
**Tenth Report of Duff & Phelps
Canada Restructuring Inc.
as CCAA Monitor of iMarketing
Solutions Group Inc. and the
Companies Referred to in
Schedule “A”**

January 26, 2015

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COURT FILE NO.: CV-13-10067-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, C.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
iMARKETING SOLUTIONS GROUP INC. AND THE COMPANIES REFERRED TO IN
SCHEDULE "A"**

**TENTH REPORT OF
DUFF & PHELPS CANADA RESTRUCTURING INC.
AS CCAA MONITOR OF iMARKETING SOLUTIONS GROUP INC.
AND THE COMPANIES REFERRED TO IN SCHEDULE "A"**

January 26, 2015

1.0 Introduction

1. Pursuant to an order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") made on April 12, 2013 (the "Initial Order"), iMarketing Solutions Group Inc. ("IMSG") and the companies listed on Schedule "A" (together with "IMSG", the "Company") were granted protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and Duff & Phelps Canada Restructuring Inc. ("D&P") was appointed as the monitor (the "Monitor").
2. Also on April 12, 2013, the Honourable Justice Kevin Gross of the United States Bankruptcy Court for the District of Delaware (the "US Court") made an interim order recognizing the CCAA proceedings in the United States and granting the Company certain protections as contemplated by chapter 15 of title 11 of the *United States Code* ("Chapter 15").
3. On May 7, 2013, the Ontario Court made an order extending the stay of proceedings to August 2, 2013 and approving a sale and investment process (the "SIP") to be carried out by Illumina Partners Inc. ("Illumina"), in its capacity as the Company's Chief Restructuring Officer (the "CRO"), under the supervision of, and with the assistance of, the Monitor.
4. On May 17, 2013, the US Court made a final order recognizing the CCAA proceedings as a foreign main proceeding.

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5. The principal purpose of these restructuring proceedings was to create a stabilized environment to carry out the SIP to solicit investors, strategic partners or purchasers for the Company's business and assets.
 6. On October 25, 2013, the Ontario Court approved a sale of substantially all of the Company's business and assets (the "Purchased Assets") to IMKT Direct Solutions Corporation ("IMKT") and iMarketing Solutions Acquisition, LLC ("iMarketing Acquisition" and together with IMKT, the "Purchaser") pursuant to an Asset Purchase Agreement dated October 8, 2013 between the Company and the Purchaser (the "APA") (the "Transaction"). The US Court approved the Transaction on November 20, 2013.
 7. Pursuant to an amending agreement dated December 4, 2013, the Company and the Purchaser agreed, among other things, that the effective date of the Transaction's closing would be 12:01AM (EST) on December 1, 2013 ("Effective Date"). The Transaction was completed on December 6, 2013 (the "Closing Date").
 8. Pursuant to an order of the Ontario Court made on September 22, 2014 ("Distribution Order"): a) the stay of proceedings was extended until February 2, 2015; b) an allocation methodology (the "Allocation") of the proceeds realized from the Transaction was approved; and c) distributions to Shotgun Fund Limited Partnership III ("Shotgun Fund") and Canadian Imperial Bank of Commerce ("CIBC"), the Company's primary secured creditors, were approved in accordance with the Allocation. On October 10, 2014, the US Court made an order recognizing the Distribution Order.

1.1 Purposes of this Report

1. The purposes of this report (the "Report") are to:
 - a) provide background information about the Company and these proceedings;
 - b) summarize the outstanding issues in these proceedings which the Monitor intends to complete prior to filing a certificate with the Court ("Discharge Certificate");
 - c) recommend that the Monitor be discharged of its duties and obligations under the Initial Order, subject to filing the Discharge Certificate; and

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- d) recommend that the Ontario Court make an order:
- authorizing the Monitor to hold and exercise the rights granted to IMMSG in the Debenture (as defined in Section 4);
 - approving the fees and disbursements of the Monitor and its legal counsel, Lax O'Sullivan Scott Lisus LLP ("Lax") and Young Conaway Stargatt & Taylor, LLP ("Young Conaway") from August 1, 2014, and in the case of Young Conaway, from August 22, 2014, as well as the Fee Accrual (as defined in Section 7);
 - approving the Monitor's actions and activities described in this Report; and
 - discharging the Monitor upon the filing of the Discharge Certificate.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's representatives, the Company's books and records, discussions with the Company's management and discussions with the Company's advisors. The Monitor has not performed an audit or other verification of such information.

2.0 Background

1. The Company provided integrated direct marketing solution services for not-for-profit organizations, political organizations and professional associations.
2. IMMSG and its predecessor corporations operated in the North American telemarketing and fundraising business for more than 25 years.
3. The Company occupied fifteen leased premises across Canada and the US as at the Closing Date.
4. The Company's industry is regulated and requires provincial and/or state licences and registrations to operate in Canada and the US.

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5. The affidavit of Andrew Langhorne, the Company's Chief Executive Officer as at the date of the Initial Order, sworn April 11, 2013, and filed in support of the Company's initial CCAA application, describes, *inter alia*, the Company's background, including the reasons the Company determined it was necessary to commence these proceedings.
 6. Additional information concerning the Company is provided in D&P's report dated April 11, 2013, filed as proposed monitor, and in the Monitor's subsequent reports filed in these proceedings. Materials filed in the CCAA and Chapter 15 proceedings can be found on the Monitor's website at:
<http://www.duffandphelps.com/intl/en-ca/Pages/RestructuringCases.aspx>.

3.0 Allocation and Distributions

1. The Monitor's Ninth Report to Court dated September 5, 2014 ("Ninth Report") provided, among other things, information relevant to the Transaction and the Allocation, including the assumptions underlying the Allocation. A copy of the Ninth Report, without appendices, is provided in Appendix "A".
2. Pursuant to the Distribution Order:
 - a. The Monitor distributed \$1.8 million to Shotgun Fund and \$937,000 to CIBC; and
 - b. Any further distributions are to be made pro rata to Shotgun Fund and CIBC on the same basis as above and in accordance with the Allocation.

4.0 Assets Under Administration

1. Attached as Appendix "B" is a statement of receipts and disbursements ("R&D") from the Monitor's accounts for the period from October 9, 2013 to January 15, 2015. The R&D reflects a balance of approximately \$410,000 as at January 15, 2015.
2. Other than the cash in the Monitor's accounts, the remaining assets to be realized upon are:
 - a. An unsecured convertible debenture ("Debenture") with a face value as at November 1, 2014 of \$267,674, issued by the Purchaser to IMSG. A copy of the Debenture is provided in Appendix "C". The Debenture matures on December 6, 2016;
 - b. HST credits estimated to be approximately \$7,000; and
 - c. Sundry deposits estimated to be less than \$20,000.

5.0 Monitor's Discharge

1. Prior to completing its administration, the Monitor intends to:
 - a. Hold and collect the remaining balance of the Debenture (\$267,674 plus interest) which matures in December 2016 and distribute its proceeds to Shotgun Fund and CIBC on the same basis and in accordance with the Allocation;
 - b. Continue to correspond with the CRO and Canada Revenue Agency regarding the Company's sales tax accounts and outstanding refunds;
 - c. Oversee payment by the Company of any outstanding post-filing obligations;
 - d. Assist the Company, as Foreign Representative, to bring a motion before the US Court to recognize the relief being sought in this motion, should it be granted, and to terminate the Chapter 15 proceedings; and
 - e. Provide a final R&D to Shotgun Fund and CIBC.
2. The Company is not seeking an extension of the stay of proceedings; however, it would be beneficial not to terminate these proceedings until the matters described above have been resolved in order to provide the Monitor with access to the Ontario Court if issues arise, particularly with respect to collection of the amount owed under the Debenture. In that regard, the Monitor respectfully recommends that the Ontario Court authorize it to exercise the rights granted to the Company in the Debenture, including the option to convert the Debenture into common shares of the Purchaser if the Purchaser completes a Liquidity Event (as defined in the Debenture).
3. Once the foregoing activities are completed, the Monitor believes it is appropriate for it to be discharged upon filing the Discharge Certificate as its duties and responsibilities under the Initial Order and other Orders made in these proceedings will have been completed. The Monitor has been advised by Shotgun Fund and CIBC that they support the relief sought by the Company.

6.0 Overview of the Monitor's Activities

1. Since the date of the Ninth Report, the Monitor's activities have included:
 - Corresponding with the CRO regarding, among other things, the Company's expenses since the Closing Date, tax matters and continuation of the Company's directors' and officers' insurance;
 - Corresponding with the CRO and Canada Revenue Agency regarding the Company's sales tax accounts and outstanding refunds;
 - Corresponding and meeting with CIBC's counsel regarding distribution matters;
 - Corresponding with Shotgun Fund regarding distribution matters;
 - Issuing a distribution to Shotgun Fund and CIBC;
 - Corresponding with the Company and its legal counsel;
 - Responding to calls and enquiries from creditors regarding the CCAA proceedings;
 - Overseeing payment of post-filing obligations;
 - Preparing this Report; and
 - Other matters pertaining to the administration of this mandate.

7.0 Professional Fees

1. The fees and disbursements, excluding HST, of D&P (from August 1 to December 31, 2014), Lax (from August 1 to October 31, 2014) and Young Conaway (from August 22 to December 31, 2014), are summarized below.

Firm	(\$)	
	Fees	Disbursements
D&P	36,684	22
Lax	3,308	259
Young Conaway ¹	565	3
Total	40,557	284

¹ Amounts reflected in USD.

