



Court File No. 31-2013017

**TO THE CREDITORS OF
1408998 Ontario Inc. o/a Pro Disposal (hereinafter referred to as “140” or the “Debtor”)**

Enclosed is a copy of a Proposal under Part III, Division 1 of the *Bankruptcy and Insolvency Act* (“BIA”), dated August 5, 2015, lodged with Rosen Goldberg Inc. (the “Trustee”) and filed with the Official Receiver on August 6, 2015. A Notice of Intention to Make a Proposal (“NOI”) was previously filed with the Official Receiver in respect of the Debtor.

Enclosed are the following documents:

- Notice of Proposal to Creditors
- Proposal
- Condensed Statement of Assets and Liabilities
- Listing of Creditors as at August 5, 2015
- Proof of claim form
- Voting letter
- Proxy

The following is an outline of the salient information that should be of assistance to creditors in considering their position with respect to the Proposal.

Section A Introduction and Background

The Debtor operates a waste disposal business. The Debtor supplies roll-off, front-load and rear-load waste bins to customers across the industrial spectrum.

The Debtor has recently experienced cash flow difficulty stemming from the insolvency of a significant customer, and from a dispute which resulted in the non-payment of the account of another significant customer. Together, amounts owed to the Debtor by the two customers total approximately \$900,000, the non-payment of which have resulted in the Debtor’s inability to pay its own debts generally as they become due. In addition, approximately one year ago, the Debtor lost a sales broker who had previously brought significant business to it.

The Debtor is presently without the resources to satisfy its obligations to its creditors in full. As an alternative to bankruptcy, the Debtor has elected to make a proposal to its creditors.



Prior to filing the NOI, the Debtor entered into an agreement with Hulk Environmental Services Inc. (“Hulk”), whereby Hulk, as agent for the Debtor, agreed to manage all of the operations of the Debtor.

Section B Summary of Proposal

This section contains a brief summary of the Proposal, the terms of which would be effective only if:

- all classes of creditors affected by the Proposal vote for acceptance of the Proposal by a majority in number and two-thirds in value of each class of creditor present personally or by proxy, at both the meeting and voting on the resolution; and
- the Proposal is approved by the Court, in accordance with the provisions of the BIA.

The Proposal includes, *inter alia*, the following provisions:

- The Debtor will cause to be paid to the Trustee the sum of \$550,000 (the “Proceeds”) to be paid as follows:
 - i. Certain mandatory payments and preferred claims to be paid within six (6) months after the Court Approval Date, and
 - ii. The sum of \$70,000 to be paid no later than thirty (30) days following the amount paid in subparagraph (i) above, and
 - iii. The balance, representing the difference between the Proceeds and the total amounts paid in subparagraphs (i) and (ii) above, to be paid in seventeen (17) equal monthly instalments commencing no later than thirty (30) days following the payment of the amount noted in subparagraph (i) above.

The Proceeds received by the Trustee shall be paid, as follows:

- the fees and costs of the Proposal Trustee;
- preferred claims and other mandatory payments will be paid in priority to all claims of ordinary unsecured creditors;
- the full amount of the admitted claims of the unsecured creditors to be distributed pro-rata, less applicable levy of the Office of the Superintendent of Bankruptcy, without interest, and without penalty, among the unsecured creditors.

For greater detail, creditors are referred to and should review the Proposal itself.



Section C Financial position and evaluation of assets

According to the Statement of Affairs, the Debtor's assets consist of:

	Estimated Realizable Value
• Accounts receivable (Note)	\$ 222,000
• Vehicles (Note)	195,602
• Waste disposal bins (Note)	55,900

Notes

The Trustee has obtained appraisals of the vehicles and waste disposal bins under a liquidation approach. The Trustee has estimated the realization of the accounts receivable on the basis of discussions with management of the Debtor and historical experience. Actual realization may differ from the estimates provided.

The Debtor's assets are secured by a trust claim in favour of the Canada Revenue Agency in the approximate amount of \$376,000. In a bankruptcy, the trust claim would be payable in priority to the claim of any other creditor.

