR#5 718180 ON-6 Owen Sound ON N4K 5N7	124.30	0.00	124.30
41	Yellow Pages	PO Box 11788 Succ Centre-Ville Montreal QC H3C 0C2	3,420.84	0.00	3,420.84
<b>Total:</b>			<b>877,774.45</b>	<b>171,441.18</b>	<b>1,049,215.63</b>

22-Jul-2019

Date



Sheldon McPherson

District of: Ontario  
 Division No. 04 - Owen Sound  
 Court No. 35-2526785  
 Estate No. 35-2526785

FORM 78 -- Continued

List "B"  
 Secured Creditors

On Track Door Systems Canada Inc

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	CRA - Tax - Ontario Attn: J. Langille - Collection Officer 803579755 RP0001	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	114 439 18	Debts Due - Business Accounts Receivables  Business Assets - Stock In Trade - Inventory Business Assets - Machinery - Trucks & Equipment		100,000.00  10,000.00 4,439.18		
2	Halton Autolease Inc. Attn: Heather Stewart	4100 Harvester Road Burlington ON L7L 0C1	1 00	Business Assets - Machinery - Trucks & Equipment	18-Jan-2019	0.00		1.00
3	Lisa McPherson	11 Bent Willow Dr Kitchener ON N2N 2K8	100 000 00	Business Assets - Machinery - Trucks & Equipment Business Assets - Stock In Trade - Inventory Debts Due - Business Accounts Receivables		0.00 0.00 0.00		100,000.00
4	RBC Royal Bank / Banque Royale Attn: c/o BankruptcyHighway.com Truck & Equipment Finance	PO Box 57100 Etobicoke ON M8Y 3Y2	264 000 00	Business Assets - Machinery - Trucks & Equipment		192,560.82		71,439.18
5	Toyota Industries Commercial Finance Canada, Inc.	300 The East Mall Suite 401 Toronto ON M9B 6B7	1 00	Business Assets - Machinery - Trucks & Equipment	05-Jul-2018	0.00		1.00
<b>Total:</b>			<b>478,441.18</b>			<b>307,000.00</b>	<b>0.00</b>	<b>171,441.18</b>

22-Jul-2019

Date



Sheldon McPherson



District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

FORM 78 -- Continued


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

On Track Door Systems Canada Inc

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

22-Jul-2019

Date



Sheldon McPherson

District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

FORM 78 -- Continued

List "D"  
Contingent or Other Liabilities

On Track Door Systems Canada Inc

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

22-Jul-2019

Date



Sheldon McPherson

District of: Ontario  
 Division No. 04 - Owen Sound  
 Court No. 35-2526785  
 Estate No. 35-2526785

FORM 78 -- Continued

List "E"  
 Debts Due to the Debtor

On Track Door Systems Canada Inc

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
1	Accounts Receivables	717950 Highway 6 Owen Sound ON N4K 5N7	Accounts Receivables	100,000.00 96,500.00 0.00		24-Jun-2019	100,000.00	N/A
Total				100,000.00 96,500.00 0.00			100,000.00	

22-Jul-2019

Date



Sheldon McPherson

District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

FORM 78 -- Continued

List "F"


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

On Track Door Systems Canada Inc.

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

22-Jul-2019

Date

  
Sheldon McPherson

District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

FORM 78 -- Continued

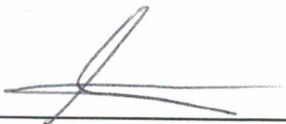
List "G"  
Real Property or Immovables Owned by Debtor

On Track Door Systems Canada Inc

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

22-Jul-2019

Date



Sheldon McPherson

District of: Ontario  
 Division No. 04 - Owen Sound  
 Court No. 35-2526785  
 Estate No. 35-2526785

FORM 78 -- Concluded

List "H"  
 Property

On Track Door Systems Canada Inc  
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory	90,000.00	10,000.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Trucks & Equipment	0.00	197,000.00
(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
(m) Other			0.00	0.00
			<b>Total:</b>	<b>207,000.00</b>

22-Jul-2019

Date



Sheldon McPherson

District of ONTARIO  
Division 04-Owen Sound  
Estate #: 35-2526785  
Court # 35-2526785