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2. Detailed invoices are provided in appendices to the affidavits filed by representatives of D&P, Lax and Young Conaway, which are provided in Appendices “D”, “E” and “F”.
 3. The average hourly rate for D&P, Lax and Young Conaway for the referenced billing period was \$535.92, \$624.06 and \$403.57, respectively.
 4. The Monitor is of the view that the hourly rates charged by Lax are consistent with the rates charged by law firms practicing in the area of insolvency in the Toronto market and that the fees charged are reasonable and appropriate in the circumstances. The Monitor is also of the view that the fees charged by Young Conaway are reasonable and appropriate in the circumstances.
 5. The Monitor is seeking approval of an accrual of \$100,000 (the “Fee Accrual”) to cover its estimated remaining fees and disbursements (including applicable sales taxes) and those of Lax and Young Conaway. The Monitor believes that the Fee Accrual should be sufficient to cover the fees and disbursements to the completion of these proceedings, including dealing with the outstanding matters detailed in this Report and sundry issues, if any. The Monitor proposes to seek the approval of Shotgun Fund and CIBC, being the Company’s economic stakeholders, if the actual fees and disbursements exceed the Fee Accrual. In order to avoid the cost of a further motion, if the actual fees exceed the Fee Accrual and Shotgun Fund and CIBC consent to the payment of those fees, the Monitor does not intend to seek the Ontario Court’s approval of those fees, unless such monies would have been payable to creditors other than those two creditors, the likelihood of which is remote.

8.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make the Order(s) granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,

Duff + Phelps Canada Restructuring Inc.

**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
iMARKETING SOLUTIONS GROUP INC. AND THE
COMPANIES REFERRED TO IN SCHEDULE “A”
AND NOT IN ITS PERSONAL CAPACITY**

SCHEDULE "A"

LIST OF APPLICANTS

iMarketing Solutions Group Inc.
The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
Direct Contact Strategies Inc.
Front Line Support Inc.
iMark Events Inc.
RMG General Partner Inc.
Cabot Call Centre Inc.
Engage Interactive Inc.
RMG Smiths Falls LP
RMG Thunder Bay LP
MLHL Marketing Inc.
MLHL Marketing LP
Xentel Inc. (Delaware)
Wellesley Corporation Inc. (Delaware)
US Billing Inc. (Delaware)
American Graphics & Design Inc. (Wisconsin)
Courtesy Health Watch Inc. (Delaware)
Target Outreach Inc. (Nevada)
Engage Funding Inc. (Delaware)

Appendix “A”

**Ninth Report of Duff & Phelps
Canada Restructuring Inc.
as CCAA Monitor of iMarketing
Solutions Group Inc. and the
Companies Referred to in
Schedule “A”**

September 5, 2014

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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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**NINTH REPORT OF
DUFF & PHELPS CANADA RESTRUCTURING INC.
AS CCAA MONITOR OF iMARKETING SOLUTIONS GROUP INC.
AND THE COMPANIES REFERRED TO IN SCHEDULE "A"**

September 5, 2014

1.0 Introduction

1. Pursuant to an order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") made on April 12, 2013 (the "Initial Order"), iMarketing Solutions Group Inc. ("IMSG") and the companies listed on Schedule "A" (together with "IMSG", the "Company") were granted protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and Duff & Phelps Canada Restructuring Inc. ("D&P") was appointed as the monitor (the "Monitor").
2. Also on April 12, 2013, the United States Bankruptcy Court for the District of Delaware (the "US Court") made an interim order recognizing the CCAA proceedings in the United States and granting the Company certain protections as contemplated by chapter 15 of title 11 of the *United States Code* ("Chapter 15").
3. On May 7, 2013, the Ontario Court made an order extending the stay of proceedings to August 2, 2013 and approving a sale and investment process (the "SIP") to be carried out by Illumina Partners Inc. ("Illumina"), in its capacity as the Company's Chief Restructuring Officer (the "CRO"), under the supervision of, and with the assistance of, the Monitor.
4. On May 17, 2013, the US Court made a final order recognizing the CCAA proceedings as a foreign main proceeding.

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5. On July 12, 2013, the Ontario Court made an order, among other things, adding MLHL Marketing Inc. and MLHL Marketing LP to the CCAA proceedings.
 6. The principal purpose of these restructuring proceedings was to create a stabilized environment to carry out the SIP to solicit investors, strategic partners or purchasers for the Company's business and assets.
 7. On October 25, 2013, the Ontario Court approved a sale of substantially all of the Company's business and assets (the "Purchased Assets") to IMKT Direct Solutions Corporation ("IMKT") and iMarketing Solutions Acquisition, LLC ("iMarketing Acquisition" and together with IMKT, the "Purchaser") pursuant to an Asset Purchase Agreement dated October 8, 2013 between the Company and the Purchaser (the "APA") (the "Transaction"). The US Court approved the Transaction on November 20, 2013.
 8. Pursuant to an amending agreement dated December 4, 2013, the Company and the Purchaser agreed, among other things, that the effective date of the Transaction's closing would be 12:01AM (EST) on December 1, 2013 ("Effective Date"). The Transaction was completed on December 6, 2013 (the "Closing Date").
 9. Pursuant to an order of the Ontario Court made on May 30, 2014, the Company's stay of proceedings was extended until September 30, 2014.

1.1 Purposes of this Report

1. The purposes of this report (the "Report") are to:
 - a) provide background information about the Company and these proceedings;
 - b) provide an allocation methodology (the "Allocation") of the proceeds realized from the Transaction;
 - c) summarize the outstanding issues in these proceedings; and
 - d) recommend that the Ontario Court make an order:
 - approving the Allocation;
 - approving distributions to Shotgun Fund Limited Partnership III ("Shotgun Fund") and Canadian Imperial Bank of Commerce ("CIBC") as set out in Section 3.6 of this Report;
 - granting the Company's request for an extension of the stay of proceedings from September 30, 2014 to September 30, 2015;

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- approving the fees and disbursements of the Monitor and its legal counsel, Lax O’Sullivan Scott Lisus LLP (“Lax”) and Young Conaway Stargatt & Taylor, LLP (“Young Conaway”) from the commencement of these proceedings to July 31, 2014, and in the case of Young Conaway, to August 21, 2014; and
 - approving the Monitor’s actions and activities described in this Report.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company’s representatives, the Company’s books and records, discussions with management and discussions with the Company’s advisors. The Monitor has not performed an audit or other verification of such information. As discussed further in Section 3.1 of this Report, the Company’s accounting records do not reflect all intercompany transactions, nor does it appear that they consistently allocate revenues and expenses across the various entities in the IMMSG group of companies.

2.0 Background

1. The Company provided integrated direct marketing solution services for not-for-profit organizations, political organizations and professional associations.
2. IMMSG and its predecessor corporations operated in the North American telemarketing and fundraising business for more than 25 years.
3. The Company occupied fifteen leased premises across Canada and the US as at the Closing Date.
4. The Company’s industry is regulated and requires provincial and/or state licences and registrations to operate in Canada and the US.
5. The affidavit of Andrew Langhorne, the Company’s Chief Executive Officer as at the date of the Initial Order, sworn April 11, 2013, and filed in support of the Company’s initial CCAA application, describes, *inter alia*, the Company’s background, including the reasons the Company determined it was necessary to commence these proceedings.

-
6. Additional information concerning the Company is provided in D&P's report dated April 11, 2013, filed as proposed monitor, and in the Monitor's subsequent reports filed in these proceedings. Materials filed in the CCAA and Chapter 15 proceedings can be found on the Monitor's website at:

<http://www.duffandphelps.com/intl/en-ca/Pages/RestructuringCases.aspx>.

3.0 Allocation

1. Details of the Transaction are provided in Section 3.4 below.
2. The APA does not allocate the purchase price among the Purchased Assets; the Purchased Assets were owned by IMSG and ten of its subsidiaries. Accordingly, with input from the CRO, the Monitor developed the Allocation, which it believes is reasonable in the circumstances, giving consideration to a variety of factors, including the Company's accounting records, the manner in which the Company operated and the functions of IMSG and its subsidiaries.
3. The Allocation is attached as Appendix "A".
4. Information relevant to the Allocation and its underlying assumptions is set forth below.

3.1 Company Operations

1. The Company is comprised of 23 entities, including 13 in Canada and 10 in the US. The Company's corporate chart is provided in Appendix "B".
2. The Company employed approximately 745 individuals as at the Closing Date, as follows:

Entity	Employees
RMG Smith Falls, LP ("Smith Falls")	369
Xentel, Inc. ("Xentel")	196
Courtesy Health Watch Inc. ("Courtesy")	83
IMSG	43
Target Outreach Inc. ("Target")	38
US Billing Inc. ("US Billing")	12
American Graphics & Design, Inc. ("Graphics")	4
Total	745

3. IMSG, the parent company in the group, is a public company, the shares of which were listed on the CNSX under the symbol IMR. IMSG was the entity through which capital was sourced for the business.

4. IMMSG provided management services, data, information technology and other support services to allow IMMSG's subsidiaries to carry out their businesses. Many of the entities in the group lacked any infrastructure – they had no independent management, administration, technology, employees, treasury functions or premises.
5. IMMSG's costs were not consistently allocated (i.e. via, for example, a management fee or royalty) to the entities which benefited from these services.
6. Similarly, IMMSG and its subsidiaries flowed monies among one another, based on which entity had cash and which entity needed it. The intercompany accounting for these transactions was neither consistent nor complete.
7. IMMSG owned all or substantially all of the Company's intellectual property and intangible assets, such as donor lists, donation history by fundraising campaign, donor demographics database and donation processing methodology (collectively referred to as "IP"). The IP was integral to the performance of the Company's business. The IP is not reflected on the Company's balance sheets.

3.2 DIP Facility

1. Shotgun Fund provided a \$1 million debtor-in-possession loan facility ("DIP Facility") to the Company in the CCAA proceedings (in that capacity, the "DIP Lender"), against which it advanced \$650,000.
2. Pursuant to the Initial Order, the DIP Lender was granted a charge ranking in priority to all existing security interests over all of the Company's properties, assets and undertakings ("Assets"), with the exception of: a) CIBC's interests in the business and assets of The Responsive Marketing Group Inc. ("RMG"), one of IMMSG's wholly-owned subsidiaries; and b) the Administration Charge.
3. On April 10, 2014, the Company paid \$1,043,048 to the DIP Lender, representing full repayment of the DIP Facility, inclusive of interest and fees.