Section D Interim Receiver

Not applicable.

Section E Conduct of the Debtor

The Trustee is currently conducting a review of the affairs and the financial situation of the Debtor to identify any transactions which could be considered preferences or transfers at undervalue. The Trustee will report its findings to the meeting of creditors.

According to the terms of the Proposal, sections 95-101 of the BIA do not apply in the event that the Proposal is accepted by creditors and receives Court approval.



Section F Creditors' Claims

According to the Statement of Affairs, creditors consist of:

	Amount
• Secured / trust	\$ 414,683
• Preferred	Nil
• Unsecured	2,610,461

Section G Prior business dealings with the Debtor

The Trustee confirms that it has not provided previous services to the Debtor in any capacity other than as Trustee under the Proposal. The Trustee further confirms that it does not have knowledge of any conflict of interest situation with respect to this appointment.

Section H Informal Meeting with Major Creditors

Not applicable.

Section I Remuneration of Trustee

The fees and expenses, including legal fees of the Trustee, on and incidental to the proceedings arising out of the Proposal, including advice to the Debtor and the preparation of this Proposal, shall be paid from the Proposal funds in priority to the claims of all creditors.

Section J Cash-flow Statement Prepared by the Proponent

In accordance with the BIA, a cash flow statement was prepared by the Debtor and filed along with the Notice of Intention to Make a Proposal.

Section K Estimated Realization and Recommendation

If the Proposal is either rejected by the creditors or is not approved by the Court, the Debtor will be deemed to have filed an assignment in bankruptcy.

The following is a comparison of the estimated realization under both a Proposal and Bankruptcy scenario.



	Proposal	Bankruptcy
Payments:		
Payments under terms of Proposal	\$ 550,000	\$ N/A
Realization of Assets (Note 1):		
- Accounts receivable	N/A	222,000
- Vehicles	N/A	195,600
- Waste disposal bins	<u>N/A</u>	<u>55,900</u>
	550,000	473,500
Less:		
Claims of trust creditors (Note 2)	(376,000)	(376,000)
Trustee's estimated fees and costs	<u>(25,000)</u>	<u>(40,000)</u>
Maximum distribution to Unsecured Creditors	<u>149,000</u>	<u>57,500</u>
Unsecured Creditors per Statement of Affairs	\$ 2,610,461	\$ 2,610,461
Estimated distribution to Unsecured Creditors	<u>5.71 %</u>	<u>2.20%</u>

Notes to Comparison:

Note 1: The Trustee has obtained appraisals of the vehicles and waste disposal bins under a liquidation approach. The Trustee has estimated the realization of the accounts receivable in a bankruptcy scenario on the basis of discussions with management of the Debtor and historical experience. Actual realization may differ from the estimates provided.

Note 2: The Canada Revenue Agency has a trust claim in the estimated amount of \$376,000, payable within 6 months after court approval of the Proposal. In a bankruptcy, the trust claim would be payable in priority to the claim of any other creditor.

On the basis of the foregoing, the unsecured creditors would receive a more favourable return by accepting the Proposal than they would if they rejected the proposal. The Trustee therefore recommends the acceptance of the Proposal by the unsecured creditors.



Section L Procedures for dealing with the Proposal

Creditors with claims arising prior to July 7, 2015 should submit proofs of claim for amounts owing at that date.

Accounts subsequent to that date should not be included as parties must make their own arrangements with the Debtor for all transactions subsequent to that date.

It is expressly noted and should be clearly understood that the Trustee, Rosen Goldberg Inc., assumes no personal liability for any claims against the Debtor either before or after the filing of the Proposal.

Creditors may attend, in person or by proxy, the meeting to consider the Proposal which will be held on Wednesday, August 26, 2015 at 10:00 AM, at the office of the Trustee, Rosen Goldberg Inc., 5255 Yonge Street, Suite 804, Toronto, Ontario, M2N 6P4.

