



**Report to Creditors of
The Sanderson-Harold Company Limited
c.o.b. as Paris Kitchens**

November 22, 2022

**By KSV Restructuring Inc.
as Proposal Trustee**

Contents		Page
1.0	Introduction.....	1
1.1	Meeting to Consider the Proposal	2
1.2	Purposes of this Report.....	2
1.3	Currency	2
1.4	Restrictions	3
2.0	Background	3
2.1	Overview	3
3.0	The Proposal	5
3.1	Purpose and Effect.....	5
3.2	Classes of Creditors	5
3.3	Treatment of Claims	5
3.4	Proposed Distributions	6
3.5	Voting on and Distributions from the Proposal.....	6
3.6	Proposal Conditions	6
3.7	Other Proposal Terms	7
3.8	Acceptance and Approval of the Proposal.....	7
4.0	Preferences and Transfers at Undervalue	8
5.0	Rationale for Acceptance of the Proposal	8
6.0	Conclusion and Recommendation	9

Appendices

Appendix	Tab
Proposal	A
Certificate	B
Proof of Claim form, Proxy, Voting Letter & Instruction Letter	C
Notice of Proposal to Creditors	D
Statement of Affairs summary.....	E
List of Creditors	F



COURT FILE NO.: 31-2835198

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO

PROPOSAL TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

NOVEMBER 22, 2022

1.0 Introduction

1. This report ("Report") has been prepared by KSV Restructuring Inc. ("KSV") pursuant to Section 50(10)(b) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA"), in its capacity as proposal trustee (the "Proposal Trustee") in connection with a Notice of Intention to Make a Proposal (the "NOI") filed on May 31, 2022 (the "Filing Date") by The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens (the "Company") pursuant to Section 50.4(1) of the BIA.
2. The principal purpose of the NOI proceeding was to create a stabilized environment to provide the Company an opportunity to continue a sale process for its business and assets (the "Sale Process") that was commenced prior to this NOI proceeding, or to restructure its business, so that the Company could formulate a proposal to its creditors which provides for distributions superior to the recoveries that creditors would otherwise receive in a bankruptcy.
3. On November 11, 2022, the Company filed a proposal (the "Proposal") with the Official Receiver in accordance with Section 62(1) of the BIA, and a Certificate of Filing a Proposal (the "Certificate") was issued by the Office of the Superintendent of Bankruptcy (Canada) ("OSB") on November 14, 2022. Copies of the Proposal and the Certificate are attached as Appendices "A" and "B", respectively.
4. As set out in this Report, the Company is of the view that an orderly wind-down of its business and realization of its remaining assets is likely to generate superior recoveries for creditors than if the Company becomes bankrupt, which is the outcome if the Proposal is not accepted by creditors (in accordance with statutory requirements, as discussed below) or approved by the court overseeing this proceeding (the "Court").

1.1 Meeting to Consider the Proposal

1. The details of the creditors' meeting to consider and vote on the Proposal to be held pursuant to Section 51(1) of the BIA (the "Meeting") are as follows:

Date: December 2, 2022

Time: 2:00 p.m. (EST)

Location: to be convened virtually via Zoom:

<https://us06web.zoom.us/j/86290583035?pwd=SmVYSmRMdkJuU2RQbFdBQ3IEbXhHQT09>

2. As described below, to vote on the Proposal, a creditor of the Company must file a proof of claim with the Proposal Trustee prior to the Meeting. Creditors can vote at the Meeting by attending in person (virtually) or by submitting voting letters to the Proposal Trustee prior to the Meeting. Creditors can also vote by way of proxy and can identify the Proposal Trustee as their proxy.
3. The claims package containing a proof of claim form, proxy, voting letter and instruction letter are provided in Appendix "C". Creditors should read the instruction letter to understand the voting procedures, including the procedure to register claims with the Proposal Trustee.
4. The Proposal Trustee's Notice of Proposal to Creditors, a summary of the Company's Statement of Affairs and a list of creditors are attached as Appendices "D", "E" and "F", respectively.

1.2 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) summarize the material terms of the Proposal;
 - c) discuss the Company's ability to complete the Proposal;
 - d) provide the Proposal Trustee's opinion as to the reasonableness of the provision in the Proposal that sections 95 to 101 do not apply in respect of the Proposal, as such explanation is required pursuant to Section 50(10)(b) of the BIA;
 - e) compare the result for creditors under the Proposal to the result if the Proposal is not accepted and the Company is deemed to have made an assignment in bankruptcy; and
 - f) provide the Proposal Trustee's recommendation that creditors vote to accept the Proposal.

1.3 Currency

1. All references to currency in this Report are in Canadian dollars.

1.4 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company's representatives, the books and records of the Company and discussions with representatives of the Company. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report.
2. Any party wishing to place reliance on the Company's financial information should perform its own due diligence. Future oriented Information relied upon in this Report is based on assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV accepts no responsibility for any reliance placed by any party on the Company's financial information.

2.0 Background

2.1 Overview

1. The Company is privately owned and was incorporated under the *Business Corporations Act* (Ontario). It has been operating since 1902.
2. The Company has been owned by the Wolfman family since 1964. Morrie Wolfman was the President from that time until his retirement in 2019, when his son, Larry, assumed the role of President.
3. The Company is a manufacturer of medium to high-end kitchen and bath cabinets. It designs, manufactures and services custom kitchen and bath cabinetry for many of the most prominent and reputable residential low-rise and high-rise builders in the Greater Toronto Area and Southern Ontario.
4. The Company's head office is located at 245 West Beaver Creek Rd, Unit #2, Richmond Hill, which it leases from Diazo Investments Limited ("Diazo"), a related party. The head office is 12,600 square feet and includes a showroom.
5. At the commencement of the NOI proceeding, the Company had approximately 150 full-time employees, approximately half of which are unionized and work at the Company's plant located in Paris, Ontario. Since the Filing Date, the number of employees has declined as a result of terminations and resignations.
6. The Company's unionized employees are members of United Brotherhood of Carpenters Ontario Industrial Counsel, Carpenters Local 1072. Foremen, persons ranked above foreman, office and sales staff are not union members.