**IN THE MATTER OF THE PROPOSAL OF  
ON TRACK DOOR SYSTEMS CANADA INC.  
OF THE CITY OF OWEN SOUND,  
IN THE PROVINCE OF ONTARIO**

**REPORT OF TRUSTEE TO THE CREDITORS**  
*(Section 50(5) of the Bankruptcy and Insolvency Act)*

**To the Creditors of On Track Door Systems Canada Inc. (“On Track” or the “Company”):**

This report is prepared in conjunction with the Proposal under Part III, Division I, of the *Bankruptcy and Insolvency Act* (the “Act”) which has been lodged with MNP Ltd. (the “Trustee”), filed with the Official Receiver in Toronto, Ontario on July 22, 2019, and forwarded by regular mail to all known creditors (the “Proposal”).

We caution readers that we have not conducted an audit or investigation of the books and records of the Company. Consequently, we cannot render an opinion as to the accuracy of the financial information contained in this Report. The information discussed herein has been obtained from discussions with management of On Track (“Management”).

The following is an outline of the background and financial dealings of the Company, including relevant information that we feel will be of assistance to Creditors in considering their position with respect to the Proposal.

The terms and definitions used in this report have the same meaning as those defined in the Company's Proposal dated July 19, 2019 and all amounts are reported in Canadian dollars unless stated otherwise.

**1. Background**

On Track is in the business of installation of track door systems for both residential and commercial customers. The Company operates from leased premises, owned and controlled by the principals of the Company, located at 717950 ON-6, Owen Sound, Ontario.

The Company currently has 9 employees and hires additional contractors as needed to complete installations.

On Track was a defendant in two legal proceedings, one with a competitor and another with the principal of the Company’s former spouse as it related to the former spouse’s constructive trust claim as against the Company. During the legal proceedings, On Track expanded to two additional locations, which ultimately were unsuccessful. Due to the significant startup costs of the new locations and the legal fees being incurred at the time, On Track suffered from large operating and cash losses.

The Company fell behind in its remittances to the Canada Revenue Agency (the “CRA”) for employee payroll source deductions. The CRA subsequently had the Company’s bank accounts at Royal Bank of Canada garnished such that the Company was left with almost no ability to continue operations. As a result, in order to continue and fund operations, the Company arranged for cash injections on a secured basis from a related party and then filed a Notice of Intention to Make a Proposal on June 24, 2019 (the “NOI”).

## 2. The Proposal

The purpose of this Proposal is to effect a restructuring of the business and affairs of the Company by addressing the cash flow shortfalls of the Company and provide the ability to continue operations. The expectation of this Proposal is that all Creditors and other stakeholders will derive a greater benefit from the proceeds of the Company's future operations than would result from an immediate forced liquidation of On Track's assets in a bankruptcy.

The Proposal at hand is to be funded by the Proposal Fund (as term is defined in the Proposal) as follows:

- On Track shall pay the sum of \$10,000 to the Trustee contemporaneously with issuance of the Approval Order and shall pay an additional \$110,000 to Trustee at a rate of \$13,750 every three months after issuance of the Approval Order; and
- does not include any payments made by the Debtor for amounts owing to Preferred Creditors noted in 1.1(p)(ii) of the Proposal, and any such amount shall not be considered as part of the Proposal Fund.

The Proven Claims of Preferred Creditors are to be paid by the Trustee in full from the Proposal Fund in priority to all claims of Unsecured Creditors in accordance with the scheme of distribution set forth in the Act. As summarized in the Statement of Affairs, the Trustee is not aware of any Preferred Creditors.

If this Proposal is accepted by the Creditors and approved by the Court, Related Party Creditors shall not participate in the distribution of the Proposal Fund.