Please note, that in order for your vote to count in connection with the Proposal, it is necessary that you complete and submit the enclosed documents prior to the meeting to consider the Proposal.

Creditors who do not wish to attend or be represented at the meeting but who wish to vote, may forward their proofs of claim, attached statements and voting letters by mail to the Trustee, so as to be received prior to the meeting.

Dated at Toronto, Ontario, this 10th day of August 2015.

Rosen Goldberg Inc.

**ROSEN GOLDBERG INC.
Trustee**

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2013017
Estate No. 31-2013017

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

In the matter of the proposal of
1408998 Ontario Inc.
of the City of Toronto, in the Province of Ontario

Take notice that 1408998 Ontario Inc. of the City of Toronto 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 5255 Yonge Street, Suite 804, Toronto, ON on the 26th day of August 2015 at 10:00 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 10th day of August 2015.

Rosen Goldberg Inc. - Trustee

5255 Yonge Street, Suite 804
Toronto ON M2N 6P4
Phone: (416) 224-4200 Fax: (416) 224-4330

(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
2176163 Ontario Ltd.	29 Eden Valley Drive Toronto ON M9A4Z5		32,068.24
2264201 Ontario Inc.	9700 Ninth Line Markham ON M1S4A4		182,628.81
407 ETR	P O Box 407, Station "D" Scarborough ON M1R5J8		74,710.46
551403 Ontario Limited	4060 19th Avenue Markham ON L6C1M2		13,900.00
AAA Tec Machinery Movers	38 Copeland Road Brampton ON L6Y2S6		1,175.20
Almira Holdings Ltd.	4060 19th Avenue Markham ON L6C1M2		23,850.00
Auto Route Towing Inc.	2390 Homes Road, RR#2 Queensville ON L0G1R0		536.75
Automatic Compactors Waste & Recycling	75 Rodinea Road Maple ON L6A1R3		22,181.49
BFI Canada Inc	650 Creditstone Road Concord ON L4K5C8		5,000.00
BFI Canada Inc.	500 Rennie Street Hamilton ON L8H3P5		8,333.32
BFI Canada Inc. Creditstone	650 Creditstone Road Concord ON L4K5C8		10,796.37
BFI Canada Inc. -Lakeview Transfer	650 Creditstone Road Concord ON L4K5C8		69,496.79
BFI Canada-Freshway	650 Creditstone Road Concord ON L4K5C8		369.52
C.G. Construction	9700 Ninth Line Markham ON M1S4A4		166,500.00
Cable Craft Ltd.	480 Garyray Drive Weston ON M9L1P8		2,729.98
Canada Revenue Agency London Tax Service Office	Regional Intake Centre for Insolvency PO Box 5548, 451 Talbot Street London ON N6A 4R3	86895 8430 RT0001	446,210.55
Canada Revenue Agency London Tax Service Office	Regional Intake Centre for Insolvency PO Box 5548, 451 Talbot Street London ON N6A 4R3	86895 8430 RP0001	376,731.11

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Cascades Recovery	66 SHorncliffe Road Toronto ON M8Z5K1		150,483.02
Corrado Gazze	9700 Ninth Line Markham ON M1S4A4		100,000.00
Cummins Hydraulics Ltd.	1250 Gorham Street Newmarket ON L3Y8W4		3,632.89
D.Gilsoul Trucking and Contracting	18 Coronation Drive Scarborough ON M1E2H1		5,717.80
Dependable Technical Connections	40 Ironside Crescent UNit 8-9 Scarborough ON M1X1G5		1,563.98
Durham Truck & Equipment Sales and Equip.	610 Finley Ave Ajax ON L1S2E3		10,214.80
Efficient Waste Management Services Inc	871 Equestrian Ct Unit # 1 Oakville ON L6L6L7		2,868.08
Freshway Rail Services Inc.	10-B Freshway Drive Concord ON L4K1S3		75,158.10
Hunter Sunrise Mobile Wash	1555 Sandy Beach Road Pickering ON L1W3S2		3,166.83
Keele North Recycling Inc.	10525 Keele Street Maple ON L6A3Y9		287,184.29
Kelly Group Ltd.	3463 Glorene Court Mississauga ON L4Y 3K4		3,426.43
Kenco Construction	9700 Ninth Line Markham ON L6B1A8		320,000.00
Kirby Waste Transfer Solutions	7055 Kirby Road Vaughan ON L0J1C0		3,797.36
Lolimpin Gym Equipment Ltd.	71 Ridgetop Rd Toronto ON M1R4Z7		1,197.03
M.J.M Tire Service	22486 Hwy # 48 Mt Albert ON L0G1M0		4,310.83
Markham Auto Repair	16 Laidlaw Blvd Markham ON L3P1W7		8,235.50
Markham Spring Service Ltd.	21 Heritage Road Markham ON L3P1M4		6,317.70