7. The Company commenced the NOI proceeding to address the significant financial losses it incurred in recent years due to several factors, including the economic slowdown resulting from the Covid-19 pandemic, rising material costs, supply chain issues and construction strikes, among others.
8. The Company sells to high-rise and low-rise developers. The margins on high-rise developments are significantly lower than on low-rise developments. The Company took on high-rise contracts to address the overall slowdown in the construction sector prior to and during the pandemic. These contracts resulted in significant financial losses due to their slim margins and construction inefficiencies resulting from installing cabinets in high-rise projects.
9. Since the start of the NOI proceeding, the Company has been completing its contracts in process. The Company has now completed delivery and installation of substantially all its remaining kitchens and is working with its customers to complete outstanding service work, which the Company believes will facilitate collecting accounts receivable.
10. The Sale Process initially focused on finding a going-concern buyer. When it became apparent that a going-concern transaction could not be completed, the Company, with the assistance of the Proposal Trustee, engaged a realtor to market for sale the Company's real property, which comprised two locations in Paris, Ontario, known as the "Spruce Property" and the "Railway Property" (together, the "Paris Properties"). The Railway Property is the Company's manufacturing facility. The Company mainly used the Spruce Property for storage.
11. The Sale Process for the Paris Properties was highly competitive and several bids were received over multiple rounds of bidding. The Company, with the assistance of the Proposal Trustee, selected the combination of offers that provided for the highest purchase price.
12. As at the Filing Date, the Company's secured creditors included:
 - a) Bank of Montreal ("BMO"), which was owed approximately \$3 million and had a general security interest over the Company's assets and a collateral mortgage on the Paris Properties;
 - b) Pillar Capital Corp. ("Pillar"), which had a senior ranking mortgage registered against title to the Paris Properties and was owed approximately \$2 million as of the Filing Date. Pillar also had security over the Company's other assets, which ranked subordinate to BMO; and
 - c) Diazo, a related party, which has made a claim for approximately \$1.46 million¹ (the "Diazo Claim").

¹ Includes amounts owed for unpaid rent and accrued interest thereon. The Proposal Trustee is currently reviewing the amounts claimed by Diazo.

13. On September 23, 2022, the Court approved sale transactions for the Paris Properties and certain other assets, as well as distributions to BMO, Pillar and Diazo. The sale transactions were completed in October 2022. BMO and Pillar have been repaid in full, and, to date, Diazo has been repaid \$350,000.
14. Prior to making the above distributions, the Proposal Trustee's legal counsel, Aird & Berlis LLP, confirmed the validity and enforceability of each secured creditor's security, subject to standard assumptions and qualifications.

3.0 The Proposal²

1. This section of the Report provides an overview of the terms of the Proposal. Creditors are strongly encouraged to read the Proposal in its entirety prior to voting on the Proposal. Creditors are encouraged to discuss the terms of the Proposal with their legal counsel. A copy of the Proposal is provided in Appendix "A".

3.1 Purpose and Effect

1. The overall purpose of the Proposal is to provide the Company with the opportunity to:
 - a) complete an orderly wind-down of its business, which is intended to maximize recoveries for Affected Creditors with Proven Claims;
 - b) provide creditors with a recovery greater than they could expect to receive in a bankruptcy; and
 - c) effect releases in respect of Affected Claims.

3.2 Classes of Creditors

1. For the purpose of voting on the Proposal, there shall be one class of Unsecured Creditors.

3.3 Treatment of Claims

1. The Proposal is being made to Affected Creditors. Unaffected Claims include:
 - a) the secured claim by Diazo;
 - b) the Directors' Indemnity Claims³; and
 - c) Administrative Fees and Expenses, including the proper fees, expenses and legal fees and disbursements of the Proposal Trustee and the Company.

² Capitalized terms in this section of the Report have the meaning provided to them in the Proposal.

³ Directors' Indemnity Claims means all claims by Directors against the Debtor for indemnity in respect of obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations.

2. The Proposal does not compromise Post-filing Claims (i.e., amounts owing for goods and services provided to the Company during the NOI proceeding). These amounts are to be paid by the Company in the ordinary course of business, on regular trade terms.

3.4 Proposed Distributions

1. On the Implementation Date:
 - a) all Administrative Fees and Expenses incurred to that date which remain unpaid shall be paid in full, in accordance with the BIA;
 - b) the Claims of all Affected Creditors shall be compromised and thereafter each Affected Creditor with a Proven Claim shall receive the following in full satisfaction of its Proven Claim(s), to the extent that there are sufficient funds available from the Liquidation Proceeds for payment thereof:
 - i. following the Preferred Claim Determination Date, the amounts of the Proven Claim of each Preferred Creditor⁴, including the Required Crown Amount, in full satisfaction of their Proven Claims; and
 - ii. following the Ordinary Claim Determination Date, distributions shall be paid to Ordinary Creditors on account of, and in full satisfaction of, their Proven Claims, net of the Administrative Fee Reserve.

3.5 Voting on and Distributions from the Proposal

1. To vote at the Meeting, each Creditor is required to file a valid Proof of Claim with the Proposal Trustee. The Proof of Claim form is attached as Appendix "C". Each Creditor will be entitled to vote the amount which is equal to that Creditor's Proven Claim, or such other amount as may be agreed to by the Trustee for voting purposes at or prior to the Creditors' Meeting.
2. To receive a distribution from the Proposal, a Creditor must submit a valid Proof of Claim prior to the time the Proposal Trustee distributes the funds in accordance with the Proposal, which claims will be determined for distribution purposes in accordance with the relevant provisions of the BIA.

3.6 Proposal Conditions

1. Implementation of the Proposal is conditional upon:
 - a) acceptance of the Proposal by the statutory majority of the Unsecured Creditors as required under the BIA (as described in Section 3.8 below); and
 - b) an order of the Court approving the Proposal.

⁴ Preferred Creditors means Creditors with Proven Claims and which are, subject to the rights of secured creditors, required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation, the Required Employee Amount, which is the amounts owing to employees under Section 136(1)(d) of the BIA, plus wages and commissions between the Filing Date and Court approval of the proposal.

3.7 Other Proposal Terms

1. Other material terms of the Proposal are summarized below:
 - a) forthwith after the Creditors' Meeting, the Proposal Trustee shall give notice to every Person with an Affected Claim of which the Proposal Trustee has notice or knowledge but whose claim has not been filed, that if such Person does not file its claim within a period of thirty (30) days after the mailing of the notice, the Trustee will proceed to declare a dividend without regard to such Person's claim and the dividend referred to in said notice shall be deemed a final dividend and any Person so notified who does not provide its claim within the said thirty (30) day period shall be barred from making a claim in this Proposal, subject to any exceptions set out in subsections 149(2)(3) and (4) of the BIA;
 - b) at the Meeting, the Creditors may appoint up to five (5) Inspectors whose powers will be limited to:
 - i. advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims; and
 - ii. advising the Proposal Trustee from time-to-time with respect to any other matter that the Proposal Trustee may refer to them.
 - c) the Company, with the consent of the Proposal Trustee, may propose an alteration or modification to the Proposal prior to the conclusion of the Creditors' Meeting if such provision improves the terms of the Proposal;
 - d) interest will not accrue or be paid on Affected Claims after or in respect of the period following the Filing Date and no Creditor with an Affected Claim will be entitled to any interest in respect of such Claim accruing on or after or in respect of the period following the Filing Date; and
 - e) upon the Implementation Date, each and every Director shall be released and discharged from any and all Director Claims. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are performed⁵.