3.3 Secured Creditors and Priority Obligations

1. The obligations owing to CIBC and Shotgun Fund as at the date of the Initial Order totaled approximately \$5,394,000 (before unpaid and accrued interest and costs), as detailed below:

Lenders	Facility	Amount (\$000s)
CIBC	Credit Facility	1,894
Shotgun Fund	Secured Convertible Note	3,500
Total		5,394

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2. CIBC has security against RMG. RMG's indebtedness to CIBC was guaranteed on an unsecured basis by certain subsidiaries of RMG.
 3. IMSG and two of IMSG's subsidiaries, GWE Consulting Group (USA) Inc. ("GWE") and Target, both of which are US entities, granted Shotgun Fund security on their business and assets in respect of the advances under the secured convertible note.
 4. The Monitor's counsel provided opinions ¹ that, subject to the qualifications contained therein, Shotgun Fund has validly perfected security interests against the assets of IMSG, GWE and Target, and CIBC has a validly perfected security interest against the assets of RMG.
 5. In its Second Report to Court dated July 5, 2013 ("Second Report"), the Monitor provided background information relating to an agreement dated June 21, 2013 (the "Engage Agreement") among the Company, CIBC and Shotgun Fund with respect to Engage Interactive Inc. ("Engage"), a subsidiary of RMG. The Second Report states that:

"In March, 2012, certain business activities carried out by RMG were transferred to Engage, another of IMSG's subsidiaries. The Company has advised the Monitor that CIBC was informed that RMG's business activities were transferred to Engage at the time of the transfer. RMG's monthly reporting to CIBC after the transfer and the ownership of RMG's marginable accounts receivable remains a matter of dispute between RMG and CIBC.

Following the making of the Initial Order, CIBC agreed that RMG's accounts at CIBC would operate as cash accounts with no loan or overdraft facility. Deposits received after the Initial Order have been available for use by the Company.

The Company has been reporting regularly to CIBC throughout these proceedings and has provided it with, among other things, weekly accounts receivable balances of RMG and Engage.

The Company, CIBC and the DIP Lender have also discussed providing CIBC with a level of protection over the Engage receivables while at the same time avoiding disruption to the CCAA proceedings.

¹ Copies of these opinions will be made available to the Ontario Court and the US Court upon their request.

On June 21, 2013, the Company and CIBC entered into the Engage Agreement. Pursuant to the Engage Agreement, the Company agreed to use reasonable best efforts to seek an order granting CIBC a charge over Engage's accounts receivable that will rank behind the Administration Charge and the DIP Lender's Charge. The priority claims of Canada Revenue Agency ("CRA") and other parties, if any, are not to be affected by the proposed charge in favour of CIBC."

6. On July 12, 2013, the Ontario Court made an order ("July 12th Order") approving, among other things, the Engage Agreement and granted a charge in favour of CIBC over the accounts receivable of Engage ranking subordinate to the Administration Charge and the DIP Lender's Charge. A copy of the July 12th Order is provided in Appendix "C".
7. The July 12th Order provides CIBC a security interest with respect to the accounts receivable of Engage.
8. The Monitor is not aware of any other parties who have a registered security interest against the Company, other than in respect of equipment leases and purchase money security interests. Accordingly, seven of IMSG's subsidiaries that held assets at the Closing Date are not subject to claims by secured creditors, with the exception of the charges created by the Initial Order.

3.3.1 Claims of Canada Revenue Agency

1. The claims made by Canada Revenue Agency ("CRA") against the Company and certain of its subsidiaries are summarized below:

Entity	(\$000s)	
	Pre-CCAA Sales Taxes	Source Deductions
Engage	428	-
IMSG	204	-
RMG	180	-
Front Line Support ("Front Line")	103	-
iMark Events Inc.	72	-
Direct Contact Strategies Inc. ("Direct")	5	-
Smith Falls	-	108
Total	992	108

2. CRA's claims for sales taxes are unsecured in a CCAA proceeding.

3.4 Transaction

1. The marketing process leading to the Transaction and a description of the Transaction are set out in the affidavit of Mr. Langhorne sworn October 18, 2013 and in the Monitor's Sixth Report to Court dated October 22, 2013, both of which are posted on the Monitor's website.

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2. The Purchaser acquired substantially all of the Company's operating assets, including the IP. The purchase price can be broken down as follows:

	Amount (\$000s)
Current assets ("Current Asset Proceeds")	3,846
Capital assets and IP	2,251
Total	<u>6,097</u>
Deferred consideration (Debenture)	<u>(250)</u>
Cash consideration received to date	<u>5,847</u>

3. The APA does not provide a purchase price allocation; however, based on the working capital adjustment formula in the APA, the purchase price for the current assets ("Current Assets") was calculated as follows:
- Accounts receivable at 100% of book value, net of an allowance for doubtful accounts;
 - Work-in-progress at 50% of book value;
 - Unbilled revenue at 50% of book value; and
 - Prepaid deposits at 100% of book value.
4. At closing, the Current Assets were estimated and were subject to adjustment. Post-closing, the Purchaser paid \$190,000 (the "Adjustment"), which is reflected in the \$3,846,000 in Current Asset Proceeds.
5. On the Closing Date, all consideration was paid in cash, with the exception of the amount of the Adjustment and \$500,000, the latter of which was in the form of an unsecured convertible debenture ("Debenture") issued by the Purchaser to IMSG. The Debenture matures in December 2016.
6. Pursuant to an agreement between the Company and the Purchaser dated May 16, 2014, the Purchaser paid, among other things, \$250,000 of the Debenture ("Prepayment"), increasing the cash consideration from \$5,597,000 to \$5,847,000.

3.5 Amounts to be Allocated

1. The Allocation provides a basis to allocate:
 - The proceeds realized from the sale of the Purchased Assets, inclusive of the Adjustment and the Prepayment, totalling \$5,847,000 (“Gross Proceeds”). The Allocation excludes potential other recoveries, such as the additional \$250,000 due upon maturity of the Debenture in December 2016, as well as other sundry refunds, as the timing and amount of these collections is uncertain. The proposed treatment of any further recoveries is discussed in Section 3.6;
 - Operating expenses incurred prior to the Closing Date that were unpaid at the Closing Date or have been incurred and paid since the Closing Date, net of sales tax and other refunds received subsequent to the Closing Date, totalling \$972,000 (“Operating Expenses”);
 - Professional fees (including the fees of the CRO) that were unpaid at the Closing Date or have been incurred and paid since the Closing Date, a \$305,000 success fee paid to the CRO (pursuant to a Court order made May 7, 2013) and estimated professional fees to complete the administration of the CCAA and Chapter 15 proceedings, totalling \$1,095,000, before sales taxes (“Professional Costs”)²; and
 - The amounts that had been owing under the DIP Facility.

3.5.1 Allocation

1. The table below summarizes the recommended allocation:

	Amount (\$000s)
Current Asset Proceeds (Section 3.5.2)	3,846
Residual Proceeds (Capital assets and IP less \$250,000 balance of Debenture (Section 3.5.3))	2,001
	<u>5,847</u>
Operating Expenses (Section 3.5.4)	(972)
Professional Fees (Section 3.5.5)	<u>(1,095)</u>
	3,780
DIP Repayment (Section 3.5.6)	<u>(1,043)</u>
Funds available for distribution (Section 3.6)	<u>2,737</u>

² Of this amount, approximately \$739,000 has been paid to date.

3.5.2 Current Asset Proceeds

1. The Current Asset Proceeds were allocated on a dollar-for-dollar basis to the entities that owned Current Assets, leaving residual proceeds of \$2,001,000 (“Residual Proceeds”).

3.5.3 Residual Proceeds

1. In addition to the Current Assets, the Purchased Assets included: a) the capital assets, such as office equipment, leasehold improvements, computer software and equipment, with a net book value of \$3,134,000 (“Capital Assets”); and b) the IP.
2. The CRO and the Monitor discussed the Company’s business and assets, by entity, with Mr. Langhorne. A summary provided by Mr. Langhorne of the activities performed by each of the Company’s entities is provided in Appendix “D”. As reflected in Mr. Langhorne’s summary, IMSG was largely responsible for all of the Company’s strategic and management functions.
3. The Residual Proceeds have been allocated on the following basis, reflecting the importance of the IP to the sale of the Company’s business as a going-concern:
 - 30% to the Capital Assets owned by each entity pro rata based on their relative net book values; and
 - 70% to the IP, the entirety of which is allocated to IMSG because it was the central operating entity, as well as the developer and owner of the database³ required to carry on the business of the various entities that comprised the Company. This allocation reflects the importance of IMSG’s assets to operate the business on a going-concern basis; IMSG was the “central nervous system” for the business.

3.5.4 Operating Expenses

1. As the Operating Expenses were largely incurred to preserve the Current Assets and generate revenue, they are most closely related to the Current Assets. Accordingly, the Operating Expenses were allocated pro rata to those entities with Current Assets.

³ IMSG had an extensive database containing tens of millions of consumers in Canada and the US that is housed in a proprietary database. A significant portion of this data includes information (names, addresses, phone numbers, and email addresses), as well as transactional gift history of all donations made to clients through the Company’s campaigns over the past twenty years. This was a key asset of the Company and was integral to its operations.

3.5.5 Professional Costs

1. The Professional Costs relate to, among other things, completing the Transaction, assisting the Company to deal with issues in the CCAA and Chapter 15 proceedings, developing the Allocation and completing these proceedings. These expenses were incurred or will be incurred largely to preserve the value of the Company's business and assets. Unlike the Operating Expenses, the Professional Costs are attributable to all of the Purchased Assets. Accordingly, these expenses were allocated pro rata based on the Gross Proceeds allocated to each entity as discussed in Sections 3.5.2 and 3.5.3.

3.5.6 DIP Facility Repayment

1. The difference between the Gross Proceeds less the Operating Expenses and Professional Costs, being \$3,780,000, represents funds available to repay the DIP Facility and make distributions to creditors.
2. As reflected in the Allocation, the DIP Facility repayment was allocated to: i) the entities with unencumbered assets (\$874,000); and ii) Engage (\$169,000). The allocation was based on the direction of the DIP Lender and is consistent with the terms of the DIP Facility credit agreement.