The Proposal provides for a recovery to Unsecured Creditors as summarized below:

	<i>Notes</i>	
Payments by the Company to the Proposal Fund	(1)	\$120,000
Less: Estimated administrative fees and expense	(2)	45,000
Available for distribution		<u>75,000</u>
Estimated Claims of Unsecured Creditors per Statement of Affairs ("SOA")	(3)	<u>877,774</u>
<b>Estimate Distribution to Ordinary Unsecured Creditors per dollar of proven claim</b>		<u><b>8.5%</b></u>

Notes:

1. Payments do not include payments made to Preferred Creditors including amounts paid to the CRA for payroll source deductions.
2. The estimated professional fees are reflected inclusive of On Track's Administrative Fees and Expenses.
3. For the purposes of estimated yield to Unsecured Creditors, it is assumed that the proven claims equal the declared claims on the SOA, excluding potential claims for unsecured amounts owing to Secured Creditors.



If the Proposal is rejected by the Creditors, the Company will be deemed bankrupt. The anticipated realizations from a bankruptcy are summarized below:

	<i>Note</i>	<b>Estimated Realization</b>
Inventory	<i>(1)</i>	10,000
Accounts Receivable	<i>(2)</i>	100,000
Machinery, Equipment and Plant	<i>(3)</i>	197,000
<b>Estimated Gross Realizable Value of On Track's assets:</b>		<b>307,000</b>
Less:		
Claims of CRA and Secured Creditors	<i>(4)</i>	<u>(478,441)</u>
<b>Available for distribution</b>		<b><u>Nil</u></b>

Notes:

1. Inventory comprises stock doors and hardware. The Trustee has not obtained a formal appraisal in respect of the liquidation value of these assets and the value is based on the Management's estimates only, as set out in the SOA.
2. Accounts receivable of \$100,000 represents the amounts of receivables that Management has considered as collectable. On the basis of the Trustee's review of these accounts receivable, based on the aging, it appears as if On Track were bankrupt, recoveries from this source could be lower than the value ascribed on the SOA.
3. Equipment comprises vehicles, installation trucks, and a forklift leased by the Company as well as other miscellaneous items. The Trustee has not obtained a formal appraisal in respect of the liquidation value of these assets and the value is based on the Management's estimates as set out in the SOA. The Trustee notes that the vehicles and trucks are all newer models that have been fully encumbered, and no realizations would be expected from the equipment in a bankruptcy scenario.
4. In the event of a bankruptcy, claims of CRA for unremitted source deductions and Secured Creditors would rank ahead of unsecured creditors. The Trustee has not obtained an independent legal opinion on the validity or enforceability of the securities granted by On Track and has no reason to assume that they are not valid and enforceable.

The Proposal as filed includes all the statutory terms required by s. 60 of the Act, with respect to the amounts and timing of payment of Preferred Creditor claims, the fees and expenses of the Trustee, Crown claims under s. 224 (1.2) of the *Income Tax Act (Canada)*, and employee amounts under s. 136(1)(d) of the Act.

The claims of Secured Creditors, if any, and as defined in the Proposal are not affected by the Proposal and will be paid in accordance with the present arrangements existing between On Track and the holders of secured claims, or as may be arranged.

The Proposal calls for inspectors, to be elected at the Creditor's Meeting, who will have the power to advise the Trustee with respect to any dispute which may arise as to the validity of claims of unsecured creditors and other matters the Trustee may refer to them.

The description of the Proposal is a summary only, and readers are cautioned that in the event that there is an inconsistency between this report and the Proposal, the terms of the Proposal shall govern.

### **3. Legal Opinions**

A Personal Property Security Search, dated July 22, 2019, revealed registrations by the following creditors:

- 1) Royal Bank of Canada
- 2) Toyota Industries Commercial Finance Canada, Inc.
- 3) Halton Autolease Inc.
- 4) Lisa McPherson

The Trustee has not obtained an independent legal opinion on the validity or enforceability of the security granted by On Track and has no reason to believe that the securities grant are not valid and enforceable.

### **4. Claims Against Directors of the Company**

The Proposal provides that, Creditors agree that, immediately upon performance of the Proposal by the Company, all claims against the directors of the Company that arose before the Date of Filing and that relate to the obligations of the Company where the directors are by law liable in their capacity as directors for payment of such obligations, shall be compromised and extinguished. Based on preliminary discussions with Management, the Trustee is not aware of any preference transactions, transactions at undervalue or other transactions where the Director's might be liable.