3.8 Acceptance and Approval of the Proposal

1. For the Proposal to be accepted, two-thirds in dollar value and over 50% in number of the Unsecured Creditors present and voting, in person or by proxy, must vote in favour of the Proposal.
2. Rejection of the Proposal by the creditors will result in the Company immediately being deemed to have made an assignment in bankruptcy.
3. Upon being accepted by creditors, the Proposal must be approved by the Court. If the Court does not approve the Proposal, the Company is deemed to have made an assignment in bankruptcy.

⁵ Larry Wolfman is the Company's sole Director.

4.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties under the BIA, the Proposal Trustee conducted a review of the Company's bank statements and cancelled cheques for the twelve-month period (the "Review Period") immediately preceding the commencement of the NOI proceeding to identify transactions that could be considered preferences or transfers at undervalue. The focus of the Review Period was transactions greater than \$10,000. The Proposal Trustee's review did not identify any transactions that in its view could be considered a preference or transfer at undervalue.
2. Article 8.1 of the Proposal provides that Sections 95 to 101 of the BIA, being the relevant sections under the BIA dealing with transactions that may be challenged by a Proposal Trustee, do not apply to the Proposal and may not be relied upon by the creditors or by the Proposal Trustee. Therefore, by voting in favour on the Proposal, creditors will be giving up their right to pursue any of the remedies under these sections of the BIA.
3. As the Proposal Trustee did not identify any transactions that could be considered a preference or transfer at undervalue during the Review Period, the Proposal Trustee is of the view that Article 8.1 of the Proposal is reasonable.

5.0 Rationale for Acceptance of the Proposal

1. The Proposal Trustee is of the view that the Proposal provides a superior outcome for the Company's creditors compared to a bankruptcy.
2. The Company's primary objective is to complete its orderly wind-down process so that it can maximize recoveries for creditors.
3. As noted above, the Company will be deemed bankrupt if the Proposal is not accepted and approved by the creditors.
4. For the following reasons, the Proposal Trustee is of the view that the Proposal provides for the most efficient manner to wind-down the Company's business and that by doing so, creditors are likely to receive recoveries greater than they would in a bankruptcy:
 - a) in a bankruptcy, operations could be discontinued immediately, making it impossible for the Company to complete numerous ongoing projects for which significant accounts receivable are owing to the Company;
 - b) if the Company does not complete its remaining projects, customers may assert damage claims against the Company, which they would likely seek to set off against the accounts receivable they owe to the Company, which could materially impair recoveries to creditors;

- c) in a bankruptcy, the licensed insolvency trustee (the “Bankruptcy Trustee”) takes control of the business and replaces management, and all of the Company’s remaining employees would be automatically deemed terminated. While the Bankruptcy Trustee could then rehire some or all employees, there are potentially significant legal issues which may impact its willingness or ability to hire these employees, thereby making it more difficult (if not impossible) to complete the wind-down in a bankruptcy than in the Proposal; and
 - d) if it is possible to wind-down the business in a bankruptcy, the Bankruptcy Trustee would oversee the wind-down process. The costs of the Bankruptcy Trustee and its legal counsel significantly exceed the cost of retaining management to oversee the wind-down. Accordingly, the professional costs of a bankruptcy could materially exceed those if the Proposal is implemented.
5. The Proposal Trustee estimates that the projected recoveries from the orderly wind-down process described herein will range from \$1.2 million to \$2.2 million, before any further distributions to creditors, including Diazo. The Proposal Trustee notes that there is significant uncertainty as to the ultimate recoveries at this time, and accordingly, the recovery range may vary materially. The Proposal Trustee, however, believes that recoveries are likely to be greater if the Proposal is implemented than if the Company becomes bankrupt.

6.0 Conclusion and Recommendation

1. For the reasons detailed in this Report, the Proposal Trustee recommends that creditors vote to accept the Proposal.
2. If Affected Creditors vote in favour of acceptance of the Proposal, the Proposal Trustee will forthwith seek the Court’s approval. As at the date of this Report, a date has not been booked with the Court to seek approval of the Proposal. The Proposal Trustee will provide notice to Affected Creditors no later than 15 days prior to the Court approval motion. This information will also be posted on the Proposal Trustee’s website: <https://www.ksvadvisory.com/experience/case/paris>.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

District of Ontario
Division No. 09 — Toronto
Court No. BK-22-02835198-0031
Estate No.: 31-02835198

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO**

RECITALS

WHEREAS The Sanderson-Harold Company Limited (the “Debtor”) filed a Notice of Intention to Make a Proposal (“NOI”) with the Office of the Superintendent of Bankruptcy on May 31, 2022;

AND WHEREAS KSV Restructuring Inc. agreed to act as proposal trustee of the Debtor in the NOI proceedings (in such capacity, the “Trustee”);

AND WHEREAS the NOI filing was necessary to provide stability to the Debtor and allow the Debtor, with the assistance of the Trustee, to continue a sale process for the Debtor’s assets and business that commenced prior to the NOI proceeding;

AND WHEREAS on September 23, 2022, the Court granted orders approving the sale of certain of the Debtor’s assets and business, which transactions have been completed;

AND WHEREAS the Debtor, with the assistance of the Trustee, will complete the Liquidation of the Debtor’s remaining assets with the intention of the making a distribution to its Creditors in accordance with the terms of this Proposal.

PROPOSAL

The Debtor hereby submits the following Proposal to all of its Creditors pursuant to Part III of the BIA.

