

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF AN APPLICATION

pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as
am, section 101 of the *Courts of Justice Act*, R.S.O.1990, c.C.43 and the *Personal
Property Security Act*, R.S.O. c.P.10

BETWEEN:

**DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee of
DAVINCI CAPITAL PRIVATE DEBT FUND**

Applicant

and

**THE CUSTOM FACTORY CANADA INC.
and ANTONIO PETOSA**

Respondents

MOTION RECORD

(Approval of Activities and Fees and First Report)
(Returnable September 1, 2017)

August 16, 2017

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Lawyers for the receiver

TO: THE SERVICE LIST

AND TO ONTARIO SUPERIOR COURT OF JUSTICE
TORONTO COMMERCIAL LIST

RCP-E 37A (July 1, 2007)

**ONTARIO
SUPERIOR COURT OF JUSTICE
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Court File No. CV-17-11742-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF AN APPLICATION

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BETWEEN:

**DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee of
DAVINCI CAPITAL PRIVATE DEBT FUND**

Applicant

and

**THE CUSTOM FACTORY CANADA INC.
and ANTONIO PETOSA**

Respondents

NOTICE OF MOTION

(Approval of Activities and Fees and First Report)

The receiver will make a motion to a Judge presiding over the Commercial List on Friday,
September 1, 2017 at 10:00 a.m., or as soon after that time as the motion can be heard at the court
house, 330 University Avenue, 7th Floor, Toronto, Ontario, M5G 1R7.

PROPOSED METHOD OF HEARING: The motion is to be heard

- in writing under subrule 37.12.1(1) because it is;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

THE MOTION IS FOR

- I. An order:
 - (a) Approving the actions, activities, and conduct, and findings of the Receiver and its counsel as described in the First Report of the Receiver, dated August 16, 2017;
 - (b) Approving the interim statement of receipts and disbursements of the Receiver, dated August 15, 2017;
 - (c) Approving the professional fees and disbursements of the Receiver and those of its counsel to July 31, 2017 as set out in the fee affidavits filed;
 - (d) Directing Ruditeq Inc. to deliver up to the Receiver forthwith all information, emails, and documents of any kind in its possession or control which relate to the dealings between Ruditeq and the Debtor described in the First Report”;
 - (e) Permitting the Receiver to share documents and information obtained by the Receiver in the course of its investigation which may be material to potential third party claims for fraud or misrepresentation, or claims by creditors against third parties for preferences or transfers at undervalue, on terms and conditions which the Receiver deems advisable; and
 - (f) Such further and other relief as to this Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) On March 22, 2017, Mr. Justice Hainey issued an Order (the “Appointment Order”) appointing Link & Associates Inc. as receiver of the assets and undertakings of The Custom

Factory Canada Inc. (with the exception of the leased premises). The appointment was made under section 243(1) of the *Bankruptcy and Insolvency Act*, and under section 101 of the *Courts of Justice Act*.

- (b) On April 21, 2017, Justice Hainey issued an order (the “Amendment Order”) making minor amendments to the Appointment Order.

Background

- (c) The Respondent debtor corporation, The Custom Factory Canada Inc. (“CFC Inc.”) was in the business of manufacturing and selling custom men’s clothing. The Respondent individual, Antonio Petosa (“Petosa”) was the principal and directing mind of this business and was its sole shareholder.
- (d) On February 17, 2017, the Applicant, DaVinci Capital Partners Inc. (“DaVinci”) entered into a loan agreement with CFC Inc. to provide up to \$850,000 of working capital and a \$300,000 term loan. DaVinci made initial working capital loan advances totaling \$237,432, with the first advance made on February 23, 2017 (\$214,982.50) and the second on February 24, 2017 (\$22,359.50).
- (e) On Tuesday, February 28, 2017, CFC Inc. paid a \$10,000 retainer to the Trustee in Bankruptcy, having first contacted the trustee four or five days prior to that (being approximately the same days that DaVinci was making advances under the loan). Also on this day, approximately \$130,000 is paid out by CFC Inc. to a number of persons and entities, including Petosa’s ex-wife, his girlfriend, his girlfriend’s hair salon, his financial consultant, and to pay off an unsecured TD term loan and a Visa card.

- (f) On Friday, March 3, 2017, CFC Inc. ceased operations. On Saturday, March 4, 2017, CFC Inc. met with the trustee to execute the necessary documents to assign CFC Inc. into bankruptcy. The documents were filed on Monday, March 6, 2017, and a certificate of assignment was issued by the Office of the Superintendent of Bankruptcy on Tuesday, March 7, 2017.
- (g) On March 14, 2017, DaVinci attended the business premises of CFC Inc. as DaVinci had not been able to contact Petosa since the loan advances were made. DaVinci advised the Receiver that on attending the premises, the Landlord told DaVinci representatives that CFC Inc.'s lease had been terminated for non-payment of rent and that the Debtor had removed a large quantity of assets and inventory of CFC Inc. from the premises the previous weekend. Security video has been obtained by the Receiver which documents the removal of these assets.
- (h) In light of these events, DaVinci brought an urgent motion to appoint the Receiver and the Appointment Order issued on March 22, 2017.
- (i) The First Meeting of Creditors in the bankruptcy proceeding was held on March 27, 2017 at the office of the Trustee in Bankruptcy. Petosa did not attend the meeting.

Status of the Receivership and Recovery Efforts

- (j) Based on the proofs of claim filed in the bankruptcy, the Canada Revenue Agency ("CRA") had claims for unpaid payroll taxes of approximately \$187,000 and unremitted HST of approximately \$40,000. The Receiver requested CRA conduct another trust examination

and as a result of that examination the payroll tax assessment is expected to increase to approximately \$300,000.

- (k) The Receiver has collected some of the accounts receivable, and has realised on the remaining inventory. The Receiver obtained an updated appraisal of CFC Inc.'s equipment. The updated appraisal was considerably lower than the original appraisal of five months previous largely because there were approximately 25 fewer pieces of equipment in March 2017 as there had been in October 2016.
- (l) The equipment listed in the appraisal bears a resemblance to equipment sold by a predecessor bankrupt company to an employee of both that company and CFC Inc. Several pieces of equipment listed in the appraisal also appear similar to those allegedly supplied by Ruditeq Inc. using financing from Patriot Equipment Finance Ltd. in November, 2016.
- (m) The appraised forced liquidation value of the equipment that was not subject to a lease and was therefore available for sale was approximately \$37,000. Rather than engaging in an expensive, lengthy, and costly sales process for the equipment (which would have significantly eroded the proceeds available to creditors), the Receiver prepared an information package and circulated it to industry participants and other parties who had expressed an interest in the equipment. The Receiver ultimately sold the equipment for approximately \$29,000 plus HST.
- (n) Based on its investigations, there would appear to be the basis for more than one creditor to claim against Mr. Petosa and others, either on a standalone basis or through claims advanced under section 38 of the *Bankruptcy and Insolvency Act*. Much of the information

and documentation obtained by the Receiver in the course of its investigations would be of assistance to those creditors in advancing the claims. The Receiver is seeking approval from the Court to provide that information and documentation to those creditors.

Preferences and Transfers at Undervalue

- (o) On February 27 and 28 (less than a week following the advance from DaVinci and after having had initial conversations with the trustee in bankruptcy about filing an assignment in bankruptcy), CFC Inc. made payments in the amount of \$131,632 to a number of persons, as well as to TD Bank to repay an unsecured term loan and a Visa card in full.
- (p) The Receiver asked Mr. Petosa to explain the basis for these payments. No satisfactory explanation has been provided. Demands for repayment have been sent out to the recipients of the funds, and \$10,000 has been recovered to date. The demands were sent by registered mail to the addresses set out in the service list, and none of the demands have been returned.
- (q) Another employee who has advised through counsel that he was being paid in cash for the 14 months preceding the bankruptcy, and in the week prior to the bankruptcy he was paid \$15,000 in cash and permitted to remove 10 pieces of equipment in satisfaction of an alleged debt owed to him by CFC Inc. for unpaid wages. The Receiver has demanded repayment of these amounts and return of the equipment.

The Ruditeq Transaction

- (r) On November 8, 2016, CFC Inc. ostensibly leased \$200,000 of equipment supplied by Ruditeq Inc. pursuant to lease financing obtained through Patriot Equipment Finance Ltd.

("Patriot"). Patriot wired funds to Ruditeq on November 23, 2016, and on November 29, 2016, CFC Inc. deposited a \$200,000 bank draft into its operating account. The Receiver has determined that this \$200,000 deposit originated from a Ruditeq bank account.

- (s) Also on November 29, 2016, CFC Inc. used the \$200,000 received from Ruditeq to reduce its overdraft at TD Bank by \$50,000 and to pay out another \$150,000 to five individuals with no apparent connection to the business. No satisfactory explanation has been provided for these payments.
- (t) The equipment allegedly purchased from Ruditeq appears similar to equipment listed on an appraisal of CFC Inc.'s equipment conducted on October 25, 2016, approximately a month before this equipment was supposedly delivered to CFC Inc.
- (u) In light of unsatisfactory and contradictory attempts at explanation from Mr. Petosa, the Receiver requested documentation and information from the owner of Ruditeq Inc., Rudi Kuehnhold, pursuant to the powers of the Receiver under the Appointment Order. The Receiver received no reply.
- (v) On July 17, 2017, counsel to the Receiver was contacted by a lawyer on behalf of Ruditeq Inc. or Mr. Kuehnhold (the lawyer has not served a Notice of Appearance in this matter but has been provided with a courtesy copy of the materials). The lawyer has indicated that Mr. Kuehnhold has information which might be relevant to the Receiver's further inquiries into this transaction, but is concerned that this information may, if disclosed, be used against the Mr. Kuehnhold in future proceedings, civil or otherwise.

- (w) Counsel to the Receiver has advised that the Receiver cannot provide any assurances or protections without direction from the Court. Counsel to the Receiver further advised that despite the Appointment Order containing a provision requiring parties with relevant information to cooperate with the Receiver, the Receiver would nonetheless be seeking an order from the Court specifically requiring Ruditeq and Mr. Kuehnhold to deliver up all information and documentation required by the Receiver.

Professional Fees

- (x) For the period of March 22, 2017 to July 31, 2017, the Receiver's fees and disbursements total \$38,352.20, including HST. For the period ending July 31, 2017, the fees and disbursements of Spark LLP, counsel to the Receiver, total \$13,568.53, including HST.
- (y) The fees, in light of the work set out in this Notice of Motion and the First Report, are fair and reasonable.
- (z) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) The First Report of the Receiver, dated August 16, 2017;
- (b) The fee affidavit of Robert Link, sworn August 16, 2017;
- (c) The fee affidavit of Sanjay Kutty, sworn August 14, 2017;
- (d) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

August 16, 2017

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AND TO: **THE TORONTO-DOMINION BANK**
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Attn: Branch Manager

AND TO: **RUDITEQ INC.**
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RCP-E 37A (July 1, 2007)

IN THE MATTER OF OF AN APPLICATION pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as am, section 101 of the *Courts of Justice Act*, R.S.O.1990, c.C.43 and the *Personal Property Security Act*, R.S.O. c.P.10

DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee of
 DAVINCI CAPITAL PRIVATE DEBT FUND
 Applicant

-and-

THE CUSTOM FACTORY CANADA INC. et al.

Respondents

Court File No. CV-17-11742-00CL

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST**

PROCEEDING COMMENCED AT
 TORONTO

NOTICE OF MOTION

SPARK LLP

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Lawyers for the Court-Appointed Receiver
 Link & Associates Inc.

Court File No. CV-17-11742-00CL

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

B E T W E E N:

DAVINCI CAPITAL PARTNERS INC. in its capacity as trustee of
DAVINCI CAPITAL PRIVATE DEBT FUND

Applicant

-and-

THE CUSTOM FACTORY CANADA INC. and ANTONIO PETOSA

Respondents

**FIRST REPORT OF THE COURT-APPOINTED RECEIVER
LINK & ASSOCIATES INC.**

AUGUST 16, 2017

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- Q. Receiver's Interim Statement of Receipts and Disbursements as at August 15, 2017
- R. Receiver's Fee Affidavit
- S. Fee Affidavit of Counsel to Receiver

INTRODUCTION

1. This is the first report (the “**First Report**”) of Link & Associates Inc., filed in its capacity as the Court-Appointed Receiver (in such capacity, the “**Receiver**”) of The Custom Factory Canada Inc. (the “**Company**” or the “**Debtor**”).
2. The Receiver was appointed pursuant to the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 22, 2017 (the “**Appointment Order**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
3. On April 19, 2017 the Receiver brought a motion to amend the Appointment Order. On April 21, 2017 the Appointment Order was amended by the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Amending Order**”). A copy of the Amending Order is attached hereto as **Appendix “B”**.

Purpose of this First Report

4. The purpose of this First Report is to report on and seek approval from this Honourable Court as to the following:
 - (a) approval of the actions, activities, conduct and findings of the Receiver and its counsel as described in this First Report;
 - (b) to report on the results of the Receiver’s investigation into the circumstances surrounding the Debtor’s voluntary assignment into

bankruptcy and ceasing operations within days after obtaining new loan funding from the Applicant;

- (c) to report on the realization of the Debtor's assets by the Receiver to date;
- (d) approval of the Receiver's Interim Statement of Receipts and Disbursements as at August 15, 2017;
- (e) to seek an order directing Ruditeq Inc. to deliver up to the Receiver forthwith all information, emails and documents of any kind in its possession or control as set out in the Receiver's written demand for same dated June 16, 2017;
- (f) to report on the Receiver's efforts to recover payments made by the Debtor to third parties on the eve of bankruptcy, such payments made by the Debtor constituting preferences or transfers at undervalue as set out herein;
- (g) to seek an order permitting the Receiver to share documents and information obtained by the Receiver in the course of its investigation which may be material to potential third party claims for fraud and/or misrepresentation, or claims by creditors against third parties for preferences or transfers at undervalue, on terms and conditions it deems advisable;

- (h) approval for the professional fees and disbursements of the Receiver and those of its legal counsel to July 31, 2017 as set forward in the fee affidavits filed and attached to this First Report; and
- (i) Such further and other relief as to this Honourable Court may seem just and appropriate.

Notice to Reader

5. In preparing this First Report and making the comments herein the Receiver has relied upon information prepared or provided by the Debtors and from other third-party sources. While the Receiver has no reason to believe that this information is not materially correct, readers should note that the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of this information. In this First Report, nothing of a material nature is believed to turn on the Receiver's reliance upon the information not otherwise audited or reviewed for accuracy.

6. Unless otherwise stated, all dollar amounts set out in this First Report are expressed in Canadian dollars.

BACKGROUND

7. The Debtor was is in the business of manufacturing and selling custom men's clothing. The sole shareholder and director of the Debtor is Antonio Petosa ("**Petosa**").

8. The Applicant, DaVinci Capital Partners Inc. ("**DaVinci**") is a secured creditor of the Debtor. On or about February 17, 2017, the DaVinci and the Debtor entered in to a

loan agreement (the “**Loan Agreement**”) to provide up to \$850,000 of working capital to finance inventory purchases and day to day operations, and a \$300,000 term loan to enable it to purchase new equipment.

9. DaVinci made an initial \$237,342 advance for working capital (\$300,000 gross advance less holdbacks and fees per the Loan Agreement) in two tranches, the first on February 23, 2017 in the amount of \$214,982.50 and the second on February 24, 2017 in the amount of \$22,359.50.

10. Unknown to DaVinci, the Debtor ceased operations on or about Friday, March 3, 2017 and met with Licensed Insolvency Trustee Schwartz Levitsky Feldman Inc. (the “**Trustee**”) on Saturday March 4, 2017 to execute the necessary documents to assign the Debtor into bankruptcy.

11. The bankruptcy assignment was filed on Monday, March 6, 2017 and the certificate of assignment was issued by the Office of the Superintendent of Bankruptcy (“**OSB**”) on Tuesday, March 7, 2017.

12. DaVinci advised the Receiver that it attended at the Premises on March 14, 2017, to attempt to meet with Petosa as it had been unable to contact him since the loan advances were made.

13. DaVinci discovered that the business was closed and that the landlord, Harris Jordan Investments Ltd. (the “**Landlord**”) had terminated the Company’s lease for 50 Wingold Avenue, Toronto, Ontario (the “**Premises**”) for non-payment of rent.

14. The Landlord also informed DaVinci that assets of the Debtor, including inventory and equipment, had been removed from the Premises the prior weekend and that a security video was available which documented same.

15. The Applicant brought an urgent motion for the appointment of a Receiver and the Receiver was appointed on March 22, 2017.

INITIAL ACTIVITIES OF THE RECEIVER

16. On March 24, 2017 the Receiver attended at the Premises to meet with the Landlord and evaluate the remaining assets. The Receiver made arrangements with the Landlord for ongoing access to the Premises to facilitate the marketing and sale of the remaining assets, but did not take possession of the Premises.

Notice and Statement of Receiver

17. In accordance with Section 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”), the Receiver prepared and filed with the Office of the Superintendent of Bankruptcy, and sent to the Trustee, the statutory notice of its appointment (the “**245/246 Notice**”), a copy of which is attached as **Appendix “C”**.

18. The 245/246 Notice included an appropriate disclaimer that the Receiver needed to obtain a legal opinion on the registered security interests and investigate the alleged removal of assets.

19. The 245/246 Notice did not show any accounts receivable as an asset, as the Debtor reported no accounts receivable in its bankruptcy filing and the Receiver had not yet had

an opportunity to gain access to the accounting records in the possession of the Trustee to verify same.

20. The Receiver subsequently obtained the books and records of the Company from the Trustee including the computer which contained the accounting records.

21. The Receiver noted from the proofs of claim filed in the bankruptcy that Canada Revenue Agency had claims for unpaid payroll taxes and unremitted HST that together were approximately \$190,000.

22. The Receiver also understood from the Trustee that there were claims from employees for unpaid wages and vacation pay of approximately \$30,000.

SECURED CREDITORS AND LEGAL OPINION

23. At the date of the Appointment Order the Debtor had the following secured creditors as evidenced by *Personal Property Security Act* searches:

- i) DaVinci Capital Private Debt Fund
- ii) Patriot Equipment Finance Ltd.

24. The origin of the DaVinci loan is set out earlier in this First Report.

25. In November 2016, the Debtor obtained lease financing of \$200,000 from Patriot Equipment Finance Ltd. (“**Patriot**”) for the purchase of equipment (the “**Patriot Lease**”).

26. The Receiver obtained an independent legal opinion from its counsel, Spark LLP, on the validity and enforceability of the DaVinci security agreement (the “**DaVinci Security**”) and the relative priorities between the DaVinci Security and the security held by Patriot (the “**Patriot Security**”).

27. While the Patriot Lease was funded in November 2016, the Patriot Security was not registered at PPSA until February 10, 2017, while the DaVinci Security was registered at PPSA on February 24, 2017.

28. Whether the Patriot Lease is a true lease or a finance agreement, it was for a four-year term and therefore required to be registered at PPSA, and as noted above, was registered two weeks before the DaVinci Security.

29. The Security Opinion identified a deficiency in the Patriot Security, as the Patriot PPSA registration was only made against four (4) of the six (6) pieces of equipment listed on the Patriot Lease. Given this deficiency, it was agreed between Patriot and the Receiver that the proceeds of sale of the two unregistered pieces of equipment would be paid over to the Receiver.

30. Subject to the assumptions, qualifications and discussions contained in the Security Opinion, counsel is of the view that DaVinci holds a properly perfected security interest against the Debtor's assets save and except for the four pieces of equipment that formed part of the Patriot Lease.

31. A copy of the security opinion dated March 31, 2017 (the "**Security Opinion**") is provided in **Appendix "D"** to this First Report.

32. The Receiver subsequently identified a financial transaction which took place on November 29, 2016 between the Debtor and the supplier of the equipment under the Patriot Lease, which raised concerns about the relationship between the Debtor and the equipment supplier. These concerns are set out later in this First Report.

REALIZATION OF ASSETS BY THE RECEIVER

33. The Appointment Order provides that the Receiver is authorized:
- 3(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - 3(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; and
 - ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

34. The results of the Receiver's efforts to realize on the assets of the Debtor are set out below.

Accounts Receivable

35. Upon completing its initial assessment and obtaining information from the Trustee, the Receiver determined that in addition to the equipment and inventory remaining in the Premises, the Debtor also had gross accounts receivable of \$72,893.

36. Upon review of the aging the Receiver estimated that between \$30,000 and \$40,000 of accounts were potentially collectible. It was also determined that some of accounts on the receivable list were previously collected but not recorded in the Company's records.

37. To date the Receiver has collected approximately \$17,000 of accounts receivable. A number of accounts were sent for legal collections/small claims at the end of June, 2017.

Inventory

38. There were no finished goods of any significant quantity left in the Premises at the time of the Appointment Order.

39. Through a review of FedEx Ground shipping manifests, the Receiver traced a shipment of 1,275 shirts sent by courier to a retailer in Calgary, Alberta on March 3, 2017. A shipment of this quantity would have been expected to be in the tens of thousands of dollars but was not recorded in the books and records as a sale or a receivable.

40. The Calgary retailer advised the Receiver that it had been asked by Petosa to take a large shipment of shirts to assist with CFC's liquidity problems, and it agreed to do so at a discounted price of \$35 per shirt. However, the shipment was much larger than expected and included items that the Calgary retailer determined were unsuitable for its clientele and likely not saleable.

41. The Receiver negotiated and completed a sale of the 1,275 shirts to the Calgary retailer for \$31,000 plus applicable taxes on April 20, 2017.

42. There was also a quantity of raw materials (mostly partial bolts of fabric) remaining in the Premises. It was subsequently sold 'en bloc' for \$4,000 plus HST.

Machinery and Equipment

43. To evaluate the machinery and equipment remaining in the Premises, the Receiver obtained an updated appraisal from Century Services Inc. (“**Century**”). Century had previously performed an appraisal for the Company on October 25, 2016. A copy of the original appraisal (equipment schedules only) performed by Century for the Debtor dated October 25, 2016 (the “**Original Appraisal**”) is attached as **Appendix “E”**.

44. A copy of the updated appraisal performed by Century for the Receiver dated March 24, 2017 (the “**Updated Appraisal**”) is attached as **Appendix “F”**.

45. On a forced liquidation value (FLV) basis, Century originally appraised the Debtor’s machinery and equipment (excluding inventory) at \$89,155. In the Updated Appraisal it is down to \$64,730.

46. The reason for the lower value is attributed to there being approximately 25 fewer pieces of equipment at the Premises in March, 2017 than in October, 2016. At this time, it is uncertain whether this reduction can be entirely attributed to the removal of assets which took place on the eve of bankruptcy.

47. The FLV values in both appraisals include the equipment listed on the Patriot Lease. Therefore the FLV of the non-leased machinery and equipment that would be considered available for sale by the Receiver was approximately \$37,000.

48. The quantity and quality of assets did not lend itself to a protracted marketing and advertising campaign, nor an auction, as the costs of auction were projected to consume

the bulk of any recovery, not to mention additional overhead costs of rent and related expenses.

49. The Receiver prepared an information package and circulated it to parties that had expressed an interest in the assets, and to industry participants that the Receiver identified. A copy of the Information Package is attached as **Appendix “G”**.

50. Through the above process, the Receiver sold the fixed assets for net \$26,956.01 plus HST and raw materials inventory for net \$4,000 plus HST, such totals comparing favourably on an item-by-item basis to the values contained within the Century appraisals.

51. The Receiver also collected a further \$1,500 plus HST from Patriot for two pieces of equipment as a result of security registration priority, as described earlier in this First Report.

ASSIGNMENT IN BANKRUPTCY

52. As noted above the Debtor filed a voluntary assignment in bankruptcy. The date of bankruptcy is March 7, 2017.

53. The Trustee confirmed to the Receiver that the bankruptcy documents including the Statement of Affairs sworn by Petosa were actually signed on Saturday, March 4, 2017; however because it occurred on a weekend the documents are dated for the first business day following, which was Monday March 6, 2017.

54. Attached as **Appendix “H”** is the Notice of Bankruptcy and Notice of First Meeting of Creditors dated March 7, 2017, and the Statement of Affairs sworn by Petosa on March 4, 2017 but dated March 6, 2017.

55. The Receiver attended the first meeting of creditors held at the office of the Trustee on March 27, 2017. Petosa did not attend the first meeting of creditors in breach of his duties and a bankruptcy offence under section 198(2) of the BIA.

Concerns Regarding Timing of Bankruptcy

56. On May 26, 2017 the Trustee confirmed by reply email to the Receiver that Petosa first contacted him about making an assignment in bankruptcy for the Company approximately 4 or 5 days prior to paying the Trustee a \$10,000 retainer.

57. The retainer was paid to the Trustee on February 28, 2017, which appears to indicate that Petosa was considering bankrupting the Company at the same time he was receiving new loan funding from DaVinci.

Concerns Regarding Accuracy of Statement of Affairs

58. The Receiver believes that the information provided by Petosa to the Trustee in preparation of the Statement of Affairs sworn by Petosa in the bankruptcy proceeding is materially inaccurate, as follows:

- i) It fails to account for removal of assets on eve of bankruptcy, as documented by security video;
- ii) It fails to list any accounts receivable;

- iii) It significantly understates the debt owed to DaVinci and fails to list major unsecured creditors properly, or at all;
- iv) It shows Petosa is a unsecured creditor for \$120,000
- v) It fails to disclose significant payments made on eve of bankruptcy which appear to be preferences or transfers at undervalue.

59. The Receiver is in possession of security video from the Landlord which documents the removal of a significant amount of inventory, equipment and other assets from the Debtor's Premises over the weekend of March 4 to 5, 2017, following the execution of the bankruptcy documents.

60. The Debtor reported no accounts receivable on its Statement of Affairs. This has been proven incorrect.

61. The DaVinci loan is shown as \$115,000 when it is really \$237,000.

62. The Receiver has received notices and correspondence from three of the Debtor's key suppliers collectively owed in excess of \$100,000 (Albini S.p.A owed \$28,702 USD, Tessitura Monti S.p.A owed \$50,753 and JN Harper owed \$14,000) none of which are listed on the Statement of Affairs. Copies of correspondence and statements from Albini S.p.A., JN Harper and Tessitura Monti S.p.A. are attached as **Appendix "I"**.

63. Petosa is listed on the Statement of Affairs as an unsecured creditor for \$120,000. There is no evidence that Petosa was a creditor at the date of bankruptcy, and in fact quite the opposite as his shareholder loan account shows he owes the Company \$287,100.

INVESTIGATION OF TRANSACTIONS

64. The Receiver identified certain transactions in the Debtor’s banking records which required further investigation, considering the timing of the transactions, the amounts involved, and the sources and uses of funds for each. The Receiver has prepared a chronology of key events and transactions to accompany the following two sections of this First Report, as set out below:

Chronology of Key Events and Transactions

<u>Date</u>	<u>Event</u>
March 7, 2014	Predecessor company The Custom Factory Inc. (“ Oldco ”) files for bankruptcy.
March 28, 2014	Trustee in Bankruptcy of Oldco sells assets of Oldco ‘en bloc’ to Mirjana Baotic (“ Baotic ”), who was an employee of Oldco. Equipment sold to Baotic as described in the bill of sale dated March 28, 2014 is very similar to equipment now owned by The Custom Factory Canada Inc. (“ CFC Inc. ”). Baotic becomes financial controller of CFC Inc.
October 25, 2016	Century Services Inc. (“ Century ”) performs appraisal of CFC Inc. equipment.
November 8, 2016	CFC Inc. obtains commitment for \$200,000 lease financing from Patriot Equipment Finance (“ Patriot ”) to purchase equipment. Equipment to be sourced from equipment broker Ruditeq Inc. (“ Ruditeq ”). Ruditeq issues invoice dated November 8, 2016 directly to Patriot for the equipment.
November 18, 2016	Patriot meets with Antonio Petosa (“ Petosa ”) to sign lease documents.
November 21, 2016	Patriot confirms funding and requests confirmation of delivery and installation date for equipment from Ruditeq.
November 23, 2016	Patriot wires \$200,000 to Ruditeq in payment of Ruditeq invoice and again seeks confirmation of equipment delivery and installation date.
November 29, 2016	\$200,000 is deposited into the operating account of CFC Inc. The source of funds is a bank draft from Ruditeq. Of the \$200,000 deposited, \$50,000 is used to reduce CFC Inc.’s TD Bank overdraft, and \$150,000 paid to various individuals.
December 5, 2016	Patriot asks for update on delivery. Patriot advised by Ruditeq that equipment was delivered to CFC Inc. “last week” and forgot to inform Patriot.
February 17, 2017	DaVinci Capital signs loan agreement with CFC Inc.