### **5. Estimated Realizations to Creditors**

If the Proposal is rejected, the Company will automatically be deemed a bankrupt. As noted earlier in this Report, it is anticipated that in the event of a bankruptcy, the realizable value of the Company's assets would be approximately \$307,000. After payment of amounts owing to the CRA for unremitted payroll source deductions and claims by Secured Creditors, it is unlikely that there would be any distribution to Unsecured Creditors.

### **6. Procedure for Dealing with the Proposal**

This Proposal will become effective only if it is accepted by a resolution of the Unsecured Creditors and approved by the Court. To obtain Creditor approval, a simple majority in the number of Unsecured Creditors voting and also representing at least 2/3 of the dollar value of the Unsecured Creditors voting, must vote in favour of the Proposal. If the Unsecured Creditors do not accept the Proposal then the Company will be deemed to have made an assignment in bankruptcy and a first meeting of creditors in the matter of the bankruptcy will immediately take place. If the Proposal is rejected, the Company's date of the initial bankruptcy event shall be June 24, 2019.

If the Unsecured Creditors vote to accept the Proposal, Court approval of the Proposal must be sought. If the Court does not approve the Proposal, the Company would be deemed to have made an assignment in bankruptcy and the Trustee will then call a meeting of creditors in the matter of the bankruptcy.

When completing the Proof of Claim form submitted herewith, Creditors should include all outstanding amounts as at June 24, 2019, the date of the filing of the NOI. It is expressly noted and should be clearly understood that the Trustee, in its capacity as Trustee, assumes no personal liability for any claims that Creditors may have against On Track either before or after the filing of the NOI or the Proposal.

Creditors may attend, in person or by proxy, the meeting to consider the Proposal, which will be held at the Trustee's office at 700-3100 Steeles Ave E, Markham, Ontario on August 6, 2019 at 10:00 am (Toronto Time).

Creditors who do not wish to attend or be represented at the meeting but who wish to vote, may forward their Proofs of Claim and voting letters by either e-mail to michael.litwack@mnp.ca or fax to (416) 596-7894, to the Trustee so as to be received prior to 10:30 am (Toronto Time) on August 6, 2019.

## 7. Trustee's Recommendation to Creditors

The Trustee is of the opinion that acceptance of the Proposal is to the advantage of all Creditors since the Proposal provides for a dividend to Unsecured Creditors of approximately 8.5 cents per dollar of Proven Claims, whereas in a bankruptcy scenario there would be no expectation of a dividend to the Unsecured Creditors. Additionally, the Proposal would provide for continued operations of the Company and the continued employment of the Company's employees.

We trust the foregoing adequately explains the current and ongoing circumstances of On Track and the Proposal. If you have any questions, please contact Michael Litwack of MNP at (647) 475-4589 or via e-mail at [michael.litwack@mnp.ca](mailto:michael.litwack@mnp.ca).

Dated at Toronto, Ontario this 24<sup>th</sup> day of July, 2019.

### **MNP Ltd.**

Trustee Acting in *re*:

The Proposal of

On Track Door Systems Canada Inc.

Per: 

Jerry Henechowicz, CPA, CA, CIRP, LIT

District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

FORM 31  
Proof of Claim  
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of  
On Track Door Systems Canada Inc.  
of the City of Owen Sound  
in the Province of Ontario

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

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of On Track Door Systems Canada Inc. of the City of Owen Sound in the Province of Ontario and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_, creditor).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of proposal, namely the 24th day of June 2019, and still is, indebted to the creditor in the sum of \$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

- A. UNSECURED CLAIM OF \$ \_\_\_\_\_  
(other than as a customer contemplated by Section 262 of the Act)

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

- Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.  
 Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
(Set out on an attached sheet details to support priority claim.)

