

District of Ontario
 Division No. 10 - Peterborough
 Court No. 31-2858238
 Estate No. 31-2858238

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

**IN THE MATTER OF THE PROPOSAL OF
 TACCOM RAPID DEPLOYMENT PROTECTION GROUP INC.
 OF THE VILLAGE OF BEAVERTON, IN THE TOWNSHIP OF BROCK, IN THE
 REGIONAL MUNICIPALITY OF DURHAM IN THE PROVINCE OF ONTARIO**

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

Further our Report of Trustee to the Creditors dated August 29, 2022 (the “**Report**”), we provide this Addendum in order to update Section L of the Report.

The updates reflected below are as a result of new information concerning the quantum of the potential employee termination pay claims (lower than that shown on the SOA) and its impact on the estimated distribution percentage to the unsecured creditors, as well as the results of the preferences and transactions at under value review completed by the Proposal Trustee.

Capitalized terms used in this Addendum are the same as those referenced and/or defined in the Report.

SECTION L - Statement of Estimated Realizations

Set-out below is a comparison the Proposal Trustee’s estimate of the distribution to the Unsecured Creditors if the Proposal is accepted by the Creditors and approved by the Court versus if the Proposal is rejected by the Creditors and the Company is deemed to have made an assignment in bankruptcy.

	<u>Claims¹</u>	<u>Proposal</u>	<u>Recovery %</u>	<u>Bankruptcy</u>	<u>Recovery %</u>
FUNDS AVAILABLE FOR DISTRIBUTION					
Cash to contributed by the Company/ Net assets of the Company ^{2,3}		\$ 69,389.19		\$ 69,389.19	
Add: Retainer for MNP ⁴		40,000.00		-	
Contribution by Ms. Langerak ⁵		185,000.00		-	
Gross Funds Available Distribution		294,389.19		69,389.19	
LESS: Professional Fees and Expenses ⁶		(87,010.00)		(33,900.00)	
NET FUNDS AVAILABLE FOR DISTRIBUTION		\$ 207,379.19		\$ 35,489.19	
CREDITOR CLAIMS AND ESTIMATED DISTRIBUTIONS IN ORDER OF PRIORITY					
CRA - Source deductions claim ⁷	\$ 191,650.80	\$ 191,650.80	100.00%	\$ 35,489.19	18.52%
Secured Creditors - Wage claims ^{2,8}	-	-		-	
Preferred Creditors ⁹	-	-		-	
Unsecured Creditors ¹⁰	242,293.01	15,728.39	6.49%	-	0.00%
Total to be Distributed to Creditors	433,943.81	\$ 207,379.19		\$ 35,489.19	

Notes:

- 1 Based on amounts as per the sworn SOA., with the exception of the claim of Service Canada in connection with the WEPP, which is now estimated to be lower.
- 2 Assumes the payment of the outstanding wages in advance of the Proposal's acceptance and approval, which would otherwise need to be paid immediately after Court approval of the Proposal.
- 3 Represents the cash balance and only asset of the Company after the payment of the retainer to the Proposal Trustee and outstanding wages.
- 4 Represents the retainer paid as contemplated in the Proposal and is included in the Proposal Fund if the Proposal is accepted and approved. In the event of a bankruptcy, such retainer would be used to the professional fees and disbursements of the
- 5 Contribution by Ms. Langerak is contingent on the acceptance and approval of the Proposal.
- 6 Represents the estimated professional fees and disbursements and applicable HST. In the event of the bankruptcy, it is assumed that the retainer will be applied against the accounts of the Proposal Trustee.
- 7 Based on indebtedness figure as per SOA. Under the Proposal, the Crown claim (deemed trust and unsecured portions) is to be paid from the Proposal Funds. In the event of the bankruptcy, CRA claim for unremitted employee source deductions would represent a super priority deemed trust claim that would rank ahead of all creditors of the Company.
- 8 No amounts are estimated to be owing to Secured Creditors. In the event of the bankruptcy, there will be no funds available for distribution to the any creditors, except to CRA for its deemed trust claim.
- 9 No amounts are estimated to be owing to Preferred Creditors.
- 10 Based on indebtedness figure as per SOA. In the event of the bankruptcy, there will be no funds available for distribution to the any creditors, except to CRA for its deemed trust claim.

Preferences and Transactions at Under Value

The Proposal provides that sections 95-101 are not applicable. Accordingly, and to assess the appropriateness of the inclusion of this clause, the Proposal Trustee has carried out a review of the Company's bank statements and cancelled cheques for the period beginning August 1, 2021 and ending on August 22, 2022 for any potential preference payments or transactions at undervalue. Based on its review of these records, nothing has come to the Proposal Trustee's attention that gives rise to any concerns respecting potential preference payments or transactions at undervalue.

The Proposal Trustee continues to recommend the acceptance of the Proposal as the Proposal contemplates a distribution to the Unsecured Creditors which would not occur if the Company is bankrupt.

Dated at Toronto, Ontario, the 14th day of September 2022.

MNP LTD.

Trustee acting *in re* the Proposal of
Tacom Rapid Deployment Protection Group Inc. and not in its
personal or corporate capacities

Per:



Matthew Lem
Licensed Insolvency Trustee