<u>Date</u>	<u>Event</u>
February 23/24, 2017	CFC Inc. (Petosa) has initial discussion with trustee in bankruptcy about assigning CFC Inc. into bankruptcy.
February 23, 2017	Initial advance from DaVinci Capital of \$214,982.50 is made to CFC Inc.
February 24, 2017	Second advance of \$22,359.50 is made from DaVinci Capital to CFC Inc.
February 28, 2017	CFC Inc. pays \$10,000 retainer to trustee in bankruptcy and \$131,632 paid out to a number of persons and other entities including paying off unsecured TD loan and Visa card in name of CFC Inc. and Joseph Petosa.
March 3, 2017	CFC Inc. ceases operating.
March 4, 2017	CFC Inc. (Petosa) meets with trustee in bankruptcy to execute bankruptcy documents.
March 4 and 5, 2017	Removal of equipment and inventory from the business premises.
March 6, 2017	Bankruptcy documents are filed with the Superintendent. Employees arrive to locked premises and do not receive final pay.
March 7, 2017	Certificate of assignment in bankruptcy for CFC Inc. is issued by the Superintendent of Bankruptcy.
March 14, 2017	DaVinci representatives attend CFC Inc. business premises and are advised by Landlord that the lease has been terminated for non-payment of rent. Landlord also advises that CFC Inc. had removed inventory and equipment the previous weekend and that there is security video documenting the removal
March 22, 2017	Receiver is appointed.
March 27, 2017	Receiver obtains updated appraisal from Century, and obtains copy of previous Century appraisal performed for CFC Inc. dated October 25, 2016. Receiver notes certain pieces listed on the October 2016 appraisal match equipment allegedly purchased through, and delivered and installed by, equipment broker Ruditeq Inc. in late November / early December 2016.
June 16, 2017	Receiver makes demand on Ruditeq to comply with Appointment Order and deliver up all books and records pertaining to dealings with CFC Inc.
June 23, 2017	Receiver's counsel issues demand letters to various parties for repayment of monies received on the eve of bankruptcy totaling \$131,632.

Transactions between Debtor and Ruditeq Inc.

65. As set out earlier in this First Report, the Debtor obtained equipment financing from Patriot. A copy of the Patriot Lease is attached as **Appendix "K"**.

66. According to Patriot, the equipment being leased to the Debtor was purchased from Ruditeq Inc. (**“Ruditeq”**), an equipment broker located in Toronto. The invoice from Ruditeq to Patriot dated November 8, 2016 (the **“Ruditeq Invoice”**) is attached as **Appendix “L”**.

67. Based upon the invoice date of November 8, 2016, and the fact that Patriot wired funds to Ruditeq on November 23, 2016, the anticipated delivery and installation date of the leased equipment would have been expected to be late November or early December, 2016.

68. According to Claudio Mancuso (**“Mancuso”**), Managing Director of Patriot, he met with Petosa on November 18, 2016 to execute the lease documents.

69. Mancuso advised the Receiver that he spoke directly with the principal of Ruditeq on November 21, 2016 to confirm that the wire payment of \$200,000 was scheduled for release on November 23, 2016 and to confirm when delivery of the equipment would be made so that he could be present at the time of delivery.

70. Mancuso advised the Receiver that he contacted Ruditeq on November 23, 2016 to again seek confirmation of equipment delivery date. According to Mancuso he was told by the principal of Ruditeq that it was in the process of being scheduled and he would be informed once the date was confirmed.

71. Mancuso advised the Receiver that he again contacted the principal of Ruditeq on December 5, 2016 and was told that the equipment had already been delivered to the Debtor

the week prior. When asked why he was not informed, according to Mancuso he was told by the principal of Ruditeq that "it slipped his mind".

Equipment Discrepancies

72. Upon its appointment, the Receiver noted that certain of the pieces of equipment listed on the Ruditeq Invoice and allegedly delivered in late November/early December, are listed in the Original Appraisal dated October 25, 2016.

73. The Receiver has also observed that the some of the equipment allegedly delivered to the Debtor by Ruditeq as described on the Ruditeq Invoice could not be exactly matched by model year or serial number to any equipment located at the Premises.

74. The Receiver has prepared a schedule setting out these discrepancies, shown below:

Asset Description on Ruditeq Invoice November 8, 2016	Closest Matching Asset at Premises March 24, 2017	Receiver's Comments on Discrepancies
2011 Henhai 781 Pic Stitch Machine. No serial number.	2005 Hengtai "HT-781" Hand Stitch Sewing Machine S/N 051635	No serial number and manufacturer name spelled incorrectly on invoice. No evidence of 2011 machine on invoice being delivered.
2011 Feiya 1270 Embroidery Machine S/N 06432	2006 Feiya "CT1201" Single Head Embroidery Machine S/N 06432	Very alarming that year of manufacture and model number on invoice do not match but serial number is an exact match to machine already owned by Company.
2009 Brother "LK3-B448-E" Auto Button Sewer. No Serial Number.	Brother "LK3-B448-E" Button Sewer S/N M9589993	No serial number on invoice. No year of manufacture on machine at Premises. Unable to verify if a match to invoice.
2008 Gerber GTXL Automatic Cutter with Accumark, S/N 911	2008 Gerber "GTXL" Fabric Cutter S/N 911 w/ computerized control	No evidence of delivery or installation. Machine on invoice matches machine already owned by company per Century listing from October 25, 2016.
2011 Juki "LBH-1790S" Button Hole Machine S/N 2LOED00276	Juki "LBH-1790S" Button Hole Machine S/N 2LOED00276	No evidence of delivery or installation. Machine on invoice appears to exactly match serial number of Juki machine already owned by company per Century listing from October 25, 2016.
2009 Brother "BAS-610" Auto Pocket Welt Machine S/N M1688859	Brother "BAS-610" Programmable Pattern Sewing Machine S/N M1588859 w/ Controller	No evidence of delivery or installation. Machine on invoice appears to match machine already owned by company per Century listing from October 25, 2016 except S/N on invoice starts with "M168" and machine at Premises starts with "M158".

75. Furthermore, certain of the equipment listed in the Ruditeq Invoice looks very similar to the assets owned by Petosa's previous company, The Custom Factory Inc.

Assets of Predecessor Company

76. Petosa's previous company, The Custom Factory Inc. ("**Oldco**") filed for bankruptcy on March 7, 2014. It operated from the same Premises as the Debtor.

77. The assets of Oldco were sold by its Trustee in Bankruptcy to an individual named Mirjana Baotic ("**Baotic**") for \$80,000. Baotic was an employee both of Oldco and of the Debtor. Baotic's most recent position with the Debtor was that of Financial Controller.

78. The bill of sale from the Trustee of Oldco to Baotic dated March 28, 2014 (the "**Bill of Sale**") is attached as **Appendix "L"**.

79. The assets of Oldco sold to Baotic are substantially the same as the Debtor's assets. Notably, five of the six pieces of equipment listed on the Ruditeq Invoice also appear to be very similar to those listed on the Bill of Sale.

Transaction between Ruditeq Inc. and Debtor November 29, 2016

80. CFC's bank statements show a \$200,000 deposit to its operating account on November 29, 2016.

81. In a meeting with Petosa, attended by the Trustee, held on April 3, 2017 the Receiver inquired of Petosa the origin of this deposit. Petosa indicated that he could not recall the specifics of the \$200,000 deposit and speculated that it may have been a payment from a customer.

82. The Debtor's accounting records do not identify the source of funds or their purpose. Absent a credible or verifiable explanation from Petosa, the Receiver took steps to obtain a copy of the deposited item from the Debtor's bank branch with Toronto-Dominion Bank ("**TD Bank**").

83. The item that was deposited was a \$200,000 bank draft drawn on the Royal Bank of Canada ("**RBC**"). RBC confirmed to the Receiver that the source of funds was a Ruditeq Inc. bank account. A copy of the fax correspondence from RBC and a copy of the bank draft is attached as **Appendix "M"**.

84. When presented with a copy of the bank draft and further inquiry from the Receiver, Petosa stated in an email reply to the Receiver dated June 16, 2017 that the \$200,000 was actually a loan from Ruditeq to the Company that he personally guaranteed.

85. There is no evidence of a loan between Ruditeq and the Company. When it was pointed out to Petosa by the Receiver that failing to disclose a loan on his sworn Statement of Affairs, particularly one of this magnitude, could constitute a bankruptcy offence, he changed his story again and stated that it was a "personal loan that he personally guaranteed".

86. The entire email string between Petosa and the Receiver, commencing May 25, 2017 and ending June 20, 2017, is attached as **Appendix "N"**.

87. Given the various unverifiable explanations being put forward by Petosa, the Receiver contacted the owner of Ruditeq by telephone on June 16, 2017 and sent e-mail

correspondence the same day with a copy of the Appointment Order, requesting all particulars and documentation pertaining to Ruditeq's dealings with the Debtor.

88. A copy of the email from the Receiver to Rudi Kuehnhold (“**Kuehnhold**”) of Ruditeq Inc., along with a delivery receipt, is attached as **Appendix “O”**.

89. The Receiver followed up for a reply from Kuehnhold on June 29 and again on July 14, 2017.

90. On July 17, 2017, Receiver's counsel was contacted by a lawyer representing Ruditeq, indicating that while his client had information being requested by the Receiver, he was concerned about how the information may be used as evidence against him in future proceedings, civil or otherwise.

91. Receiver's counsel responded that the Receiver cannot provide assurances or protections of the nature being sought.

92. The Receiver believes the unexplained nature of this transaction, and the fact that it took place at the same time Ruditeq was purporting to procure and sell equipment to the Debtor from financing provided by Patriot, for the identical amount of \$200,000, requires further investigation and explanation.

93. The Receiver is seeking an order that Ruditeq be ordered to forthwith deliver up to the Receiver all information and documents required by the Receiver.

Payments Made by Debtor from Proceeds of Ruditeq Deposit

94. From the \$200,000 received by the Debtor from Ruditeq, the Debtor made the following payments same-day:

	Description	Payor/Payee	Amount
29-Nov-16	Deposit	Ruditeq Inc.	200,000.00
			\$ 200,000.00
29-Nov-16	Bank Draft #79661774	Enrico/Teresa Iafolla	50,000.00
29-Nov-16	Bank Draft #79661775	Antonio Sirianni	25,000.00
29-Nov-16	Bank Draft #79661776	Lucia / Saverio Sirianni	50,000.00
29-Nov-16	Bank Draft #79661777	Antonio Sirianni	25,000.00
29-Nov-16	Reduce TD line of credit	TD	50,000.00
			\$ 200,000.00

95. The Receiver notes that the above payments are just outside of the 3 month reviewable period for arms-length transactions.

96. When requested to provide an explanation for the payments to the Iafollas and Siriannis, Petosa stated in an email dated June 2, 2017 that they loaned the Company money *“about two years ago”*.

97. When it was pointed out to Petosa that none of the persons identified by him as having made loans to the company actually appear in the company’s financial records, he stated:

“There had been so many loans to the company by so many people that the book keeper kept them under my name until they were paid, but there were deposits from each one of the people that had made loans to the company”

98. A copy of Petosa's shareholder loan account is attached as **Appendix "P"**. According to this document, Petosa owes the Company \$287,100.85, while the Statement of Affairs states that he is owed \$120,000.

99. There are no deposits to Petosa's shareholder loan account which correlate to loans from third parties to the Company under "his name", however, the payments made on November 29, 2016 totalling \$150,000 were charged to his shareholder loan account.

100. The Receiver intends to demand and seek payment from Petosa for the amount of \$287,100.85 that is due by him to the Company.

PREFERENCES AND TRANSFERS UNDERVALUE

101. From the proceeds of the DaVinci Loan, the Debtor made payments to the following parties which constitute either preferences (payments to creditors) or transfers at undervalue (payments to non-creditors for little or no consideration) within 3 months of the date of bankruptcy.

Date	Description	Payor/Payee	Amount	
23-Feb-17	Loan Advance	DaVinci	214,982.50	
24-Feb-17	Loan Advance	DaVinci	22,359.50	
			\$ 237,342.00	
27-Feb-17	Pay Credit Card	TD Visa	24,191.99	Joseph Petosa (brother) named on card
28-Feb-17	Bank Draft	Mariane Spinosa	15,000.00	Ex-wife of Antonio Petosa
28-Feb-17	Bank Draft	Chantal Begin	11,000.00	Girlfriend of Antonio Petosa
28-Feb-17	Bank Draft	Exalte Le Salon	20,000.00	Edmonton Hair Salon owned by C. Begin
28-Feb-17	Wire Transfer	Michael Iscove	25,050.00	Loan Broker/Advisor
28-Feb-17	Cheque	Joe Di Liso	15,000.00	Former employee
28-Feb-17	Cheque	Lou Vena	10,000.00	Former employee
28-Feb-17	Loan Payment	TD Term Loan	11,390.01	Pay off loan in full (unsecured)
			\$ 131,632.00	

102. The banking records show the receipt of the DaVinci loan proceeds on February 23 and 24, 2017 and immediate disbursement of a significant portion of the loan proceeds on

February 28, 2017 to pay other debts which the Receiver believes are preferences and/or transfers at undervalue.

103. There were no payments made by CFC from the loan advances for business expenses such as rent, fabric suppliers, payroll tax arrears or HST arrears.

104. On June 23, 2017 counsel to the Receiver issued registered mail demands to all of the above recipients.

105. The demand letters sent out by Receiver's counsel were sent to the addresses on the service list for the return of this motion, except in cases where the recipient has since retained counsel, and none were returned as undeliverable.

106. As at the date of this First Report, the Receiver has recovered \$10,000 from one of the recipients.

107. Another one of the recipients acknowledged to the Receiver, through his counsel, that he received not only \$15,000, but also several pieces of equipment, such equipment forming part of the security granted by the Debtor to DaVinci only days earlier.

108. The Receiver acknowledges that for it, or any creditor, to formally litigate claims for preferences or transfers at undervalue pursuant to section 95 and section 96 of the BIA, an order under Section 38 of the BIA will be required.

109. The Receiver notes that it has limited funds available to fund multiple lawsuits, and furthermore that any surplus funds in the possession of the Receiver are subject to the CRA deemed trust for payroll tax arrears.

110. Rather than the Receiver taking further steps to litigate these matters, the Receiver believes that the most prudent course of action is for one or more of the creditors to take proceedings under section 38 of the BIA and pursue the preferences and transfers at undervalue directly, at their cost and for their benefit.

111. In the event one or more creditors wish to make use of section 38 to pursue claims for preference or transfers at undervalue, the Receiver believes it should be permitted and authorized to turn over to such creditor(s) all documents and information pertinent to such claims that came into the Receiver's possession as a result of its investigations and demands for payment.

112. This will permit the Receiver to finalize receivable collections, make a distribution of surplus funds to CRA, and conclude the receivership in a timely manner.

Possible Bankruptcy Offences

113. Based upon the results of the Receiver's investigation, it appears that the following bankruptcy offences may have been committed:

- i) fraudulent disposition of the bankrupt's property before or after the date of the initial bankruptcy event [**S. 198(1)(a) of the BIA**]
- ii) making a false entry or knowingly makes a material omission in a statement or accounting [**S. 198(1)(a) of the BIA**]
- iii) after or within one year immediately preceding the date of the initial bankruptcy event, obtaining any credit or any property by false representations made by the

bankrupt or made by any other person to the bankrupt's knowledge [S. 198(1)(e) of the BIA]

- iv) failure to attend the first meeting of creditors [S. 198(2) of the BIA]
- v) being engaged in any trade or business, at any time within the period beginning on the day that is two years before the date of the initial bankruptcy event and ending on the date of the bankruptcy, both dates included, that person has not kept and preserved proper books of account [S. 200 (1) of the BIA]

114. The Receiver has informed the Office of the Superintendent of Bankruptcy of its concerns regarding the events surrounding the bankruptcy and possible bankruptcy offences, and has requested intervention from the OSB including an investigation by the Debtor Compliance Unit.

OTHER MATTERS

The Receiver has attended to all of its statutory obligations and other matters, as follows:

Canada Revenue Agency

115. Canada Revenue Agency (“CRA”) originally filed a proof of claim in the bankruptcy for unremitted payroll taxes of approximately \$187,000 and HST of approximately \$40,000.

116. Due to the bankruptcy and reversal of priorities, the HST claim loses its deemed trust, as does the employer portion of source deductions, however the deemed trust portion of the original claim (employee portion) is approximately \$127,000.

117. However, the claim of CRA did not include the payroll assessment for 2017 and accordingly the Receiver requested CRA perform a further payroll trust examination.

118. The trust examination was conducted by CRA on July 18, 2017. Based on the discussion with the CRA auditor it appears that the payroll tax assessment will increase to approximately \$300,000.

119. The deemed trust (employee) portion of the gross payroll tax claim is expected to be in excess of \$200,000 once the final assessment has been issued by CRA.

Other Payroll Issues

120. The Receiver discovered several payments to one employee in the weeks prior to bankruptcy classified as “refunds” and another employee has started (through his legal counsel) that he was being paid in cash for the past 14 months.

121. Payments to employees in cash, or by classifying them as refunds, raises potential further areas of inquiry including failure to withhold and remit, and unreported and/or under-reported sales for excise tax purposes.

122. The foregoing concerns have been reported to CRA.

Wage Earner Protection Program Act (“WEPPA”)

123. The Trustee performed the initial WEPPA filing, as its appointment preceded the Receiver’s appointment by almost three weeks.

124. The Trustee and Receiver subsequently exchanged information as needed and amended claims were filed as needed.

125. WEPPA has paid out (under the Trustee's estate number) a total of \$30,984.12 for wages and vacation pay (secured) and \$22,857.79 for termination pay (unsecured).

126. The Receiver has fulfilled all of its obligations under WEPPA.

RECEIVER'S INTERIM STATEMENT OF RECEIPTS & DISBURSEMENTS

127. All receipts and disbursements of the Receiver from the date of the Appointment Order up to and including August 15, 2017 are set out in **Appendix "Q"**.

Projected Recovery to Secured Creditors

128. DaVinci's security interest is subject to the deemed trust for the employee portion of CRA for unremitted source deductions, which is expected to be in excess of \$200,000.

129. DaVinci's security interest is further subject to the super-secured claim under S.81 of the BIA for unpaid wages (paid by WEPPA) in the amount of \$30,984.12.

130. There is no prospect for recovery to DaVinci from the assets of the Debtor.

131. The only creditor likely to recover anything in the receivership is CRA.

PROFESSIONAL FEES

132. The Receiver seeks to have its accounts and those of its legal counsel, approved by this Court as follows:

133. For the period of March 22, 2017 to July 31, 2017, the Receiver's fees and disbursements (inclusive of all applicable taxes) total \$38,352.20. The Receiver's detailed

accounts and the affidavit of Robert Link regarding the fees and disbursements are appended hereto as **Appendix “R”**.

134. For the period of ending July 31, 2017, the fees and disbursements of the Receiver’s legal counsel, Spark LLP (inclusive of all applicable taxes) totalled \$13,568.53. Counsel’s detailed accounts and the affidavit of Sanjay Kutty dated August 14, 2017 regarding the fees and disbursements are appended hereto as **Appendix “S”**.

SUMMARY AND RECOMMENDATIONS

135. For the reasons set out in this First Report, the Receiver respectfully requests that this Honourable Court issue an Order:

- (a) Approving this First Report;
- (b) Approving the actions, activities, conduct and findings of the Receiver and its counsel as described in this First Report;
- (c) Approving the Receiver’s Interim Statement of Receipts and Disbursements as at August 15, 2017;
- (d) Approving the fees and disbursements of the Receiver and its counsel as submitted;
- (e) Requiring Ruditeq deliver up to the Receiver within 10 days of an Order all documents and information regarding its dealings with the Debtor and Petosa that are in its possession or control.

- (f) Authorizing the Receiver to share documents and information obtained by the Receiver in the course of carrying out its mandate which may be material to potential third party claims for fraud and/or misrepresentation, or claims by creditors against third parties for preferences or transfers at undervalue.

All of which is respectfully submitted at Toronto, Ontario this 16th day of August, 2017.

LINK & ASSOCIATES INC.

Court-Appointed Receiver of

The Custom Factory Canada Inc.

And not in its personal or corporate capacity

Cv17-11742-001

Court File _____

Estate No. 31-2225416

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)

JUSTICE)

HAINES)

Wednesday THE 22ND

DAY OF March 2017

IN THE MATTER OF AN APPLICATION

pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as am.,
section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 and the *Personal Property Security Act*, R.S.O. c. P.10

BETWEEN:

DAVINCI CAPITAL PARTNERS INC. in its capacity as trustee of
DAVINCI CAPITAL PRIVATE DEBT FUND

Applicant

-and-

THE CUSTOM FACTORY CANADA INC. and ANTONIO PETOSA

Respondents

ORDER APPOINTING RECEIVER

THIS MOTION, made by the Applicant Davinci Capital Partners Inc. in its capacity as trustee of Davinci Capital Private Debt Fund (the "Applicant") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA"), appointing Link & Associates Inc. as Receiver (the "Receiver") without security, of all the assets, undertakings and properties of The Custom Factory Canada Inc. ("CFC") and collectively with the other Respondent the "Debtors") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application dated March 20, 2017, the Affidavit of Mark Irwin sworn March 19, 2017, the consent of Link & Associates Inc. to act as the Receiver and on hearing the submissions of Counsel for the Applicant,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

BANKRUPTCY OF CFC

2. **THIS COURT DECLARES** pursuant to section 69.4 of the BIA that the stay of proceedings against CFC imposed by section 69.3(1) of the BIA does not operate in respect of the Applicant and the Applicant is hereby authorized to commence this application against CFC.

3. **THIS COURT ORDERS** that the Trustee in Bankruptcy of CFC shall continue to have responsibility for any matter not provided for in this Order.

APPOINTMENT

4. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, in respect of CFC, Link & Associates Inc. is hereby appointed Receiver, without security, of all of CFC assets, undertakings and properties of every nature and kind whatsoever, and wherever located, including all proceeds thereof, acquired for, or used in relation to a business carried on by CFC, save and except for CFC's leased premises at Unit 600, 50 Wingold Avenue, Toronto, Ontario (collective the "Property"), for a period of thirty days or pending the appointment of a receiver or trustee in bankruptcy, or further order of this Court.

RECEIVER'S POWERS

5. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (d) to receive and collect the receivables now owed or hereafter owing to CFC and to exercise all remedies of CFC in collecting such monies, including, without limitation, to enforce any security held by CFC;
- (e) to settle, extend or compromise any indebtedness owing to CFC with respect to the Property;
- (f) to execute, assign, issue and endorse documents of whatever nature in respect of the Property, whether in the Receiver's name or in the name and on behalf of CFC, for any purpose pursuant to this Order;
- (g) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to CFC, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (h) to trace all Property of CFC, including but not limited to inventory and cash, that has been disbursed, transferred or conveyed by the Debtors within three months prior to the date of CFC's bankruptcy, and to take such proceedings as may be necessary to recover such Property or the money or proceeds therefrom from the person who acquired it from the Debtors or from any other person to whom he may have resold, transferred or paid over the proceeds of the Property as fully and effectually as the Receiver could have recovered the Property if it had not been so sold, disposed of, realized or collected;
- (i) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (j) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (k) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (n) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (o) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (q) to examine under oath the Respondent Antonio Petosa regarding the affairs of CFC;
- (r) to obtain from the Respondent Antonio Petosa any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of CFC in his possession or control, in connection with which the Respondent Antonio Petosa shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, whether by independent service provider, electronic devices belonging to Antonio Petosa personally or otherwise;

- (s) to obtain from the Respondent Antonio Petosa copies of up-to-date statements relating to his personal bank account(s);
- (t) to examine under oath Michael Iscove, an individual having knowledge of the affairs of CFC;
- (u) to obtain from Michael Iscove any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of CFC in his possession or control, in connection with which Michael Iscove shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, whether by independent service provider, electronic devices belonging to Michael Iscove personally or otherwise;
- (v) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of CFC's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

7. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of CFC (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

9. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or CFC to carry on any business which CFC is not lawfully entitled to carry on, (ii) exempt the Receiver or CFC from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by CFC, without written consent of the Receiver or leave of this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for

herein, shall be held by the Receiver to be paid upon further Order of this Court or on consent of the Applicants.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of CFC shall remain the employees of the CFC. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by CFC, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*,

the Ontario *Environmental Protection Act*, the Ontario *Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, to a maximum of \$100,000.00, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.\

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

26. **THIS COURT ORDERS** that the Applicants, the Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time.

GENERAL

27. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

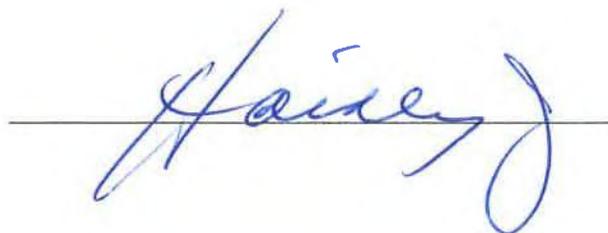
29. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within

proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

30. **THIS COURT ORDERS** that the Applicants shall have their costs of this application, up to and including entry and service of this Order, as provided for by the terms of the Applicants' security or, if not so provided by the Applicants' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine or may be agreed between the parties.

31. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver, the Applicants and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

32. **THIS COURT ORDERS** that the Receiver shall return to report to this Court on notice the Respondents and any affected creditors on a date in to be fixed in April of 2017 or such other date as counsel may agree upon and this Court approves and appoints.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 22 2017

PER / PAR:



SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Link & Associates Inc., the receiver (the "Receiver") of the assets, undertakings and properties The Custom Factory Canada Inc. ("CFC") acquired for, or used in relation to a business carried on by the CFC, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 2017 (the "Order") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2017.

Link & Associates Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

9 DAVINCI CAPITAL PARTNERS INC. et al

Applicants

-and-

THE CUSTOM FACTORY CANADA INC. et al.

Respondents

2017-11742-002

Court File:.....
Estate No. 31-2225416

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Toronto

ORDER

**REGENT LAW
PROFESSIONAL CORPORATION**
Barristers & Solicitors
200 Elgin Street, Suite 600
Ottawa, ON K2P 1L5

Ryan E. Flewelling
Payle Masic

Tel: (613) 319-9997
Fax: (416) 493-6270

Lawyers for the Applicants

Court File No. CV-17-11742-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF AN APPLICATION
pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as
am, section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43 and the *Personal
Property Security Act*, R.S.O. c.P.10

THE HONOURABLE)	FRIDAY, THE 21ST
)	
MR. JUSTICE HAINEY)	DAY OF APRIL, 2017



BETWEEN:

DAVINCI CAPITAL PARTNERS INC., in its capacity as
trustee of DAVINCI CAPITAL PRIVATE DEBT FUND

Applicant

and

THE CUSTOM FACTORY CANADA INC.
and ANTONIO PETOSA

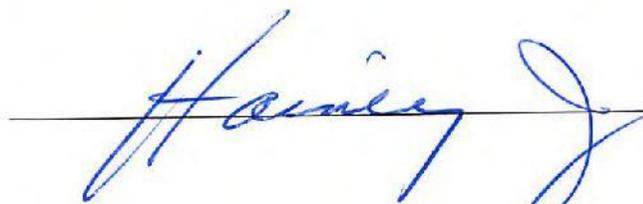
Respondents

ORDER
(Amendment of Appointment Order)

THIS MOTION, made by the receiver for an Order Amending the Order of Mr. Justice Haine, dated March 22, 2017 (the "Appointment Order"), was heard this day at the court house, 330 University Avenue, 7th Floor, Toronto, Ontario, M5G 1R7.