3.6 Distributions

1. Upon repayment of the DIP Facility on the basis presented in the Allocation, there is \$2,737,000 available for distribution to creditors. The table below provides the recommended allocation of these proceeds.

Entity	Proposed Distribution (\$000s)
IMSG	1,727
RMG	447
Engage	490
Target	73
Total	<u>2,737</u>

2. On the basis presented above, distributions would be made to: Shotgun Fund (\$1,800,000) and CIBC (\$937,000). To the extent that funds available for distribution exceed the amount reflected above (\$2,737,000), the Monitor would propose to allocate those funds pro rata to Shotgun Fund and CIBC on the same basis.

3.7 Recommendation

1. The Monitor respectfully recommends that the Ontario Court approve the Allocation as it:
 - is consistent with the manner in which the Company's business was conducted;
 - is consistent with the APA as it relates to the treatment of the Current Assets;
 - was prepared with a practical approach given the shortfalls associated with the Company's accounting records and the prohibitive costs that would need to be incurred to accurately (and in hindsight) record revenue, expenses and intercompany transactions by entity from commencement of the CCAA proceedings (and arguably earlier) for the purpose of considering alternative allocation approaches; and
 - is supported by Shotgun Fund and CIBC, the Company's two most significant financial stakeholders in these proceedings, and the CRO.

4.0 Transitional Services Agreement

1. As part of the Transaction, the Company and the Purchaser entered into a Transitional Services Agreement (the "TSA"). The TSA was for a term of six months from the Effective Date and was extended for a further three months to August 31, 2014. The purpose of the TSA was to allow the Company to assist the Purchaser with an orderly transition of the business to the Purchaser.
2. Pursuant to the TSA, the Purchaser paid \$100,000 to the Monitor as a deposit to secure the Purchaser's obligations under the TSA.
3. Since the Closing Date, the Company, the CRO and the Purchaser, with the oversight of the Monitor, have been, *inter alia*, assisting with the transition of the Company's business to the Purchaser.
4. The Purchaser has advised the Monitor that, prior to the expiry date of the TSA, it: a) offered employment to substantially all of the Company's employees; and b) negotiated assignments or extensions (on a short-term basis) of the lease agreements for eleven of the Company's premises.

5.0 Stay Extension and Discharge

1. The following items need to be completed prior to the termination of these proceedings:
 - Recovering, to the extent collectible, the Company's remaining prepaid deposits (\$100,000);
 - Collecting the remaining balance of the Debenture (\$250,000) which matures in December 2016;
 - Overseeing payment of any outstanding post-filing expenses; and
 - Assisting the Company, as Foreign Representative, to bring a motion before the US Court to recognize the relief being sought in this motion, should it be granted, and to terminate the Chapter 15 proceedings.

2. The Company is seeking an extension of the stay of proceedings to September 30, 2015. The Monitor supports the Company's request for the following reasons:
 - The Company is acting in good faith and with due diligence;
 - The extension will give the Company an opportunity to maximize recoveries of its remaining assets; and
 - The extension is not opposed by the Company's primary secured creditors.

6.0 Overview of the Monitor's Activities

1. Since the date of the Monitor's Eighth Report to Court dated May 23, 2014, the Monitor's activities have included:
 - Corresponding extensively with the CRO regarding the TSA, the Allocation and other post-closing issues;
 - Corresponding with Shotgun Fund regarding the Allocation and completion of these proceedings;
 - Corresponding with CIBC's counsel regarding the Allocation;
 - Reviewing correspondence between the Company and CRA regarding audits conducted by CRA of the Company's sales and payroll tax accounts;

- Monitoring the Company's receipts and disbursements;
- Reviewing the Purchaser's weekly reporting under the TSA;
- Reviewing correspondence between the Company and its tax advisors related to preparation of tax returns for 2013;
- Corresponding with the Company and its legal counsel;
- Corresponding with the Monitor's US counsel regarding the Chapter 15 proceedings;
- Responding to calls and enquiries from creditors and shareholders regarding the Company's CCAA proceedings;
- Preparing this Report; and
- Other matters pertaining to the administration of this mandate.

7.0 Professional Fees

1. The fees and disbursements of D&P, Lax and Young Conaway from the commencement of these proceedings to July 31, 2014 and, in the case of Young Conaway, to August 21, 2014, are summarized below.

Firm	(\$)	
	Fees	Disbursements
D&P	720,582	6,247
Lax	97,797	1,583
Young Conaway ⁴	29,057	420
Total	847,436	8,250

2. Detailed invoices are provided in appendices to the affidavits filed by representatives of D&P, Lax and Young Conaway which are provided in Appendices "E", "F" and "G".
3. The average hourly rate for D&P, Lax and Young Conaway for the referenced billing period was \$475, \$659 and \$510, respectively.

⁴ Amounts reflected in USD.

-
4. The Monitor is of the view that the hourly rates charged by Lax are consistent with the rates charged by law firms practicing in the area of insolvency in the Toronto market and that the fees charged are reasonable and appropriate in the circumstances. The Monitor is also of the view that the fees charged by Young Conaway are reasonable and appropriate in the circumstances

8.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make the Order(s) granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "Duff + Phelps Canada Restructuring Inc." The signature is written in a cursive, flowing style.

**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
iMARKETING SOLUTIONS GROUP INC. AND THE
COMPANIES REFERRED TO IN SCHEDULE "A"
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “B”

iMarketing Solutions Group Inc. and Companies Listed on Schedule "A"

Statement of Receipts and Disbursements

For the period ended January 15, 2015

(\$C; unaudited)

Receipts

Sale proceeds	5,407,086
Settlement funds	271,653
Convertible debenture	250,000
Miscellaneous	27,312
	<u>5,956,050</u>

Disbursements

Secured creditor distributions	2,737,000
Net funding - related to the pre and post closing period	1,060,989
DIP repayment	1,043,048
CRO fees, including success fee	369,149
Monitor fees	119,199
HST paid on disbursements	77,604
Legal fees and disbursements	60,897
Tax return preparation	57,870
Sales taxes payable	13,325
Miscellaneous	6,671
	<u>5,545,752</u>
Balance in estate account	<u>410,298</u>

Appendix “C”

THIS UNSECURED CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE PAYOR THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

UNSECURED CONVERTIBLE PROMISSORY NOTE

\$267,674.00

**TWO HUNDRED SIXTY SEVEN THOUSAND SIX HUNDRED
AND SEVENTY-FOUR DOLLARS**

For value received, **iMARKETING DIRECT SOLUTIONS CORPORATION**, corporation governed by the laws of British Columbia and **iMARKETING ACQUISITION, LLC**, a limited liability company governed by the laws of Delaware (each a "**Payor**" or "**Company**" and collectively, the "**Payors**"), jointly and severally, promise to pay to **iMARKETING SOLUTIONS GROUP INC.**, a corporation governed by the laws of Alberta, or its assigns ("**Holder**") the principal sum of **TWO HUNDRED SIXTY SEVEN THOUSAND SIX HUNDRED AND SEVENTY-FOUR DOLLARS (\$267,674.00)** with simple interest on the outstanding principal amount at the rate of 5% per annum. Interest will commence with the date hereof and will continue on the outstanding principal until paid in full or converted. Interest will be computed on the basis of a year of 360 days for the actual number of days elapsed. Interest will be paid in cash on a quarterly basis, or at Payors' option, will be added to the outstanding principal amount. This note (the "**Note**") is issued pursuant to the terms of that certain Asset Purchase Agreement dated as of October 8, 2013 (the "**Agreement**"), as amended. Capitalized terms used but not defined in this Note will have the meaning given such terms in the Agreement.

1. Payments. All payments of interest and principal will be in Canadian dollars. All payments will be applied first to accrued interest, and thereafter to principal.

2. Conversion.

(a) Liquidity Event Conversion. In the event that any Payor consummates a Liquidity Event (as defined below) prior to the Maturity Date (as defined below), Holder, in its sole discretion, may convert the outstanding principal balance of this Note, prior to the closing of the Liquidity Event, into common shares (or equivalent equity interests) of such Payor (the "**Securities**"), with such Securities to be in an amount equal to the Conversion Percentage Interest (as defined below). Further in that regard, the Payors shall provide the Holder with sixty (60) days notice of the closing of any Liquidity Event.

(b) Optional Conversion. Upon written notice ninety (90) days prior to the Maturity Date, Holder, in its sole discretion, may convert the outstanding principal balance of this Note, into the Securities, with such Securities to be in an amount equal to the Conversion

Percentage Interest.

(c) For purposes of this Note, a “*Liquidity Event*” will mean any acquisition of any Company by means of merger or other form of corporate reorganization in which outstanding shares of such Company are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its subsidiary and in which the holders of capital stock (or equivalent equity interests) of such Company hold less than 50% of the voting power of the surviving entity (other than a mere reincorporation transaction or financing transaction) or (ii) a sale of all or substantially all of the assets of any Company.

(d) As used herein, “*Conversion Percentage Interest*” shall refer to the percentage interest of each Company which this Note is convertible into. The Conversion Percentage Interest shall be an amount equal to two and a half percent (2.5%) of the total common shares (or equivalent equity interests) of a Company. Such percentage shall not be diluted as a result of the issuance of any common shares (or equivalent equity interests) of a Company, provided, that the Conversion Percentage Interest shall decrease to two and one-eighth of a percent (2.125%) on a diluted basis, upon the issuance of common shares (or equivalent equity interests) in a Company to management in an aggregate amount not to exceed fifteen percent (15%) of the total outstanding equity interests of such Company.

3. Maturity Date. Unless this Note has been converted in accordance with the terms of Section 2 above, the entire outstanding principal balance and all unpaid accrued interest will become fully due and payable on December 6, 2016 (the “*Maturity Date*”).