ARTICLE 1 - DEFINITIONS

1.1 Definitions

In this Proposal (including in the Recitals above):

- (a) “Administrative Fees and Expenses” means the proper fees, expenses and legal fees and disbursements of the Trustee and the Debtor on and incidental to the negotiation, preparation, presentation, consideration, Court approval of, and implementation of the Proposal and all proceedings and matters relating to or arising out of the Proposal including, without limitation, any meeting or meetings of creditors to consider the Proposal;
- (b) “Administrative Fee Reserve” means an amount determined by the Trustee to be maintained on account of Administrative Fees and Expenses required to complete the administration of the Proposal by the Trustee;
- (c) “Affected Claims” means all Claims which are not Unaffected Claims;
- (d) “Affected Creditor” means a Creditor having an Affected Claim;
- (e) “Approval Order” means an Order of the Court approving the Proposal;
- (f) “BIA” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and in force as at the NOI Filing Date;
- (g) “Business Day” means each day other than a Saturday or Sunday or a statutory or civic holiday on which banks are open for business in Toronto, Ontario, Canada;
- (h) “Canada Pension Plan” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (i) “Claim” means:
 - (i) any right of any Person against the Debtor in connection any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence on, or which is based in whole or in part on any act, omission or fact that occurred or existed prior to the Filing Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, under-secured, unsecured, present, future, direct or indirect, known or unknown, by guarantee, by surety or otherwise, at law or in equity, and whether or not such a right is executory in including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action;
 - (ii) a claim against Directors of the Debtor that is based in whole or in part on facts, events or matters which existed or occurred on or before the NOI Filing Date and that relates to the obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations. Director Claims do not include claims that relate to: (a) contractual rights of one or more Creditors arising from contracts with one or more Directors; or (b) wrongful or oppressive conduct by Directors (each, a “Director Claim”); and
 - (iii) any right or claim of any Person against the Debtor, whether or not made, in connection with any indebtedness, liability or obligation of any kind whatsoever

owed by the Debtor to such Person arising out of the restructuring, disclaimer, repudiation, rescission, termination or breach of any lease, contract or other arrangement, agreement or obligation (whether oral or written) by the Debtor on or after the NOI Filing Date.

- (j) “Court” means the Ontario Superior Court of Justice (Commercial List) (in Bankruptcy and Insolvency);
- (k) “Creditor” means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf of or in the name of such Person;
- (l) “Creditors’ Meeting” means any meeting of the Affected Creditors called for the purpose of considering and voting upon the Proposal;
- (m) “Creditors’ Meeting Date” means 10:00 a.m. on the date and time as may be called by the Trustee in consultation with the Official Receiver;
- (n) “Debtor” has the meaning ascribed to it in the Recitals above;
- (o) “Directors” means the present and former directors of the Debtor;
- (p) “Directors’ Indemnity Claims” means all claims by Directors against the Debtor for indemnity in respect of obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations;
- (q) “Employment Insurance Act” means the *Employment Insurance Act*, S.C. 1996, c. 23, as amended;
- (r) “Implementation Date” means the date upon which the conditions set forth in Section 9.3 have been satisfied;
- (s) “Income Tax Act” means *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (t) “Inspectors” means one or more Inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (u) “Levy” has the meaning ascribed to it in Section 4.5 of the Proposal.
- (v) “Liquidation” means the liquidation of the Debtor’s remaining assets, which shall be overseen by the Trustee;
- (w) “Liquidation Proceeds” means the proceeds of the Liquidation, net of the direct costs of the Liquidation, together with the proceeds of the Debtor’s accounts receivable and any other assets of the Debtor;
- (x) “NOI Filing Date” means May 31, 2022;
- (y) “Official Receiver” shall have the meaning ascribed thereto in the BIA;

- (z) “Ordinary Claim Determination Date” means the date on which the validity of all Proofs of Claim filed by Ordinary Creditors has been finally determined in accordance with the BIA;
- (aa) “Ordinary Creditors” means Creditors with Proven Claims, except for those Claims that:
 - (i) are Claims by Preferred Creditors; or
 - (ii) are Unaffected Claims.
- (bb) “Person” means any individual, general or limited partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency, regulatory body or instrumentality thereof, or any other entity howsoever designated or constituted;
- (cc) “Preferred Claim Determination Date” means the date on which the validity of all Proofs of Claim filed by Preferred Creditors has been finally determined in accordance with the BIA;
- (dd) “Preferred Creditors” means Creditors with Proven Claims and which are, subject to the rights of secured creditors, required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation, the Required Employee Amount (for greater certainty a Person can be both a Preferred Creditor and an Unsecured Creditor in respect of distinct Claims);
- (ee) “Priority Creditor Cash Amount” means the cash amount necessary to pay and satisfy: (i) the Affected Claims of Preferred Creditors, including the Required Employee Amount; and (ii) the Required Crown Amount, to be delivered by the Debtor to the Trustee within five (5) Business Days of the Preferred Claim Determination Date;
- (ff) “Proof of Claim” shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting;
- (gg) “Proposal” means this proposal together with any amendments or additions thereto;
- (hh) “Proven Claim” of a Creditor means the amount of the Affected Claim of such Creditor finally determined in accordance with BIA;
- (ii) “Required Employee Amount” means an amount equal to the amount employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, would be qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor became bankrupt on the NOI 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 travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor’s business during the same period;
- (jj) “Required Crown Amount” means all amounts outstanding at the time of the filing of the NOI to Her Majesty in Right of Canada or a Province and that are of a kind that could be subject to a demand under,

- (i) subsection 224(1.2) of the *Income Tax Act*;
- (ii) 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*, and of any related interest, penalties or other amounts; or
- (iii) 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:
 - A. 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
 - B. 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;
- (kk) "Secured Creditors" means "secured creditors" as defined in Section 2 of the Act;
- (ll) "Secured Claims" means Proven Claims of Secured Creditors, in their capacity as such;
- (mm) "Trustee" has the meaning ascribed to it in the Recitals above, or its duly appointed successor or successors;
- (nn) "Unaffected Claims" means Secured Claims (to the extent of the value of the Secured Claim only), the Directors' Indemnity Claims and the Administrative Fees and Expenses;
- (oo) "Unsecured Creditors" means, collectively, the Preferred Creditors and the Ordinary Creditors; and
- (pp) "Voting Letter" shall mean the voting letter required by Section 51(1) of the BIA to be mailed to each known Creditor prior to the Creditors' Meeting.

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

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 which is a Business Day.

1.5 Time

All times expressed herein are local time in Toronto, Ontario, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Toronto, Ontario, Canada.

1.6 Numbers, Gender

In the Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2 - PURPOSE OF THE PROPOSAL

2.1 Purpose of the Proposal

The purpose of this Proposal is to allow the Debtor to effect its orderly wind down to maximize recoveries and is designed to allow the Debtor to distribute the net proceeds of its estate to the Affected Creditors with Proven Claims in the expectation that all Affected Creditors will derive greater benefit from the wind-down than they would otherwise receive from a bankruptcy of the Debtor, and to distribute the Liquidation Proceeds in accordance with the priorities set out herein.