ON READING the Motion Record of the Court-Appointed Receiver, including the affidavit of Robert Link sworn on April 19, 2017 and on hearing the submissions of the lawyer(s) for the parties,

- I. THIS COURT ORDERS that the Appointment Order shall be amended as follows:
- (a) The following words from paragraph 4 of the Appointment Order shall be deleted:
“for a period of thirty days or pending the appointment of a receiver or trustee in bankruptcy, or further order of this Court.”
 - (b) Paragraph 32 of the Appointment Order shall be deleted and replaced with the following: “THIS COURT ORDERS that, on notice to the service list, the Receiver shall return to this Court to report periodically on the Receiver’s activities.”



RCP-E 59A (July 1, 2007)

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 21 2017

PER / PAR: 

IN THE MATTER OF OF AN APPLICATION pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as am, section 101 of the *Courts of Justice Act*, R.S.O.1990, c.C.43 and the *Personal Property Security Act*, R.S.O. c.P.10

DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee of
 DAVINCI CAPITAL PRIVATE DEBT FUND
 Applicant

-and-

THE CUSTOM FACTORY CANADA INC. et al.

Respondents

Court File No. CV-17-11742-00CL

ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST

PROCEEDING COMMENCED AT
 TORONTO

ORDER
 (Amendment of Appointment Order)

SPARK LLP
 169 King Street East, Third Floor
 Toronto, ON M5A 1J4

Jeff Rosekat LSUC No. 43352Q
 jeff@spark.law
 Tel: 416.639.2151
 Fax: 647.490.4888

Lawyers for the receiver

District of Ontario
 Division No. 9
 Court No. CV-17-11742-00CL
 Estate No. 31-458292

**IN THE MATTER OF THE RECEIVERSHIP OF
 THE CUSTOM FACTORY CANADA INC.
 OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

NOTICE AND STATEMENT OF RECEIVER
(Pursuant to Subsections 245(1) and 246(1) of the Bankruptcy and Insolvency Act)

TAKE NOTICE THAT:

1. On the 22nd day of March, 2017, Link & Associates Inc. became the Receiver in respect of the property, assets and undertaking of The Custom Factory Canada Inc. ("**CFC**" or the "**Debtor**"), an insolvent person described below:

Inventory**	\$ 6,000
Machinery & Equipment**	<u>\$40,000</u>
TOTAL	<u>\$46,000</u>

****NOTE:** *Figures above represent estimated gross liquidation values of assets located at the Debtor's premises and are subject to change. Equipment figure excludes leased equipment. Receiver is obtaining opinion on validity of security held by PPSA registrants. Estimated realizable values may change as a result of security review. The above figures do not include the value of inventory and equipment removed from the leased premises immediately preceding the company voluntarily assigning itself into bankruptcy, a matter which the Receiver is investigating.*

2. The undersigned became a Receiver by an Order of the Ontario Superior Court of Justice (Commercial List) dated March 22, 2017 (the "**Receivership Order**").
3. The remaining assets of the Debtor are located in leased premises (the "**Premises**"). The Premises lease was terminated by the landlord for non-payment of rent on March 6, 2017. The Receiver has arranged access to the Premises with the landlord to facilitate the sale of the remaining assets.
4. Prior to the Receivership Order, the Debtor filed an assignment in bankruptcy with Schwartz Levitsky Feldman Inc. ("**SLF**") on March 7, 2017 (Estate #31-2225416). The Trustee advises that it has carried out the administration of the Wage Earner Protection Program ("**WEPP**") for which there are secured and unsecured components.
5. The following information relates to our appointment:
 - i) Address of insolvent persons: 50 Wingold Avenue, Toronto, Ontario
 - ii) Principal line of business: Clothing manufacturer/retailer
 - iii) Location of business: Toronto, Ontario

Notice and Statement of Receiver
 THE CUSTOM FACTORY CANADA INC.

6. The list of creditors of the insolvent persons who appear to hold a security interest on the property of the insolvent persons and the approximate amount owed to each creditor is listed below:

Patriot Equipment Finance Ltd.	\$180,000
DaVinci Capital Private Debt Fund	\$237,000

The Receiver is obtaining an independent security opinion on the foregoing security registrations.

7. The list of other creditors of the insolvent persons and the amount owed to each creditor is listed on **Schedule "A"**.
8. The Receiver's intended course of action is to sell the remaining inventory and assets in the Debtor's premises and to investigate the removal of assets from the Debtor's premises on the eve of the bankruptcy filing and take reasonable steps to recover such assets and report its findings to the Court and the appropriate authorities, as necessary.
9. Contact information for the Receiver:

Link & Associates Inc.
 Receivers + Trustees
 77 King Street West, Suite 3000
 TD Centre North Tower, PO Box 95
 Toronto, ON M5K 1G8

Attention: Mr. Robert Link, CIRP, LIT

Tel: (416) 862-7785 ext. #2
 Fax: (416) 862-2136
 Email: rlink@linkassociates.ca

DATED AT Toronto, this 31st day of March, 2017.

LINK & ASSOCIATES INC.
Licensed Insolvency Trustee
 Court Appointed Receiver of
 The Custom Factory Canada Inc. and not
 in its personal or corporate capacity

Per: _____

Robert G. Link, CIRP, LIT

SCHEDULE "A"	
Deemed Trust	
Canada Revenue Agency - RP0001 Payroll Tax	\$ 188,466.90
Preferred	
ALEX LANE	1,239.08
ANASTASSIA ELAFROS	894.59
ANH NGUYEN	882.14
BINH THAI KHUU	1,264.68
CHRISTINA BENINCASA	1,781.76
CORRINE LANE	1,409.95
DENNIS BARRERA	1,512.70
GILBERT DELA CRUZ	1,355.71
HA PHAM	1,040.19
LE PHUONG TRAN	766.80
LI XIN CHEN	981.05
PAULETTE PLEAU	1,354.36
THI HUONG VU	1,118.67
THI KIM LOAN NGUYEN	1,084.72
TRINH PHAM	926.00
WAN HUA ZHENG	975.36
YAN PING MAI	926.80
Subtotal	\$ 19,514.56
Unsecured	
ANH LY	119.83
ANH NGUYEN	755.48
ANTONIO PETOSA	120,000.00
BINH THAI KHUU	1,008.35
CHRISTINA BENINCASA	791.81
CORRINE LANE	556.69
CRA - Canada Revenue Agency - RC0001 Corporations Tax	19,234.69
CRA - Canada Revenue Agency - RT0001 HST	39,553.67
DELL FINANCIAL SERVICES CANADA LIMITED	533.30
DENNIS BARRERA	1,759.33
Earl Klapstein c/o Eddie's Men's Wear Ltd.	19,835.15
Enbridge Gas Distribution - Ontario	965.80
Federal Express Canada Ltd.	2,544.08
FEDERATED CASH	17,710.00
GERBER TECHNOLOGY	2,615.77
GILBERT DELA CRUZ	1,042.04
Goldman Sloan Nash & Haber LLP	5,000.00
HA PHAM	793.11
HARRIS-JORDAN INVESTMENTS LIMITED	69,433.24
JACK VICTOR LIMITEE	20,000.00
JOHN PONTRELLI	199.08
JOSEPH PETOSA	27,000.00
LE PHUONG TRAN	358.14
LI XIN CHEN	799.18
LOAN LE	93.44
LOU VENA	402.97
MARIO PETOSA	420,000.00
MIRJANA BAOTIC	2,057.37
NGOC MAI LY	116.86
PAULETTE PLEAU	1,219.49
PROGRESSIVE WASTE SOLUTIONS CANADA INC.	5,000.00
Purolator Courier Limited	2,310.46
Rodan Enterprises	38,752.06
Rogers Communications	423.01
S. COHEN	22,898.75
THI HUONG VU	812.93
THI KIM LOAN NGUYEN	965.22
TRINH PHAM	725.12
UPS Canada	4,117.10
Shirtex Canada	262.16
WAN HUA ZHENG	788.87
Xerox Canada Ltd.	1,041.53
YAN PING MAI	756.64
Subtotal	894,381.84
TOTAL ALL SCHEDULE "A" CREDITORS	\$ 1,102,363.30



Jeff Rosekat

d: 416.639.2151

e: jeff@spark.law

67
067

DELIVERED BY EMAIL to rlink@linkassociates.com

March 31, 2017

Mr. Robert Link
Link & Associates Inc.
77 King Street West
Suite 3000, P.O. Box 95
TD Centre North Tower
Toronto, Ontario
M5K 1G8

Dear Mr. Link:

Re: The Custom Factory Canada Inc. (the "Debtor") – Security Opinion

This letter follows your request for a review of the security registered against the Debtor and the Debtor's assets and undertaking, in view of your appointment, as Court-Appointed Receiver of the Debtor, pursuant to the Order of Mr. Justice Hainey dated March 22, 2017.

The Debtor, according to your knowledge and the registrations under the *Personal Property Security Act* (the "PPSA") and other databases, has two secured creditors: (a) Patriot Equipment Finance Ltd. ("PEF"); and (b) DaVinci Capital Private Debt Fund ("DaVinci"), and there appear to be no other PPSA registrations against the Debtor in any event.

Standard Assumptions and Qualifications

In rendering our opinion concerning the registered security, we have made the following standard assumptions:

- Original copies of all documents were in fact signed by the person named therein;
- The security documents are enforceable against the debtor named therein in accordance with their written terms;
- Any addresses in financing statements or financing change statements are correct;
- Unless otherwise stated, the security documents were delivered by the debtor named therein on the date stated therein;
- In the case of execution of a document by an individual, that the debtor's name is correctly stated;

- Where we have been provided with a copy of a verification statement or have relied on a search pursuant to any provincial Personal Property Security Act (the “PPSA”), with respect to a registration, rather than the financing statement or financing change statement to which it relates, we have assumed that the relevant financing statement or financing change statement was properly executed by or on behalf of the secured party; and
- That verification statements were provided to each debtor within twenty days of registration unless waived in writing by the debtor.

Corporate History

The Custom Factory Canada Inc. was incorporated on November 23, 2013. Antonio Petosa is the only officer and director listed on the Corporation Profile. We note from one of the PPSA searches done on Mr. Petosa that there appears to have been an earlier corporation by the name of The Custom Factory Inc., which seems to have operated a similar business and, judging by some of the PPSA registrations against that company, to have owned similar equipment.

Patriot Equipment Finance Lease

Patriot Equipment Finance Ltd. entered into a lease (the “PEF Lease”) with the Debtor with respect to six pieces of equipment. Although the lease documentation is undated for the most part, the lease attaches an invoice from Ruditeq Inc. dated November 8, 2016 in the amount of \$200,000, which suggests that the timing of the lease was late 2016; however we note that PEF did not register its security interest at PPSA until February 10, 2017.

The descriptions of the equipment leased under the PEF Lease (the “PEF Equipment”) match as between the invoice attached to the PEF Lease and the PEF PPSA registration. However, we understand that Century Services Corp. conducted an appraisal of the Debtor’s equipment and other assets in October 2016 (the “Century Report”).

Each of the six items of the PEF Equipment (ostensibly purchased after November 8, 2016) appears in the schedule to the Century Report. However, assuming that the descriptions of the equipment in the Century Report are correct, of the six items of PEF Equipment, only one of them appears to have been correctly described in the PEF Lease and, consequently, the PEF PPSA Registration.

We attach to this letter as Schedule “A” a chart comparing the descriptions of the PEF Equipment in the invoice to the PEF Lease (column one), the PEF PPSA Registration (column two), and the Century Report (column three). We have emphasized the differences among the descriptions.

Several important facts must be noted from this comparison of descriptions and other information from the various documents:

- Of the six pieces of equipment described in the PEF Lease, only the description of the Gerber Automatic Cutter matches exactly with the description in the Century Report. Each of the other five items has minor variations in serial numbers or model numbers.

Assuming that the descriptions and serial numbers in the Century Report are the correct ones, this means that the PEF Lease and PPSA registration are incorrect.

- Two items described in the PEF Lease (the Brother Button Sewer and the Henhai Pic Stitch machine) do not appear to be properly described in the PEF Lease and are not included at all in the General Collateral Description field of the PPSA registration.

Strictly speaking, the errors in the PEF PPSA registration mean that PEF's registration is only perfected in respect of the Gerber Automatic Cutter. The General Collateral Description field is limiting, and errors in the descriptions can be problematic for secured parties. However, this is only so if the error would lead a reasonable person to be misled by the error or omission.

PEF has an arguable case that the minor errors with model numbers and serial numbers would not lead a reasonable person to be misled. However, two items of equipment in the PEF Lease are not included at all in the PEF PPSA registration. This omission would almost certainly be found to lead a reasonable person—such as a subsequent lender like DaVinci—to be misled into thinking that those two items were not leased equipment.

Is the PEF Lease a "True Lease"?

We understand that PEF may be attempting to assert that the PEF Lease is a "true lease" rather than a "finance lease". The document itself is very much in the nature of a true lease, as the language uses the terminology "rental payment", requires that the equipment be returned at the end of the term of the lease, and does not include a "buy-out" option.

That having been said, the lease payments to be paid under the four-year lease total \$253,000, and the invoice value of the equipment is approximately \$200,000 (the appraised value being significantly lower). This suggests that the entire value of the equipment is being amortised over the term of the lease, which is suggestive of a financing lease. Without additional evidence, it is difficult to conclude with any certainty whether the PEF Lease is a financing lease or a true lease. However, even if it were a true lease, as it has a four-year term, PEF was required to register it under the PPSA and as discussed, made errors in doing so.

Davinci Capital Private Debt Fund

DaVinci entered into a Loan Agreement with the Debtor dated February 17, 2017. The loan is secured with a General Security Agreement dated February 17, 2017 (the "GSA"), which is registered under the PPSA, such registration being made on February 24, 2017, two weeks after PEF registered its security interest.

The version of the Loan Agreement which we reviewed was the one attached to the affidavit of Mark Irwin filed in support of the application to appoint the Receiver. That version is not signed by DaVinci and the schedules are not attached, but those facts would not appear to affect the validity and enforceability of the Loan Agreement and GSA.

The version of the GSA which we reviewed was also attached to the affidavit of Mark Irwin. Like the Loan Agreement, this version is not signed by DaVinci.

DaVinci's PPSA registration was made on February 24, 2017, which was just over a week prior to the bankruptcy of the Debtor on March 7, 2017. We understand that DaVinci advanced funds on February 23 and February 24, 2017. Although because of the time frame, this transaction would be presumed to be a preference under the *Bankruptcy and Insolvency Act*, given the circumstances, this would appear to be a presumption that could easily be refuted.

Miscellaneous Matters

Bank Act, Bankruptcy, Execution, and Bulk Sales Act searches are clear for The Custom Factory Canada Inc. as of the date of the search, although we are aware that the Debtor filed an assignment in bankruptcy on March 7, 2017. We note that there is an execution registered against Antonio Petosa, but this should not impact on the Receivership as it is personal to Mr. Petosa.

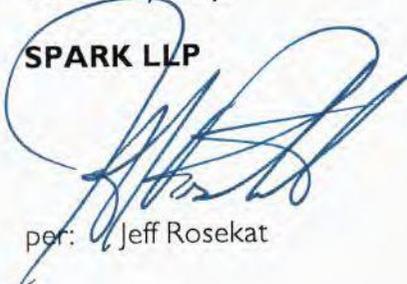
Opinion

In our opinion, DaVinci Capital Private Debt Fund has a first-ranking security interest over the personal property, assets, and undertakings of the Debtor. This security interest is subject only to the prior registration of PEF to the extent of the four items of equipment described in PEF's PPSA registration.

We trust that DaVinci has in its possession copies of the Loan Agreement and GSA duly executed by DaVinci.

We trust that this is satisfactory. Please feel free to contact us should you have any questions or comments.

Yours very truly,

SPARK LLP

per: Jeff Rosekat

SCHEDULE "A"

<u>Equipment as per Lease</u>	<u>Equipment as in PPSA</u>	<u>Equipment on Century Services Corp. Appraisal</u>
2008 Gerber GTXL Automatic Cutter with Accumark – S/N 911	2008 Gerber GTXL Automatic Cutter with Accumark – S/N 911	2008 Gerber "Cutter GTXL" Fabric Cutter S/N 911 w/ Computerized Control
2009 Brother BAS-610 Auto Pocket Welt Machine – S/N MI688859	2009 Brother BAS-610 Auto Pocket Welt Machine – S/N MI688859	Brother "BAS-610" Programmable Pattern Sewing Machine S/N MI588859 w/ Controller
2009 Brother LK3-B-448E Auto Button Sewer – S/N "TBD – On Delivery"	Not Listed	Brother " LK3-B448-2 " Button Sewer S/N M9589090 w/ Brother "BA-16" Vibratory Bowl Feed
2011 Feiya I270 Embroidery Machine – S/N 06432	2011 Feiya I270 Embroidery Machine – S/N 06432	2006 Feiya " CTI201 " Single Head Embroidery Machine S/N 06432 w/ Computerized Controller, 12 Colour
2011 Juki LBH 1790 S Buttonhole Machine – S/N 2LOED00276	2011 Juki LBH 1790 S Buttonhole Machine – 2LOED00276	Juki "LBH-1709S" Button Hole Machine S/N 2LOED000276
2011 Henhai 781 Pic Stitch Machine – S/N "TBD – On Delivery	Not Listed	2005 Hengtai "HT-781" Hand Stitch Sewing Machine S/N 051635

The Custom Factory
50 Wingold Avenue
Toronto, ON M6B 1P7

Summary

		FLV CDN\$	OLV CDN\$
<i>Schedule B</i>	Production Equipment	\$89,155	\$114,715
Schedule A Summary Total		\$89,155	\$114,715

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
1	1	Meridian Phone System w/ Handsets	\$300	\$400
2	4	Sections Metal Shelving	\$80	\$100
3	1	Atom "G222" Swivel Head Clicker S/N 96453	\$500	\$600
4	1	7 Step Rolling Warehouse Stairs	\$150	\$175
5	1	5 Step Rolling Warehouse Stairs	\$100	\$125
6	Qty	Carts and Display Racks - Consisting of: 7 Garment Rolling Racks, 14 Display Racks, 30 Garment Piece Carts, etc.	\$700	\$800
7	7	Sections of Pallet Racking w/ 16 Extra Cross Beams	\$1,050	\$1,225
8	26	Sections of Cutting / Layout Table	\$1,300	\$2,600
9	Lot	290' of Feed rail Products 110v Electrical Feed Rail	\$1,450	\$2,320
10	1	Wolf Blazer "Series II" Round Knife Fabric Cutter	\$300	\$350
11	1	Topline 5500 lb. cap. Pallet Truck	\$200	\$225
12	1	Garment Plastic Sleeving Stand	\$50	\$70
13	1	Glass Shelved Display	\$100	\$150
14	1	Unknown Single Needle Sewing Machine	\$100	\$150
15	1	Singer "3257" Sewing Machine	\$100	\$150
16	1	Lewis Union Special "200-28" Tacker	\$300	\$400
17	1	Juki "DDL-8500-7" Single Needle Sewing Machine S/N 3DORJ06236 w/ Juki CP-160 Controller	\$500	\$600

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
18	1	Speedy "SR-500" Cone Winder	\$50	\$75
19	11	Rolling Racks - 6 Shelves	\$225	\$330
20	1	Hoffman Garment Steam Press	\$300	\$400
21	1	Hoffman "MXB17" Garment Steam Press S/N 12341	\$300	\$400
22	1	New York "1 A A ?-38" Garment Steam Press S/N 54454	\$300	\$400
23	2	Handheld Steam Irons	\$50	\$70
24	1	New York Garment Steam Press S/N 83064	\$300	\$400
25	2	Yellow Rolling Racks	\$200	\$250
26	1	2012 Fulton "FB-010-A" Natural Gas Boiler S/N w/ 419,000 Btu's, 345 lbs steam /hr	\$2,500	\$3,000
27	1	2006 Fiac "Silver 10/200" Encapsulated Rotary Screen Air Compressor S/N BF121662	\$1,500	\$1,750
28	1	2005 Omega " ADE18/AC Air Dryer S/N 051000543	\$500	\$600
29	1	1977 Veit "4419-1" Vacuum Table S/N 1447	\$200	\$300
30	1	Rema Dri-vac "RPD-50" Vacuum S/N 8343951B	\$100	\$125

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
31	1	Kansai Special "DVK-1702BK" Multi-Needle Sewing Machine S/N 20204763	\$500	\$600
32	1	Lewis Union Special "150-200" Off Arm Machine w/ Ribbon Feeder	\$400	\$500
33	1	Pfaff "142-720" Sewing Machine S/N 762752	\$150	\$200
34	1	Singer "262-22" Double Needle Sewing Machine S/N AN463189 w/ Feeder and Puller	\$200	\$300
35	1	Lewis "160-2" Sewing Machine S/N 160518	\$50	\$100
36	1	Lewis "150-5" Off Arm Machine	\$50	\$100
37	1	Juki "LK-982" Bar Tacker S/N	\$400	\$500
38	1	Juki "LK-1851" Bar Tacker S/N LKOWE-38734 w/ Juki "BR20" Vibratory Bowl Feed	\$800	\$1,000
39	1	Juki "MB-372" Button Sewer S/N N/A	\$300	\$400
40	2	Brother "DB2-B755-403A" Single Needle Sewing Machines S/N B1038331, B1038394	\$800	\$1,000
41	1	Brother "DD7100-403" Single Needle Sewing Machine S/N E8574877 w/ Tape Feed, B-40 Controller	\$800	\$1,000
42	2	Juki "DDL-8500-7" Sewing Machine S/N 4D0SA05187, 4D0SD07187 w/ Juki CP-160 Controller	\$1,000	\$1,200

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
43	1	Yamato "CM-352" Off Arm Machine S/N CM31888	\$300	\$400
44	1	Mauser Special "504-4-25" Serger	\$200	\$300
45	1	Hengtai "HT-781" Hand Stitch Sewing Machine S/N 051635	\$1,000	\$1,250
46	1	Sussman "422HA" Vacuum Table S/N 7066	\$500	\$600
47	1	Union Special Sewing Machine w/ Tape Feeder & Puller	\$200	\$300
48	1	Veit "4419" Vacuum Table S/N 090398101 w/ Steam Iron	\$300	\$400
49	2	Juki "DDL-5550N-7" Single Needle Sewing Machine S/N DDL4M41210, N/A w/ P-160 Controller	\$1,000	\$1,200
50	1	Brother "DB2-B791-415B" Single Needle Sewing Machine S/N B8552940 w/ E-40 Control	\$400	\$500
51	1	Juki "DLN-5410N-7" Single Needle Sewing Machine S/N 1LNK29977 w/ CP-130 Control	\$500	\$600
52	1	Juki "MH481" Single Needle Sewing Machine	\$300	\$400
53	1	Singer "269W26" Bar Tacker AN634443	\$200	\$250

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
54	1	Pfaff "901-3339-005/001" Bar Tacker S/N 870710	\$700	\$900
55	1	Brother "BAS-610" Programmable Pattern Sewing Machine S/N M1588859 w/ Controller	\$5,000	\$6,000
56	1	Juki "APW-192" Automatic Pocket Welt Machine	\$4,000	\$5,000
57	1	Juki "DDL-8500-7" Single Needle Sewing Machine S/N 4D0RB05434	\$500	\$600
58	1	Juki "MO-2504" Serger	\$300	\$400
59	1	1984 Veit "4419" Vacuum Table S/N 144 123 001 0 w/ Steam Iron	\$200	\$300
60	1	Cutting Room Appliance Fabric Spreader S/N TL530666	\$500	\$600
61	1	2008 Gerber " Cutter GTXL" Fabric Cutter S/N 911 w/ Computerized Control	\$15,000	\$20,000
62	1	Hashima "HP-90LD" Linear Fabric Fusing Press	\$400	\$500
63	1	Feiya "CT1201" Single Head Embroidery Machine S/N 06432 w/ Computerized Controller, 12 Colour	\$5,000	\$6,000
64	2	Juki "DDL-8500-7" Single Needle Sewer S/N 4D0RB05447, 4D0RB05319 w/ CP-160 Controller	\$1,000	\$1,200
65	1	Juki "DDL-5550N-7" Single Needle Sewing Machine S/N N/A	\$500	\$600

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
66	1	Brother "LT2-B872-405" Double Needle Sewing Machine S/N K1132716	\$1,250	\$1,500
67	1	Brother "DB2-B755-403A" Single Needle Sewing Machine S/N B1038318	\$400	\$500
68	1	Pegasus "W600" Multi Needle Sewing Machine S/N	\$600	\$800
69	1	2001 Lunapress "CP323T" Collar Press S/N 20009	\$750	\$1,000
70	1	Veit "4413" Vacuum Table S/N 041117001 w/ Steam Iron	\$200	\$300
71	1	Vapour Press Vacuum Table w/ Steam Iron	\$200	\$300
72	1	Gerber "Infinity 45" Plotter S/N INF45-858	\$1,500	\$2,000
73	3	Computer Systems w/ Cad Cam Software	\$1,500	\$2,100
74	1	Juki "DDL-5550" Single Needle Sewing Machine S/N DDL-VE79721	\$400	\$500
75	1	Gerber Digitizing Board	\$200	\$250
76	1	Igloo Bar Fridge	\$50	\$75
77	1	Brother "DB2-B755-405A" Single Needle Sewing Machine S/N H7027992 w/ F40 Controller	\$500	\$600
78	1	Juki "DDL-8500-7" Single Needle Sewing Machine S/N 4DORH0537 w/ CP-160 Controller	\$500	\$600

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
79	1	Juki "DDL-8500-7" Single Needle Sewing Machine S/N 4DOWL1664	\$500	\$600
80	2	Brother "DB2-B755-403A" Single Needle Sewing Machine S/N B1038404, B1033892	\$1,000	\$1,200
81	1	Juki "MS-191" Off Arm Machine S/N U10044	\$800	\$1,000
82	1	Juki "MS-1190" Overarm Machine S/N MSOZA07285	\$1,200	\$1,400
83	1	Brother "LK3-B448-2" Button Sewer S/N M9589090 w/ Brother "BA-16" Vibratory Bowl Feed	\$2,000	\$2,500
84	1	Brother "LK3B438-2" Button Sewer S/N A5533614	\$1,000	\$1,200
85	1	Juki "LBH-1709S" Button Hole Machine S/N 2L0E000276	\$1,500	\$1,750
86	1	Juki "LBH-783" Button Hole Machine S/N LBHYL-60470	\$1,500	\$1,750
87	1	Juki "MO-3616" Serger S/N MO0EC16753	\$600	\$800
88	1	Juki "MB373" Button Sewer S/N MB00D63967	\$300	\$400
89	1	2012 MMS ASCLite "MK11S" Button Securing System S/N 11S-055	\$500	\$600
90	1	Vapour Press Vacuum Table w/ Steam Iron	\$200	\$300
91	1	Bishop David Shirt Table S/N 14465	\$100	\$150

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
92	2	Juki "DDL-5550N-7" Sewing Machines S/N N/A	\$1,000	\$1,200
93	2	Juki "DDL-8500-7" Sewing Machines S/N 4DORC04340, N/A	\$1,000	\$1,200
94	1	Texfast "EC-2" Grommet Machine S/N 13-45	\$250	\$300
95	1	Reece "101" Sewing Machine S/N 290066	\$500	\$600
96	Lot	Lunch Room - Consisting of: 4 Assorted Tables, 28 Assorted Chairs, Amano Time Clock, Kettles, Frigidaire Microwave, Danby Microwave, Kenmore Refrigerator, Kitchenware, etc.	\$400	\$500
97	Lot	Office Furniture and Computers - Consisting of: L-Shaped Desks, Computers Printers, Lateral File Cabinets, Leather Couch, Danby Wine Fridge, Beaumark Refrigerator, etc.	\$2,000	\$3,000
98	Lot	Miscellaneous Equipment - Consisting of: Lockers, Sewing Machines (Parts), Pipe Racks, 50+ Chairs, Pedestal Floor Fans, Plastic Shelving Units, Mop & Pail, 2 Heel Hand Cart, File Cabinets, Bar Fridge, Step Ladders, Extension Ladder, Ridgid Vacuum, Vise, Hand tools, Work Tables, Mannequins, etc.	\$7,500	\$10,000
			\$89,155	\$114,715

THE CUSTOM FACTORY CANADA INC.