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
McPherson Transfer Ltd.	15 Tidemore Ave Etobicoke ON M9W7E9		6,211.52
Medulla Waste and Recycling Corp	63A Medulla Ave Etobicoke ON M8Z5L6		276,232.55
Mid-Ontario Truck Centre	2400 Kirby Road Maple ON L6A4R6		2,709.22
Millennium Material Transfer Inc.	2440 Beryl Road Oakville ON L6J7X4		14,954.03
Norwood Financial	695 Markham Road Scarborough ON M1H 2A5		14,100.00
Platinum Car & Truck Repairs Ltd.	299 A Garyray Dr Toronto ON M9L1P2		19,678.29
Progressive Waste Solutions Canada Inc.	1209 North Service Road East Oakville ON L6H1A7		2,651.23
Pronto Automotive Stouffville	138 Sandiford Drive Unit 2 Stouffville ON L4A7X5		1,085.01
Scarborough Transfer & Recovery	66 Shorncliffe Road Toronto ON M8Z5K1		197,833.77
Scarborough Truck Centre Inc.	1810 Markham Rd Scarborough ON M1B2W2		9,980.12
Shipton Mechanical	3305 Concession 8 Road Ashburn ON L0B1A0		10,033.87
Silver Top Supply Limited	324 Sovereign Road London ON N6M1A8		1,118.70
Stan Tire	245 Creditstone Rd Concord ON L4K1N6		2,586.12
Superior Door & Gate Systems Inc.	3210 American Drive Mississauga ON L4V1B3		1,073.50
Tor-Can Danville Recycling	6465 Danville Road Mississauga ON L5T2H7		5,895.06
Toronto Hydro Electric System	14 Carlton St 8th Floor Toronto ON M5B1K5		623.86

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Triple A Tire	2215 Midland Ave Scarborough ON M1P3E7		11,680.02
Wastco Barrie	66 Welham Road Barrie ON L4N8Y4		9,606.41
Waste Container Services Inc.	106 Howden Road Scarborough ON M1R3E4		405.44
Wasteco	150 Orenda Road Brampton ON L6W1W3		3,270.05
Wasteco-Hamilton Wentworth Region	306 Lake Avenue Hamilton ON L8E3A2		8,541.53
Total			3,024,763.53

IN THE MATTER OF THE PROPOSAL OF
1408998 ONTARIO INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

PROPOSAL

1408998 Ontario Inc. (“140” or the “Debtor”), the above-named debtor, hereby submits the following Proposal under the *Bankruptcy and Insolvency Act*:

**PART 1
INTERPRETATION**

1. In this Proposal, capitalized terms have the following meanings:
 - (a) “Act” means the *Bankruptcy and Insolvency Act*, as it may be amended from time to time;
 - (b) “Business Day” means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
 - (c) “Claim” means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of 140 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;
 - (d) “Court” means Superior Court of Justice, in Bankruptcy and Insolvency;
 - (e) “Court Approval Date” means the date on which the Court makes the Final Order;
 - (f) “Creditor” means any person who holds one or more Claims;
 - (g) “Creditors’ Meeting” means the special meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
 - (h) “Due Date” means the date upon which the personal income tax return, for the year in which the Proposal is filed and subsequent years as set out in the Income Tax Act;
 - (i) “Effective Date” means the date on which all conditions contained in Part X hereof have been satisfied;
 - (j) “Employees” means all of the employees of 140;
 - (k) “Event of Default” has the meaning given to it in Part VII;
 - (l) “Filing Date” means the date on which 140 filed its Notice of Intention to Make a Proposal under the Act, being July 7, 2015;

- (m) “Final 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;
- (n) “Maturity Date” means the date on which all payments to the Proposal Trustee have been made, provided that no event of default has occurred that has not been cured or waived;
- (o) “Post Filing Goods and Services” means in respect of the Proposal the goods supplied, services rendered and other consideration given to 140 subsequent to the Filing Date;
- (p) “Preferred Creditor” means any Creditor entitled to receive payment of any amount owed to it in priority to other Creditors as provided in section 136 of the Act;
- (q) “Provisional Return” means a provisional return showing 140’s income tax debt for the period from the end of the last taxation years up to the date of filing of the Proposal
- (r) “Property” means the non-exempt assets of 140;
- (s) “Proposal” means this Proposal made pursuant to the Act, as further amended or supplemented from time to time;
- (t) “Proposal Period” means the period between the Final Order and the Maturity Date;
- (u) “Proposal Trustee” means Rosen Goldberg Inc., the trustee acting in this Proposal;
- (v) “Secured Creditor” means any Creditor who has valid security against various assets of the Debtor with respect to its Claim;
- (w) “Unsecured Creditor” means those persons with Claims, except for those Claims:
 - (i) that have been finally and conclusively disallowed;
 - (ii) that may be contingent or unliquidated and found by the Trustee or the Court (as may be applicable), not to be provable;
 - (iii) that are claims by Secured Creditors; or
 - (iv) that are claims by Preferred Creditors.

Headings

2. The divisions 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.

Successors and Assigns

5. This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein including, without limitation, all Creditors.

Accounting Principles

6. Accounting terms not otherwise defined 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

7. The purpose of this Proposal is to provide the Unsecured Creditors with a greater dividend than would result from a forced liquidation of the Property and amends the terms of any and all agreements between 140 and the Unsecured Creditors existing at the Filing Date.

Persons Affected

8. This Proposal will, as of the Effective Date, be binding on 140 and all Preferred Creditors and Unsecured Creditors of 140.

PART III SECURED CREDITOR CLAIMS

9. The Claims of the Secured Creditors, if any, of 140 shall be dealt with in accordance with the arrangements made between 140 and its Secured Creditors.

PART IV UNSECURED CREDITOR CLAIMS

Payment of Unsecured Claims

10. Subject to paragraph 11 hereof, 140 will cause to be paid to the Proposal Trustee:
 - a) the sum of \$550,000 (the "Proposal Funds") to be paid as follows:
 - i. Claims, if any, in Part VII of this Proposal, to be paid within six (6) months

- after the Court Approval Date, and
- ii. The sum of \$70,000 to be paid no later than thirty (30) days following the amount paid in subsection (i) herein, and
 - iii. The balance, representing the difference between the Proposal Funds and the total amounts paid in subsections (i) and (ii) herein, to be paid in seventeen (17) equal monthly instalments commencing no later than thirty (30) days following the payment of the amount noted in subsection (i) herein.

The funds to be received by the Proposal Trustee shall be paid as follows:

- b) the fees and costs of the Proposal Trustee;
- c) the claims, if any, in Part VI of this Proposal, in priority to the Unsecured Creditors;
- d) the full amount of the admitted claims of the Unsecured Creditors to be distributed pro-rata, less applicable levy of the Office of the Superintendent of Bankruptcy, without interest, and without penalty, among the Unsecured Creditors.