The Proposal applies to all Affected Creditors, whether or not any such Affected Creditor proves a Claim against the Debtor under this Proposal. This Proposal provides for the payment in full of Required Crown Amounts, if any, as required by s. 60(1.1) of the BIA, and of Required Employee Amounts, if any, required by s. 60(1.3) of the BIA. This Proposal does not provide for the payment of any equity claims. This Proposal does not affect Unaffected Claims.

ARTICLE 3 - CLASSIFICATION OF CREDITORS

3.1 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtor shall be comprised of one class of Unsecured Creditors.

ARTICLE 4 - TREATMENT OF CREDITORS

4.1 Administrative Fees and Expenses

On the Implementation Date, all Administrative Fees and Expenses incurred to that date which remain unpaid shall be paid, in full, in accordance with the BIA.

4.2 Compromise of Claims and Distribution for Proven Claims

The Claims of all Affected Creditors shall be compromised on the Implementation Date and thereafter each Affected Creditor with a Proven Claim shall receive the following in full satisfaction of its Proven Claim(s), to the extent that there are sufficient funds available from the Liquidation Proceeds for payment thereof:

- (a) following the Preferred Claim Determination Date, the amounts of the Proven Claim of each Preferred Creditor, including the Required Crown Amount, in full satisfaction of their Proven Claims; and
- (b) following the Ordinary Claim Determination Date, the balance of the Liquidation Proceeds, net of the Administrative Fee Reserve, shall be paid to Ordinary Creditors on account of, and in full satisfaction of, their Proven Claims.

4.3 Interest on Claims

Interest will not accrue or be paid on Affected Claims after or in respect of the period following the NOI Filing Date and no Creditor with an Affected Claim will be entitled to any interest in respect of such Claim accruing on or after or in respect of the period following the NOI Filing Date.

4.4 Required Crown Amount

In the event that the Trustee determines that the Preferred Claim Determination Date will occur more than six (6) months from the date of Court approval of the Proposal, the Required Crown Amount shall be remitted by the Trustee to Her Majesty in Right of Canada from the Liquidation Proceeds within six (6) months of the date of Court approval of the Proposal.

4.5 Superintendent of Bankruptcy Levy

The Office of the Superintendent of Bankruptcy shall be paid its prescribed levy by the Debtor from payments to Ordinary Creditors and to Preferred Creditors, as required by sections 60(4) and 147 of the BIA (the “Levy”).

4.6 Post-filing Claims

Post-filing Claims, if any, shall be paid in full by the Debtor in the ordinary course of business, on regular trade terms, with the approval of the Trustee.

ARTICLE 5 - PROCEDURE FOR VALIDATION OF CLAIMS

5.1 Allowance or Disallowance of Claims by the Trustee

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the BIA. The Trustee shall have the power and authority to determine the validity of all claims made against the Debtor.

5.2 Claims Bar Process

Forthwith after the Creditors’ Meeting, the Trustee shall give notice pursuant to section 149 of the BIA to every Person with an Affected Claim that the Trustee has notice or knowledge but whose claim has not been filed, that if such Person does not file its proof of claim within a period of thirty (30) days after the mailing of the notice, the Trustee will proceed to declare a dividend without regard to such Person’s claim and the dividend referred to in said notice shall be deemed a final dividend and any Person so notified who does not provide its proof of claim within the said thirty (30) day period shall be barred from making a claim in this Proposal, subject to any exceptions set out in subsections 149(2)(3) and (4) of the BIA.

ARTICLE 6 - MEETING OF CREDITORS

6.1 Creditors’ Meeting

On the Creditors’ Meeting Date, the Trustee shall hold the Creditors’ Meeting in order for the Creditors to consider and vote upon the Proposal.

6.2 Time and Manner of Meeting

The Creditors’ Meeting shall be held at a time and in a manner, including by video-conference, to be established by the Trustee in consultation with the Official Receiver, or the nominee thereof, and confirmed in its notice of meeting to be mailed by the Trustee pursuant to the BIA. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the BIA and any Order which may be issued by the Court in respect of the procedure governing the Creditors’ Meeting, but in any event shall be no later than twenty-one (21) days following the filing of the Proposal with the Official Receiver.

6.3 Conduct of Meetings

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

6.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with Section 52 of the BIA.

6.5 Voting by Creditors

To the extent provided for herein, each Creditor will be entitled to vote to the extent of the amount which is equal to that Creditor's Proven Claim, or such amount as may be agreed to by the Trustee for voting purposes at or prior to the Creditors' Meeting (dollar amounts to be voted by Creditors in accordance with the foregoing are referred to as "**Voting Claims**").

6.6 Approval by Creditors

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

6.7 Appointment of Inspectors

At the Creditors' Meeting, the Creditors may appoint up to five (5) Inspectors whose powers will be limited to:

- (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims; and
- (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

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

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

6.8 Valuation of Claims

The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

ARTICLE 7 - COMPLETION OF THE PROPOSAL

7.1 Discharge of Trustee

Upon distribution by the Trustee of the balance of the Liquidation Proceeds, net of the Administrative Fee Reserve, as contemplated in Section 4.2(b), the Trustee shall have discharged its duties as Trustee, the Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder.

The Trustee is acting in its capacity as Trustee under the BIA and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any liabilities or obligations in connection with the Proposal or in respect of the business or obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute wilful misconduct or gross negligence.

7.2 Completion of the Proposal

The payment, compromise, extinguishment or other satisfaction of any Affected Claim under the Proposal will be binding upon each Affected Creditor, its heirs, executors, administrators, successors and assigns, for all purposes, and as and from the Implementation Date all Affected Claims shall be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Proposal.

ARTICLE 8 - PREFERENCES, TRANSFERS AT UNDER VALUE, ETC.

8.1 Sections 95-101 of the BIA

Sections 95-101 of the BIA and any provincial statute related to preferences, fraudulent conveyances, transfers at undervalue, or the like shall not apply to this Proposal.

8.2 Recourse

As a result of and in accordance with Section 8.1 hereof and all of the rights, remedies, recourses and Affected Claims described therein:

- (a) all such rights, remedies and recourses and any Affected Claims based thereon shall be completely unavailable to the Trustee or any Creditor against the Company, any other Creditor or any other person whatsoever; and

- (b) the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Affected Claims based thereon against the Company, any other Creditor or any other persons.

ARTICLE 9 - MISCELLANEOUS

9.1 Modification of Proposal

The Debtor, with the consent of the Trustee, may propose an alteration or modification to the Proposal prior to the conclusion of the first Creditors' Meeting called to consider the Proposal.