VALUATION DATE: MARCH 27, 2017

EFFECTIVE DATE: MARCH 24, 2017

MACHINERY AND EQUIPMENT
APPRAISAL REPORT

FORCED LIQUIDATION VALUE
ORDERLY LIQUIDATION VALUE



CENTURY
SERVICES CORP.

"Dedicated to identifying and unlocking corporate value."

CENTURY SERVICES CORP.
6 DIRECTOR COURT, SUITE 200
VAUGHAN, ON L4L 3Z5

APPRAISER:
RAYMOND BROWN

CENTURY SERVICES CORP.

COMPANY OVERVIEW | PRIMARY CONTACT INFORMATION

COMPANY NAME:	The Custom Factory Canada Inc.
INDUSTRY:	Apparel and Accessories
NAICS CODE:	315999
HEAD OFFICE:	Toronto, ON
# OF LOCATIONS:	1
CLIENT INFORMATION:	Robert Link, President, Link & Associates Inc., rlink@linkassociates.ca
COMPANY INFORMATION:	Antonio Petosa, President, The Custom Factory Canada Inc.
APPRAISER INFORMATION:	Raymond Brown, CEA, rbrown@centuryservices.com

APPRAISAL OVERVIEW

VALUATION TYPE:	Forced Liquidation Value and Orderly Liquidation Value
VALUATION DATE:	March 27, 2017
EFFECTIVE DATE:	March 24, 2017
INSPECTION DATE:	March 24, 2017

SUMMARY OF VALUE CONCLUSIONS

ASSET CLASS	FLV (\$CAD)	OLV (\$CAD)
Production Equipment	\$71,000	\$92,000
TOTAL	\$71,000	\$92,000

March 27, 2017

Link & Associates Inc.

77 King Street West, Suite 3000
TD Centre North Tower
Toronto, ON M5K 1G8

Attention: Mr. Robert Link

The Custom Factory Canada Inc.

50 Wingold Ave
North York, ON M6B 1P7

Dear Sir:

Century Services Corp. (“**Century**”) provides herewith a valuation of certain fixed assets (“**Assets**”) of The Custom Factory Canada Inc. (the “**Company**”). The value conclusions expressed in this letter of transmittal and in the accompanying report shall be effective as of March 24, 2017 (the “**Effective Date**”).

The purpose of Century’s engagement was to provide a written opinion assessing the gross recovery values of the Assets under an **Orderly Liquidation Value and Forced Liquidation Value** scenarios. Century understands this valuation is being prepared for liquidation.

This Appraisal is intended for the sole use of Link & Associates Inc. and not intended for general circulation or distribution, nor is it to be reproduced or used for any purpose other than expressly indicated.

SUMMARY OF VALUE CONCLUSIONS:

Based upon our analysis, data maintained in our work files, and the methodology outlined in the accompanying report, Century estimates the **Orderly Liquidation Value** of the Assets to be **NINETY TWO THOUSAND DOLLARS (\$92,000)**, as of the Effective Date.

Based upon our analysis, data maintained in our work files, and the methodology outlined in the accompanying report, Century estimates the **Forced Liquidation Value** of the Assets to be **SEVENTY ONE THOUSAND DOLLARS (\$71,000)**, as of the Effective Date.

The value conclusions expressed herein are subject to the Methodology, Analyses, Observations, Comments, Limiting Conditions, and Critical Assumptions identified in the accompanying report. Consequently, the results stated in this letter of transmittal cannot be fully understood without the accompanying report, and shall be considered incomplete in the event this letter is separated from the report.

The scope of Century’s work included a field inspection, discussions with Company representatives, a Non-inspected Analysis of uninspected equipment, and an analysis and valuation of certain Assets identified by Antonio Petosa as being property of The Custom Factory Canada Inc. as of October 2016. Assets such as real estate, leased equipment, third party property, spare parts, materials and supplies, and any intangible assets have been excluded from this valuation as they have been deemed outside the scope of this engagement.

CENTURY SERVICES CORP.

The projections of value identified above and in the accompanying report are based upon an analysis of the Assets and the consideration and reconciliation of the three accepted approaches to value. These valuation approaches include the **Cost Approach**, the **Sales Comparison (Market) Approach**, and the **Income Approach**.

The attached report has been prepared in conformance with the **Uniform Standards of Professional Appraisal Practice ("USPAP")** published by the Appraisal Standards Board, and the **Principles of Appraisal Practice and Code of Ethics** of the Association of Machinery and Equipment Appraisers. Specifically, this report complies with the reporting requirements set forth under Standards Rule 8-2 (a) of USPAP for an Appraisal Report.

The accompanying Appraisal Report provides a summary discussion of the data, analyses, and reasoning used by Century to arrive at the opinions of value identified above and in the accompanying report. A copy of this report and the data, reasoning, and analyses supporting Century's value conclusions shall remain in our files and be retained for a period of at least five (5) years after preparation, or at least two (2) years after final disposition of any judicial proceeding as required by the Records Keeping section of USPAP.

The value opinions expressed in this appraisal are contingent upon the analysis, facts, and conditions presented in the accompanying report.

Respectfully yours,
CENTURY SERVICES CORP.

A circular seal for a Certified Appraiser is partially visible behind a black rectangular box containing a handwritten signature in white ink. The seal text includes "CERTIFIED APPRAISER" and "CENTURY SERVICES CORP.".

Per: Raymond Brown, CEA

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March 27, 2017

Link & Associates Inc.

77 King Street West, Suite 3000
TD Centre North Tower
Toronto, ON M5K 1G8

Attention: Mr. Robert Link

The Custom Factory Canada Inc.

50 Wingold Ave
North York, ON M6B 1P7

I. INTRODUCTION

CLIENT

Century Services Corp. (“**Century**”) was retained by Link & Associates Inc. (“**Client**”) to provide a valuation of certain fixed assets (the “**Assets**”) belonging to The Custom Factory Canada Inc. (“**Company**”).

INTENDED USER

This Appraisal is intended for the sole use of Link & Associates Inc. and not intended for general circulation or distribution, nor is it to be reproduced or used for any purpose other than that outlined herein.

PURPOSE OF APPRAISAL AND PREMISE OF VALUE

Century understands this valuation is being prepared for liquidation purposes. Based upon the aforementioned purpose and discussions with the Client and Intended User, Century has valued the Assets under the premise of **Orderly Liquidation Value (“OLV”) and Forced Liquidation Value (“FLV”)**. This appraisal shall not be reproduced or used for any purpose other than expressly indicated.

VALUATION AND INSPECTION DATES

This appraisal and the opinions of value expressed herein shall be effective as of March 24, 2017 (the “**Effective Date**”). Inspection of the Assets was executed by Raymond Brown at the location identified below on March 24, 2017 and assumes all the assets are still onsite and in good condition.

Century executed site visits and Asset inspections at the following locations:

1. 50 Wingold Avenue, Toronto, ON

II. SUMMARY OF VALUE CONCLUSIONS

Based upon our analysis, data maintained in our work files, and the methodology outlined in this report, Century estimates the **Orderly Liquidation Value** of the Assets to be **NINETY TWO THOUSAND DOLLARS (\$92,000)**, as of March 24, 2017.

Based upon our analysis, data maintained in our work files, and the methodology outlined in this report, Century estimates the **Forced Liquidation Value** of the Assets to be **SEVENTY ONE THOUSAND DOLLARS (\$71,000)**, as of March 24, 2017.

III. COMPANY AND ASSET DISCUSSION

COMPANY OVERVIEW

The Custom Factory Canada Inc. is a manufacturer of apparel with head office located in Toronto, ON.

ASSET OVERVIEW

As set out in the attached Schedule "B" listing, the Assets appraised within this engagement included Fabric Sewing and Cutting Equipment, Office Equipment, Warehouse and Material Handling Equipment.

Generally speaking, Century deemed the Asset to be in good overall condition. This opinion of overall condition was based upon discussions with Company representatives, information provided by the Company, and observation of readily apparent physical condition attributes at time of site visit.

IV. SCOPE OF WORK AND CONSIDERATIONS

The scope of Century's work included a field inspection, discussions with Company representatives, and an analysis and valuation of certain Assets identified by Antonio Petosa as being property of The Custom Factory Canada Inc. as of October 2016. Assets such as real estate, leased equipment, third party property, spare parts, materials and supplies, and any intangible assets have been excluded from this valuation as they have been deemed outside the scope of this engagement.

The scope of Century's work did not include investigation of any financial data to substantiate present or prospective earning capacities of business operations in which the Assets are currently employed. Unless expressly stated otherwise, Century has assumed prospective earnings would provide a fair return on the value of the Assets.

The projections of value identified herein are subject to the Methodology, Analyses, Observations, Comments, Limiting Conditions and Critical Assumptions identified below.

The projections of value identified herein are based upon an analysis of the Assets and a consideration and reconciliation of the three generally accepted approaches to value. These valuation approaches include the **Cost Approach**, the **Sales Comparison (Market) Approach**, and the **Income Approach**.

This report has been prepared in conformance with the **Uniform Standards of Professional Appraisal Practice ("USPAP")** published by the Appraisal Standards Board, and the **Principles of Appraisal Practice and Code of Ethics** of

CENTURY SERVICES CORP.

the Association of Machinery and Equipment of Appraisers. Specifically, this report complies with the reporting requirements set forth under Standards Rule 8-2 (a) of USPAP for an Appraisal Report.

This Appraisal Report provides a summary discussion of the data, analysis, and reasoning used by Century to arrive at the opinions of value identified herein. A copy of this report and the data, reasoning, and analysis supporting Century's value conclusions shall remain in our files and be retained for a period of at least five (5) years after preparation, or at least two (2) years after final disposition of any judicial proceeding as required by the Records Keeping section of USPAP.

USPAP requires the appraiser analyze the appraisal problem to be solved and the work necessary to develop credible results when setting the scope of work for a given appraisal assignment. Century has deemed the scope of work outlined above and in the Valuation Process section below sufficient to produce credible results for this appraisal assignment.

V. VALUATION PROCESS

METHODOLOGY

Century employed the following procedures to determine the value conclusions rendered herein:

1. Review and analysis of Asset records and other informational materials supplied by the Company.
2. Site visitation conducted March 24, 2016 to inspect and analyze the Assets and to prepare a detailed listing, per the attached Schedule "B", complete with descriptions, and serial numbers where available.
3. Discussions with Antonio Petosa of The Custom Factory Canada Inc. as of October 2016 concerning condition, cost, age, utilization and ownership of the Assets.
4. Consideration of data obtained from Assets at time of site visit including, but not limited to, age, hours, kilometres, and other readily apparent and discernable operational condition and physical deterioration attributes. Said data was in turn measured against available market comparables where appropriate.
5. Utilization of certain data resources including, but not limited to, related auction houses, online database sites, original equipment manufacturers, and used machinery and equipment publications. Specific sources and contacts included:
 - a. Data Ref Online published by L&M Publications;
 - b. Top Bid, published by Randall Publishing Co.;
 - c. Last Bid, published by Primedia Publication;
 - d. Various Industry Websites;
6. Review and analysis of Century's proprietary in-house auction and liquidation library and archives. Adjustments have been made, where applicable, to reflect differences between the specific Assets and that sold in previous sales.

7. Consideration of current market and geographical conditions for Assets of like kind.
8. Consideration of applicable functional and economic obsolescence factors.
9. Discussions regarding the following factors with various machinery and equipment suppliers, dealers and manufactures:
 - a. marketability and timing issues,
 - b. general market conditions, and
 - c. market trends and prices.
10. Consideration of current auction, used machinery and equipment dealer, and alternate end user prices that may be realized for similar Assets, on an “as is condition, where is location” basis.
11. Consideration of the cost to acquire similar machinery and equipment, if available, and the expense and difficulty of removal of the Assets from their present location.

VI. VALUATION THEORY

APPROACHES TO VALUE

There are three generally accepted approaches to estimate value:

SALES COMPARISON (MARKET) APPROACH

The Sales Comparison Approach relies upon an analysis of recently consummated sales transactions and offering prices of similar property to arrive at an indication of the most probable selling price of the contemplated property. If the comparables are not exactly like the items being appraised, the selling prices are adjusted to equate them to the selling characteristics of the subject property. Examples of possible adjustments include those for the age, condition, and capacity of the assets; the location, date, and type of sale (e.g., retail sale, auction sale, or asking price); and, when appraising under the concept of continued use, the value associated with putting the asset to use.

The logic behind the Sales Comparison Approach is the principle of substitution, wherein a prudent buyer would not pay more for a certain asset than the cost to acquire a similar asset of equivalent utility. The market typically consists of used equipment dealers, auctions, liquidations, and public and private sales transactions. Century also relied on our transactional experience and proprietary database of appraisal, liquidation, and auction results.

COST APPROACH

The Cost Approach begins with current replacement cost of the contemplated property and deducts the loss in value caused by Physical Deterioration, Functional Obsolescence, and Economic Obsolescence.

As with the Sales Comparison Approach, the logic behind the Cost Approach is the principle of substitution, wherein a prudent buyer would not pay more for a certain asset than the cost to acquire a substitute asset of equivalent utility.

INCOME APPROACH

The Income Approach considers the value of the assets in relation to the present worth of future benefits from ownership, and is typically measured through the capitalization of a specific level of income. This approach is seldom used for individual pieces of machinery because of the difficulty arising from assigning income to any particular fixed asset.

Century's analysis included a consideration of all three approaches to value. The approach was then utilized, and the resulting value conclusions were reconciled. Based upon our analysis, the Sales Comparison Approach was deemed appropriate for this valuation.

ALTERNATE USE & APPROPRIATE MARKET

The process of determining the Alternate Use & Appropriate Market of the Subject Assets includes an analysis of the current use and alternative uses to identify what is profitable, legally permissible, physically possible, and financially feasible, as relevant to the type and definition of value and the intended use of the appraisal.

According to the 2014-2015 version of USPAP, Alternate Use & Appropriate Market in the context of personal property typically equates to choosing: (a.) analyze the property's current use and alternative uses as relevant to the type and definition of value and intended use of the appraisal; (b.) define and analyze the appropriate market consistent with the type and definition of value; (c.) and analyze the relevant economic conditions that exist on the effective date of the valuation, including market acceptability of the property and supply, demand, scarcity, or rarity. (Comment to Standards Rule 7-3).

As such, in the process of developing our conclusions of value, Century considered the appropriate market and level of trade for the Subject Assets, the availability of reliable market data, the market conditions as of the Valuation Date, and the marketing period consistent with the purpose and intended use identified above.

VII. OBSERVATIONS AND COMMENTS

The recovery values set out in this Appraisal are based on a review by Century of prior appraisals it has conducted, utilization of a proprietary in-house database, research through contacts in various related industries, the list of Assets and other informational materials supplied to Century by Company, and our experience as auctioneers and liquidators. Adjustments may have been made, where considered appropriate by Century, to reflect differences between the specific Assets and assets sold in previous sales.

In arriving at its opinion as to the recovery values, Century has taken into consideration, to the extent of the information available to it, various factors it considered relevant in the particular circumstances including physical location of the Assets, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and appeal, and the ability of the Asset group to draw sufficient prospective buyers to insure competitive offers.

Generally speaking, Century deemed the Assets to be in good overall condition. Given our opinion of overall condition, a 10-20% adjustment to market comparables was deemed necessary to account for physical condition differences.

Available data and market comparables may be up to 180 days old. Increased weighting was given to recent regionally specific comparables when available. Generally speaking, Century has not observed any notable increase or decrease in values over the past 90 days.

VIII. DEFINITIONS AND TERMINOLOGY

The definitions and appraisal terminology identified below are taken from the American Society of Appraisers (ASA) 2005 second edition Machinery and Technical Specialties publication entitled “Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets” (pages 553 -595).

ORDERLY LIQUIDATION VALUE (“OLV”)

The estimated amount, expressed in terms of cash in Canadian dollars, that could typically be realized from a liquidation sale, given a reasonable period of time to find a purchaser, with the seller being compelled to sell on an “as-is condition, where-is location basis”, as of a specific date.

For the purpose of this appraisal, Century has considered a properly advertised and professionally managed privately negotiated sale scenario, over a period of 90-120 days, during normal business operations or while winding down operations, with the buyer responsible for dismantling and removal at their own risk and expense. In arriving at an opinion of value, Century has taken into consideration, among other things, the ability of the Asset group to draw sufficient prospective buyers to insure competitive offers. Any deletions or additions to the total Assets appraised could change Century’s opinion as to the projected recovery values set out in this Appraisal. If an acceptable price for the Assets cannot be negotiated within the specified time period of the orderly liquidation, the final option would be to offer the Assets on a Forced Liquidation Value basis.

FORCED LIQUIDATION VALUE (“FLV”)

The estimated amount, expressed in terms of cash in Canadian dollars, that could typically be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of urgency, on an “as-is condition, where-is location” basis, as of a specific date.

For the purpose of this appraisal, Century has considered an unreserved public auction sale, held under present day economic trends, within 30 days of the effective date of this Appraisal, with the buyer responsible for dismantling and removal at their own risk and expense. In arriving at an opinion of value, Century has taken into consideration, among other things, the ability of the Asset group to draw sufficient prospective buyers to insure competitive offers. Any deletions or additions to the total Assets appraised could change Century’s opinion as to the projected recovery values set out in this Appraisal.

PHYSICAL DETERIORATION

A form of depreciation where the loss in value or usefulness of a property is due to the using up or expiration of its useful life caused by wear and tear, deterioration, exposure to various elements, physical stresses, and similar factors.

FUNCTIONAL OBSOLESCENCE

A form of depreciation in which the loss in value or usefulness of an Asset is caused by inefficiencies or inadequacies of the Asset itself, when compared to a more efficient or less costly replacement property that new technology has developed. Symptoms suggesting the presence of functional obsolescence are excess operating cost, excess construction (excess capital cost), over-capacity, inadequacy, lack of utility, or similar conditions.

ECONOMIC OBSOLESCENCE

A form of depreciation or loss in value or usefulness of an Asset caused by factors external to the Asset. These may include such things as the economics of the industry; availability of financing; loss of material and/or labour sources; passage of new legislation; changes in ordinances; increased cost of raw materials; labour or utilities (without an offsetting increase in product price); reduced demand for the product; increased competition; inflation or high interest rates; or similar factors.

IX. LIMITING CONDITIONS AND CRITICAL ASSUMPTIONS

This appraisal report and the above noted recovery values are based on and subject to the following conditions, qualifications, assumptions and limitations:

VALUATION DATE

The Opinions of Value and other conclusions expressed herein shall be valid as of the Valuation Date identified in Section I above.

INTENDED USE AND PURPOSE

This Appraisal is intended for the sole use of Link & Associates Inc. and not intended for general circulation or distribution, nor is it to be reproduced or used for any purpose other than indicated in Section I above.

TITLE TO ASSETS

No investigation of title to any of the Assets has been made by Century and Company's claim to same has been assumed valid. In addition, no investigation has been made by Century to determine if there are any liens, security interest, or other encumbrances registered against, or attaching to, any of the Assets. Unless otherwise noted in this report, title is assumed to be good and marketable.

CONDITION OF ASSETS

Unless explicitly stated otherwise, all Assets have been assumed by Century to be in good working order and functioning condition, and subject to industry standard maintenance and repair programs. Testing and/or confirming the status of individual Assets was beyond the defined scope of work.

INFORMATION AND DATA PROVIDED BY OTHERS

For the purpose of determining its opinion as to recovery values of the Assets, Century has also relied upon certain supplemental information provided by the Company and has assumed, without independent verification, all such information was reasonably prepared, accurate, and complete in all material respects.

CHANGE IN MARKET CONDITIONS

The recovery values set out in this Appraisal are based on Century's assessment of current economic conditions. The amount that could actually be realized from the sale and disposition of the Assets may be affected by changes in economic conditions.

CENTURY SERVICES CORP.

Century shall not be responsible for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the Valuation Date. Additionally, Century cannot be held responsible for the inability of the owner to locate a purchaser at the appraised value.

EXTRANEOUS CONDITIONS

The amount that could actually be realized may also be affected by factors such as changes in the condition of the Assets and the occurrence of acts of God, riots, civil disturbances, strikes, lock-outs, acts of war, terrorism, insurrection, or other events that may be beyond the control of the seller and/or the buyer.

REPORT FORMAT

This appraisal is presented in an Appraisal Report format. As such, it presents only a summary or limited discussion of our opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in Century's files. The depth of discussion contained in this report is specific to the needs of the Client and for the intended use of the report.

REPORT CONFORMANCE

This appraisal has been made in conformance with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Association of Machinery and Equipment Appraisers and the Uniform Standards of Professional Appraisal Practice published by the Appraisal Standards Board, and reflects the best judgment of the appraiser.

CONFIDENTIALITY

This report and supporting file documentation are confidential. Neither all nor any part of the contents of this appraisal (including the report and the supporting file documentation) shall be disclosed to any party, or conveyed orally or in writing through advertising, public relations, news, sales, or in any other manner without the prior written consent and approval of both Century and the Client.

COURT TESTIMONY

Neither Century nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony, or appear in court or other legal proceedings, unless specific arrangements for such services have been made.

RELIED UPON INFORMATION

While Century believes the information gathered and used for this Appraisal, whether through written, oral, electronic, or other means, to be both reliable and correct, Century does not warrant the reliability or correctness of the information and assumes no liability whatsoever for any errors and/or omissions.

X. GENERAL SERVICE CONDITIONS

Century reserves the right, but shall be under no obligation, to review the recovery values set out in this Appraisal and all calculations included or referred to in, or made for the purpose of, this Appraisal. Should Century consider it

CENTURY SERVICES CORP.

necessary to revise this Appraisal in light of any information existing as of the date of this Appraisal, which becomes known after that date, it may do so.

Century assumes no responsibility or liability for losses suffered by any parties as a result of the circulation, distribution, publication, reproduction or other use of this report contrary to the provisions of this paragraph without prior written authorization from Century.

The liability of Century to the Client in relation to this Appraisal, regardless of the basis of liability or form of action, shall in no event exceed the total fees paid by the Client to Century for this Appraisal. In no event shall Century be liable for lost profits, or any indirect, special, incidental, consequential or punitive damages, however caused, whether for breach of contract, negligence or otherwise, and whether or not Century has been advised of the possibility of such damages. These limitations will apply notwithstanding any failure of the essential purpose of any limited remedy.

XI. COMPETENCY

Under USPAP, Century must disclose if there is a lack of knowledge and/or experience that would not allow us to complete this appraisal in a competent manner or to develop credible results.

Century and the appraiser performing this appraisal have performed valuations of assets similar to the Subject Assets for various purposes in the past. In addition, the appraiser performing this appraisal has the appropriate knowledge and experience to be able to develop credible results for the purpose and use outlined in this report.

XII. CERTIFICATIONS

The undersigned appraiser certifies that, to the best of their knowledge and belief:

1. The Statements of fact contained within this report are true and correct.
2. The reported analyses, opinions, and conclusions identified herein are impartial and unbiased, and are limited only by the Limiting Conditions and Critical Assumptions identified above.
3. Neither the appraiser, nor any officer of Century, possess any present or prospective financial interest in the valued Assets, or any personal interest with respect to the parties involved.
4. Neither the appraiser, nor any officer of Century, possess any bias to the valued Assets or the parties involved with this assignment.
5. This engagement was not contingent upon developing or reporting predetermined results.
6. Compensation for completing this Valuation was not contingent upon the development or reporting of predetermined opinions of value or direction in value favouring the cause of the client, the attainment of a specified result, or the occurrence of a subsequent event relating to the intended use of this report. Said compensation does not however cover further expenses relating to attendance at hearings, judicial or otherwise, although such attendance may always be available at Century's standard rates.

CENTURY SERVICES CORP.

7. This report and all analyses, opinions, and conclusions expressed herein have been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (“USPAP”) guidelines and the Code of Professional Ethics of the Association of Machinery and Equipment Appraisers.
8. The data used in this report was obtained from sources believed to be reliable. All known facts that have bearing on the values presented in this report have been considered, and no facts of importance have been intentionally omitted herein.
9. A personal inspection of the valued Assets has been executed.
10. No one other than the undersigned and listed personnel provided significant appraisal assistance in the preparation, analysis, opinions, and conclusions concerning the property that is set forth in this appraisal report.
11. USPAP requires an appraiser disclose any services regarding the Subject Assets performed by the appraiser within a period of the last three (3) years. Our firm has performed an appraisal regarding the Subject Assets over the past three (3) years.

We trust the above is to your satisfaction. Should you require additional information, please do not hesitate to contact the undersigned.

Respectfully yours,
CENTURY SERVICES CORP.



Per: Raymond Brown, CEA

CENTURY SERVICES CORP.

XIII. CERTIFICATION OF VALUE

I certify that, this is my Opinion of Value of the property belonging to:

The Custom Factory Canada Inc.

50 Wingold Avenue

Toronto, ON

As of the Effective Date given in this Certification of Value.....\$92,000
On the Basis of Orderly Liquidation Value.

As of the Effective Date given in this Certification of Value.....\$71,000
On the Basis of Forced Liquidation Value.

Distribution of Values are as follows:

Description	FLV	OLV
Production Equipment	\$71,000	\$92,000
Total:	\$71,000	\$92,000

Effective Date: March 24, 2017

The image shows a handwritten signature in blue ink over a circular professional seal. The seal contains the text 'CERTIFIED APPRAISER' and is surrounded by a decorative border.