4. Statutory Severance and Notice Payments. Pursuant to the Agreement, the Payors have assumed the Transferred Employee Liabilities, including statutory severance and notice payments in the aggregate amount of \$1,600,000. In the event that the statutory severance and notice payments assumed and paid by the Payors as part of the Transferred Employee Liabilities exceed \$1,600,000 within one (1) year following the Closing Date, the Payors shall be permitted to set off the amount paid on account of statutory severance and notice payments against the principal amount outstanding under this Note as at the date of the Payors’ payment. In the event that the Holder chooses to convert the Note following the Payors’ set off of the aforementioned amount, there shall also be a corresponding reduction in the Conversion Percentage Interest to reflect the decreased principal amount outstanding under the Note at the date of conversion. The Payors shall not set off any amounts in excess of the \$1,600,000 on account of statutory severance and notice payments that arise after the one year anniversary of the Closing Date.

5. Prepayment. Payors may prepay this Note, in whole or in part, at any time upon prior written notice to Holder so long as the Holder has not already converted the outstanding principal balance of this Note. Any such prepayment of the Note hereunder shall be in an amount equal to the sum of the outstanding principal amount of the Note and accrued interest then due on the Note.

6. Default. If there will be any Event of Default hereunder, upon written notice to Payors, this Note will accelerate and all principal and unpaid accrued interest will become immediately due and payable. The occurrence of any one or more of the following will constitute

an event of default (“*Event of Default*”):

(a) Payors fail to pay any of the principal amount due under this Note on the date the same becomes due and payable or any accrued interest or other amounts due under this Note on the date the same becomes due and payable;

(b) Any Payor files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(c) An involuntary petition is filed against any Payor (unless such petition is dismissed or discharged within sixty (60) days under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of any Payor.

7. **Governing Law.** This Note will be governed by and construed under the laws of the State of Delaware, without giving effect to conflicts of laws principles.

8. **Miscellaneous.** Any term of this Note may be amended or waived with the written consent of Payors and Holder. This Note may be transferred or assigned by the Holder upon its surrender by Holder to the Payors for registration of transfer, duly endorsed. In such event, this Note will be reissued to, and registered in the name of, the transferee, or a new Note for like principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal will be paid solely to the registered holder of this Note. Such payment will be full discharge of the Payors’ obligation to pay such interest and principal.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Payors have executed this Promissory Note effective as of the first day of November, 2014.

IMKT DIRECT SOLUTIONS CORPORATION

By: _____

Andrew Langhorne
President

iMARKETING ACQUISITION, LLC

By: _____

Thomas H. Ripley
Executive Chairman

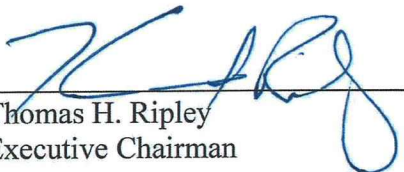
IN WITNESS WHEREOF, the Payors have executed this Promissory Note effective as of the first day of November, 2014.

IMKT DIRECT SOLUTIONS CORPORATION

By: _____
Andrew Langhorne
President

iMARKETING ACQUISITION, LLC

By: _____
Thomas H. Ripley
Executive Chairman



Appendix “D”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, C. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
iMARKETING SOLUTIONS GROUP INC. AND THE COMPANIES REFERRED TO ON
SCHEDULE "A"**

**AFFIDAVIT OF ROBERT KOFMAN
(sworn January 23, 2015)**

I, **ROBERT KOFMAN**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY
AS FOLLOWS:**

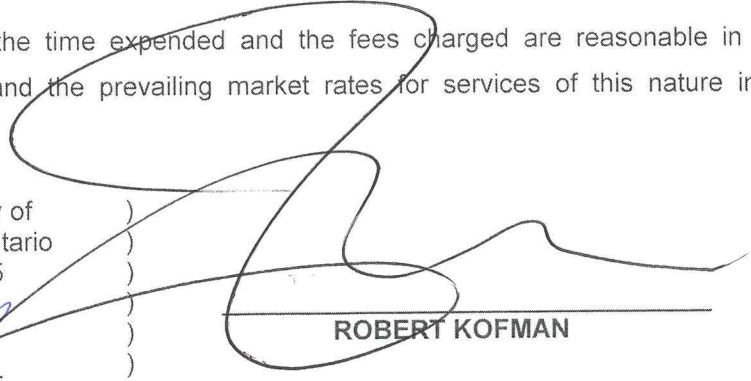
1. I am a Managing Director of Duff & Phelps Canada Restructuring Inc. ("D&P"), the Court-appointed monitor (the "Monitor") of iMarketing Solutions Group Inc. and the companies referred to on Schedule "A" (the "Company"), and as such I have knowledge of the matters deposed to herein.
2. Pursuant to an order of the Ontario Superior Court of Justice ("Court") made on April 12, 2013, the Company was granted protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and D&P was appointed as the Monitor in these proceedings.
3. This Affidavit is sworn in support of a motion seeking, among other things, approval of the Monitor's fees and disbursements for the period August 1, 2014 to December 31, 2014 (the "Period").
4. The Monitor's invoices for the Period disclose in detail: a) the period during which the services were rendered; b) the time expended by each person and their hourly rates; and c) the total charges for the services rendered and disbursements incurred for the relevant time period. Copies of the Monitor's invoices are attached hereto as Exhibit "A" and the billing summary is attached hereto as Exhibit "B".
5. A total of 68.45 hours were expended by the Monitor in connection with this matter during the Period, giving rise to fees totalling \$36,684, excluding disbursements and HST, as summarized in Exhibit "B".

6. As reflected on Exhibit "B", the Monitor's average hourly rate for the Period was \$535.92.

7. I verily believe that the time expended and the fees charged are reasonable in light of the services performed and the prevailing market rates for services of this nature in downtown Toronto.

SWORN before me at the City of
Toronto, in the Province of Ontario
this 23rd day of January, 2015


A commissioner, etc.



ROBERT KOFMAN

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for Duff & Phelps Canada
Restructuring Inc., Trustee in Bankruptcy.
Expires April 11, 2015.

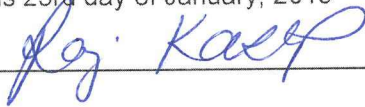
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF ROBERT KOFMAN

Sworn before me

this 23rd day of January, 2015



Commissioner for taking Affidavits, etc

**Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for Duff & Phelps Canada
Restructuring Inc., Trustee in Bankruptcy.
Expires April 11, 2015.**

iMarketing Solutions Group Inc.
6th Floor, 481 University Avenue
Toronto, ON M5G 2E9

September 15, 2014

Invoice#: TP00157062
Client No.: 565401
Reference: 46300
HST: 84563 3304 RT0001

INVOICE

**Re: iMarketing Solutions Group Inc. and Companies Listed on Schedule "A"
(the "Company")**

For professional services rendered for August, 2014, including:

- Corresponding with Illumina Partners Inc. ("CRO") regarding, among other things, the Company's expenses since the closing of the transaction with IMKT Direct Solutions Corporation and iMarketing Solutions Acquisition, LLC (together, the "Purchaser"), tax matters and outstanding estate matters;
- Drafting the Monitor's ninth report to Court ("Ninth Report"), to be filed, regarding, among other things, the Monitor's proposed methodology to allocate the proceeds resulting from the sale to the Purchaser ("Allocation");
- Corresponding on August 6, 2014 with representatives of Shotgun Fund Limited Partnership III regarding the timing of the Company's motion for approval of the Allocation;
- Corresponding with Lax O'Sullivan Scott Lisus LLP, the Monitor's counsel, regarding the Allocation;
- Corresponding with Michael Davis, a director of the Company, regarding the Allocation and his information requests;
- Updating the Monitor's affidavit in connection with its fees and activities for the period April 7, 2013 to July 31, 2014;
- Corresponding with Collins Barrow Toronto US Tax Inc. regarding returns it prepared for the Company;
- Reviewing a letter dated August 14, 2014 from McMillan LLP, counsel to one of the Company's landlords, regarding rent payable for August, 2014 and the status of the Company's security deposit;

- Corresponding with Thornton Grout Finnigan LLP, the Company's counsel, regarding lease disclaimer notices, the Ninth Report and the motion returnable September 22, 2014;
- Reviewing the fee affidavit of Young Conaway Stargatt & Taylor, LLP;
- Reviewing the Company's motion materials in connection with its motion returnable on September 22, 2014;
- Reviewing the Company's funding summaries related to the pre-closing period and/or other estate related costs and corresponding with the Company and the CRO regarding same;
- Issuing payments related to the administration of these proceedings;
- Providing information to the Purchaser related to the Company's July, 2014 HST return;
- Responding to calls and enquiries from creditors regarding the CCAA proceedings; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$ 15,440.75
Legal invoice (Lax invoice dated August 31, 2014, enclosed)	<u>1,801.25</u>
Subtotal	17,242.00
HST	<u>2,241.46</u>
Total	\$ <u>19,483.46</u>

Duff & Phelps Canada Restructuring Inc.
iMarketing Solutions Group Inc. and those entities referred to on Schedule "A"

Time Summary

For the Period August 1, 2014 to August 31, 2014

Personnel	Hours	Rate (\$)	Amount (\$)
Bobby Kofman	6.35	695	4,413.25
Mitch Vininsky	11.00	575	6,325.00
Amanda Bezner	10.80	425	4,590.00
Simon Thean	0.50	225	112.50
Total			<u>15,440.75</u>

SCHEDULE "A"

LIST OF APPLICANTS

iMarketing Solutions Group Inc.
The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
Direct Contact Strategies Inc.
Front Line Support Inc.
iMark Events Inc.
RMG General Partner Inc.
Cabot Call Centre Inc.
Engage Interactive Inc.
RMG Smiths Falls LP
RMG Thunder Bay LP
MLHL Marketing Inc.
MLHL Marketing LP
Xentel Inc. (Delaware)
Wellesley Corporation Inc. (Delaware)
US Billing Inc. (Delaware)
American Graphics & Design Inc. (Wisconsin)
Courtesy Health Watch Inc. (Delaware)
Target Outreach Inc. (Nevada)
Engage Funding Inc. (Delaware)

iMarketing Solutions Group Inc.
6th Floor, 481 University Avenue
Toronto, ON M5G 2E9