Effect of Payment

11. Unsecured Creditors will accept the payments provided in Part IV of this Proposal, in complete satisfaction of all 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 140. Upon the making of all payments provided for in this Part IV, any and all such clients, certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without costs to 140.

PART V POST FILINGS

12. 140 covenants and agrees to keep all filings, remittances and instalments, if any, to Canada Revenue Agency current for the post filing returns.

PART VI PREFERRED CLAIMS AND MANDATORY PAYMENTS

Crown Claims

13. Unless Her Majesty consents, 140 shall pay in full, within six months after the Court Approval Date, all amounts that were outstanding at the Filing Date that are of a kind that could be subject to a demand under:
 - (a) subsection 224(1.2) of the *Income Tax Act*;
 - (b) any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* 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*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or

- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, 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*; 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.

Set Off

- 14. 140 acknowledges that Her Majesty the Queen will have the right to exercise its right of set off with respect to any income tax or GST refunds pertaining to the period prior to the Proposal.

Preferred Claims

- 15. Preferred Claims, without interest, are to be paid in full in priority to all Claims of Unsecured Creditors including, without limitation, any entitlement of Unsecured Creditors to the payments to be made under Part IV of this Proposal.

Payment of Fees

- 16. All proper fees and expenses of the Proposal Trustee and reasonable legal and other professional fees of and incidental to the proceedings and transactions arising out of this Proposal and in connection with the preparation of this Proposal, and the administration of this Proposal, including advice to 140 in connection therewith, will be paid in addition to the Proposal Funds by the Debtor. The Proposal Trustee will be at liberty to withdraw and pay such fees from time to time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal.

Employees' Claims

- 17. All payments payable to former or current employees of 140, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if 140 became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of traveling salesmen, disbursements properly incurred by those salesmen during the same period.

PART VII EVENTS OF DEFAULT

18. The following events will constitute Events of Default for the purpose of section 63 of the Act and otherwise under this Proposal:
- (a) the non-payment of the amounts to the Proposal Trustee pursuant to paragraph 10; or
 - (b) the enforcement by any Secured Creditor of its security over all the assets of 140.

PART VIII TRUSTEE

Confirmation of Appointment

19. The Proposal Trustee shall be the trustee under this Proposal and all monies payable under this Proposal, unless otherwise provided herein, shall be paid over to the Proposal Trustee who shall make the payment of all dividends in accordance with the terms of this Proposal.
20. The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of 140.
21. Any payments made by the Proposal Trustee to Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.

PART IX INSPECTORS

Appointment of Inspectors

22. At the Creditors' Meeting, the Unsecured Creditors will be entitled to appoint one or more, but not exceeding five (5) inspectors in total. The inspectors will have the following powers, but will have no personal liability to 140 or other Creditors:
- (a) the power to extend the dates of payments provided under this Proposal;
 - (b) the power to waive any default in the performance of any provision of this Proposal;
 - (c) the power to advise the Proposal Trustee in respect of such matters as may be referred to the inspectors by the Proposal Trustee; and
 - (d) the power to advise the Proposal Trustee concerning any dispute that may arise to the validity of Claims of Preferred Creditors and Unsecured Creditors under this Proposal.

**PART X
CONDITIONS PRECEDENT**

23. The performance of this Proposal by 140 shall be conditional upon the fulfillment or satisfaction of the following conditions within thirty (30) Business Days following the issuance of the Final Order:
- (a) all approvals and consents to the Proposal that may be required have been obtained;
 - (b) the Final Order has been issued and the time for bringing any appeal therefrom has expired;
 - (c) no order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal has been issued; and
 - (d) all agreements or instruments necessary to effect the intention and purpose of this Proposal have been received by 140 in a form satisfactory to him and the Proposal Trustee.