By: Raymond Brown, CEA



Raymond Brown, CPPA, CEA
Senior Appraiser & Auctioneer Eastern Canada
 6 Director Court, Suite 200
 Vaughan, Ontario, Canada L4L 3Z5
 c: (647) 272-4848 o: (416) 862-8100 x 2288 f: (416) 862-8121
rbrown@centuryservices.com | www.centuryservices.com

EXPERIENCE

- 2011- Present** **Century Services Corp.**
 Senior Appraiser & Auctioneer Eastern Canada
 An industrial and commercial appraisal firm providing valuations of inventory, machinery & equipment, A/R; asset-based advisory services to lenders.
- 1997 - 2011** **Century Services Corp. 1997 – 2006, 2011 to present**
Asset Appraisal Corporation 2006 - 2011
 Accredited Machinery & Equipment Appraiser
 Auctioneer
- 1993 - 1997** **PWF Corporation**
 An industrial and commercial appraisal and auction firm providing appraisal and auction services throughout Canada
 Accredited Machinery & Equipment Appraiser
 Auctioneer
- 1988 -1993** **Raymond K. Brown & Associates**
 An auction services firm, operating across Canada and the United States.
 Auctioneer & Auction Service
- 1986 – 1988** **United Co-Operatives of Ontario**
 Livestock Marketing Division
- Professional Affiliations:** Member, **Ontario Auctioneers Association**
 Member, **The Equipment Appraisers of North America**
 Certified Appraiser, **Association of Machinery & Equipment Appraisers (“CEA”)**
 Certified Appraiser, **Canadian Personal Property Appraisers Group (“CPPA”)**
- Markham and East York Agricultural Society**
 Past President, Markham Fair, 2001
 Board of Directors, 1986 -2001
 Committee Member, 1986 to present
- EDUCATION** **University of Guelph - OAC**
 Associate Diploma in Agriculture
- Professional Education:** International College of Auctioneering
 Canadian Personal Property Appraisers Group
 Uniform Standards of Professional Appraisal Practice (“USPAP”) Course

APPRAISAL SCHEDULES

The Custom Factory
50 Wingold Avenue
Toronto, ON M6B 1P7

Summary

		FLV CDN\$	OLV CDN\$
<i>Schedule B</i>	Production Equipment	\$70,730	\$91,860
Schedule A Summary Total		\$70,730	\$91,860

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
1	1	Meridian Phone System w/ Handsets	\$300	\$400
2	4	Sections Metal Shelving	\$80	\$100
3	1	Atom "G222" Swivel Head Clicker S/N 96453	\$500	\$600
4	1	7 Step Rolling Warehouse Stairs	\$150	\$175
5	1	5 Step Rolling Warehouse Stairs	\$100	\$125
6	7	Sections of Pallet Racking w/ 16 Extra Cross Beams	\$1,050	\$1,225
7	26	Sections of Cutting / Layout Table	\$1,300	\$2,600
8	Lot	290' of Feed rail Products 110v Electrical Feed Rail	\$1,450	\$2,320
9	1	Wolf Blazer "Series II" Round Knife Fabric Cutter	\$300	\$350
10	1	Topline 5500 lb. cap. Pallet Truck	\$200	\$225
11	1	Garment Plastic Sleeving Stand	\$50	\$70
12	1	Glass Shelved Display	\$100	\$150
13	1	Union Special "56300" Sewing Machine	\$300	\$400
14	1	Eastlex "4902" Belt Loop Cutter S/N 32378	\$100	\$150
15	1	Hoffman Garment Steam Press	\$300	\$400
16	1	Hoffman "MXB17" Garment Steam Press S/N 12341	\$300	\$400
17	1	New York "1 A A 7-38" Garment Steam Press S/N 54454	\$300	\$400

The Custom FactoryProduction Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
18	2	Handheld Steam Irons	\$50	\$70
19	1	New York Garment Steam Press S/N 83064	\$300	\$400
20	2	Yellow Rolling Racks	\$200	\$250
21	1	2012 Fulton "FB-010-A" Natural Gas Boiler S/N PV126KK w/ 419,000 Btu's, 345 lbs steam /hr	\$2,500	\$3,000
22	1	2006 Fiac "Silver 10/200" Encapsulated Rotary Screen Air Compressor S/N BF121662	\$1,500	\$1,750
23	1	2005 Omega " ADE18/AC Air Dryer S/N 051000543	\$500	\$600
24	1	1977 Veit "4419-1" Vacuum Table S/N 1447	\$200	\$300
25	1	Rema Dri-vac "RPD-50" Vacuum S/N 8343951B	\$100	\$125
26	1	Pfaff "142-720" Sewing Machine S/N 762752	\$150	\$200
27	1	Juki "DDL 553" Sewing Machine	\$50	\$75
28	1	Lewis "160-2" Sewing Machine S/N 160518	\$50	\$100
29	1	Lewis "150-5" Off Arm Machine	\$50	\$100
30	1	Juki "LK-982" Bar Tacker S/N E980 06001	\$400	\$500

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
31	1	Juki "LK-1851" Button Sewer S/N LKOWE-38734 w/ Juki "BR20" Vibratory Bowl Feed	\$800	\$1,000
32	1	Juki "MB-372" Button Sewer S/N N/A	\$300	\$400
33	2	Brother "DB2-B755-403A" Single Needle Sewing Machines S/N B1038331, B1038394	\$800	\$1,000
34	1	Brother "DD7100-403" Single Needle Sewing Machine S/N E8574877 w/ Tape Feed, B-40 Controller	\$800	\$1,000
35	1	Juki "DDL-8500-7" Sewing Machine S/N 4DORJ06236 w/ Juki CP-160 Controller	\$500	\$600
36	1	Brother "DH4-B980-01" Sewing Machine S/N B1117581	\$200	\$300
37	1	Mauser Special "504-4-25" Serger	\$200	\$300
38	1	Hengtai "HT-781" Hand Stitch Sewing Machine S/N 051635	\$1,000	\$1,250
39	1	Sussman "422HA" Vacuum Table	\$500	\$600
40	1	Veit "4419" Vacuum Table w/ Steam Iron	\$300	\$400
41	1	Juki "DDL-5550N-7" Single Needle Sewing Machine S/N N/A w/ P-160 Controller	\$500	\$600

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
42	1	Brother "DB2-B791-415B" Single Needle Sewing Machine S/N B8552940 w/ E-40 Control	\$400	\$500
43	1	Singer "269W26" Bar Tacker AN634443	\$200	\$250
44	1	Brother "BAS-610" Programmable Pattern Sewing Machine S/N M1588859 w/ Controller	\$5,000	\$6,000
45	1	1984 Veit "4419" Vacuum Table w/ Steam Iron	\$200	\$300
46	1	Cutting Room Appliance Fabric Spreader S/N TL530666	\$500	\$600
47	1	2008 Gerber "Cutter GTXL" Fabric Cutter S/N 911 w/ Computerized Control	\$15,000	\$20,000
48	1	Hashima "HP-90LD" Linear Fabric Fusing Press	\$400	\$500
49	1	Feiya "CT1201" Single Head Embroidery Machine S/N 06432 w/ Computerized Controller, 12 Colour	\$5,000	\$6,000
50	1	Juki "DDL-5550N-7" Single Needle Sewing Machine S/N N/A	\$500	\$600
51	1	Brother "LT2-B872-405" Double Needle Sewing Machine S/N K1132716	\$1,250	\$1,500
52	1	Brother "DB2-B755-403A" Single Needle Sewing Machine S/N B1038318	\$400	\$500
53	1	Brother "DD7100-403" Sewing Machine S/N F8581973	\$600	\$800

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
54	1	2001 Lunapress "CP323T" Collar Press S/N 20009	\$750	\$1,000
55	1	Veit "4413" Vacuum Table w/ Steam Iron	\$200	\$300
56	1	Gerber "Infinity 45" Plotter S/N INF45-858	\$1,500	\$2,000
57	3	Computer Systems w/ Cad Cam Software	\$1,500	\$2,100
58	1	Juki "DDL-5550" Single Needle Sewing Machine S/N DDL-VE79721	\$400	\$500
59	1	Gerber Digitizing Board	\$200	\$250
60	1	Igloo Bar Fridge	\$50	\$75
61	1	Brother "DB2-B755-403A" Single Needle Sewing Machine S/N B1033892	\$500	\$600
62	1	Juki "MS-191" Off Arm Machine S/N U10044	\$800	\$1,000
63	1	Juki "MS-1190" Off Arm Machine S/N MSOZA07285	\$1,200	\$1,400
64	1	Brother "LK3-B448-2" Button Sewer S/N M9589090 w/ Brother "BA-16" Vibratory Bowl Feed	\$2,000	\$2,500
65	1	Brother "LK3B438-2" Button Sewer S/N A5533614	\$1,000	\$1,200
66	1	Juki "LBH-1790S" Button Hole Machine S/N 2L0E000276	\$1,500	\$1,750

The Custom Factory

Production Equipment
50 Wingold Avenue
Toronto, ON

ITEM #	QTY	ITEM DESCRIPTION	FLV CDN\$	OLV CDN\$
67	1	Juki "MB373" Button Sewer S/N MB00D63967	\$300	\$400
68	1	Domestic Antique Sewing Machine	\$50	\$75
69	1	Bishop David Shirt Table S/N 14465	\$100	\$150
70	Lot	Lunch Room - Consisting of: 4 Assorted Tables, 28 Assorted Chairs, Amano Time Clock, Kettles, Frigidaire Microwave, Danby Microwave, Kenmore Refrigerator, Kitchenware, etc.	\$400	\$500
71	Lot	Office Furniture and Computers - Consisting of: L-Shaped Desks, Computers Printers, Lateral File Cabinets, etc.	\$1,500	\$2,000
72	Lot	Miscellaneous Equipment - Consisting of: Lockers, Sewing Machines (Parts), Pipe Racks, 50+ Chairs, Pedestal Floor Fans, Plastic Shelving Units, Mop & Pail, 2 Wheel Hand Cart, File Cabinets, Bar Fridge, Step Ladders, Extension Ladder, Ridgid Vacuum, Vise, Hand tools, Work Tables, Mannequins, Carts, etc.	\$2,500	\$3,500
73	Lot	Fabric Inventory - Partial and Full Bolts	\$6,000	\$8,000
			\$70,730	\$91,860



Appraisals

[More Info](#)

Century provides comprehensive and guaranteed appraisal services throughout North America.

Our clients include public and private corporations, financial institutions, court appointed and privately engaged corporate advisers. These clients rely on our professional appraisers to accurately value assets for the purposes of financing, mergers/acquisitions, insurance, and asset disposal.

Our valuation assignments cover a full range of assets, including machinery and equipment, consumer/industrial inventories, real estate and accounts receivables, to commonly undervalued assets such as customer lists, fixtures and leases.

The Century Guarantee

Clients rely on Century valuations. We will guarantee our Forced Sale Value appraisals with a net minimum guaranteed return, or an outright purchase.



Auctions & Liquidations

[More Info](#)

Century's experts provide tailored recovery strategies through auctions, liquidations and other methods best suited to maximize the asset-to-cash realization for each client.

Auctions

Century conducts widely advertised Unreserved/Absolute Auctions which ensures maximum attendance and competitive bidding. We continually update our extensive database so motivated potential buyers are notified of upcoming sales.

Liquidations

Century has extensive experience operating Liquidation Sales of products in Retail, Wholesale and Commercial and Industrial settings.

Other Methods of Sale

Century markets less commonly traded assets by employing different sales strategies, which include Tenders, Offers for Sale, and Direct Sales campaigns.

Century will sell assets on a straight commission or fixed fee basis. Alternately, we can provide a net minimum guaranteed return or outright purchase option.



Asset Based Lending

[More Info](#)

Century provides financing to North American based companies who require short-term capital where conventional sources may be unavailable. We emphasize swift turnarounds for clients with pressing and immediate needs.

For more information on our asset based lending solutions, please visit

www.centurycapital.com

THE CUSTOM FACTORY CANADA INC.

OFFER FORM

DEADLINE FOR OFFERS: March 30, 2017

Link & Associates Inc.

Receivers + Trustees

LINK & ASSOCIATES INC.
Court Appointed Receiver of
The Custom Factory Canada Inc.

77 King Street West
Suite 3000, P.O. Box 95
TD Centre North Tower
Toronto, Ontario
M5K 1G8

www.linkassociates.ca

Background

LINK & ASSOCIATES INC. was appointed Receiver (the “**Receiver**”) of The Custom Factory Canada Inc. (“**CFC**” or the “**Company**”) pursuant to an Order of Justice Hailey of the Ontario Superior Court of Justice dated March 22, 2017 (the “**Court Order**”).

The Receiver is seeking offers for the purchase of certain assets of CFC as set out herein (the “**Assets**”).

The purpose of this document is to assist all prospective purchasers (“**Prospective Purchasers**”) in deciding whether they wish to submit an offer for the purchase of the Assets of CFC located at 50 Wingold Avenue, Toronto, Ontario.

This document has been prepared by the Receiver based upon the Company’s available books and records and from information obtained from management of the Company and other sources, all of which has not been independently verified by the Receiver. It is intended solely for the convenience of Prospective Purchasers for the purpose set out herein. It does not purport to, nor is it intended to, contain all of the information that a Prospective Purchaser may require to complete an evaluation of a potential purchase of the Assets. The Receiver is under no obligation to provide prospective purchasers with any additional information or to accept the highest or any offer.

Absence of Representations or Warranties

The Receiver has not independently verified nor has it made an independent appraisal of the accuracy and completeness of any information contained herein. The Receiver makes no representations or warranties, expressed or implied, statutory or otherwise as to the accuracy or completeness of any information contained herein, nor for any other written or oral communication transmitted or made available to Prospective Purchasers during the course of their investigations. Prospective Purchasers are responsible for satisfying themselves as to the accuracy and completeness of the information contained herein and should conduct their own independent analysis.

Fees and Expenses

Prospective Purchasers are solely responsible for their own fees, costs, and expenses incurred in their investigation of a purchase of the Assets, regardless of whether or not a transaction is consummated, including without limitation, travel, accounting fees, due diligence costs, legal fees, disbursements, and taxes.

Sale Process

The Receiver will consider offers to purchase (“**Offers**”), on an “**AS IS, WHERE IS**” basis, for the Assets as set out herein. All Offers must be submitted in accordance with the procedures set forth herein and must be received on or before **5:00 p.m. EST (Toronto time) on Thursday, March 30, 2017.**

The sale of the Assets will be conducted in accordance with the procedures set forth herein, and the Terms and Conditions of Sale attached hereto as **Appendix 1**.

The Receiver reserves the right in its sole discretion to change the procedures at any time. Material changes will be communicated directly to all Prospective Purchasers expressing written interest or having submitted Offers. In addition, the Receiver reserves the right to revise or amend any confidential information which has been made available to Prospective Purchasers through revision of existing material, addition of new material or other means. The Receiver reserves the right to amend and/or modify these procedures or to reject any or all offers regardless of apparent value in relation to any other, at any time, by sending written notice to all Prospective Purchasers. If any party does not submit the Offer in accordance with the Sale Process the Receiver may, but will not be obligated in any way to, consider the Offer.

Prospective Purchasers are cautioned that the Receiver reserves the right to sell the Assets at any time and without notice prior to March 30, 2017. The highest Offer may not necessarily be accepted, nor will any of the Offers submitted necessarily be accepted.

Offers must be in the form attached as **Appendix 2**. All contact by prospective purchasers is to be made directly with the designated representative of the Receiver below:

LINK & ASSOCIATES INC.
Receivers + Trustees
77 King Street West, Suite 3000
PO Box 95
Toronto, Ontario
M5K 1G8

Attention: Robert G. Link, CIRP, LIT
Tel: (416) 862-7785 ext. 2
Fax: (416) 862-2136
Email: rlink@linkassociates.ca

APPENDIX 1

Terms and Conditions of Sale

1. The Receiver will consider written offers to purchase the Assets in accordance with the Terms and Conditions contained herein.

All offers must be received at the following address by 5:00 p.m. EST (Toronto time) on Thursday, March 30, 2017:

LINK & ASSOCIATES INC.
 Receivers + Trustees
 77 King Street West, Suite 3000
 PO Box 95
 Toronto, Ontario
 M5K 1G8

Attention: Robert G. Link, CIRP, LIT

Tel: (416) 862-7785 ext. 2

Fax:/p (416) 862-2136

Email: rlink@linkassociates.ca

2. Offers will only be accepted on the basis that each party (and all parties submitting an Offer hereby acknowledge to the Receiver) has satisfied itself as to the title thereto and that no representation, warranty, term, condition, understanding or collateral agreement, statutory or otherwise, is expressed or can be implied, with respect to title, encumbrances, merchantability, condition (environmental or otherwise), description, fitness for purpose, quality, quantity, state, zoning, existence or non-existence of Hazardous Materials, compliance with Environmental Laws or any other thing, affecting any of the parcels or in respect of any other matter or thing whatsoever except as expressly stated herein. Without limiting the foregoing, each party submitting an Offer acknowledges and agrees that the sale and purchase of each parcel shall be strictly on an “AS IS, WHERE IS” basis as each parcel will exist on the Closing Date regardless of whatever defects, conditions, Hazardous Materials or deficiencies that may exist on the Closing Date including, without limitation, any latent or patent defects, and no adjustment shall be allowed to a purchaser for changes in condition or quantities of the assets from the date hereof or from the date of the agreement of purchase and sale.
3. The sale, transfer and assignment by the Receiver of its right, title and interest, if any, in and to the assets is subject to the terms of any license, lease, patent, or any other agreement comprising or relating to such assets, including, without limitation, (i) any consents of any licensor, lessor, or any other party, (ii) any restrictions on disclosure or assignability, (iii) any provisions relating to

confidentiality, and (iv) any rights of first refusal for the benefit of any other party to any such license, lease, patent or any other agreement.

4. Each Prospective Purchaser acknowledges that it will be responsible for making its own arrangements with any licensors or lessors of assets or other parties required to operate or related to any of the assets. Each party submitting an Offer acknowledges that the Receiver is not required to inspect or count, or provide any inspection or counting, of the parcels or any part thereof and such party shall be deemed, at its own expense, to have relied entirely on its own judgement, inspection and investigation. It shall be the sole responsibility of a Prospective Purchaser to obtain, at its own expense, any such consents required for the transfer or assignment of any purchased assets and any further documents or assurances which are necessary or desirable in the circumstances. The Receiver shall not be liable for any incorrect description, defect or condition of any of the parcels, and each person submitting an Offer shall make no claim against the Receiver or the Company or any of its directors, officers or employees in connection with the Offer for the purchase of any of the parcels or any agreement of purchase and sale arising therefrom.
5. Documentation relating to the Assets to the extent it is available, may be obtained from the Receiver at the aforementioned address. Such documentation has been prepared or collected solely for the convenience of Prospective Purchasers and is not represented or warranted to be complete or accurate and is not part of these Terms and Conditions of Sale.
6. All offers must be in the form of the enclosed "Offer Form", signed by a duly authorized officer of the entity making the offer, if the Offeror is a corporation.
7. All Offers must be accompanied by a bank draft or certified cheque payable to "LINK & ASSOCIATES INC. - in Trust for The Custom Factory Canada Inc." in an amount equal to not less than 10% of the gross purchase price being offered. If the Offer is accepted, the bank draft or certified cheque shall be deemed a non-refundable cash deposit (the "**Deposit**") and shall be held and applied against the purchase price at closing. **The Receiver reserves the right to waive the requirement for a Deposit.**
8. The highest or any offer will not necessarily be accepted. The acceptance of any offer is at the Receiver's absolute discretion. No person shall retract, withdraw or countermand an offer before notification of acceptance or rejection of the offer by the Receiver.
9. The Receiver reserves the right to amend or terminate the Offer process at any time.
10. If any Offer to purchase all or any of the Assets is accepted by the Receiver, the Receiver will notify the purchaser (the "**Purchaser**") of such acceptance by notice in writing delivered by e-mail, facsimile or courier to the Purchaser at the

address set forth in his offer, such notice to be deemed effectively given and received when delivered as the case may be.

11. Acceptance of any Offer may be subject, in the sole and absolute discretion of the Receiver, to the Receiver and the Purchaser entering into an agreement of purchase and sale on terms and conditions and in a form acceptable to the Receiver.
12. An Offer, and the acceptance thereof in accordance with paragraph 11 above, together with these Terms and Conditions of Sale, which shall be deemed to form part of each Offer, shall constitute a valid and binding agreement of purchase and sale between the Purchaser and the Receiver with respect to the applicable parcel(s), and such agreement shall not be amended without the written consent of the Receiver.
13. All Deposits in respect of Offers not accepted by the Receiver shall be returned to the offering party by prepaid registered mail, addressed to the party at the address set forth in its Offer, without interest thereon.
14. If an Offer is accepted, the balance of the purchase price, together with any taxes referred to below shall be paid by bank draft or certified cheque payable to the Receiver by **April 5, 2017**, or such other date as may be selected by the Receiver (the "**Closing Date**").
15. The closing shall take place at the office of the Receiver as set forth below or at such other place as the Receiver shall direct.
16. The Purchaser will pay to the Receiver on the Closing Date, in addition to the balance of the purchase price, any and all federal, provincial and other sales, goods and services, and other taxes whatsoever which are payable in connection with the purchase and conveyance of the parcels herein, together with all duties, registration fees or other charges properly payable or exigible upon or in connection with the conveyance or transfer of the parcels or will provide the Receiver with appropriate exemption certificates in form and substance satisfactory to the Receiver in respect of such taxes. The Purchaser will indemnify and hold the Receiver harmless in respect of any taxes, penalties, interest and other amounts which may be assessed against the Receiver under the *Excise Tax Act* (Canada), the *Retail Sales Tax Act* (Ontario), or any comparable law as a result of the sale of the parcels or as a result of the failure by the purchaser to pay all the aforementioned taxes exigible in connection with the transactions contemplated by the agreement of purchase and sale arising from acceptance by the Receiver of any Offer, whether arising from re-assessment or otherwise.

17. The Receiver shall not be required to furnish or produce any abstract, survey, deed, declaration or other document or evidence of title except as such that are in its possession.
18. Prior to any closing, all Assets shall be and remain in the possession of and at the risk of the Company and the Receiver, who will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Purchaser(s) as their respective interests may appear. After closing, parcels shall be at the risk of the Purchaser. In the event of substantial damage to any parcel or parcels occurring on or before closing the purchaser may either take an assignment of the proceeds of the insurance related thereto and complete the agreement of purchase and sale or may terminate the agreement of purchase and sale and have all monies theretofore paid, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the purchaser shall be obligated to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever.
19. If a sale contemplated by an agreement of purchase and sale is not completed because of the Purchaser's default, the Deposit and all other payments made in connection with the purchase price shall be forfeited and retained by the Receiver and such parcel(s) may be resold by the Receiver. Upon such resale the Purchaser shall pay to the Receiver (i) an amount equal to the amount, if any, by which the purchase price under the agreement of purchase and sale exceeds the net purchase price received by the Receiver pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Receiver in respect of or occasioned by the Purchaser's failure to comply with an agreement of purchase and sale.
20. It shall be a condition precedent to the Receiver's obligations to complete any agreement of purchase and sale on the Closing Date that:
 - (a) none of the assets which are the subject of the agreement of purchase and sale are removed from the possession of the Receiver by any means or process as of the Closing Date;
 - (b) the Receiver if it deems it necessary or is otherwise required, will have obtained a Court Order approving the sale and vesting of title to the sold assets to the Purchaser.
 - (c) there is no order of a court of competent jurisdiction enjoining the Receiver from proceeding with the sale of any assets which are the subject of the agreement of purchase and sale, as at the Closing Date.
 - (d) the Receiver shall have issued such notices of sale or disposition as shall be necessary for it to convey or cause to be conveyed the Company's right, title and interest, if any, in the assets which are the subject of the

agreement of purchase and sale and none of such assets shall have been redeemed by any party as of the Closing Date; and

In each of the above cases, in the event the conditions precedent cannot be satisfied, the agreement of purchase and sale shall terminate (thereby releasing the Receiver, the Company and the Purchaser from their respective obligations hereunder) and the Receiver will return all monies paid by the Purchaser, without interest or deduction.

21. The submission of an offer to the Receiver shall constitute the Purchaser's acknowledgment and agreement that the purchaser has reviewed, understood, acknowledged and agreed to all of these Terms and Conditions of Sale set out herein.
22. Each Prospective Purchaser acknowledges that Link & Associates Inc. is acting solely in its capacity as Court Appointed Receiver of the assets, property and undertaking of The Custom Factory Canada Inc. and as such, its liabilities hereunder or under any agreement of purchase and sale contemplated hereby, or as a result of any sale contemplated hereby, will be in its capacity as Receiver and it shall have no personal or corporate liability of any kind, whether in contract or in tort.
23. The validity and interpretation of any agreement of purchase and sale shall be governed by the laws of Ontario, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be, provided that a purchaser may not assign or transfer any of its rights or obligations under any agreement of purchase and sale without the prior written consent of the Receiver, such consent shall not be unreasonably withheld.
24. The terms and conditions contained herein shall not merge on the closing of the transaction contemplated by any agreement of purchase and sale but shall survive such closing and remain in full force and effect and be binding on each Purchaser thereafter.
25. Time is of the essence in any agreement of purchase and sale.
26. The Purchaser represents to the Receiver that it is not a non-Canadian as defined in the *Investment Canada Act* (Canada) or that approval of the transaction of purchase and sale is not required under the *Investment Canada Act* (Canada).
27. The Receiver shall, in its discretion, execute and deliver such deeds, bills of sale and assignments (if any) which the Receiver considers necessary. Any such deeds, bills of sale or assignments shall contain only a conveyance of the right, title and interest by the Receiver and the Company in the purchased property and shall not contain any covenants, representations or warranties, other than a representation and warranty that the Receiver has the right to sell the interest, if any, of the Company in the Property and that the Receiver has done no act itself to encumber the Property.

28. The following terms shall have the following meanings when used herein:

Hazardous Materials” means any “contaminants”, “dangerous goods”, “hazardous materials”, “hazardous substances”, “waste”, “pollutants” and “toxic substances”, all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to the protection of the environment, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and chlorinated hydrocarbons.

Environmental Law” means any and all applicable international, federal, provincial, state, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials.

Dated at Toronto, Ontario, this 28th day of March, 2017.

LINK & ASSOCIATES INC.
Court Appointed Receiver of
The Custom Factory Canada Inc.

APPENDIX 2

OFFER FORM

The Receiver will consider offers to purchase, on an “AS-IS, WHERE-IS” basis, the sale by the Receiver of the right, title and interest, if any, in the Assets described below.

To: LINK & ASSOCIATES INC.
Court –Appointed Receiver of The Custom Factory Canada Inc.
 77 King Street West, Suite 3000
 PO Box 95, Toronto, ON
 M5K 1G8

Attention: Robert Link, CIRP, LIT
 Tel: (416) 862-7785 / Fax: (416) 862-2136
rlink@linkassociates.ca

1. _____
 (Name of Party Making Offer)

2. _____
 (Address)

3. _____
 (Person to be contacted)

4. _____
 (Phone/Fax number)

5. _____
 (E-mail address)

6. The offer must be considered as an ‘*En Bloc*’ offer. Yes _____ No _____

7. This offer is submitted pursuant to the Terms and Conditions of Sale prepared by the Receiver (the “Terms and Conditions of Sale”).

8. All assets are being sold “**AS-IS WHERE-IS**”. No warranties express or implied. **NO EXCEPTIONS.**

- 9. Acceptance of this offer by the Receiver shall constitute a binding agreement of purchase and sale on the terms and conditions set forth in this offer, including the Terms and Conditions of Sale which form a part hereof.

- 10. The undersigned hereby submits an offer in the total amount of \$_____ plus applicable taxes, for the purchase of the Assets set out in the attached listing.

This offer is irrevocable and open for acceptance by the Receiver until 5:00 p.m. EST (Toronto time) Monday, April 3, 2017.

Dated at _____ this ____ day of _____, 2017.

Per: _____
Authorized Signing Officer

Per: _____
Authorized Signing Officer

ITEM #	QTY	DESCRIPTION	COMMENTS	OFFER
1	1	Hengtai "HT-781" Hand Stitch Sewing Machine S/N 051635	LEASED	
2	1	2008 Gerber "Cutter GTXL" Fabric Cutter S/N 911	LEASED	
3	1	Brother "BAS-610" Programmable Pattern Sewing Machine S/N M1588859	LEASED	
4	1	Feiya "CT1201" Single Head Embroidery Machine S/N 06432	LEASED.	
5	1	Brother "LK3-B448-2" Button Sewer S/N M9589090	LEASED	
6	1	Juki "LBH-1790S" Button Hole Machine S/N 2L0E000276	LEASED	
SUBTOTAL				\$

7	1	Meridian Phone System w/ Handsets		SOLD
8	4	Sections Metal Shelving		
9	1	Atom "G222" Swivel Head Clicker S/N 96453		SOLD
10	1	7 Step Rolling Warehouse Stairs		
11	1	5 Step Rolling Warehouse Stairs		SOLD
12	7	Sections of Pallet Racking w/ 16 Extra Cross Beams		
13	26	Sections of Cutting / Layout Table		
14	Lot	290' of Feed rail Products 110v Electrical Feed Rail		

66	1	Brother "LK3B438-2" Button Sewer S/N A5533614		
67	1	Juki "MB373" Button Sewer S/N MB00D63967		SOLD
68	1	Domestic Antique Sewing Machine (in wooden box)		SOLD
69	1	Bishop David Shirt Table S/N 14465		
70	Lot	Lunch Room - Consisting of: 4 Assorted Tables, 28 Assorted Chairs, Amano Time Clock, Kettles, Frigidaire		
71	Lot	Office Furniture and Computers - Consisting of: L-Shaped Desks, Computers Printers, Lateral File Cabinets, etc.		
72	Lot	Miscellaneous Equipment - Consisting of: Lockers, Sewing Machines (Parts), Pipe Racks, 50+ Chairs, Pedestal Floor Fans, Plastic		
74	1	Shelves at Loading Dock		SOLD
SUBTOTAL MACHINERY, EQUIPMENT and MISC ASSETS LOCATED AT PREMISES				
73	Lot	Fabric Inventory - Partial and Full Bolts; Miscellaneous finished and semi-finished goods and other miscellaneous fabric.		
SUBTOTAL INVENTORY LOCATED AT PREMISES				
TOTAL OFFER (before tax)				

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2225416
Estate No. 31-2225416

FORM 68
Notice of Bankruptcy, First Meeting of Creditors
(Subsection 102(1) of the Act)

Original Amended

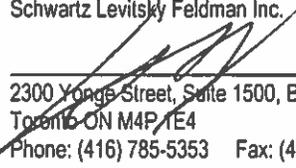
IN THE MATTER OF THE BANKRUPTCY OF
THE CUSTOM FACTORY CANADA INC.
A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO WITH A HEAD OFFICE IN THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO

Take notice that:

1. THE CUSTOM FACTORY CANADA INC. filed (or was deemed to have filed) an assignment on the 7th day of March 2017, and the undersigned, Schwartz Levitsky Feldman Inc., was appointed as trustee of the estate of the bankrupt by the official receiver (or the Court), subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.
2. The first meeting of creditors of the bankrupt will be held on the 27th day of March 2017, at 10:00 AM, at the office of TORONTO, at 2300 Yonge Street, Suite 1500, BOX 2434, Toronto, ON, M4P 1E4.
3. To be entitled to vote at the meeting, a creditor must lodge with the trustee, before the meeting, a proof of claim and, where necessary, a proxy.
4. Enclosed with this notice is a proof of claim form, proxy form, and list of creditors with claims amounting to \$25 or more showing the amounts of their claims.
5. Creditors must prove their claims against the estate of the bankrupt in order to share in any distribution of the proceeds realized from the estate.