October 7, 2014

Invoice#: TP00158507
Client No.: 565401
Reference: 46300
HST: 84563 3304 RT0001

INVOICE

**Re: iMarketing Solutions Group Inc. and Companies Listed on Schedule "A"
(the "Company")**

For professional services rendered for September, 2014, including:

- Corresponding with Illumina Partners Inc. ("CRO") regarding, among other things, the Company's expenses since the closing of the transaction with IMKT Direct Solutions Corporation and iMarketing Solutions Acquisition, LLC (together, the "Purchaser") and tax matters;
- Drafting the Monitor's ninth report to Court ("Ninth Report") dated September 5, 2014, regarding, among other things, the Monitor's proposed methodology to allocate the proceeds resulting from the sale to the Purchaser and the Company's stay extension;
- Corresponding with Lax O'Sullivan Scott Lisus LLP ("Lax"), the Monitor's counsel, and Thornton Grout Finnigan LLP ("TGF"), the Company's counsel, regarding the Ninth Report;
- Updating the Monitor's affidavit in connection with its fees and activities for the period April 7, 2013 to July 31, 2014 and corresponding with Lax regarding same;
- Reviewing the Company's materials in connection with its motion returnable on September 22, 2014 and corresponding with TGF regarding same;
- Corresponding on September 4 and 5, 2014 with Gowling Lafleur Henderson LLP, counsel to CIBC, regarding the Ninth Report;
- Corresponding with the CRO regarding the Company's directors' and officers' insurance;
- Corresponding with the CRO regarding a mutual release between the Company and Michael Davis, a director of the Company;

- Corresponding with TGF regarding the Company's proceedings under Chapter 15 of Title 11 of the *United States Code*;
- Corresponding on September 19, 2014 with Bellmore & Moore LLP, counsel to Shotgun Fund Limited Partnership III, regarding the Company's hearing;
- Attending on September 22, 2014 at the Ontario Superior Court of Justice for the Company's hearing;
- Corresponding on September 23, 2014 with Canada Revenue Agency regarding the Company's unpaid sales tax refunds;
- Issuing payments related to the administration of these proceedings;
- Providing information to the Purchaser related to the Company's August, 2014 HST return;
- Responding to calls and enquiries from creditors regarding the CCAA proceedings; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$ 10,650.00
Disbursements	1.90
Subtotal	<u>10,651.90</u>
HST	<u>1,384.75</u>
Total	<u>\$ 12,036.65</u>

Duff & Phelps Canada Restructuring Inc.
iMarketing Solutions Group Inc. and those entities referred to on Schedule "A"

Time Summary

For the Period September 1, 2014 to September 30, 2014

Personnel	Hours	Rate (\$)	Amount (\$)
Bobby Kofman	6.50	695	4,517.50
Mitch Vininsky	9.60	575	5,520.00
Amanda Bezner	1.00	425	425.00
Simon Thean	0.50	225	112.50
Other staff and administration			75.00
Total			<u>10,650.00</u>

iMarketing Solutions Group Inc.
6th Floor, 481 University Avenue
Toronto, ON M5G 2E9

November 5, 2014

Invoice#: TP00160190
Client No.: 565401
Reference: 46300
HST: 84563 3304 RT0001

INVOICE

**Re: iMarketing Solutions Group Inc. and Companies Listed on Schedule "A"
(the "Company")**

For professional services rendered for October, 2014, including:

- Corresponding with Illumina Partners Inc. ("CRO") regarding, among other things, tax matters;
- Corresponding with Thornton Grout Finnigan LLP ("TGF"), the Company's counsel, regarding the status of the proceedings under Chapter 15 of Title 11 of the *United States Code* and the timing for hearing the Company's motion for recognition of the Order of the Ontario Superior Court of Justice dated September 22, 2014 ("Distribution Order");
- Reviewing the order granted on October 10, 2014 by the United States Bankruptcy Court for the District of Delaware recognizing the Distribution Order;
- Corresponding on October 10, 2014 with Shotgun Fund Limited Partnership III ("Shotgun Fund") regarding the Distribution Order;
- Updating a summary of receipts and disbursements pertaining to the post-closing period;
- Corresponding internally regarding a distribution to the Company's secured creditors and the remaining funds on hand;
- Corresponding with the CRO regarding the Company's cash balance and estimated obligations;
- Attending a meeting on October 17, 2014 with Gowling Lafleur Henderson LLP ("Gowlings"), counsel to CIBC, regarding distribution matters;
- Corresponding with Shotgun Fund regarding the proposed distribution;

- Corresponding internally and with the CRO regarding amounts owing to Canada Revenue Agency;
- Corresponding with the CRO regarding future HST filings;
- Issuing a distribution on October 17 and 22, 2014 to the Company's secured creditors, as authorized by the Court;
- Reviewing a memorandum dated October 21, 2014 from the CRO regarding funds available to make distributions to the Company's secured creditors and corresponding regarding same;
- Corresponding with Gowlings and TGF on October 29, 2014 regarding the assignment of the convertible debenture from iMarketing Direct Solutions Corporation and iMarketing Acquisition, LLC and termination of the stay of proceedings;
- Issuing payments related to the administration of these proceedings;
- Filing the Company's September, 2014 HST return;
- Responding to calls and enquiries from creditors regarding the CCAA proceedings; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$ 7,160.75
HST	<u>930.90</u>
Total	<u>\$ 8,091.65</u>

Duff & Phelps Canada Restructuring Inc.
iMarketing Solutions Group Inc. and those entities referred to on Schedule "A"

Time Summary

For the Period October 1, 2014 to October 31, 2014

Personnel	Hours	Rate (\$)	Amount (\$)
Bobby Kofman	3.35	695	2,328.25
Mitch Vininsky	5.60	575	3,220.00
Amanda Bezner	2.50	425	1,062.50
Simon Thean	2.00	225	450.00
Other staff and administration			100.00
Total			<u>7,160.75</u>

iMarketing Solutions Group Inc.
6th Floor, 481 University Avenue
Toronto, ON M5G 2E9

December 4, 2014

Invoice#: TP00162010
Client No.: 565401
Reference: 46300
HST: 84563 3304 RT0001

INVOICE

**Re: iMarketing Solutions Group Inc. and Companies Listed on Schedule "A"
(the "Company")**

For professional services rendered for November, 2014, including:

- Corresponding periodically with Illumina Partners Inc. ("CRO");
- Reviewing a funding summary prepared by IMKT Direct Solutions Corporation and iMarketing Solutions Acquisition, LLC and corresponding with the CRO regarding same;
- Reviewing the notice of assessment received from Canada Revenue Agency regarding the Company's September, 2014 HST return and corresponding with the CRO regarding same;
- Corresponding with the CRO regarding the Company's cash balance, estimated obligations and reserves;
- Corresponding with the CRO regarding the October, 2014 HST filing;
- Responding to calls and enquiries from creditors regarding the CCAA proceedings; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	1,047.50
Disbursements		18.25
Subtotal		<u>1,065.75</u>
HST		<u>138.55</u>
Total	\$	<u><u>1,204.30</u></u>

Duff & Phelps Canada Restructuring Inc.
iMarketing Solutions Group Inc. and those entities referred to on Schedule "A"

Time Summary

For the Period November 1, 2014 to November 30, 2014

Personnel	Hours	Rate (\$)	Amount (\$)
Bobby Kofman	0.75	695	521.25
Mitch Vininsky	0.30	575	172.50
Amanda Bezner	0.70	425	297.50
Simon Thean	0.25	225	56.25
Total			<u>1,047.50</u>

iMarketing Solutions Group Inc.
6th Floor, 481 University Avenue
Toronto, ON M5G 2E9

January 9, 2015

Invoice#: TP00164115
Client No.: 565401
Reference: 46300
HST: 84563 3304 RT0001

INVOICE

Re: iMarketing Solutions Group Inc. and Companies Listed on Schedule "A"
(the "Company")

For professional services rendered for December, 2014, including:

- Corresponding periodically with Illumina Partners Inc., the Company's chief restructuring officer ("CRO");
- Corresponding with the CRO regarding a schedule prepared by IMKT Direct Solutions Corporation and iMarketing Solutions Acquisition, LLC (together, the "Purchaser") which reconciles the accounts of the Company and the Purchaser for the period subsequent to December 1, 2013;
- Corresponding with the CRO regarding a security deposit with one of the Company's landlords;
- Drafting the Monitor's Tenth Report to Court, to be filed;
- Providing information to the CRO related to the Company's input tax credits for the November, 2014 HST filing;
- Responding to calls and enquiries from creditors regarding the CCAA proceedings; and
- To all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	2,385.00
Disbursements		1.50
Subtotal		<u>2,386.50</u>
HST		<u>310.25</u>
Total	\$	<u><u>2,696.75</u></u>

Duff & Phelps Canada Restructuring Inc.
iMarketing Solutions Group Inc. and those entities referred to on Schedule "A"

Time Summary

For the Period December 1, 2014 to December 31, 2014

Personnel	Hours	Rate (\$)	Amount (\$)
Mitch Vininsky	2.40	575	1,380.00
Amanda Bezner	2.10	425	892.50
Simon Thean	0.50	225	112.50
Total			<u>2,385.00</u>

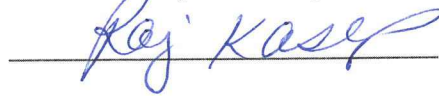
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF ROBERT KOFMAN

Sworn before me

this 23rd day of January, 2015



Commissioner for taking Affidavits, etc

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for Duff & Phelps Canada
Restructuring Inc., Trustee in Bankruptcy.
Expires April 11, 2015.

iMarketing Solutions Group Inc. and Companies Listed on Schedule "A"

Schedule of Professionals' Time and Rates

For the Period from August 1, 2014 to December 31, 2014

Personnel	Title	Duties	Hours	Billing Rate (\$ per hour)	Amount (\$)
Robert Kofman	Managing Director	Overall responsibility	16.95	695	11,780.25
Mitch Vininsky	Managing Director	All aspects of mandate	28.90	575	16,617.50
Amanda Bezner	Associate	Miscellaneous matters	17.10	425	7,267.50
Other staff and administrative			5.50	100-225	1,018.75
Total fees					<u>36,684.00</u>
Total hours					68.45
Average hourly rate					\$ 535.92

Appendix “E”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF iMARKETING SOLUTIONS GROUP INC.
AND THE COMPANIES REFERRED TO IN SCHEDULE "A"

AFFIDAVIT OF TRACY L. WYNNE

I, TRACY L. WYNNE, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am a partner with the law firm of Lax O'Sullivan Scott Lisus LLP ("LOSL"), the lawyers for Duff & Phelps Canada Restructuring Inc., in its capacity as court-appointed CCAA Monitor (the "Monitor") of the Applicants and, as such, have knowledge of the matters contained in this affidavit.