**PART XI
RELEASE**

24. Upon the Effective Date, each and every present and former director of 140 (collectively, the "Released Parties"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action that arose before the commencement of the proceedings under the Act, in respect of the potential statutory liabilities of the former, present and future directors, and provided nothing herein shall release or discharge any of the Released Parties from claims that:
- (a) relate to contractual rights of one or more creditors arising from contracts with one or more directors;
 - (b) are based on allegations or misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors.
25. Sections 95-101 of the Act shall not apply to any dealings by 140 having taken place during the period prior to the Filing Date.

**PART XII
MISCELLANEOUS**

Consents, Waivers and Agreements

26. On the Effective Date, all Unsecured 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 Unsecured

Creditor will be deemed to have waived any default by 140 in any provision, express or implied, in any agreement existing between the Unsecured Creditor and 140 that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

27. 140 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

28. All obligations of 140 under this Proposal will commence as of the Effective Date. All obligations of 140 under this Proposal will be fully performed for the purposes only of section 65.3 of the Act upon 140 having made the payments to the Proposal Trustee provided for herein.

Binding Effect

29. The provisions of this Proposal will be binding on the Creditors and 140, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Final Order after all appeal periods have expired.

PART XIII ANNULMENT OF PROPOSAL

Annulment

30. 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 XIV MODIFICATION

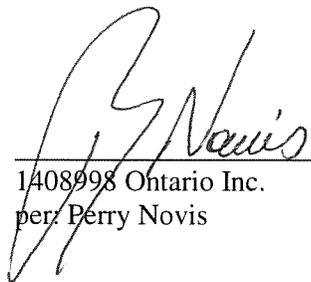
31. 140 may propose amendments to the Proposal at any time prior to the conclusion of the Creditors' Meeting provided that any such amendment does not reduce the rights and benefits given to the Unsecured Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

1408998 Ontario Inc.

Proposal

Page 9

Dated at Toronto, Ontario, this 5th day of August 2015.



1408998 Ontario Inc.
per: Perry Novis

IN THE MATTER OF THE PROPOSAL OF
1408998 ONTARIO INC.
OF THE CITY OF TORONTO, PROVINCE OF ONTARIO

Condensed Statement of Assets and Liabilities

Assets

	Estimated To Realize
1. Accounts receivable (See note)	\$ 222,000
2. Vehicles (See note)	195,600
3. Waste disposal bins (See note)	55,900

Liabilities

4. Secured / trust (See note)	414,683
5. Unsecured	2,610,461

Note:

The Trustee has obtained appraisals of the vehicles and waste disposal bins under a liquidation approach. The Trustee has estimated the realization of the accounts receivable on the basis of discussions with management of the Debtor and historical experience. Actual realization may differ from the estimates provided.

The Debtor's assets are secured by a trust claim in favour of the Canada Revenue Agency in the approximate amount of \$376,000. In a bankruptcy, the trust claim would be payable in priority to the claim of any other creditor.

PROOF OF CLAIM

In the matter of the bankruptcy (or the proposal or the receivership) of _____
(name of debtor) of _____ (city and province) and the claim of _____ creditor.

All correspondence regarding this claim should be sent to the following address: _____

SEE No. 1 I, _____ (name of creditor or representative of the creditor), of _____ (full address), do hereby certify:

SEE No. 2 1. that I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor)

SEE No. 3 2. That I have knowledge of all the circumstances connected with the claim referred to below.

SEE No. 4 3. That the debtor was, at the date of the bankruptcy (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the _____ day of _____, _____, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account, or affidavit or solemn declaration must specify the vouchers or other evidence in support of the claim.)

SEE No. 5 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.)

SEE No. 6 5. That, to the bests of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of Section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

SEE No. 7 6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three (3) 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(1) of the Act: (Provide details of payments, credits and transfers at undervalue.)

(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.

SEE No. 8 Dated at _____, this _____ day of _____, _____

Signature of Witness

Signature of Creditor

Telephone: _____ Fax: _____ E-Mail: _____

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

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.

NOTE: If a copy of this Form is sent electronically by means such as email, the name of and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.