Dated at the City of Toronto in the Province of Ontario, this 7th day of March 2017.

Schwartz Levitsky Feldman Inc.


2300 Yonge Street, Suite 1500, BOX 2434
Toronto ON M4P 1E4
Phone: (416) 785-5353 Fax: (416) 784-3025

-- Form 78 --

Statement of Affairs (Business Bankruptcy) 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 BANKRUPTCY OF
 THE CUSTOM FACTORY CANADA INC.
 A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF
 ONTARIO WITH A HEAD OFFICE IN THE CITY OF TORONTO IN THE PROVINCE OF
 ONTARIO

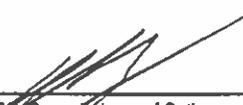
To the bankrupt:

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 bankruptcy, on the 6th day of March 2017. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A"	1. Inventory
797,500.00	10,000.00
Balance of secured claims as per list "B"	2. Trade fixtures, etc.
450,000.00	0.00
Total unsecured creditors	3. Accounts receivable and other receivables, as per list "E"
1,247,500.00	Good
2. Secured creditors as per list "B"	0.00
45,000.00	Doubtful
3. Preferred creditors as per list "C"	0.00
69,433.24	Bad
4. Contingent, trust claims or other liabilities as per list "D"	0.00
estimated to be reclaimable for	Estimated to produce
0.00	0.00
Total liabilities	4. Bills of exchange, promissory note, etc., as per list "F"
1,361,933.24	0.00
Surplus	5. Deposits in financial institutions
NIL	0.00
	6. Cash
	0.00
	7. Livestock
	0.00
	8. Machinery, equipment and plant
	35,000.00
	9. Real property or immovable as per list "G"
	0.00
	10. Furniture
	0.00
	11. RRSPs, RRIFs, life insurance, etc.
	0.00
	12. Securities (shares, bonds, debentures, etc.)
	0.00
	13. Interests under wills
	0.00
	14. Vehicles
	0.00
	15. Other property, as per list "H"
	0.00
	If bankrupt 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
	45,000.00
	Deficiency
	1,316,933.24

I, ANTONIO PETOSA, of the City of Toronto in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 6th day of March 2017 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 6th day of March 2017.


 ALAN PAOGE, Commissioner of Oaths
 For the Province of Ontario
 Expires September 19, 2019


 ANTONIO PETOSA

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

FORM 78 – Continued

List "A"
 Unsecured Creditors

THE CUSTOM FACTORY CANADA INC.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	ANTONIO PETOSA	62 CARTWRIGHT AVENUE Toronto ON M6A 1T9	120,000.00	0.00	120,000.00
2	CRA - Canada Revenue Agency - Tax - Ontario Attr: c/o London Taxes Services Office Division Regional Intake Centre for Insol 837902170RP0001	PO Box 5548 451 Talbot St, 3rd Flr London ON N6A 4R3	0.00	135,000.00	135,000.00
3	DAVINCI CAPITAL PRIVATE DEBT FUND	240 DUNCAN MILL ROAD, STE 806 Toronto ON M2B 3S6	0.00	115,000.00	115,000.00
4	Enbridge Gas Distribution - Ontario Attr: Back Office Collections Department	PO Box 650 Scarborough ON M1K 5E3	500.00	0.00	500.00
5	Federal Express Canada Ltd. - Revenue Recovery Department Attr: Lynn Tassone	5985 Explorer Drive Mississauga ON L4W 5K6	1,000.00	0.00	1,000.00
6	FEREDERATED	200 NEW STINE ROAD #229 BAKERSFIELD, CA 93309 USA	0.00	0.00	0.00
7	Goldman Sloan Nash & Haber LLP	1600 - 480 Univeristy Ave Toronto ON M5G 1V2	5,000.00	0.00	5,000.00
8	JACK VICTOR LIMITEE	1250, RUE SAINT ALEXANDRE Montreal QC H3B 3H6	20,000.00	0.00	20,000.00
9	JOSEPH PETOSA	239 ST HELENS Toronto ON M6H 4A2	27,000.00	0.00	27,000.00
10	MARIO PETOSA	62 CARTWRIGHT AVENUE Toronto ON M6A 1T9	420,000.00	0.00	420,000.00
11	PATRIOT EQUIPMENT FINANCE	10 MILNER BUSINESS COURT, STE. 300 Scarborough ON M1B 3C6	180,000.00	0.00	180,000.00
12	PATRIOT EQUIPMENT FINANCE LTD.	300-10 MILNER BUSINESS COURT Scarborough ON M1B 3C6	0.00	200,000.00	200,000.00
13	PROGRESSIVE WASTE SOLUTIONS CANADA INC. 7110023649	650 CREDITSTONE ROAD Concord ON L4K 5C8	5,000.00	0.00	5,000.00
14	Purolator Courier Limited Attr: Ortie Nescl	5995 Avebury Rd. 3rd Flr. Mississauga ON L5R 3T8	500.00	0.00	500.00
15	Rogers Communications Bankruptcies c/o FCT Default Solutions Attr: Insolvency Department	PO Box 2514 Stn B London ON N6A 4G9	500.00	0.00	500.00
16	S. COHEN	153 GRAVELINE Montreal QC H4T 1R4	15,000.00	0.00	15,000.00
17	UPS Canada c/o Credit Department Attr: Receivables Department	200-1 Factory Lane Moncton NB E1C 9M3	2,000.00	0.00	2,000.00
18	Xerox Canada Ltd. Attr: Stephanie Grace	33 Bloor Street East Toronto ON M4W 3H1	1,000.00	0.00	1,000.00
Total:			797,500.00	450,000.00	1,247,500.00

06-Mar-2017

Date



ANTONIO PETOSA

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

FORM 78 -- Continued

List "B"
 Secured Creditors

THE CUSTOM FACTORY CANADA INC.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	CRA - Canada Revenue Agency - Tax - Ontario Attn: c/o London Taxes Services Office Division Regional Intake Centre for Insol 837902170RP0001	PO Box 5548 451 Talbot St, 3rd Flr London ON N6A 4R3	180,000.00	Business Assets - Machinery - MACHINERY AND EQUIPMENT Business Assets - Stock In Trade - INVENTORY		35,000.00 10,000.00		135,000.00
2	DAVINCI CAPITAL PRIVATE DEBT FUND	240 DUNCAN MILL ROAD, STE 806 Toronto ON M2B 3S6	115,000.00	Business Assets - Machinery - MACHINERY AND EQUIPMENT Business Assets - Stock In Trade - INVENTORY		0.00 0.00		115,000.00
3	PATRIOT EQUIPMENT FINANCE LTD.	300-10 MILNER BUSINESS COURT Scarborough ON M1B 3C6	200,000.00	Business Assets - Machinery - MACHINERY AND EQUIPMENT Business Assets - Stock In Trade - INVENTORY		0.00 0.00		200,000.00
Total:			495,000.00			45,000.00	0.00	450,000.00

06-Mar-2017

Date



ANTONIO PETOSA

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

FORM 78 -- Continued

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

THE CUSTOM FACTORY CANADA INC.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
1	HARRIS-JORDAN INVESTMENTS LIMITED	C/O ALLEN & ALLEN BARRISTERS AND SOLICITORS 15 TORONTO STREET, STE 200 Toronto ON M5C 2E3		-	69,433.24	0.00	69,433.24
Total:					69,433.24	0.00	69,433.24

06-Mar-2017

Date



ANTONIO PETOSA

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

FORM 78 – Continued

List "D"
Contingent or Other Liabilities

THE CUSTOM FACTORY CANADA INC.

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

06-Mar-2017

Date


ANTONIO PETOSA

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

FORM 78 – Continued

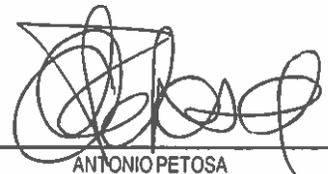
List "E"
Debts Due to the Bankrupt

THE CUSTOM FACTORY CANADA INC.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
			Total.	0.00 0.00 0.00			0.00	

06-Mar-2017

Date



ANTONIO PETOSA

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

FORM 78 -- Continued

List "F"

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

THE CUSTOM FACTORY CANADA INC.

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

06-Mar-2017

Date



ANTONIO PETOSA

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

FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Bankrupt
THE CUSTOM FACTORY CANADA INC.

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

06-Mar-2017

Date



ANTONIO PETOSA

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

FORM 78 -- Concluded

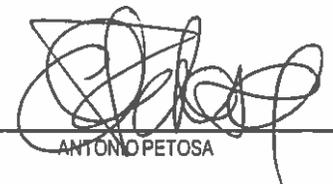
List "H"
 Property

THE CUSTOM FACTORY CANADA INC.
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		INVENTORY	0.00	10,000.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		MACHINERY AND EQUIPMENT	0.00	35,000.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other			0.00	0.00
			Total:	45,000.00

06-Mar-2017

Date



ANTONIO PETOSA

Court No.

File No.

IN THE MATTER OF THE BANKRUPTCY OF
THE CUSTOM FACTORY CANADA INC.
A COMPANY DULY INCORPORATED PURSUANT
TO THE LAWS OF THE PROVINCE OF ONTARIO
WITH A HEAD OFFICE IN THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

Form 78 (Bill C-12)
Statement of affairs (Business bankruptcy)

Schwartz Levitsky Feldman Inc.

2300 Yonge Street, Suite 1500, BOX 2434
Toronto ON M4P 1E4
Phone: (416) 785-5353 Fax: (416) 784-3025

Court No. 31-2225416

Estate No. 31-2225416

IN THE MATTER OF THE BANKRUPTCY OF
THE CUSTOM FACTORY CANADA INC.
A COMPANY DULY INCORPORATED PURSUANT TO
THE LAWS OF THE PROVINCE OF ONTARIO WITH A
HEAD OFFICE IN THE CITY OF TORONTO IN THE
PROVINCE OF ONTARIO

Form 68 (Bill C-12)
Notice of Bankruptcy, First Meeting of Creditors

Schwartz Levitsky Feldman Inc.

2300 Yonge Street, Suite 1500, BOX 2434
Toronto ON M4P 1E4
Phone: (416) 785-5353 Fax: (416) 784-3025



Date: May 9, 2017

Client Name: **TESSITURA MONTI SPA**

Client Account #: 219231

EOS #: 13619885

Amount Owing: \$50,753.88

Contact Us: **1-844-675-0576**

13619885

DLXB1



THE CUSTOM FACTORY INC. COMERCIO DE PRONTO
A VESTIR THE CUSTOM FACTORY INC. COMERCIO
DE PRONTO A VESTIR
500-50 WINGOLD AVE
NORTH YORK, ON M6B 1P5

PAST DUE NOTICE – IMMEDIATE ATTENTION REQUIRED
YOUR ACCOUNT HAS BEEN LISTED FOR COLLECTION

WITHOUT PREJUDICE

Dear THE CUSTOM FACTORY INC. COMERCIO DE PRONTO A VESTIR THE CUSTOM FACTORY INC. COMERCIO DE PRONTO A VESTIR,

Your overdue account has been listed with our firm for collection. We have been instructed to formally demand payment in full of the above claim. Our client's instructions are clear: use all appropriate collection means available to collect the amount due. Please remit your payment using one of the options listed below.

If you are unable to comply with this demand and wish to discuss your account, please contact our office immediately using the phone number listed below. Please keep this letter available as your account number and file number are important information.

Failure to remit payment in full within 30 days from the date of this letter may involve your name and amount owing to be registered with the various credit bureaus across Canada. If you believe an error has been made, or you have previously remitted payment, please contact our offices immediately to discuss this matter. We will deal with your concerns promptly and professionally.

EOS Canada Inc. 1-866-388-1821 x 1016
Collection Agent, 1-844-675-0576

PAYMENT INSTRUCTIONS / OPTIONS:

- INTERNET BANKING / TELEPHONE BANKING. Contact your financial institution and set up EOS NCN as a bill payment. Your account number is **13619885**. You can also visit our website for more detailed instructions (www.eos-canada.ca and choose Payment Options).
- PAYMENT BY MAIL. Return completed slip with your cheque or money order payable to EOS Canada. Please do not send cash in the mail.

*Le débiteur aura avantage à connaître la Loi sur le recouvrement de certaines créances et, au besoin, à communiquer avec l'Office de la protection du consommateur.

You can return this stub by mail along with a cheque or money order. A service fee of \$25.00 may apply for returned cheques, including NSF, account closed and stop payments.

THE CUSTOM FACTORY INC. COMERCIO DE PRONTO A VESTIR THE
CUSTOM FACTORY INC. COMERCIO DE PRONTO A VESTIR

Date: May 9, 2017
Client Name: **TESSITURA MONTI SPA**
Client Account #: 219231
EOS #: 13619885
Amount Owing: **\$50,753.88**
Contact Us: **1-844-675-0576**

Mail all payments to:



1100-325 Milner Avenue
Toronto, ON M1B 5N1

LINK & ASSOCIATES INC.
 Mr. Robert Link
 77 King St. West, Suite 3000
 PO Box 95, TD Centre North Tower
 Toronto, ON M5K 1G8

Albino, 05/07/2017

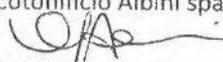
Object: Declaration of Credit

With this letter we are sending the list of outstanding invoices for our customer THE CUSTOM FACTORY CANADA INC.

Due Date	S	Document	S.	Doc.Date	Currency	Amount
18/05/2016	A	21587	AB	18/05/2016	USD	17.273,17
18/05/2016	A	21587	TM	18/05/2016	USD	4.980,00-
18/05/2016	A	21588	TM	18/05/2016	USD	1.522,69
20/09/2016	A	32552	AL	20/07/2016	USD	6.108,79
20/09/2016	A	32553	AB	20/07/2016	USD	1.479,22
29/09/2016	A	33556	AL	29/07/2016	USD	10.526,78
29/09/2016	A	33557	AB	29/07/2016	USD	4.010,24
18/07/2016					USD	7.238,55-
Total					USD	28.702,34
Total Overdue					USD	28.702,34

We look forward to receiving your update information about this case.

Best regards
 Cottonificio Albini spa


 COTTONIFICIO ALBINI S.p.A.
 24011 ALBINO (BG)
 Via Dr. Silvio Albini n. 1
 Partita IVA 01884530161
 Codice Fiscale 08743540158

Robert Link

From: Gary Harper <gharper@jnharper.com>
Sent: Wednesday, July 5, 2017 7:47 AM
To: Robert Link
Subject: THE CUSTOM FACTORY CANADA INC. (Receivership)

Hello Robert

I am the president and owner of a textile wholesale business who was supplying Antonio at Custom Factory . I also am an agent for an Italian textile mill that sold fabric to Custom Factory .

You can imagine my surprise when I showed up for an appointment March 7 , to find the premises locked , a bailiff notice on the front door and the store completely cleaned out .

I have been endeavouring to source information about what happened and only through a "google search" did I come upon your firm .

I am experienced enough to know that with the mismatch in secured claims and assets , there appears to be no chance of any recovery . That being said , I can send you our statement (approximately \$14,000) and the one from Albini (\$28,000 US \$) so we are represented on the list of creditors

The two questions I do have

1. What happened to the accounts receivable
2. You reference the missing finished goods inventory – I imagine this is under investigation

Thank you

Gary Harper
JN Harper
8335 Devonshire Road
Montreal (TMR)
Quebec
H4P 2L1
1-514-736-3000 x236
1-514-592-6007 cell
www.jnharper.com
gharper@jnharper.com





Società di gestione e recupero del Credito

Bergamo, 26/04/2017

17E00014946.EE.P.007 1/1 10 1_1

THE CUSTOM FACTORY INC. COMERCIO DE
PRONTO A VESTIR
50 WINGOLD AVENUE UNIT 500
M6B-1P7 TORONTO ONTARIO
- CANADA

FILE REFERENCE: 1089362 / **7354385** / 1**RE: TESSITURA MONTI SPA** /THE CUSTOM FACTORY INC. COMERCIO DE PRONTO A VESTIR

Advancing Trade S.p.A. has received mandate from **TESSITURA MONTI SPA** in order to handle and recover the amount of his credit still unpaid, total amount **EUR 35.858,33**, capital amount EUR 30.239,17, interests EUR 397,73, fees EUR 5.221,43, all fees for the collection of the credit, inclusive of eventual accounts paid.

Considering your indebtedness, we invite you to provide to the payment, within and not later than 10 days from the receipt of this letter, of the outstanding amount of **EUR 35.858,33**.

Payment to be made as follows:

- **Bank transfer:**
Unicredit S.p.A. - F.le Trivento Orientale
IBAN: IT 93 U 02008 12028 000013269537
SWIFT: UNCRITMM
Beneficiary : **TESSITURA MONTI SPA**
Indicate on the transfer : reference 1089362/7354385/1

The above mentioned term for the payment of the above indicated amount due, allows you to settle in amicable way your debt without further fees; in case you do not settle, the creditor company will be free to safeguard it's rights.

Our offices are at your disposal from Monday to Friday from 9.00 to 13.00 and from 14.00 to 18.00, Phone nr. 0039/ **0346-1902720** Fax 0039/ 035-2286228 - Mail: R.SPERANZA@ADVTRADE.IT.

In case you have already made the payment directly to TESSITURA MONTI SPA , please send us the proof or bank copy of the payment to fax 0039/ 035-2286228, and do not consider this reminder.

Best regards

Advancing Trade S.p.A.

In accordance with the article no. 13 of the decree of law no. 196 dated June 30th, 2003, we inform you to possess personal data regarding you which have been supplied by our customer, according to the activity we fulfil. On the basis of the art. 7 of the mentioned decree of law , we invite you to take vision of the rights that eventually you, as "interested person", will be able to apply according to the limits and conditions indicated in the articles no. 8 and 9. The data will be managed in a suitable way by manual or software system instruments, in order to guarantee, in any case , privacy and discretion. Moreover we remind you that the data will be dealt according to the principle of

ADVANCING TRADE S.p.A.

Via Palma il Vecchio, 111 - 24122 BERGAMO

Società di gestione e recupero del Credito

the lawful, rightness and pertinence, as per the art. 11 of the decree of law 196/2003 and for such reasons, once the assignment will be finished, the personal data mentioned above will not be used anymore.

Details of amounts due:

INVOICE 3	18/07/2016 - 18/07/2016	EUR -8.813,26
INVOICE 8391	28/07/2016 - 28/10/2016	EUR 23.027,34
INVOICE 8087	19/07/2016 - 19/08/2016	EUR 1.908,63
INVOICE 13982	29/12/2016 - 13/04/2017	EUR 14.116,46

LEASE CONTRACT

Lease #: **16-1102**

Patriot Equipment Finance Ltd.
 10 Milner Business Court, Suite 300
 Scarborough, Ontario
 M1B 3C6



LESEE DETAILS

Name of Lessee: The Custom Factory Canada Inc.			
Co-lessee name: Antonio Petosa			
Co-lessee name:			
Address: 50 Wingold Ave.			
City: Toronto	Province: Ontario	Postal Code: M6B 1P7	
Contact: Antonio Petosa	Phone: (416) 243-5028	Fax: (416) 243-9274	
E-mail: antonio@thecustomfactory.ca	Cell: (416) 414-8760		

EQUIPMENT DESCRIPTION

EQUIPMENT	SERIAL NUMBER
2008 Gerber GTXL Automatic Cutter with Accumark	911
2009 Brother BAS-610 Auto Pocket Welt Machine	M1688859
2009 Brother LK3-B-448E Auto Button Sewer	TBD - On Delivery
2011 Feiya 1270 Embroidery Machine	06432
2011 Juki LBH 1790 S Buttonhole Machine	2LOED00276
2011 Henhai 781 Pic Stitch Machine	TBD - On Delivery

Equipment Location (if different):

SUPPLIER: Ruditeq Inc., 50 Stonedene Blvd, Toronto, ON, M2R 3C9 **PHONE:** Rudi - (416) 297-2349

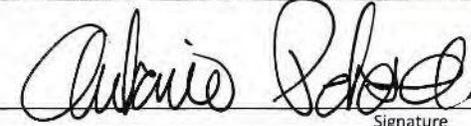
PAYMENT TERMS

Term (in months):	No. of Pmts:	Payment Amount:	Documentation Fee:	Other:	GST/HST:	Total:
48	1	\$ 6,550.00	\$ 1,150.00	\$ -	\$ 1,001.00	\$ 8,701.00
<input checked="" type="checkbox"/> Monthly	11	\$ 6,550.00	\$ -	\$ -	\$ 851.50	\$ 7,401.50
<input type="checkbox"/> Quarterly						
<input checked="" type="checkbox"/> Monthly	36	\$ 4,850.00	\$ -	\$ -	\$ 630.50	\$ 5,480.50
<input type="checkbox"/> Quarterly						

LEASE COMMENCEMENT AUTHORIZATION

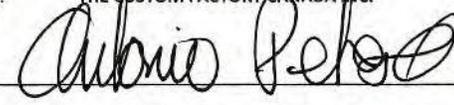
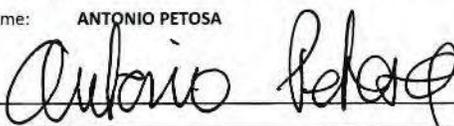
ON BEHALF OF LESSEE(S), I HEREBY CERTIFY THAT ALL EQUIPMENT REFERRED TO IN THIS LEASE CONTRACT HAS BEEN DELIVERED TO AND HAD BEEN COMPLETED, THAT THE EQUIPMENT HAS BEEN EXAMINED BY THE LESSEE(S), AND IS IN GOOD OPERATING ORDER AND CONDITION AND IS IN ALL RESPECTS SATISFACTORY TO THE LESSEE(S), AND THAT THE EQUIPMENT IS ACCEPTED BY THE LESSEE(S) FOR ALL PURPOSES UNDER THIS LEASE CONTRACT.

ACCORDINGLY, I AUTHORIZE LESSOR TO PURCHASE THE EQUIPMENT.

AUTHORIZED SIGNATURE OF LESSEE:  Signature

LESEE ACKNOWLEDGES HAVING READ THE TERMS AND CONDITIONS OF THIS AGREEMENT WHICH ARE SET FORTH ON THE ATTACHED PAGES.

CONTRACT EXECUTION

Lease Commencement Date:	Lessee Name: THE CUSTOM FACTORY CANADA INC.
Accepted by Lessor:	By: 
	Co-Lessee Name: ANTONIO PETOSA
	By: 



TERMS AND CONDITIONS OF LEASE

LEASE #: 16-1102

- 1. NON-CANCELLABLE CONTRACT.** This lease Contract cannot be cancelled except as expressly provided for herein.
- 2. RENTAL.** Lessee shall pay to Lessor on the first day of each payment period the periodic rental amount set forth herein. The first rental payment is due upon execution of this Lease Contract by the Lessee. If the rental payment includes the cost of a service contract, Lessee agrees to increase the rental payment by the amount of any increase in the cost of such service contract as may be imposed by the supplier thereof during the Term of this Lease Contract. Lessee hereby agrees to pay a daily rental for the period from the date of delivery and installation of the Equipment to the Lease Commencement Date Calculated based upon the full periodic rental amount pro-rated to the number of days in such period. Lessee obligation to pay rent and its other obligations under this Lease Contract are not subject to any abatement, set-off, defense, reduction or counterclaim for any reason whatsoever.
- 3. DEPOSIT.** If requested by the Lessor, Lessee shall deposit with the Lessor simultaneously with the first rent payment, non-interest bearing deposit which will be refunded to the Lessee upon the expiry of this Lease Contract provided that the Lessee has made all payments to the Lessor, rent and otherwise, as required by the terms of this Lease Contract. The Lessor shall retain any advance payment made by the Lessee in contemplation of completion of this Lease Contract if the Lease Contract is not finalized for any reason other than the rejection of the Lessee's credit application by Lessor and this retention shall represent liquidation of Lessor's documentation and processing expenses as a genuine pre-estimate by the parties of Lessor's damages and not as a penalty.
- 4. OWNERSHIP, LOCATION AND USE.** The equipment listed in this Lease Contract and in any attached schedule along with all accessories and attachments to such equipment (which in the case of computer or similar equipment shall include, but not limited to, power cords, batteries, modems, cables, AC adapters slot covers, plastic panels, and knobs) is call the "Equipment". The Equipment remains the property of the Lessor and under no circumstances shall title pass to the Lessee during the Term of this Lease Contract. The Equipment shall be located and used at the Lessee's place of business as set forth herein and may not be moved without the prior written consent of the Lessor. The Lessee warrants that the Equipment is being rented and will be used for business and commercial purposes only. The Lessee shall as its own cost and expense, keep the Equipment in good repair, condition and working order and shall furnish all parts and servicing as required.
- 5. REPRESENTATIONS AND WARRANTIES.** The Lessee acknowledges that the vendor and manufacturer of the Equipment and it's specifications were selected by the Lessee for the purpose of the Equipment by the Lessor to the Lessee under this Lease Contract. The Lessor makes no warranty, express, implied or statutory, as to any matter whatsoever including the condition of the Equipment, its merchantability or its fitness for any particular purpose and as to the Lessor, the Lessee is renting the Equipment on as "AS IS" basis. In no event shall the Lessor have any liability for, nor shall the Lessee have any remedy against the Lessor for, consequential, special, incidental or punitive damages or any loss of profits or savings, loss of use, or any other commercial loss in connection with this Lease Contract and the Equipment. The Lessee agrees to indemnify the Lessor from any and all claims, actions, suits, proceedings, costs, expenses, damages, liabilities arising out of, connected with or resulting from the Equipment. If the Equipment is not properly installed, does not operate as represented or warranted by the vendor or manufacturer of the Equipment or is unsatisfactory for any reason, the Lessee shall make any claim on account thereof solely against the vendor or manufacturer of the Equipment and shall nevertheless pay to the Lessor all amounts payable under this Lease Contract. The Lessee acknowledges that the Lessor is not an agent of the manufacturer or vendor of the Equipment and that the vendor and manufacturer of the Equipment are no agents of the Lessor. To the extent that they are assignable, all warranties from the vendor and manufacturer in respect of the Equipment are hereby assigned to the Lessee.
- 6. EQUIPMENT TO REMAIN PERSONAL PROPERTY.** The Lessor and Lessee hereby agree that the Equipment shall always remain and be deemed personal or moveable property even though the Equipment may hereafter become attached or affixed to realty. The Lessee shall be responsible for the installation and removal of the Equipment and shall indemnify and save the Lessor harmless from any damage to any real estate, building or structure arising from the installation or removal of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, make any alterations, additions, and improvements shall become part of the Equipment and shall be the property of the Lessor. The Lessor shall have access to the Equipment at all reasonable timers for the purpose of inspecting the Equipment.
- 7. LAWS, TAXES AND FEES.** The Lessee shall, as its sole expense, comply with all laws, regulations and orders relating to this Lease Contract and the Equipment and agrees to pay when due all license fees, assessments and all other taxes or penalties and interest now or hereafter imposed in respect of the Equipment, its use or any interest therein, or any rental payments, including, but not limited to, all federal, provincial or local taxes however designated, levied or assessed, whether upon the Lessee, the Lessor or the Equipment or its sales, ownership, use or operation (but excluding income and capital taxes of the Lessor). The Lessee acknowledges that statements under the various Provincial Personal Property Security Acts may be registered by Lessor with respect to this Lease Contract and hereby waives receipt of, and the right to receive, a copy of any such registered statement or verification statement with respect thereto. The Lessee agrees to pay to the Lessor a documentation fee to be billed with the first rental payment to cover the account set-up administration and registration cost of the Lessor; and that a lease termination fee may be charged upon termination of the Lease Contract. The Lessee also agrees to pay a fee of \$25.00 for each rental invoice, notice or statement produced and sent to the Lessee should payment hereunder, for whatever reason, not be made by preauthorized means.
- 8. ASSIGNMENT.** The Lessee agrees not to transfer, sell, assign, sublet, pledge or encumber either the Equipment or any part of the Equipment or any rights or obligations under this Lease Contract without the prior written consent of the Lessor and, notwithstanding the Lessor's consent, the Lessee, its heirs, executors, administrators, successors, trustees and assigns and any guarantor shall remain jointly and severally liable under this Lease Contract together with the Lessee's assignee or sub-lessee. The Lessor shall be paid a fee of \$100.00 on account of its processing costs associated with an assignment or sub-lease. The Lessor may at any time assign all or part of its right, title and interest in this Lease Contract and the Equipment and the Lessor may grant security interests in the Equipment subject to the Lessee's rights therein as set forth in this Lease Contract and, in such events, all of the provisions of this Lease Contract for the benefit of the Lessor shall inure to the benefit of the Lessor's assignee but such assignee shall not be liable for or be required to perform any of the Lessor's obligations to the Lessee. All rental payments due and to become due under this Lease Contract and assigned by the Lessor shall be paid directly to the Lessor's assignee upon written notice of such assignment to the Lessee and the right of such assignee to the payment of assigned rentals and the performance of all Lessee's obligations and to exercise any other rights of the Lessor hereunder shall not be subject to any defense, counterclaim or set-off which the Lessee may have or assert against the Lessor and the Lessee hereby agrees that it will not assert any such defenses, set-offs or counterclaims and claims against the Lessor's assignee.