2. This affidavit is sworn in support of a motion to be made in these proceedings seeking, among other things, approval of the fees and disbursements of LOSL in its capacity as legal counsel for the Monitor.

3. The LOSL invoices, which are the for period from August 1, 2014 to October 31, 2014, disclose in detail: (i) the dates on which the services were rendered; (ii) the time expended by each person and their hourly rates; and (iii) the total charges for the services rendered and disbursements

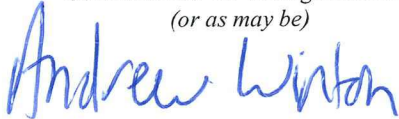
incurred for the relevant time period. The LOSL billing summary is attached hereto as Exhibit "A" and copies of the actual invoices are attached hereto as Exhibit "B".

4. I verily believe that the time expended and the legal fees charged are reasonable in light of the services performed and the prevailing market rates for legal services of this nature in downtown Toronto.

SWORN BEFORE ME at the City of Toronto,
in the Province of Ontario on January 22,
2015

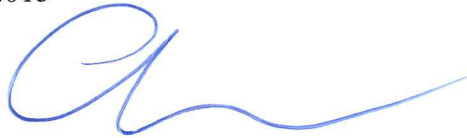


Commissioner for Taking Affidavits
(or as may be)



TRACY L. WYNNE

This is Exhibit "A" referred to in the Affidavit of Tracy L. Wynne
sworn January 22, 2015



Commissioner for Taking Affidavits (or as may be)

Andrew Linton

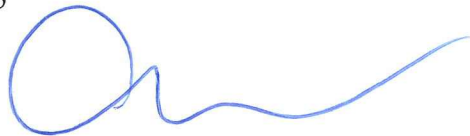
EXHIBIT "A"

LOSL BILLING SUMMARY

MATTER #12757

Date	Timekeeper	Hours	Rate	Amount
Aug /06/14	Matthew Gottlieb	0.30	\$875.00	\$262.50
	Andrew Winton	0.50	\$525.00	\$262.50
Aug /11/14	Matthew Gottlieb	0.90	\$875.00	\$787.50
Aug /12/14	Matthew Gottlieb	0.20	\$875.00	\$175.00
	Andrew Winton	0.20	\$525.00	\$105.00
Aug /15/14	Matthew Gottlieb	0.10	\$875.00	\$87.50
Aug /16/14	Andrew Winton	0.10	\$525.00	\$52.50
Sep /02/14	Andrew Winton	0.10	\$525.00	\$52.50
Sep /04/14	Andrew Winton	0.40	\$525.00	\$210.00
Sep /05/14	Andrew Winton	0.10	\$525.00	\$52.50
Sep /19/14	Andrew Winton	0.40	\$525.00	\$210.00
Sep /22/14	Andrew Winton	1.80	\$525.00	\$945.00
Oct /10/14	Andrew Winton	0.20	\$525.00	\$105.00
Totals		5.3		\$3,307.50

This is Exhibit "B" referred to in the Affidavit of Tracy L. Wynne
sworn January 22, 2015

A handwritten signature in blue ink, consisting of a large, stylized initial 'A' followed by a series of connected loops and a long, sweeping tail that extends to the right.

Commissioner for Taking Affidavits (or as may be)

Andrew Winton



LAX O'SULLIVAN SCOTT LISUS LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

August 31, 2014

Duff & Phelps Canada Restructuring Inc.
Bay Adelaide Centre
333 Bay Street, 14th Floor
Toronto, ON M5H 2R2

Attention: Robert Kofman

File #: 12757

Inv #: 19426

RE: iMarketing Solutions Group Inc. (c.o.b. as IMKT Direct Solutions Corporation)

FOR PROFESSIONAL SERVICES RENDERED to August 31, 2014

<u>SUMMARY OF HOURS & FEES</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Matthew P. Gottlieb	1.50	\$875.00	\$1,312.50
Andrew Winton	0.80	\$525.00	\$420.00
		TOTAL FEES	\$1,732.50
		HST	\$225.23
			<hr/>
		TOTAL FEES and HST	\$1,957.73
		TOTAL DISBURSEMENTS	\$68.75
		HST	\$8.94
			<hr/>
		TOTAL DISBURSEMENTS AND HST	\$77.69
		TOTAL FEES, DISBURSEMENTS and HST	\$2,035.42

<u>DATE</u>	<u>DESCRIPTION</u>	<u>LAWYER</u>	<u>HOURS</u>	<u>AMOUNT</u>
Aug /06/14	Emails re Report; office conference with Andrew Winton; telephone call with Andrew Winton	MPG	0.30	\$262.50
	Review report re allocation; discussion with and email to M. Gottlieb re same	AW	0.50	\$262.50
Aug /11/14	Review report and provide comments; telephone call with Mitch Vininsky	MPG	0.90	\$787.50
Aug /12/14	Emails with Danny Nunes	MPG	0.20	\$175.00
	Emails re draft report and allocation motion	AW	0.20	\$105.00
Aug /15/14	Emails with Danny Nunes	MPG	0.10	\$87.50
Aug /16/14	Emails re allocation motion date	AW	0.10	\$52.50
		HOURS AND FEES	2.30	\$1,732.50
		HST 13%:		225.23
		FEES AND HST:		\$1,957.73
	<u>DISBURSEMENTS</u>			
	Photocopies			\$68.75
		DISBURSEMENTS:		\$68.75
		HST 13%:		8.94
		TOTAL DISBURSEMENTS AND HST:		\$77.69
		TOTAL FEES, DISBURSEMENTS & HST:		\$2,035.42

HST #:886788595
E & O E

Terms: Payment due upon receipt, in accordance with Section 35 of The Solicitors Act. Interest will be charged at the rate of 3.3% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered. Any disbursement not posted to your account on the date of this statement will be billed later.



LAX O'SULLIVAN SCOTT LISUS LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

September 30, 2014

Duff & Phelps Canada Restructuring Inc.
Bay Adelaide Centre
333 Bay Street, 14th Floor
Toronto, ON M5H 2R2

Attention: Robert Kofman

File #: 12757

Inv #: 19630

RE: iMarketing Solutions Group Inc. (c.o.b. as IMKT Direct Solutions Corporation)

FOR PROFESSIONAL SERVICES RENDERED to September 30, 2014

<u>SUMMARY OF HOURS & FEES</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Andrew Winton	2.80	\$525.00	\$1,470.00
TOTAL FEES			\$1,470.00
HST			\$191.10
TOTAL FEES and HST			\$1,661.10
<u>DISBURSEMENTS</u>			
TOTAL DISBURSEMENTS			\$189.17
HST			\$24.59
TOTAL DISBURSEMENTS AND HST			\$213.76
TOTAL FEES, DISBURSEMENTS and HST			\$1,874.86
		AMOUNT OUTSTANDING:	\$2,035.42
		BALANCE DUE:	\$3,910.28

<u>DATE</u>	<u>DESCRIPTION</u>	<u>LAWYER</u>	<u>HOURS</u>	<u>AMOUNT</u>
Sep /02/14	Telephone call with M. Vininsky re motion	AW	0.10	\$52.50
Sep /04/14	Telephone call with M. Vininsky; review draft motion materials	AW	0.40	\$210.00
Sep /05/14	Emails re motion materials	AW	0.10	\$52.50
Sep /19/14	Voicemail from and telephone call with D. Nunes re motion; telephone call with M. Vininsky re same; telephone call with M. Gottlieb	AW	0.40	\$210.00
Sep /22/14	Prepare for and attend at motion to approve allocation and extend stay; emails re same	AW	1.80	\$945.00
			HOURS AND FEES	2.80
			HST 13%:	191.10
			FEES AND HST:	\$1,661.10
<u>DISBURSEMENTS</u>				
Agency Fees				\$65.00
Courier				\$7.97
Photocopies				\$116.20
			DISBURSEMENTS:	\$189.17
			HST 13%:	24.59
			TOTAL DISBURSEMENTS AND HST:	\$213.76
			TOTAL FEES, DISBURSEMENTS & HST:	\$1,874.86
			AMOUNT OUTSTANDING:	\$2,035.42
			BALANCE DUE:	\$3,910.28

HST #:886788595

E & O E

Terms: Payment due upon receipt, in accordance with Section 35 of The Solicitors Act. Interest will be charged at the rate of 3.3% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered. Any disbursement not posted to your account on the date of this statement will be billed later.