- B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

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

- C. SECURED CLAIM OF \$ \_\_\_\_\_

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

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

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

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

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

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

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

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

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

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

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

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

\_\_\_\_\_  
 Witness

\_\_\_\_\_  
 Creditor

Phone Number: \_\_\_\_\_  
 Fax Number : \_\_\_\_\_  
 E-mail Address : \_\_\_\_\_

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

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

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

District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

FORM 37

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

In the matter of the proposal of  
On Track Door Systems Canada Inc.  
of the City of Owen Sound  
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 Or  
Track Door Systems Canada Inc., to record my vote \_\_\_\_\_ (for or against) the acceptance of the  
proposal as made on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

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

Return To:  
MNP LTD. - Licensed Insolvency Trustee  
Per:

\_\_\_\_\_  
Jerry Henechowicz - Licensed Insolvency Trustee  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

District of: Ontario  
Division No. 04 - Owen Sound  
Court No. 35-2526785  
Estate No. 35-2526785

FORM 36  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of  
On Track Door Systems Canada Inc.  
of the City of Owen Sound  
in the Province of Ontario

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

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

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

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

Return To:

MNP LTD. - Licensed Insolvency Trustee

\_\_\_\_\_  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242

## CHECKLIST FOR PROOFS OF CLAIM

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

Under Section 109 of the Bankruptcy and Insolvency Act only those creditors who have filed their claims in the proper form with the trustee, before the time appointed for the meeting, are entitled to vote at the meeting.

Section 124 states that every creditor shall prove his claim and the creditor who does not prove his claim is not entitled to share in any distribution that may be made.

### General

- ◆ The signature of a witness is required;
- ◆ The claim must be signed personally by the individual completing this declaration;
- ◆ Give the complete address where all notices or correspondence is to be forwarded
- ◆ The amount of the statement of account must correspond to the amount indicated on the proof of claim.
- ◆ It is permissible to file a proof of claim by fax or by email.

### Paragraph 1

- ◆ Creditor must state full and complete legal name of company or firm;
- ◆ If the individual completing the proof of claim is not the creditor himself, he/she must state his/her position or title.

### Paragraph 3

- ◆ The statement of account must be complete;
- ◆ A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

### Paragraph 4

- ◆ Subparagraph 4.A must be completed by an unsecured creditor and must indicate if priority is claimed pursuant to Section 136.
- ◆ Subparagraph 4.B must be completed by a landlord only in a Proposal, for any claim related to disclaimer of lease. The amount of the claim is to be calculated according to the terms of the proposal. Provide details of calculation.
- ◆ Subparagraph 4.C must be completed by a secured creditor. A certified true copy of the security instrument as registered must be provided.
- ◆ Subparagraph 4.D must be completed a farmer, fisherman or aquaculturist creditor. A copy of the sales agreement and delivery documents must be provided.
- ◆ Subparagraph 4.E applies if you are a wage earner (ie, a clerk, servant, travelling salesperson, labourer or worker who is owed wages, salaries, commissions or compensation by a bankrupt (subsection 81.3) or by a "person" that is subject to a receivership (subsection 81.4) for services rendered during the six months immediately before the date of bankruptcy or receivership).
- ◆ Subparagraph 4.F applies to claims by employees for unpaid amounts regarding pension plans. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- ◆ Subparagraph 4.G is to be completed only in a Proposal, and only if the proposal provides for the compromise of claims against Directors. Provide full details including calculations.
- ◆ Subparagraph 4.H applies if you are a "customer" of a bankrupt securities firm (as contemplated by Section 262 of the Bankruptcy and Insolvency Act).



**Paragraph 5**

- ◆ All claimants must indicate if he or she is related or not to the debtor, as defined in Section 4 of the Bankruptcy and Insolvency Act, by striking out "AM" or "IS" or "AM NOT" or "IS NOT".

**Paragraph 6**

- ◆ All claimants must attach a detailed list of all payments or credits received or granted, as follows:
  - a) Within the three (3) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related;
  - b) Within the twelve (12) months preceding the bankruptcy or proposal, in the case where the claimant and the debtor are related.

**- APPOINTING PROXY -**

Note: The Bankruptcy and Insolvency Act permits a proof of claim to be made by a duly authorized agent of a creditor but this does not give such a person power to vote at the first meeting of creditors or to act as the proxy of the creditor.

**General**

- ◆ A creditor may vote either in person or by proxy;
- ◆ A debtor may not be appointed as proxy to vote at any meeting of his creditors;
- ◆ The Trustee may be appointed as a proxy for any creditor;
- ◆ In order for a duly authorized person to have a right to vote he must himself be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.