TERMS AND CONDITIONS OF LEASE

LEASE #: 16-1102

9. TERMINATION AND RENEWAL. At the termination of this Lease Contract or upon the Lessee's default, the Lessee shall, at its own expense, deliver the Equipment to the Lessor at such place as the Lessor may designate in writing. The Equipment shall be delivered to the Lessor in good order and repair except that ordinary wear and tear shall be excepted. In the case of computer or similar Equipment, the Lessee shall remove all confidential data and all password and security protection from hard drives and other storage media and shall return such Equipment boxed with units in padded carrying cases or bubble wrap. The Lessee shall give the Lessor 90 days' written notice prior to termination of this Lease Contract of its intention to return the Equipment. If the Lessee chooses to return the Equipment upon the termination of this Lease Contract but returns it incomplete, the Lessee shall be fully liable to the Lessor for the value of the unreturned components as determined by the Lessor. If the Lessee does not return the Equipment to the Lessor upon the termination of this Lease Contract in accordance with the terms of this paragraph, then this Lease Contract shall be automatically renewed for an additional twelve (12) month term subject to the same terms and conditions hereof (including the renewal provision) and the periodic rent payable during such renewal period will be the amount due for the last such period prior to the expiry of the initial Term of this Lease Contract.

10. INSURANCE. The Lessee assumes the entire risk of loss or damage to the Equipment from any cause whatsoever. No loss or damage to the Equipment or any part thereof, shall affect or impair the obligations of the Lessee hereunder which shall continue in full force and effect. The Lessee shall obtain and maintain for the entire term of this Lease Contract, at its own expense, insurance against loss or damage to the Equipment including without limitation, loss by fire and theft, naming the Lessor as the sole loss payee. The amount of insurance covering damage to or loss of the Equipment shall not be less than the full replacement value of the Equipment. Such insurance and written evidence thereof shall be delivered to the Lessor or the Lessor's designee upon request and must be satisfactory to the Lessor. If the Lessee fails to provide such evidence within 60 days of any request to do so, then the Lessor shall have the right, but not the obligation, to have the Lessor's own insurance placed at the Lessee's expense. The Lessor may at the Lessor's discretion use the Lessor's insurance on the Equipment at the Lessee's expense until evidence of satisfactory insurance is received by the Lessor or the Lessor's designee. The Lessee's expense shall include the full premium paid for the Lessor's insurance (not reduced by any credit or refund or any other amount due or paid to the Lessor's affiliate with respect to the Lessor's insurance) and any charges or fees of the Lessor and of its designee's associated with the Lessor's insurance. The Lessee shall pay such amounts in equal installments allocated to each lease payments plus interest on such amounts at 1.5% per month or the highest rate permitted by law, whichever is less. In the event that any item of Equipment shall become lost, stolen, destroyed or damaged beyond repair for any reason, or in the event of any condemnation, confiscation, theft or seizure or expropriation of such item, the Lessee shall promptly pay to the Lessor an amount equal to (1) the cost that the subject lease is based on and (2) the amount of income earned by the Lessor to the date of repudiation as determined by generally accepted and standard accounting principles as they pertain to installment payment transaction and (3) the amount of any sales taxes remitted by the Lessor in respect to the Lessee's unpaid payments less the total of the rental payments and unencumbered rental deposits, if any, not including sales taxes, made by the Lessee.

11. COLLECTION CHARGES. If any part of any sum is not paid when due, Lessee agrees to pay Lessor a late charge of Fifty Dollars (\$50.00) for each month said amount is delinquent, plus interest on the delinquent payment from the due date until paid at the rate of 24 % per annum. If a cheque/auto debit is returned to the Lessor by the Lessee's bank, the Lessee agrees to pay the Lessor a charge stipulated at the greater of \$65.00 or the actual bank charges to the Lessor.

12. NOTICE. Until the Lessor and Lessee notify each other of any new address in writing, any invoice or notice required by this Lease Contract or by law is validly given when mailed postage pre-paid by first class mail to the address provided herein, subject to applicable law. Lessor and Lessee hereby agree that all documents, including this Lease Contract, sent by facsimile or other means of electronic transmission to the other party shall be considered original documents.

13. DEFAULT; REMEDIES. If the Lessee fails to pay any rent or other amount herein provided within five (5) days after it is due and payable, or if the Lessee fails to observe, keep or perform any other provision of this Lease Contract, or if the Lessee ceased doing business as a going concern, or if a petition is filed by or against the Lessee under the Bankruptcy and Insolvency Act (Canada) or any amendment thereto, or if a receiver is appointed for the Lessee or its property, or if the Lessee becomes insolvent, makes an assignment for the benefit of creditors, offers a composition or extension of any of its indebtedness or if the Lessee, without the Lessor's prior written consent, attempts to remove, sell, transfer, encumber, sublet or part with the possession of said Equipment, or if the Lessor deems its Equipment to be in jeopardy, the Lessor may deem the lease to be in default. If the default is not remedied by the Lessee within five (5) days of any written notice, then the Lessor or its agent shall have the right to exercise any one or more of the following remedies: (a) to declare the entire amount of rent herein immediately due and payable, without notice or demand to the Lessee; (b) to sue for and recover from the Lessee an amount equal to the unpaid balance of the rent due and to become due during the term of this Lease Contract; and (c) to enter upon Lessee's premises, with or without notice, court order or other process of law, to take possession of any or all items of Equipment without demand or notice wherever same may be located. Upon retaking possession of any or all items of Equipment, the Lessor may, at its option; (i) rent the repossessed Equipment, or any part thereof, or any part thereof, to any third party on such terms and conditions as Lessor may determine; or (ii) sell the Equipment, or any part thereof, to the highest bidder at a public auction or at a private sale. All net proceeds of the foregoing shall be applied against amounts owing pursuant to the terms of this Lease Contract after deducting all reasonable costs incurred in connection with such disposition. Lessee hereby waives any and all damages occasioned by such taking of possession. Any said taking possession shall not constitute a termination of this Lease Contract and shall not relieve the Lessee of its original obligations herein unless the Lessor expressly so notifies the Lessee in writing. Should any legal proceedings be instituted by the Lessor any monies due and to become due herein or for the re-possession of the Equipment the Lessee shall be liable for and pay for all reasonable attorneys' fees and costs incurred. Additionally, the Lessee shall pay to the Lessor as compensation for additional administrative and clerical work, an amount equal to 15% of the total amount payable hereunder. Interest on the total amount payable, at the rate of 18% per annum, will be calculated monthly from the date of default. A default under any terms and provision of this lease shall constitute a default under all current leases/obligations with Lessor and any such default shall entitle Lessor to exercise each and every right available to it under the terms of said lease.

14. ENTIRE AGREEMENT. This Lease Contract contains the entire agreement between the Lessee and the Lessor and may not be modified except by a written agreement properly executed by the Lessor and the Lessee. Notwithstanding the foregoing, the Lessee hereby authorizes the Lessor, without further notice, to complete the description of the Equipment including the quantity and serial numbers and other identification data when such is determined, to fill in any blank spaces on this Lease Contract, to date the Lease Contract and to make such other clerical modifications as may be required. This Lease Contract shall be binding upon and inure to the benefit of the parties hereto, their permitted successors and assigns.



TERMS AND CONDITIONS OF LEASE

LEASE #: 16-1102

15. GOVERNING LAW. This Lease Contract shall be interpreted and enforced in accordance with the laws of the province wherein the Equipment is located. The provisions of the Limitations of Civil Rights Act (Saskatchewan), Sections 19 to 24 of the Sale of goods on Conditions Act (British Columbia) and Sections 47, 49, and 50 of the Laws of Property Act (Alberta) are waived by the Lessee.

16. CREDIT INVESTIGATION. The Lessee hereby consents to the Lessor conducting a personal investigation or credit check upon the Lessee subject to applicable privacy act legislation.

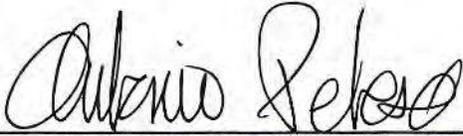
17. ADD-ON EQUIPMENT. The Lessee and the Lessor agree that additional equipment ("Add-On Equipment") may be leased pursuant to this agreement. The agreement for such Add-On Equipment shall be subject to the terms and conditions of this Lease Contract except as specifically provided in writing. Any such writing, which may include a purchase order issued by the Lessee for such Add-On Equipment, shall provide: (1) reference to this Lease Contract; (2) a description of the Add-On Equipment; (3) the term of such Agreement; (4) the payment frequency and number of payments; and (5) the payment amount for the Add-On Equipment.

18. CONTRACT REPLACEMENT. If the Lessee has a rental or lease contract that is being terminated and replaced by this Lease Contract, Lessee hereby acknowledges and consents that the remaining balance of payments and other amount owing under any such replaced contract are included in the payment amounts due **under this Lease Contract**.

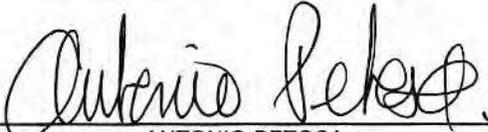
19. CONSENT RESPECTING PERSONAL INFORMATION. You confirm that the information you have given us in respect of this application is true and complete, and you authorize us to rely on and use this information in order to confirm your identity, evaluate your credit worthiness, in relation to the financing contract being entered into. In particular, you agree that we, our affiliates and any third parties acting for us or on our behalf (hereinafter collectively "us", "we" or "our"), may obtain a credit report or other credit information from any credit reporting agency, credit bureau or credit grantor, and may hold, use, exchange and disclose such information for the purposes identified above. If your application is approved, you authorize us to collect, hold, use, exchange and disclose your personal information as required, in order to administer your contract, determine your insurance eligibility, and secure the assets being financed, or as required or permitted by law. You also authorize us to use your personal information for internal statistical analysis purposes. We will keep a file containing some or all of your personal information at 10 Milner Business Court, Suite 300, Scarborough, Ontario, M1B 3C7 from time to time. You have a general right to access and rectify the personal information in this file by making a written request to the above address.

20. MISCELLANEOUS. Time is of the essence with respect to this Lease Contract. No waiver by the Lessor of any default shall constitute a waiver of any other default by the Lessee or waiver of the Lessor's rights. If more than one party signs this Lease Contract as Lessee and Co-Lessee, each party shall be jointly and severally liable. Any provision of this Lease Contract which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. This Lease Contract and all other documents associated with this Lease Contract and all communications shall be in English.

AUTHORIZED SIGNATURE OF LESSEE:



THE CUSTOM FACTORY CANADA INC.



ANTONIO PETOSA

RUDITEQ INC.

56 Stonedene Blvd Toronto, Ontario M2R 3C9
 Tel (647) 297 2349 Fax: (416) 663-5057

Email address : rudi@ruditeq.com

INVOICE DATE	NOVEMBER 08 2016
INVOICE NO.	6 865
GST REGISTRATION # 86676 1208 RT0001	

INVOICE

SOLD TO:

PATRIOT EQUIPMENT FINANCE
10 MILNER BUSINESS COURT, SUITE # 300
SCARBOROUGH / ON
M1B 3C6

SHIP TO:

THE CUSTOM FACTORY CANADA INC
50 WINGOLD AVE
NORTH YORK / ON
M6B 1P7

CUSTOMER PO	OTHERS	INVOICE TERMS		PACKING SLIP NO.	SHIPPED VIA	PAGE
ANTONIO P.				6 865	TRUCK	1
PRODUCT	ORDER	SHIP	B/O		PER	PRICE
1 GERBER GTXL SER # 911	1	1	2008	AUTOMATIC CUTTER WITH ACCUMARK		\$ 147,500.00
2 BROTHER BAS - 610 SER # M1688859	1	1	2009	AUTO.POCKET WELT MACHINE		\$ 18,500.00
3 BROTHER LK3 - B - 448E	1	1	2008	AUTO. BUTTON SEWER		\$ 4,750.00
4 FEIYA 1270 SER # 06432	1	1	2011	EMBROIDERY MACHINE COMPLETT		\$ 6,500.00
5 JUKI LBH 1790 S SER # 2LOED00276	1	1	2011	BUTTONHOLE MACHINE COMPLETE		\$ 5,650.00
6 HENHAI 781	1	1	2011	PIC STITCH MACHINE COMPLETE		\$ 4,450.00
				ALL MACHINES ARE USED		
				DELIVERY, INSTALLATION PLUS		\$ 12,000.00
				TRAINING (ONE WEEK)		
				FOB: TORONTO		
						\$ 199,350.00
				HST		\$ 25,915.50
				TOTAL		\$ 225,265.50
				DEPOSIT	CAN	\$ 25,265.50
				TOTAL AMOUNT DUE	CAN	\$ 200,000.00

TERMS CONDITIONS: Legal title to the goods delivered pursuant to this invoice shall remain with Ruditeq Inc. until paid in full.

RUDITEQ INC.

56 Stonedene Blvd Toronto, Ontario M2R 3C9
 Tel (647) 297 2349 Fax: (416) 663-5057

Email address : rudi@ruditeq.com

INVOICE DATE	NOVEMBER 08 2016
INVOICE NO.	6 865
GST REGISTRATION # 86676 1208 RT0001	

INVOICE

SOLD TO:

PATRIOT EQUIPMENT FINANCE
10 MILNER BUSINESS COURT, SUITE # 300
SCARBOROUGH / ON
M1B 3C6

SHIP TO:

THE CUSTOM FACTORY CANADA INC
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TERMS CONDITIONS: Legal title to the goods delivered pursuant to this invoice shall remain with Ruditeq Inc. until paid in full.

BILL OF SALE

BETWEEN:

SCHWARTZ LEVITSKY FELDMAN INC., in its capacity as Trustee of the undertaking and property and assets of **THE CUSTOM FACTORY INC.** and not in its personal or corporate capacity

(the "Vendor")

OF THE FIRST PART

and

MIRJANA BAOTIC

(the "Purchaser")

OF THE SECOND PART

WHEREAS the Vendor was appointed as Trustee, over the property, assets and undertaking of The Custom Factory Inc. (the "Company");

AND WHEREAS the Vendor wishes to sell certain assets of the Company identified as described in Schedule "A" annexed hereto (the "Purchased Assets");

AND WHEREAS the Purchased Assets are located at the Company's premises at 50 Wingold Avenue, Suite 400, Toronto , Ontario (the "Premises");

AND WHEREAS, the Purchaser agreed to purchase and the Vendor agreed to sell its right, title and interest, if any, in Purchased Assets for a purchase price of \$80,000.00 inclusive of taxes.

NOW THEREFORE THE AGREEMENT WITNESSES THAT, in consideration of the covenants contained herein and other good and valuable consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties agree as follows:

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1. Each of the recitals are true and correct, and all definitions contained therein shall form part of and be incorporated into the Agreement.
2. The Vendor has hereby bargained, sold, transferred and set over unto and by these presents does hereby bargain, sell, transfer and set over unto the Purchaser and releases to the Purchaser all of its right, title and interest, if any, in and to the Purchased Assets, all without recourse to the Vendor.
3. The Purchaser hereby acknowledges receipt of the Purchase Assets.
4. The Vendor hereby acknowledges receipt of the Purchase Price.
5. The Purchaser acknowledges that it has purchased only the Vendor's right, title and interest, if any, in and to the Purchased Assets; and has no right, title or interest, if any, in any other assets of the Company.
6. The Vendor hereby represents and warrants to and in favour of the Purchaser and acknowledges that the Purchaser is relying on such representations in executing this Agreement that:
 - (a) it has the right to convey the Purchased Assets to the Purchaser as contemplated herein; and
 - (b) it has done no act itself to encumber the Purchased Assets.
7. The Purchaser hereby represents, warrants, covenants and acknowledges to and in favour of the Vendor and acknowledges that the Vendor is relying upon such representations and warranties in executing this Agreement that:
 - (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario;
 - (b) all necessary corporate action including all authorizing resolutions or by-laws of the Purchaser have been duly passed and the party executing this Agreement on behalf of the Purchaser has the full capacity, power and authority to do so;
 - (c) the Purchaser is not a non-resident of Canada within the meaning of the *Income Tax Act (Canada)* and is not a trustee for the benefit of any non-resident of Canada;

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- (d) the Purchaser will pay all federal, provincial and municipal sales and other taxes, levies or imposts of whatever kind (including goods and services tax, retail sales tax and land transfer tax) that may be exigible on the sale of Purchased Assets to the Purchaser and will assume complete responsibility for compliance with all municipal, provincial and federal laws insofar as same may apply to the Purchased Assets after the date hereof;
- (e) Schwartz Levitsky Feldman Inc. acts solely in its capacity as Vendor and shall have no corporate or personal liability whatsoever;
- (f) the Vendor has made no representations, warranties, promises, agreements or statements of whatsoever nature or kind, express or implied, at law or in equity or by statute with the Purchaser in any way connected with the Agreement or the Purchased Assets, title thereto, the description, merchantability, fitness for any purpose, quantity, quality or as to any matters whatsoever save and except for the representations and warranties contained in the immediately preceding paragraph hereof;
- (g) the Purchaser has investigated and inspected the Purchased Assets and relies solely on its own investigations and inspections in executing this Agreement and in concluding the transaction herein contemplated;
- (h) the Purchaser accepts the Purchased Assets as they exist on this date on an "as is, where is" basis, without any adjustments whatsoever;
- (i) the Purchaser agrees that the Purchased Assets are subject to whatever liabilities in respect thereof as are not discharged by this transaction;

- 4 -

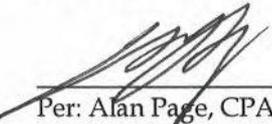
- (j) the Purchaser shall not damage the land, building or any fixtures located on the Premises in dismantling or removing same from the Premises;
 - (k) if any damage to the land, building or any fixtures occurs by reason of the Purchaser's dismantling or removal of the Purchased Assets from the Premises, the Purchaser shall and does hereby undertake to indemnify the Vendor forthwith upon demand in respect of any costs associated with repairing or remedying any such damage;
8. The representations and warranties set out herein shall survive the completion of this transaction, and shall continue thereafter in full force and effect.
 9. Each of the parties agree to execute and deliver, at the requesting party's expense, all such further documents and instruments and do all acts and things as the other party may reasonably require, whether before or after the Closing Date.
 10. Unless otherwise indicated, all dollar amounts referred to herein are in lawful currency of Canada.
 11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
 12. This Agreement shall ensure to the benefit of and be binding on the respective successors and permitted assigns of the parties hereto.
 13. This Agreement, or any of the obligations hereunder shall not be assigned by the Purchaser without the prior, written consent of the Vendor.
 14. Unless the contrary intention is expressly stipulated, words in the singular shall include the plural and *vice versa*, and a reference to any gender shall include all genders.
 15. This Bill of Sale constitutes the entire agreement between the parties hereto with respect to the transfer of the Purchased Assets and cancels and supersedes and prior understandings and agreements between the parties with respect to the transfer. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

- 5 -

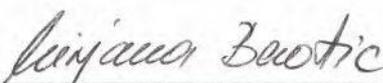
16. This Agreement may not be amended, except by instrument in writing executed by all parties hereto.
17. This Agreement may be executed in counterparts, each of which when so executed shall constitute an original of the same instrument.
18. Purchaser will be responsible for removing all garbage and remove all assets from the premises within 10 days and leave the premises in a broom swept condition as to the satisfaction of the landlord.
19. Purchaser will be responsible for any damages made during the time period they are occupying the premises.
20. Purchaser will be responsible for paying any additional occupation rent.

In witness whereof this Agreement has been duly executed by the properly authorized representatives of the parties this 28th day of March, 2014.

SCHWARTZ LEVITSKY FELDMAN INC.,
In its capacity as Trustee of The Custom Factory Inc.



Per: Alan Page, CPA, CA.CIRP
President



Mirjana Baotic

Schedule "A"

Asset List Attached

Style Name: THE CUSTOM FACTORY INC.

Assets

- 1 Brother DB2-B791 single needle, lock stitch sewing machine
- 1 Juki DDL-5550-ON-7 single needle, lock stitch bottom feed sewing machine
- 1 Brother DB2B791 single needle, lock stitch bottom feed sewing machine
- 1 Juki DMN-5420 single needle sewing machine
- 1 Brother DH4-B980 programmable button hole lock stitch sewing machine
- 1 Juki MB-372 button sew, cam driven chain stitch sewing machine
- 1 Juki BR20 button hole sewing machine
- 1 Juki LK982 straight tack adjustable lock stitch sewing machine
- 1 Lewis 150-5 single needle sewing machine
- 1 Lewis 160-2 single needle sewing machine
- 1 Relsew single needle sewing machine
- 1 Juki DDL-8500-7 single needle lock stitch bottom feed, w/back tack sewing machine
- 1 Kansai special single needle sewing machine
- 1 Eastlex 4902 steam iron pressing table
- 1 PSR fuse it heat transfer press
- 1 Release leg press spotting board
- 1 Reliable leg press spotting board
- 1 Reliable collar spotting board
- lot Pfaff, Juki, Union special, & brother used out of service sewing machines
- 1 Singer 262-22 felling machine, feed of the arm sewing machine
- 1 Speed cone winder
- 1 Yoshida 2 ton press
- 1 Hoffman steam spotting board
- 1 Hoffman steam spotting board
- 1 Steel 2 door cabinet w/misc parts contents
- 4 Rolling single bar display racks
- 1 Campbell 5hp portable air compressor
- 1 Aluminum 56' extension ladder
- 1 Featherlite 10' step ladder
- 1 Featherlite 8' step ladder
- 1 Fiac rotary screw air compressor
- 1 Contex veit 4413 vacuum pressing table
- 2 Adjustable steel shelving units
- 1 Gerber infinity 45 auto cad, ink jet plotter
- 1 Accumark pattern design system menu board
- 2 LG computer PIV, monitor, keyboard
- 2 Wood & steel base desk & chairs
- 1 Wood & steel base lay out table
- 1 Wood & steel 2 drawer desk
- 1 Wood & steel base 10' layout table

Assets

- 1 Lewis belt loop sewing machine
- 1 Reliable steam iron board
- 1 Juki APW LH-570 automatic pocket welt with Juki LH-570 sewing machine
- 1 Brother BAS-610 automatic pocket welt sewing machine
- 1 Pfaff 3339 single needle sewing machine
- 1 Reece single needle button hole machine
- 1 Brother DB2-B755 single needle lock stitch bottom feed sewing machine
- 1 Veit 4413 vacuum pressing table
- 1 Hengtai 781 single needle sewing machine
- 1 Juki DDL-553 single needle lock stitch sewing machine
- 1 Brother DD7100-403 single needle lock stitch bottom feed sewing machine
- 1 Union Special 56300 single needle chain stitch sewing machine
- 1 Juki DDL-550N-7 single needle lock stitch bottom feed sewing machine
- 1 Juki LK-1852 bar tack adjustable lock stitch sewing machine
- 1 Veit 4413 vacuum pressing table
- 1 Juki DLN-5410N-7 single needle lock stitch needle, back tack sewing machine
- 1 Juki MH481 chain stitch sewing machine
- 1 Singer 269W26 felling machine, feed of the arm sewing machine
- 1 Union Special 3620 single needle flat seam sewing machine
- 1 Juki DDL5550N-7 single needle lock stitch sewing machine
- 1 Juki DDL-8500-7 single needle lock stitch bottom feed back tack sewing machine
- 1 Juki DDL-8500-7 single needle lock stitch bottom feed back tack sewing machine
- 1 Juki MD2500 3 thread serger
- 1 Gerber GTX vacuum hold down system, pattern cutter, CNC controlled, auto knife sharpening
- 1 70' wood top steel base lay out table
- 1 Top lift 5500lb pallet truck
- 1 12' wood top steel base layout table
- 1 Juki MO3600 multi thread, safety stitch sewing machine
- 1 Pegasus W6000 cover stitch sewing machine
- 1 10' wood top steel base layout table
- 1 Steel adjustable shelf
- 1 Hashima HP90LD straight linear fusing press
- 1 LG PIV computer, LCD monitor, keyboard

Assets

- 1 Feiya CT207, 12 needle computerized embroidering machine
- 1 Juki DL8500-7 single needle lock stitch back tack bottom feed sewing machine
- 1 Juki DL8500-7 single needle lock stitch back tack bottom feed sewing machine
- 1 Brother LT-2-B872 double needle lock stitch needle feed rear puller sewing machine
- 1 Brother DB2-B755-403A straight stitch lock stitch sewing machine
- 1 Juki LBH 783 button hole adjustable lock stitch sewing machine
- 1 Juki MB373 button sew, cam driven chain stitch sewing machine
- 1 Brother LK3-B438 button sew lock stitch sewing machine
- 1 Brother LK3-B448E button sew cam driven chain stitch w/automatic button feed robot w/button hopper
- 1 Juki MS191 felling machine sewing machine
- 1 Brother DB2-B755 single needle lock stitch sewing machine
- 1 Brother DB2-B755 single needle lock stitch sewing machine
- 1 Juki DDL-8700-7 single needle bottom feed lock stitch back tack sewing machine
- 1 Luna CP323T fusing press
- 1 Juki DDL8500-7 single needle bottom feed lock stitch back tack sewing machine
- 1 Brother DB2-B755 single needle lock stitch sewing machine
- 1 Juki DDL-8500-7 single needle bottom feed lock stitch back tack sewing machine
- 1 Juki DDL-5550-ON-7 single needle, lock stitch bottom feed thread trimmer sewing machine
- 1 Juki DDL-5550-ON-7 single needle, lock stitch bottom feed thread trimmer sewing machine
- 2 Wood 10' lay out tables
- 1 Metal 8' lay out table
- 1 Wood/glass display shelf
- 1 LG PIV computer/monitor/keyboard
- 1 HP laser jet printer
- 1 Wood/steel shipping table
- 2 Metal/wood lay out tables
- 1 Wood book case
- 2 Adjustable shelves
- 1 Tey Fast insert press
- 1 Wood 3 drawer wood table
- 2 Sections plastic shelving
- 320' Feed rail trolley busway
- lot Misc steel rolling carts

Assets

lot Misc wood stands
lot Galvanized air piping
5 Sections adj pallet racking
lot Wall mounted display racks
1 5' rolling step ladder
1 4' rolling step ladder
1 2 drawer lateral file cabinet
1 Vapor Press iron board
1 Sussman 422A vacuum pressing table
lot Front office equipment
lot Front conference room
lot Employee lunch room
lot Raw material and inventory



RBC Royal Bank®

E-FORM 347 (07/2011)

Facsimile**To:** Link & Associates**Cc:****Fax no:** 416-862-2136**From:** Brenda Scott**Date:** June 1, 2017**Pages (#):** 001 (including cover page)

Royal Bank of Canada

Address:

5968 Bathurst Street North York, On
M2R1Z1

Phone Number

416-663-7692

Fax Number,

416-663-8445

If you receive this fax in error, please call:
1 800 ROYAL 1-1 (1-800-769-2511)**Re:** the company RUDITEQ INC wrote a cheque payable to same, and made the draft payable to The Custom Factory for the amount of \$200,000.00 on November 29th 2016. the address of the account owner is: 56 STONEDENE BLVD toronto Ontario M2R3C9**Message:**

Included below (mandatory), is a list of the documents you will find enclosed in this fax:

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Robert Link

From: antonio <avp475@gmail.com>
Sent: Tuesday, June 20, 2017 4:55 PM
To: Robert Link
Cc: 'Alan Page'
Subject: FW: The Custom Factory Canada Inc. - Request for Information #2

1. The loan was made to me personally and I personally guaranteed it
2. I don't have a copy of the personal guarantee that I sent him as it was on my work computer, you will have to ask Rudi for his copy, but I believe the interest was for 5% a year with no specific repayment on principal, just interest with an open term
3. As I stated in number 2, they were on my work computer, which I don't have but I'm sure Rudi has his copy
4. I have not spoken to Rudi since the first week that the company closed, I have assured him that I will pay the debt over time and to give me some time. He told me he was going away for a while and would contact me upon his return. He has not contacted me as of yet.