LAX O'SULLIVAN SCOTT LISUS LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
Tel: 416 598 1744 Fax: 416 598 3730

October 31, 2014

Duff & Phelps Canada Restructuring Inc.
Bay Adelaide Centre
333 Bay Street, 14th Floor
Toronto, ON M5H 2R2

Attention: Robert Kofman

File #: 12757

Inv #: 19856

RE: iMarketing Solutions Group Inc. (c.o.b. as IMKT Direct Solutions Corporation)

FOR PROFESSIONAL SERVICES RENDERED to October 31, 2014

<u>SUMMARY OF HOURS & FEES</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Andrew Winton	0.20	\$525.00	\$105.00
TOTAL FEES			\$105.00
HST			\$13.65
TOTAL FEES and HST			\$118.65
<u>DISBURSEMENTS</u>			
TOTAL DISBURSEMENTS			\$1.50
HST			\$0.20
TOTAL DISBURSEMENTS AND HST			\$1.70
TOTAL FEES, DISBURSEMENTS and HST			\$120.35
AMOUNT OUTSTANDING:			\$1874.86
BALANCE DUE:			\$1,995.21

<u>DATE</u>	<u>DESCRIPTION</u>	<u>LAWYER</u>	<u>HOURS</u>	<u>AMOUNT</u>
Oct /10/14	Receive and review U.S. approval order; emails re same	AW	0.20	\$105.00
			HOURS AND FEES	\$105.00
			HST 13%:	13.65
			FEES AND HST:	\$118.65
	<u>DISBURSEMENTS</u>			
	Photocopies			\$1.50
			DISBURSEMENTS:	\$1.50
			HST 13%:	0.20
			TOTAL DISBURSEMENTS AND HST:	\$1.70
			TOTAL FEES, DISBURSEMENTS & HST:	\$120.35
			AMOUNT OUTSTANDING:	\$1874.86
			BALANCE DUE:	\$1,995.21

HST #:886788595

E & O E

Terms: Payment due upon receipt, in accordance with Section 35 of The Solicitors Act. Interest will be charged at the rate of 3.3% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered. Any disbursement not posted to your account on the date of this statement will be billed later.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
iMARKETING SOLUTIONS GROUP INC.

Court File No.: CV-13-10067-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

AFFIDAVIT OF TRACY L. WYNNE

LAX O'SULLIVAN SCOTT LISUS LLP

Counsel

Suite 2750, 145 King Street West
Toronto, ON M5H 1J8

Matthew P. Gottlieb (LSUC #32268B)

Andrew Winton (LSUC #544731)

Tel: (416) 598-1744

Fax: (416) 598-3730

Lawyers for the Monitor,
Duff & Phelps Canada Restructuring Inc.

Appendix “F”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, C.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
iMARKETING SOLUTIONS GROUP INC. AND THE COMPANIES REFERRED TO IN
SCHEDULE "A"**

**AFFIDAVIT OF MATTHEW B. LUNN
(sworn January 22, 2015)**

I, **MATTHEW B. LUNN**, of the City of Wilmington, State of Delaware, United States of America, **MAKE OATH AND SAY:**

1. I am a partner with the law firm of Young Conaway Stargatt & Taylor, LLP ("Young Conaway"), counsel for Duff & Phelps Canada Restructuring Inc., in its capacity as the Court-appointed monitor (the "Monitor") for iMarketing Solutions Group Inc. and those other companies listed on Schedule "A" attached hereto, and as such, have knowledge of the matters herein deposed to.

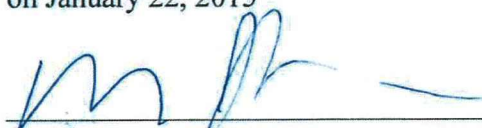
2. I hereby confirm that attached as Exhibit "A" hereto is a list of the invoices for fees and expenses related to the services rendered by Young Conaway to the Monitor in connection with the above-referenced proceeding for the period commencing on August 22, 2014, through and including December 31, 2014.

3. Attached as Exhibit "B" hereto is a summary of additional information with respect to the aforementioned invoices, indicating all members of Young Conaway who worked on this matter for the period indicated, their admission to the bar (where applicable), their hourly rates, and the aggregate blended hourly rate. I confirm that the list represents an accurate summary of such information.

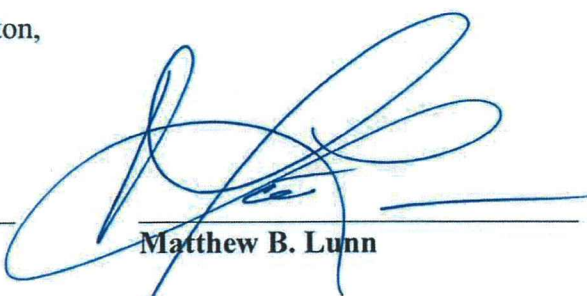
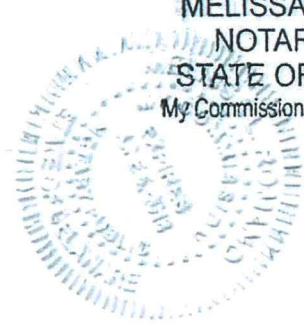
4. Attached as Exhibit "C" hereto are true copies of Young Conaway's invoices for the above-noted periods. I confirm that these invoices accurately reflect the services provided by Young Conaway in this matter for these periods and the fees and disbursements claimed by it for such periods.

5. Young Conaway's hourly rates and disbursements are consistent with those in the market for these types of matters

SWORN BEFORE ME at the City of Wilmington,
State of Delaware, United States of America,
on January 22, 2015



MELISSA L. ROMANO
NOTARY PUBLIC
STATE OF DELAWARE
My Commission Expires June 5, 2018



Matthew B. Lunn

SCHEDULE "A"

List of Applicants

iMarketing Solutions Group Inc.
The Responsive Marketing Group Inc.
GWE Consulting Group (USA) Inc.
Direct Contact Strategies Inc.
Front Line Support Inc.
iMark Events Inc.
RMG General Partner Inc.
Cabot Call Centre Inc.
Engage Interactive Inc.
RMG Smiths Falls LP
RMG Thunder Bay LP
MLHL Marketing Inc.
MLHL Marketing LP
Xentel Inc. (Delaware)
Wellesley Corporation Inc. (Delaware)
US Billing Inc. (Delaware)
American Graphics & Design Inc. (Wisconsin)
Courtesy Health Watch Inc. (Delaware)
Target Outreach Inc. (Nevada)
Engage Funding Inc. (Delaware)

EXHIBIT "A"

List of Invoices of Young Conaway

Date of Account	Fees	Costs	Total
January 21, 2015	\$565.00	\$2.50	\$567.50

EXHIBIT "B"

Blended Rate Table for Young Conaway

Name	Year of Call	Billing Rate 2014	Number of Hours Worked	Total Dollar Amount Billed
Matthew B. Lunn	2001	555.00	0.3	166.50
Donald J. Bowman	2004	440.00	0.8	352.00
Beth Olivere	N/A	155.00	0.3	46.50
Total:			1.40	\$565.00

Summary of Aggregate Fees and Disbursements
(excluding unbilled additional fees and costs)

Fees:	\$565.00
Disbursements	2.50
Total:	\$567.50

Blended Rate: (excluding Disbursements)	
\$565.00 ÷ 1.4 hours =	<u>\$403.57</u>

EXHIBIT "C"

Invoice of Young Conaway Stargatt & Taylor, LLP

YOUNG CONAWAY STARGATT & TAYLOR, LLP

(302) 571-6600
(800) 253-2234 (DE ONLY)

RODNEY SQUARE
1000 NORTH KING STREET
WILMINGTON, DELAWARE 19801

(302) 571-1253 FAX
www.ycst.com

P.O. BOX 391
WILMINGTON, DELAWARE 19899-0391

TAX I.D. No. 51-0082644

Writer's Direct Dial

Writer's E-Mail

(302) 571-6699

mnestor@ycst.com

RE: iMarketing Solutions Group, Inc. Chapter 15

January 21, 2015
File No. 072181.1001
Bill No. 40378736

CURRENT INVOICE

Professional Services Rendered Per Attached	\$565.00
Costs Advanced	2.50
	<hr/>
TOTAL DUE ON CURRENT INVOICE	\$567.50

YOUNG CONAWAY STARGATT & TAYLOR, LLP

Duff & Phelps Corp.
File No. 072181.1001

Invoice No. 40378736

January 21, 2015

FOR SERVICES RENDERED

<u>DATE</u>	<u>DESCRIPTION</u>	<u>ID</u>	<u>HOURS</u>
09/29/2014	Review Motion for Order Recognizing Distribution	MLUNN	0.30
09/29/2014	Review Foreign Representative Motion to Enforce Canadian Order Granting Stay Extension and Approving Distribution [D.I. 39]	DBOWM	0.80
09/29/2014	Review and evaluate incoming pleadings and correspondence for distribution to co-counsel and client	BOLIV	0.10
10/10/2014	Review and evaluate incoming pleadings and correspondence for distribution to co-counsel and client	BOLIV	0.20
TOTAL FOR SERVICES			<hr/> \$565.00

YOUNG CONAWAY STARGATT & TAYLOR, LLP

Duff & Phelps Corp.
File No. 072181.1001

Invoice No. 40378736

January 21, 2015

SERVICES RECAP

<u>TIMEKEEPER</u>	<u>HOURS</u>	<u>AMOUNT</u>
Matthew B. Lunn	0.30	166.50
Donald J. Bowman	0.80	352.00
Beth Olivere	0.30	46.50
TOTAL FOR SERVICES	1.40	\$565.00

DISBURSEMENTS RECAP

<u>SUMMARIZED DISBURSEMENTS BY CATEGORY</u>	<u>AMOUNT</u>
Reproduction Charges	2.40
Docket Retrieval / Search	0.10
TOTAL DISBURSEMENTS	\$2.50

YOUNG CONAWAY STARGATT & TAYLOR, LLP

(302) 571-6600
(800) 253-2234 (DE ONLY)

RODNEY SQUARE
1000 NORTH KING STREET
WILMINGTON, DELAWARE 19801

(302) 571-1253 FAX
www.ycst.com

P.O. BOX 391
WILMINGTON, DELAWARE 19899-0391

TAX I.D. No. 51-0082644

Writer's Direct Dial

Writer's E-Mail

(302) 571-6699

mnestor@ycst.com

Invoice Date: January 21, 2015

Invoice No. 40378736

File No. 072181.1001

For Professional Services Rendered Through December 31, 2014

Professional Services	\$565.00
Disbursements	<u>2.50</u>
TOTAL AMOUNT DUE	<u>567.50</u>

This invoice is payable upon receipt. Please return this page with your remittance.

OR

WIRE (ACH) FUNDS TO:

TD Bank, Wilmington, DE

Wire ABA# 031101266 or ACH ABA# 031201360

Account # 7863476938

Account Name: Young Conaway Stargatt & Taylor, LLP

Please include your Invoice # 40378736 and/or File # 072181.1001 for identification.