9.2 Consents, Waivers and Agreements

As at 12:01 a.m. on the Implementation Date, each Creditor will be deemed to have:

- (a) executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Proposal in its entirety;
- (b) waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor that has occurred on or prior to the Implementation Date;
- (c) agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with effect from, the Implementation Date) and the provisions of the Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) released the Debtor, the Trustee, the Directors, and all of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein.

9.3 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Unsecured Creditors; and

- (b) approval of the Proposal by the Court pursuant to a final and non-appealable Approval Order.

9.4 Release

Upon the Implementation Date, each and every Director shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without consideration from any and all Director Claims. This release shall have no force or effect if the Debtor goes bankrupt before the terms of the Proposal are performed.

9.5 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of such Claims.

9.6 Notices

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

- (a) if to the Debtor:

c/o CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

George Benchetrit
E-mail: george@chaitons.com

- (b) if to a Creditor, to the address or email address for such Creditor specified in the Proof of Claim filed by Creditor or, if no Proof of Claim has been filed, to such other address or email address at which the notifying party may reasonably believe that the Creditor may be contacted; and

- (c) if to the Trustee:

KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9

Bobby Kofman / Jordan Wong
Email: bkofman@ksvadvisory.com / jwong@ksvadvisory.com

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

9.7 Further Assurances

Each of the Persons named or referred to in, or subject to, this Proposal will execute and deliver all such documents and instruments and do all such actions 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 herein.

9.8 Assignment of Claims

No assignment of a Claim by an Affected Creditor is effective to give the assignee any rights in respect of the Proposal unless written notice of the assignment is given to the Debtor and the Trustee in accordance with the requirements of Section 9.6. The assignment of the Claim will not be effective for a period of five (5) Business Days from the date of effective receipt of the notice of assignment by the Debtor and by Trustee as determined in accordance with Section 9.6.

9.9 Foreign Currency Obligations

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

9.10 Applicable Law

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

9.11 Non-Severability

It is intended that all material provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any material provision or provisions of the Proposal is or are found by the Court to be void, voidable or

unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

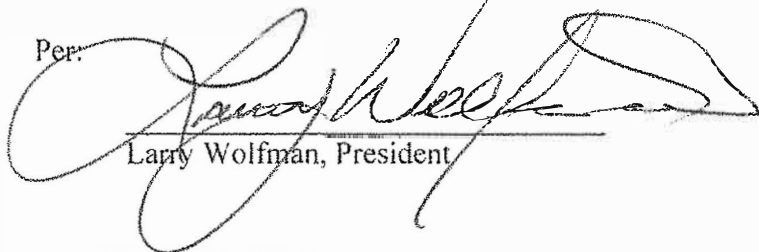
9.12 Annulment

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

DATED at the City of Toronto, in the Province of Ontario, this 10th day of November, 2022.

THE SANDERSON-HAROLD COMPANY LIMITED

Per:



Larry Wolfman, President

Appendix “B”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2835198
Estate No. 31-2835198

In the Matter of the Proposal of:

The Sanderson-Harold Company Limited

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of Proposal:	November 11, 2022	Security:	\$
Meeting of Creditors:	December 02, 2022, 14:00 Meeting ID:86290583035 Passcode:896157 150 King St West, Suite 2308 Toronto, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: November 22, 2022, 11:16

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

Appendix “C”



Bankruptcy and Insolvency Act ("Act")

Proof of Claim

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

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

Creditor Name: _____	Telephone: _____
Address: _____	Fax: _____
Account No.: _____	Email: _____

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.

I, _____ (name of creditor or representative of the creditor), of _____ (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor)).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of 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) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. *(The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)*
4. *(Check and complete appropriate category.)*
 - A. UNSECURED CLAIM OF \$ _____**
(other than as a customer contemplated by Section 262 of the Act)
That in respect of this debt, I do not hold any assets of the debtor as security and *(Check appropriate description.)*
 - Regarding the amount of \$ _____, I do not claim a right to a priority.
 - Regarding the amount of \$ _____, I claim a right to a priority under Section 136 of the Act. *(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 set out on the attached sheet(s). *(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 set out on the attached sheet(s). *(Give full particulars of the claim, including the calculations upon which the claim is based.)*

Bankruptcy and Insolvency Act ("Act")

Proof of Claim

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

- 5. That, to the best 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.
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 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 Subsection 2(1) of the Act: (Provide details of payments, credits and transfers at undervalue.)
7. (Applicable only in the case of the bankruptcy of an individual.)
[] Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under Section 68 of the Act, I request to be informed, pursuant to Paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
[] I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to Subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____

Witness

Creditor

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.
WARNINGS: A trustee may, pursuant to Subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

DIRECTIONS FOR COMPLETION OF THIS FORM ARE ON THE REVERSE SIDE

GENERAL PROXY

(Paragraphs 51(1)(e) and 66.15(3)(b) and Subsection 102(2))

In the matter of the bankruptcy) (or proposal) of _____ a bankrupt (or an insolvent)
I (or We), _____ (name of creditor), of _____ (name of city, town or village), a creditor in the above matter, hereby appoint _____, of _____, to be my (or our) general proxy in the above matter except as to the receipt of dividends, with (or without) power to appoint another general proxy in his or her place.

DATED AT _____ this _____ day of _____, _____

Witness

Individual Creditor OR Name of Corporate Creditor

Witness

Per:
Name and Title of Signing Officer

CHECKLIST FOR PROOF OF CLAIM

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

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

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

General

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

Notes:

- It is permissible to file a proof of claim by fax.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors consists of at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote through an authorized agent or mandatary at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate box or boxes at the bottom of the proof of claim form, you may request that the trustee advise you of any material change in the financial situation of the bankrupt or the amount the bankrupt is required to pay into the bankruptcy, and a copy of the trustee's report on the discharge of the bankrupt.

Paragraph 1

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

Paragraph 3

- The amount owing must be set out in paragraph 3.
- A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

Paragraph 4

- **Paragraph A** applies to *ordinary unsecured claims*. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to Section 136 of the Act.
- **Paragraph B** applies to lessor claims in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- **Paragraph C** applies to *secured claims*. Please indicate the dollar value of the security and attach copies of the security document. In addition, please attach copies of the security registration documents, where appropriate.
- **Paragraph D** applies to *inventory claims of farmers, fishermen and aquaculturists*. Please note that such claims apply only to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreements and delivery slips.
- **Paragraph E** applies to *claims by wage earners*. Please note that such claims apply only for unpaid wages owed upon the bankruptcy of an employer or when the employer becomes subject to a receivership.
- **Paragraph F** applies to *claims by employees for unpaid amounts regarding pension plans*. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- **Paragraph G** applies to *claims against directors*. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- **Paragraph H** applies to *claims of customers of a bankrupt securities firm*. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.