**IF YOU HAVE ANY QUESTIONS ABOUT COMPLETING YOUR PROOF OF CLAIM FORM,
PLEASE CONTACT THE TRUSTEE'S OFFICE AT: (416) 224-4225**

GENERAL PROXY

In the matter of the bankruptcy (or of the proposal) of: _____

I/We _____ (name of creditor), of _____ (name of city or town), a creditor in the above matter, hereby appoint _____ of _____, to be my/our proxy in the above matter (excepting only as the receipt of dividends), with (or without) power to appoint another proxy in his or her place.

SEE No. 9 Dated at _____, this _____ day of _____, _____

Signature of Witness

Signature of Creditor

PLEASE READ THIS CAREFULLY BEFORE YOU PREPARE YOUR PROOF OF CLAIM

1. The person making this claim must personally sign this form. **The signature must be witnessed.**
2. If you are signing this form on behalf of a corporation or other person you must state the title or capacity in which you are acting, such as "credit manager", "accountant", "controller", "authorized agent", etc. This form must be signed by the person making the declaration.
3. You must have knowledge of the circumstances connected with the claim.
4. Please fill in the date of the bankruptcy as shown on the Notice to Creditors. **The proof of claim is incomplete unless you include a statement (marked "Schedule A").** The balance on this statement must be complete and agree with the balance claimed by you as of the date of bankruptcy. It must show the date, number and amount of all invoices or charges, together with the date, number and amount of all credits or payments. A "balance forward" or one line figure **does not** meet the disclosure requirements for proofs of claim issued by the Superintendent of Bankruptcy.
5. Please check (x) the type of claim which applies to you. ****PLEASE DO NOT LEAVE THIS SECTION BLANK****
 If you have a regular unsecured claim, then please check (x) beside the phrase "I do not claim a right to a priority".
 A priority claim is only granted to specific creditors under Section 136 of the *Bankruptcy and Insolvency Act*. Please review the legislation to determine if you are eligible to make such a claim in this estate.
 If you have a **SECURED CLAIM**, you must:
 - (a) insert the value that you feel your security is worth, **and**
 - (b) prove that you are secured by attaching a copy of your security document (chattel mortgage and a copy of your financing statement issued under the *Personal Property Security Act*, etc.). If you hold a mortgage over real estate, please provide the trustee with a copy of the mortgage document.
6. If you are related to the bankrupt, please cross out the word "not". If you are related by blood or marriage to the bankrupt, then you should consider yourself a related person. If the bankrupt is a corporation, you would be considered to be related to it if you were a shareholder, or if your company was controlled by the same shareholders as the bankrupt corporation.
7. You **must** provide the **full** details of all payments and credits received from or allowed to the debtor during the period indicated.
8. The proof of claim is INCOMPLETE unless it has been **dated, signed and witnessed.**
9. If you wish to appoint a proxy, the proxy form must be completed and signed by the creditor. If the creditor is a corporation, the proxy must be signed in the corporate name and not necessarily by the individual signing the proof of claim form. If a corporation grants a voting proxy to an individual, the proxy section should be both signed, dated and witnessed. 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 a person power to vote at the first meeting of creditors or to act as the creditor's proxy unless the GENERAL PROXY section has been completed.

GENERAL INFORMATION

A creditor may vote either in person or proxy.

A debtor may not be appointed as proxy to vote on behalf of a creditor.

The trustee may be appointed as proxy to vote on behalf of a creditor.

A corporation may vote by an authorized agent at a meeting of creditors.

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 section of the proof of claim.

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2013017
Estate No. 31-2013017

FORM 37

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

In the matter of the proposal of
1408998 Ontario Inc.
of the City of Toronto, 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 1408998
Ontario Inc., to record my vote _____ (for or against) the acceptance of the proposal as made on
the 5th day of August 2015.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
Rosen Goldberg Inc. - Trustee
Per:

Brahm Rosen
5255 Yonge Street, Suite 804
Toronto ON M2N 6P4
Phone: (416) 224-4200 Fax: (416) 224-4330
E-mail: jli@rosengoldberg.com