Paragraph 5

- All claimants must indicate whether or not they are related to the debtor, as defined in Section 4 of the Act, or dealt with the debtor in a non-arm's-length manner.

Paragraph 6

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - a) Within the three (3) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor are not related;
 - b) Within the twelve (12) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor were not dealing at arm's length.

APPOINTING PROXY

Note: The Act permits a proof of claim to be made by a duly authorized representative of a creditor but, in the absence of a properly executed proxy, does not give such an individual the power to vote at the first meeting of creditors nor to act as the proxyholder of the creditors.

General

- In order for duly authorized persons to have a right to vote, they must themselves be creditors or be the holders of a properly executed proxy. The name of the creditor must appear in the proxy.

Notes:

- A creditor may vote either in person or by proxyholder.
- A proxy may be filed at any time prior to a vote at a meeting of creditors.
- A proxy can be filed with the trustee in person, by mail or by any form of telecommunication.
- A proxy does not have to be under the seal of a corporation unless required by its incorporating documents or its bylaws.
- The individual designated in a proxy cannot be substituted unless the proxy provides for a power of substitution.
- Bankrupts/debtors may not be appointed as proxyholders to vote at any meeting of their creditors.
- The trustee may be appointed as a proxyholder for any creditor.
- A corporation cannot be designated as a proxyholder.

IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED,
OF THE CITY OF RICHMOND HILL,
IN THE PROVINCE OF ONTARIO

Form 37

VOTING LETTER
(Paragraph 51(1)(f) of the *Bankruptcy and Insolvency Act.*)

I/we, _____, creditor,
of _____,

a creditor in the above matter for the sum of \$ _____, hereby request the trustee acting with respect to the Proposal of The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens to record my vote:

PLEASE TICK OFF OR INDICATE YOUR VOTE AS FOLLOWS:

- FOR** the acceptance of the Proposal, as made on the 11th day of November, 2022.
- AGAINST** the acceptance of the Proposal, as made on the 11th day of November, 2022.

DATED at _____, this _____ day of _____, 2022.

Signature of Witness

Signature of individual creditor or person signing on behalf of corporate creditor

Print name of Witness

Print name of individual creditor or name and title of person signing on behalf of corporate creditor

Appendix “D”



ksv advisory inc.

150 King Street West, Suite 2308

Toronto, Ontario, M5H 1J9

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ksvadvisory.com

Estate File No: 31-2835198

**IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED
OF THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

**NOTICE OF PROPOSAL TO CREDITORS
(Subsection 51)**

Take notice that:

1. The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens (the "Company") has lodged with KSV Restructuring Inc. (the "Proposal Trustee") a Proposal pursuant to the *Bankruptcy and Insolvency Act*.
2. A general meeting of creditors to consider the Proposal will be held on the 2nd day of December, 2022 at 2:00 p.m., to be convened via Zoom at:
<https://us06web.zoom.us/j/86290583035?pwd=SmVYSmRMdkJuU2RQbFdBQ3IEbXhHQT09> Meeting ID: 862 9058 3035 Passcode: 896157
3. Enclosed are copies of:
 - The Proposal;
 - A proof of claim form, proxy, instruction letter and voting letter;
 - A condensed statement of the Company's assets and liabilities; and
 - A list of the creditors affected by the Proposal whose claims amount to \$250 or more.
4. To be entitled to vote at the meeting, proofs of claim, proxies (where necessary) and voting letters intended to be used at the meeting must be lodged with the Proposal Trustee prior to the commencement of the meeting.
5. Creditors must prove their claims against the Company in order to share in any distribution of the proceeds realized from the estate.

DATED at Toronto, Ontario, this 22nd day of November, 2022.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
LICENSED INSOLVENCY TRUSTEE**

Appendix “E”

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2835198
 Estate No. 31-2835198

Original Amended

Form 78
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the Matter of the Notice of Intention to Make a Proposal
 of The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens
 of the City of Richmond Hill, in the Province of Ontario

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of Intention, if applicable), on the 31st day of May 2022. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

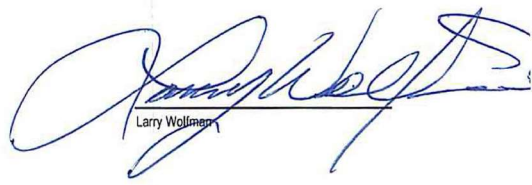
LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	2,826,215.51	1. Inventory	200,000.00
Balance of secured claims as per list "B"	0.00	2. Trade fixtures, etc.	0.00
Total unsecured creditors	2,826,215.51	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	1,456,529.00	Good	2,800,000.00
3. Preferred creditors as per list "C"	0.00	Doubtful	1,000,000.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00	Bad	0.00
Total liabilities	4,282,744.51	Estimated to produce	2,800,000.00
Surplus	NIL	4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
		5. Deposits in financial institutions	0.00
		6. Cash	0.00
		7. Livestock	0.00
		8. Machinery, equipment and plant	0.00
		9. Real property or immovable as per list "G"	0.00
		10. Furniture	0.00
		11. RRSPs, RRIIFs, life insurance, etc.	0.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	0.00
		15. Other property, as per list "H"	0.00
		If debtor is a corporation, add:	
		Amount of subscribed capital	0.00
		Amount paid on capital	0.00
		Balance subscribed and unpaid	0.00
		Estimated to produce	0.00
		Total assets	3,000,000.00
		Deficiency	1,282,744.51

I, Larry Wolfman, of the City of Thornhill in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 11th day of November 2022 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the City of Toronto in the Province of Ontario, on this 11th day of November 2022.



Catherine Theriault, Commissioner of Oaths
 For the Province of Ontario
 Expires February 19, 2025



Larry Wolfman

Appendix “F”

The Sanderson-Harold Company Limited
Creditors List - Proposal
(\$; unaudited)

Creditor	Amount
Secured	
DIAZO INVESTMENT LIMITED, ATTN: LARRY WOLFMAN	1,106,529.00
Unsecured	
13248810 CANADA INC	5,282.37
1738833 ONTARIO INC.	2,096.15
24-7 COURIER INC.	1,791.06
4 OFFICE AUTOMATION LTD.	664.87
A & A FLOOR CLEANING CO. LTD	1,050.90
A.H.M. DESIGNERS LTD.	10,250.02
ABLE-ONE SYSTEMS INC.	274.59
ACCURATE FASTENERS LTD.	1,001.18
AKZO NOBEL WOOD COATINGS LTD	45,819.39
ALL-LIFT LTD	3,365.96
AMANDA VANGROOTEL	1,200.40
ANAZAO INC.	793.26
ANH KITCHENS AND BATHS CORP.	47,799.00
ART FOR EVERYDAY INC., ATTN: JACKIE ALVIA	483.08
ATLANTIC DOORS INC.	46,073.39
AUTOMOTIVE REFINISH TECH.	1,237.05
AXXON PACKING GROUP	3,126.82
BALLANTRY HOMES, ATTN: DOUG BETTS	1.00
BELL CANADA	786.30
BERENSON INC.	25,147.46
BIESSE CANADA, ATTN: MONIQUE LESSARD	1,977.70
BLUM CANADA LIMITED	103,753.39
CABINET SOLUTIONS	13,990.65
CANADA REVENUE AGENCY, ATTN: CARLA NAVARRO	1.00
CANADIAN MOTIVEL INC.	2,796.90
CARPENTER'S DISTRICT COUNCIL OF CANADA	1,563.36
CARQUEST CANADA INC.	8,774.50
CARRIER TRUCK CENTER INC.	15,787.38
CCI / FINISHWORKS	10,722.05
CHARLES JONES INDUSTRIAL LIMITED	6,232.30
CHU, IRENE	27,552.15
CINTAS CANADA LIMITED	543.15
CNC AUTOMATION	866.94
CNC WOODCRAFT LTD.	1,831.22
CORPORATE EXPRESS/STAPLES ADVANTAGE	628.36
CULLIGAN WATER TREATMENT	301.00
CUSTOM SNOW REMOVAL LTD.	22,317.50
D.A.C. CHECKER PRODUCE LTD.	1,101.75
DE LAGE LANDEN FINANCIAL SERVICES CANADA INC	1.00

Creditor	Amount
DEAN ELECTRIC LTD.	723.20
DECOTEC INC.	22,108.45
DELL CANADA INC.	1,803.90
DIAZO INVESTMENT LIMITED, ATTN: LARRY WOLFMAN	1.00
DISTINCTIVE WOOD PRODUCTS INC	31,157.96
DUNK & ASSOCIATES	2,152.65
DUNTRUNE LLP	5,059.58
DUPONT WASTE MANAGEMENT	24,308.09
DURA EDGE INC.	5,936.25
EAM-MOSCA CANADA	5,410.88
EASTWOOD WOOD SPECIALTIES LTD.	16,691.06
EDPRO	496.47
ELDORADO PLYWOOD SPEC. INC.	41,646.73
ELENA USTIMENKO	1,456.20
EMPLOYEES - VARIOUS	1.00
FASTENAL CANADA	1,719.90
FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO	1,000,000.00
GERRITY CORRUGATED PAPER PRODUCTS LTD	7,909.63
GOWLING WLG (CANADA) LLP	2,260.00
HADDAD, KAREN MARIA	16,867.26
HAFELE CANADA INC.	8,046.29
HAYWARD, JUDY	6,482.66
HETTICH CANADA L.P.	1,271.48
HOMAG CANADA INC.	2,302.74
HOME BUILDING CENTRE LTD.	1,686.77
IMPERIAL OIL	6,681.81
INDEPENDENT CORRUGATOR INC	13,338.97
INSIGHT CANADA INC.	2,528.76
K-W GLASS SYSTEMS INC.	10,719.39
KELFORD INDUSTRIAL SALES	10,391.68
LARSEN & SHAW LIMITED	2,438.54
LEXUS FINANCIAL SERVICE	1.00
MANULIFE FINANCIAL	47,411.95
MCFADDEN's HARDWOOD & HARDWARE INC., SHC023	16,199.34
METRIC PACKAGING SOLUTIONS	1,247.52
METRO DOORS & WOODWORKING	145,816.66
MILLER WOODWORKING LTD.	10,601.99
MISTER SAFETY SHOES INC.	935.29
MNP LLP	5,311.00
NEW IMAGE CONSTRUCTION	1,654.32
NUBOLD INDUSTRIES	76,897.00
PHILLIPS, DENISE	9,362.15
PHOENIX REMODELLING INC.	810.21
PLASTI-FAB LTD., ATTN: LAWRENCE LE ROUX	2,993.86
POWER STREAM INC.	1,040.94

Creditor	Amount
PRINTSOL	2,480.35
PRODIGY PERSONNEL LTD., ATTN: MIRANDA FINKELSTEIN	1.00
RADCLIFFE SERVICE INC.	2,068.62
RANDSTAD	7,661.00
RAYETTE FOREST PRODUCTS	26,521.39
RED OAK CUSTOM WOODWORKING LTD.	49,633.83
RICHELIEU HARDWARE LTD.	128,038.54
ROYAL CONTAINERS LTD.	6,983.47
ROYAL DESIGNER TOPS INC.	88,594.79
ROYCE AYR CUTTING TOOLS INC.	6,422.25
RUBBERLINE PRODUCTS LTD.	565.70
S&S FINISHING SYSTEMS	3,247.58
SCM GROUP NORTH AMERICA -US	456.78
SERVICE CANADA RE: WEPP	60,906.28
SHERMAN WILLIAMS C/O D&A GROUP SERVICES	941.29
SIGMA COMPRESSOR INC.	433.97
SPARK POWER HIGH VOLTAGE SERVICES INC.	1,090.45
SW-AUTOMOTIVE FINISHES	941.29
TACOMA WOODWORKS INC.	54,533.80
TENAQUIP LIMITED	3,466.36
THE MASTER PEOPLE LTD.	3,963.48
THE STAFFING EDGE ULC.	18,572.78
TONKIN, DOROTHY	11,313.04
TORONTO LIGHTING SUPPLY INC., ATTN: MIKE LEWIN	921.74
TRI-MACH GROUP INC.	1,514.20
U.B.C. ONTARIO INDUSTRIAL COUNCIL	1.00
UPI ENERGY LP, ATTN: ELISA NUHN	1.00
WANDEROSA WOOD PRODUCTS	302,020.72
WASTE CONNECTIONS OF CANADA	1,086.97
WESTON PREMIUM WOODS INC.	27,605.90
WHITEBIRD / NATIONAL CORRUGATE	14,619.13
WILSON'S OFFICE SOLUTIONS INC.	1,655.93
TOTAL UNSECURED	2,821,133.71

Note: An amount of \$1 indicates that the amount due is undetermined or unknown.