From: Robert Link [mailto:rlink@linkassociates.ca]
Sent: Friday, June 16, 2017 4:02 PM
To: Avp475 <avp475@gmail.com>
Cc: Alan Page <alan.page@slf.ca>; Jeff Rosekat <jeff@spark.law>
Subject: RE: The Custom Factory Canada Inc. - Request for Information #2

Dear Mr. Petosa

Thank you for your reply.

In your email below, you have stated that Ruditeq loaned CFC money to pay off more expensive loans and to pay for cloth, by which I believe you are referring to the \$200,000 deposited into CFC's account in the form of an RBC bank draft on November 29, 2016. You have stated that you personally guaranteed this loan.

There is no such loan recorded in CFC's financial records, nor does it appear on your sworn Statement of Affairs.

1. Kindly explain why if such a loan existed you did not report it to the Trustee?
2. What were the terms and conditions of the loan (term, rate, security, repayment).
3. Where are the loan documents and the personal guarantee?
4. Since Ruditeq was not listed as a creditor in the bankruptcy, have you informed Mr. Kuehnhold of the default?

Licensed Insolvency Trustee

LINK & ASSOCIATES INC.
 Receivers + Trustees
 77 King Street West
 Suite 3000, P.O. Box 95
 TD Centre North Tower
 Toronto, Ontario
 M5K 1G8

Tel: [416.862.7785](tel:416.862.7785)
 Fax: [416.862.2136](tel:416.862.2136)
 Email: rlink@linkassociates.ca
 Web: www.linkassociates.ca

Link & Associates Inc.
Receivers + Trustees

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From: Avp475 [<mailto:avp475@gmail.com>]
Sent: Friday, June 16, 2017 1:39 PM
To: Robert Link <rlink@linkassociates.ca>
Cc: Alan Page <alan.page@slf.ca>
Subject: The Custom Factory Canada Inc. - Request for Information #2

1. There had been so many loans to the company by so many people that the book keeper kept them under my name until they were paid, but there were deposits from each one of the people that had made loans to the company – the loan from ms. Spinosa was carried over from the previous bankruptcy, she was not in the list of creditors from the first bankruptcy as were other people such as a few lease companies from the first bankrupt company
2. The owner of Ruiditeq loaned the custom factory the money as we needed to pay off more expensive loans and to pay for cloth. After the transaction of the equipment I approached the owner of Ruditeq about the loan and he said for the right interest rate he would consider it and we came to an agreement. I had to personally guarantee the loan and it is now my personal debt.
3. The book keeper was in touch with the trustee and providing him with information, I was not keeping track of the correspondence between the two of them, and since the trustee never mentioned to me that there was a problem with the book keeper, I stayed out of it, also I did not see the final accounts receivable list until well after the bankruptcy
4. Ms Spinosa – 20 Kennerly court, Toronto, I don't have the postal code
5. Ms. Begin – 8815 92 st, Edmonton, I don't have the postal code

From: Robert Link [<mailto:rlink@linkassociates.ca>]
Sent: Thursday, June 08, 2017 8:33 AM
To: Avp475 <avp475@gmail.com>

Cc: Jeff Rosekat <jeff@spark.law>

Subject: RE: The Custom Factory Canada Inc. - Request for Information #2

Dear Mr. Petosa

Thank you for your reply. I have a few follow up questions and requests for additional information:

1. None of the persons identified by you as having made loans to the company actually appear in the company's financial records as having made loans to the company. Also, loans made 5 years ago would not have been possible given that this company was only incorporated in November, 2013. **How do you explain these discrepancies?**
2. You will recall in our meeting, attended by Mr. Page, I asked you about a \$200,000 deposit made to the company's account on November 25, 2016. You will further recall that, according to my notes of our meeting, you indicated that deposit may have been from a customer but you could not recall. You will further recall my suggestion that it came from Ruditeq, to which you did not respond. Bank records recently provided by Royal Bank of Canada confirm that the \$200,000 bank draft deposit to the company's account did indeed come from the account of its client, Ruditeq Inc. **For what purpose or reason did The Custom Factory Canada Inc. receive \$200,000 from Ruditeq Inc.?**
3. The March 3rd shipment of 1,275 shirts to Ed Williams would have been a value in the tens of thousands of dollars. It was not invoiced and did not appear on your receivable list. Why did you not make the Trustee aware of this shipment? Given the amount it would have been obvious to you it was missing from the list of accounts receivable that you gave to DaVinci and the Trustee.
4. Please provide us with an address for Ms. Spinosa.
5. Please provide us with an address for Ms. Begin.

Please provide your written reply within 10 days.

Thank you.

Robert Link, CIRP

Licensed Insolvency Trustee

LINK & ASSOCIATES INC.

Receivers + Trustees

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Web: www.linkassociates.ca

Link & Associates Inc.

Receivers + Trustees

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From: Avp475 [<mailto:avp475@gmail.com>]

Sent: Friday, June 2, 2017 11:37 AM

To: Robert Link <rlink@linkassociates.ca>

Cc: Alan Page <alan.page@sif.ca>

Subject: The Custom Factory Canada Inc. - Request for Information #1

1. I believe it was Saturday February 26, it was a preliminary meeting, I said depending on the funds that we had and the answers from the mills, I would advise him, to be more accurate, I'm sure Schwartz Levitsky would have the exact date
2. Marianne Spinosa is my ex wife of three years
3. That amount represented the balance owing to her mother from a loan of about 75,00 that her mother had loaned the company about 5 years earlier
4. Chantal Begin is my girlfriend
5. She had loaned the company this amount a few years back
6. Exalte is a salon that Ms. Begin owns, I have to relationship to this business
7. Exalte also had lent the custom factory funds about three years ago and this represented the balance owing
8. I have no relationship to Mr. Siriani
9. Mr. Siriani had lent the company money about two years ago
10. I have no relationship to these people
11. They had also lent the company money about two years ago
12. I have no relationship to these people
13. They had also lent the company money about two years ago
14. Td had notified the company that because of bankruptcies that we had experienced on our receivables, between the loan, our credit card and our overdraft, they were over exposed and they wanted this loan paid so as to retain our overdraft otherwise they were going to put holds on our cheque deposits going forward
15. Mr. Iscove had sent me an invoice for 25,000 plus HST for his services and this transfer represented partial payment
16. He was aware that we owed the money, he had never asked for the balances, but he was made aware that we owed the money several times, he said that upon full funding we could then pay it off
17. The trustee had asked if there were any receivables, I said yes and when I told him the amounts and how old they were he said it was not necessary to disclose, when wayne from DaVinci asked for the list, it was promptly provided
18. It was not withheld, all shipments were invoiced, I had asked my controller if she had invoiced everything that we shipped and her answer was yes, so I assumed it had

From: Robert Link [<mailto:rlink@linkassociates.ca>]

Sent: Thursday, May 25, 2017 8:27 AM

To: avp475@gmail.com

Cc: Robert Link <rlink@linkassociates.ca>; Jeff Rosekat

<jeff@spark.law>

Subject: The Custom Factory Canada Inc. - Request for Information #1

Importance: High

Dear Mr. Petosa,

As you are aware, my firm is the Court Appointed Receiver (the "**Receiver**") of The Custom Factory Canada Inc. ("**CFC**") in accordance with the Court Order of Justice Hainey dated March 22, 2017 and the Order Amending Appointment Order dated April 21, 2017.

Further to our meeting on April 3, 2017 at the office of the Trustee in Bankruptcy, the Receiver has had the opportunity to conduct a preliminary review of the books and records of CFC.

The Receiver has the following preliminary list of questions for which we require your **written response within 10 days:**

1. On what date did you first contact Schwartz Levitsky Feldman about assigning CFC into bankruptcy?
2. What is your relationship with, or to, Mariane Spinosa?
3. For what business reason did CFC issue a \$15,000 bank draft to Ms. Spinosa on February 28, 2017?
4. What is your relationship with, or to, Chantal Begin?
5. For what reason did CFC issue an \$11,000 bank draft to Ms. Begin on February 28, 2017?
6. What is Exalte Le Selon? Our searches show it is a hair salon in Edmonton, Alberta. What is your relationship to this business?
7. For what reason did CFC issue a \$20,000 bank draft to Exalte Le Selon on February 28, 2017?
8. What is your relationship with, or to, Antonio Sirianni?
9. For what reason did CFC issue two bank drafts totaling \$50,000 to Mr. Sirianni on November 29, 2016?
10. What is your relationship with, or to, Enrico and Teresa Iafolla?
11. For what reason did CFC issue a bank draft for \$50,000 to Mr. and Mrs. Iafolla on November 29, 2016?
12. What is your relationship with or to Lucia and Saverio Sirianni?

13. For what reason did CFC issue a bank draft for \$50,000 to Mr. and Mrs. Sirianni on November 29, 2016?
14. For what reason did you instruct TD Bank to debit CFC's account for \$11,390.01 (plus interest) on February 28, 2017 to repay term loan number #926747902 in full?
15. What was the purpose of the wire transfer payment to Michael Iscove of \$25,050 on February 28, 2017? Did Michael Iscove present you with an invoice?
16. Was Michael Iscove aware that CFC owed Canada Revenue Agency approximately \$190,000 for payroll taxes and \$40,000 in HST, prior to the DaVinci loan being funded?
17. Why did your sworn statement in the CFC bankruptcy filing not disclose any accounts receivable?
18. Why did your sworn statement in the CFC bankruptcy not disclose the value of the March 3, 2017 shipment of 1,275 shirts to Ed Williams Menswear?

Your written response is required within 10 days.

Yours truly,

LINK & ASSOCIATES INC.

Court-Appointed Receiver of
The Custom Factory Canada Inc.

Robert Link, CIRP

Licensed Insolvency Trustee

LINK & ASSOCIATES INC.

Receivers + Trustees

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Link & Associates Inc.

Receivers + Trustees

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From: Robert Link
To: ["rudi@ruditeq.com"](mailto:rudi@ruditeq.com)
Cc: ["Jeff Rosekat"](mailto:Jeff.Rosekat@linkassociates.ca); [Robert Link \(rlink@linkassociates.ca\)](mailto:Robert.Link@linkassociates.ca)
Subject: The Custom Factory Canada Inc.
Date: Friday, June 16, 2017 3:53:00 PM
Attachments: [2017.03.22.Order of Justice Hainey Appointing Receiver.pdf](#)
[Order Amending Appointment Order dated April 21, 2017.pdf](#)
[RUDITEQ invoice to PEF.pdf](#)
[RBC Draft.pdf](#)
Importance: High

Dear Mr. Kuehnold,

Thank you for speaking with me this afternoon.

As discussed, Link & Associates Inc. is the Court Appointed Receiver (the “**Receiver**”) of The Custom Factory Canada Inc. (“**CFC**”) in accordance with the Court Order of Justice Hainey dated March 22, 2017 and the Order Amending Appointment Order dated April 21, 2017.

Prior to the appointment of the Receiver, CFC filed a voluntary assignment in bankruptcy with Schwartz Levitsky Feldman Inc. The date of bankruptcy is March 7, 2017.

Copies of the orders are attached for your reference. **We wish to direct your attention in particular to paragraphs 6, 7 and 8 of the Order dated March 22nd, which provides that all Persons on notice of this Order have a Duty to Provide Cooperation and Access to the Receiver.**

1. The Receiver understands that you invoiced Patriot Equipment Finance (“PEF”) on November 8, 2016 for the purchase of equipment that you were to purchase, deliver and install at CFC, and to provide training for. A copy of your invoice to PEF is attached for your ease of reference.
 - i) What date did you receive payment in full from PEF?
 - ii) Where did you source each of the six pieces of equipment to sell to Patriot for lease to CFC?
 - iii) On what date(s) was the equipment delivered to CFC?
Please provide all delivery and shipping documents

pertaining thereto.

- iv) On what date(s) was the equipment installed at CFC? What trades (if any) did you engage to install the equipment?
- v) On what date(s) did the training take place? Who performed the training?

2. CFC's banking records show a \$200,000 bank draft deposited to its account on November 29, 2016. The Royal Bank of Canada has confirmed the source of funds was a Ruditeq bank account. A copy of the bank draft is attached for your ease of reference.

- i) For what purpose did Ruditeq pay a \$200,000 bank draft to CFC?
- ii) Please provide copies of all documents and agreements (whether in hard copy or email) regarding this transaction.

Your written response to the foregoing is requested forthwith, and no later than 10 days.

If you wish to call and discuss this matter, I am available to do so at your convenience at my office number below, extension #2.

Yours truly,

LINK & ASSOCIATES INC.

Court-Appointed Receiver of
The Custom Factory Canada Inc.

Per:

Robert Link, CIRP
Licensed Insolvency Trustee

[LINK & ASSOCIATES INC.](#)

Receivers + Trustees

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The Custom Factory Canada Inc.

6/7/2017 10:12 AM

Register: 2710 · Loan Payable - Antonio Petosa

From 01/01/2015 through 06/07/2017

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Increase	C	Decrease	Balance
02/06/2015	267	ON TIME INTERN...	20002 · Accounts Paya...	Record Wire P...	10,091.65			10,091.65
02/06/2015	267	ON TIME INTERN...	20002 · Accounts Paya...	Record Wire P...	10,780.85			20,872.50
02/06/2015	268		5700 · Bank Charges a...	Bank Charges ...	50.00			20,922.50
04/01/2015	606		[split]	LOAN PAYA...			3,000.00	17,922.50
04/01/2015	956		5720 · Loan Interest E...	Correct J/E #606	3,000.00	X		20,922.50
04/14/2015	616		1015 · TD Canada Tru...	TR TO TD	3,000.00			23,922.50
05/04/2015	269		1300 · Inventory - Raw...	Wire Payment -...	7,246.74			31,169.24
06/30/2015	693		1015 · TD Canada Tru...	TR TO CIBC			6,000.00	25,169.24
08/04/2015	745		1015 · TD Canada Tru...	TRANSFER T...			1,500.00	23,669.24
08/05/2015	762		1000 · CIBC - CAD	TRANSFER T...	2,000.00			25,669.24
08/07/2015	763		1000 · CIBC - CAD	TRANSFER T...	2,000.00			27,669.24
02/02/2016	84		1015 · TD Canada Tru...	JC			4,000.00	23,669.24
03/04/2016	221		1015 · TD Canada Tru...	LOAN PAYA...			4,000.00	19,669.24
03/04/2016	221		1015 · TD Canada Tru...	LOAN PAYA...			500.00	19,169.24
04/04/2016	341		1025 · TD Canada Tru...	LOAN PAYA...			1,966.18	17,203.06
04/04/2016	341		1025 · TD Canada Tru...	LOAN PAYA...			1,572.33	15,630.73
04/05/2016	350		1015 · TD Canada Tru...				2,500.00	13,130.73
04/05/2016	350		1015 · TD Canada Tru...				9,500.00	3,630.73
04/12/2016	351		1015 · TD Canada Tru...		300.00			3,930.73
04/25/2016	149		-split-	JOSEPH - NO...			22,000.00	-18,069.27
05/02/2016	074	Antonio Petosa	1000 · CIBC - CAD				2,500.00	-20,569.27
05/04/2016	402		1015 · TD Canada Tru...				3,000.00	-23,569.27
05/05/2016	403		1015 · TD Canada Tru...				9,500.00	-33,069.27
05/09/2016	407		1015 · TD Canada Tru...	E-TRANSFER ...			1,500.00	-34,569.27
05/10/2016	410		1015 · TD Canada Tru...	LOAN PAYM...			19,000.00	-53,569.27
05/10/2016	411		1015 · TD Canada Tru...	LOAN PAYM...			2,500.00	-56,069.27
05/30/2016	400	Caruso's Clothier	1200 · Accounts Recei...	CASH PAYM...			800.00	-56,869.27
06/02/2016	524		1015 · TD Canada Tru...				4,000.00	-60,869.27
06/03/2016	525		1015 · TD Canada Tru...				3,000.00	-63,869.27
06/06/2016	526		1015 · TD Canada Tru...				2,700.00	-66,569.27
06/08/2016	CARUS...	Caruso's Clothier	1200 · Accounts Recei...				2,100.00	-68,669.27
06/30/2016	550		1000 · CIBC - CAD				3,000.00	-71,669.27
07/05/2016	568		1015 · TD Canada Tru...				7,000.00	-78,669.27
07/05/2016	569		1015 · TD Canada Tru...				700.00	-79,369.27
08/03/2016	694	RACHEL BALLEST...	2000 · CAD - Account...	PAID CASH	1,004.57			-78,364.70
08/05/2016	613		1000 · CIBC - CAD				2,500.00	-80,864.70
08/11/2016	695	RACHEL BALLEST...	2000 · CAD - Account...	PAID CASH	853.15			-80,011.55
08/17/2016	696	RACHEL BALLEST...	2000 · CAD - Account...	PAID CASH	615.85			-79,395.70
08/24/2016	697	RACHEL BALLEST...	2000 · CAD - Account...	PAID CASH	954.85			-78,440.85
08/30/2016	CARUS...	Caruso's Clothier	1200 · Accounts Recei...	CARUSO - CA...			3,660.00	-82,100.85

The Custom Factory Canada Inc.

6/7/2017 10:12 AM

Register: 2710 · Loan Payable - Antonio Petosa

From 01/01/2015 through 06/07/2017

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Increase	C	Decrease	Balance
09/01/2016	641		1015 · TD Canada Tru...				4,000.00	-86,100.85
09/02/2016	630		1000 · CIBC - CAD				1,000.00	-87,100.85
09/02/2016	642		1015 · TD Canada Tru...				3,500.00	-90,600.85
09/06/2016	643		1015 · TD Canada Tru...				3,000.00	-93,600.85
10/04/2016	675		1015 · TD Canada Tru...				8,100.00	-101,700.85
10/05/2016	699	Eros Clothing Inc.	2000 · CAD - Account...		2,000.00			-99,700.85
11/01/2016	864		1015 · TD Canada Tru...				4,000.00	-103,700.85
11/29/2016	886		1015 · TD Canada Tru...				150,000.00	-253,700.85
12/01/2016	966		1015 · TD Canada Tru...				9,500.00	-263,200.85
12/01/2016	966		1015 · TD Canada Tru...				20,000.00	-283,200.85
12/02/2016	903		1015 · TD Canada Tru...		1,000.00			-282,200.85
12/22/2016	975		1015 · TD Canada Tru...				3,000.00	-285,200.85
12/23/2016	976		1015 · TD Canada Tru...				2,000.00	-287,200.85
12/27/2016	905	ELENA CIOPPA	2000 · CAD - Account...	INVOICE 310...	100.00			-287,100.85

THE CUSTOM FACTORY CANADA INC.
Receiver's Interim Statement of Receipts & Disbursements
as at August 15, 2017

RECEIPTS

Accounts Receivable	17,440.54
Sale of Finished Goods Inventory	31,000.00
Sale of Raw Materials Inventory	4,000.00
Sale of Machinery and Equipment	28,456.01
HST Collected on Sale of Assets	5,769.28
HST Refunds	455.00
Other Recoveries	10,000.00
Insurance Policy Refund	45.98
Total Receipts	\$ 97,166.81

DISBURSEMENTS

Filing Fee	\$ 70.00
Ascend Fee	275.00
Security Video	1,394.68
On site assistance/labour and premises costs	3,551.01
HST paid on expenses	717.69
HST remitted	1,357.64
Bank Charges and Miscellaneous	329.90
Receiver's Fees and Disbursements	33,940.00
Legal Fees	12,025.96
HST on Receiver Fees	4,412.20
HST on Legal Fees	1,542.57
Total Disbursements	\$ 59,616.65
Excess of Receipts over Disbursements as at August 15, 2017	\$ 37,550.16

Court File No. CV-17-11742-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF AN APPLICATION
pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as
am, section 101 of the *Courts of Justice Act*, R.S.O.1990, c.C.43 and the *Personal
Property Security Act*, R.S.O. c.P.10

B E T W E E N:

DAVINCI CAPITAL PARTNERS INC., in its capacity as
trustee of DAVINCI CAPITAL PRIVATE DEBT FUND

Applicant

and

THE CUSTOM FACTORY CANADA INC.
and ANTONIO PETOSA

Respondents

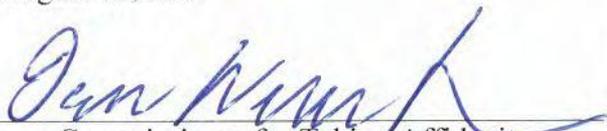
**AFFIDAVIT OF ROBERT G. LINK
SWORN AUGUST 16, 2017**

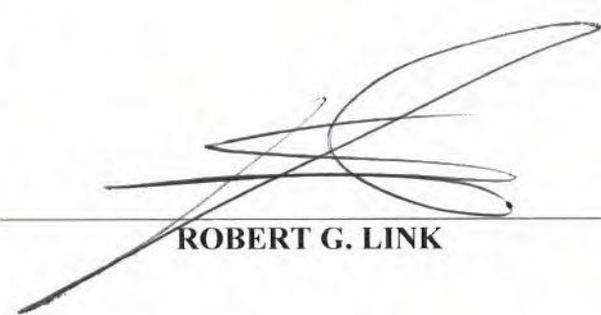
I, Robert G. Link, of the Town of Georgina, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am the President of Link & Associates Inc., in its capacity as Court-Appointed Receiver, without security (the "**Receiver**") of all of the assets, undertakings and properties of The Custom Factory Canada Inc. (the "**Debtor**") pursuant to an Order of the Honourable Mr. Justice Hainey dated March 22, 2017 (the "**Appointment Order**") and, as such, have knowledge of the matters contained in this affidavit.

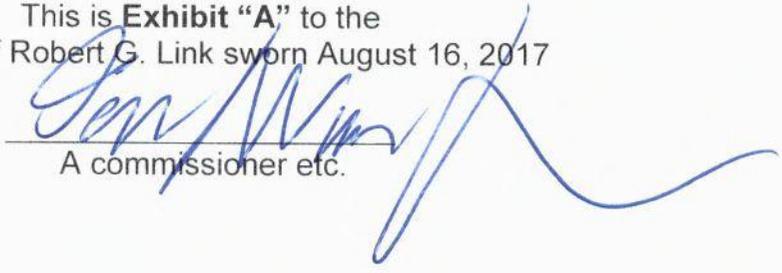
2. Details of the Receiver's activities from the date of the Appointment Order up to and including July 31, 2017 are provided in the First Report of the Receiver to Court dated August 16, 2017.
3. Attached hereto and marked as **Exhibit "A"** are true copies of the accounts rendered by the Receiver for the period of March 14, 2017 up to and including July 31, 2017 (the **"Accounts Approval Period"**) which include professional fees of the Receiver of \$33,940 plus HST.
4. A total of 86.15 hours were expended by the Receiver in the Accounts Approval Period in performing services in its capacity as Receiver pursuant to the Appointment Order, which equates to an average hourly rate of \$394.
5. The hourly billing rates outlined in Exhibit "A" are normal average hourly rates charged by Link & Associates Inc., for services rendered in relation to engagements similar to its engagement as Receiver. These accounts accurately reflect the services provided by the Receiver in this matter.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
August 16, 2017


Commissioner for Taking Affidavits
(or as may be)


ROBERT G. LINK

This is **Exhibit "A"** to the
Affidavit of Robert G. Link sworn August 16, 2017


A commissioner etc.

Link & Associates Inc.
Receivers + Trustees

April 1, 2017

The Custom Factory Canada Inc.
c/o Link & Associates Inc.
77 King Street West, Suite 3000
Toronto, Ontario
M5K 1G8

Invoice #1091

*** INVOICE ***

Re: Receivership of THE CUSTOM FACTORY CANADA INC.

To: Professional services rendered in our capacity as Court Appointed Receiver for the period ending March 31, 2017, as detailed in the attached timedockets.

Our fee:	\$ 11,400.00
HST @ 13%	1,482.00
Subtotal Fee:	\$ 12,882.00
Disbursements:	
Ascend software license	\$ 275.00
HST on Disbursements	35.75
Subtotal Disbursements	\$ 310.75
TOTAL DUE:	\$ 13,192.75

	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	28.50	\$400	11,400.00
TOTAL	28.50		\$ 11,400.00

HST #81903 2178

Tel.416.862.7785 Fax.416.862.2136

enquiries@linkassociates.ca

77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, Ontario Canada M5K 1G8

The firm of Link & Associates Inc. is a Licensed Insolvency Trustee

Receivership of CUSTOM FACTORY CANADA INC. Robert Link - Time Docket For the period of March 14 to March 31, 2017

<u>March 14, 2017</u>	1.0
Email from Waygar; conf call with lender and counsel.	
<u>March 18, 2017</u>	0.5
Review draft materials and provide comments.	
<u>March 19, 2017</u>	0.3
Emails t/f counsel; review bankruptcy stmt of affairs	
<u>March 20, 2017</u>	0.5
Review PPSA, compare to equipment list, email to lender and counsel re same.	
<u>March 21, 2017</u>	0.2
Tel and email P. Masic;	
<u>March 22, 2017</u>	0.7
Emails t/f Masic; review entered order and notice of application; email applicant and counsel; email counsel to landlord; tel and email	
<u>March 23, 2017</u>	1.0
Tel and email landlord; tel and email Patriot, obtain security docs re lease and compare to PPSA; tel Ehgoetz; emails t/f Regent.	
<u>March 24, 2017</u>	4.0
Attend premises meet w/ landlord rep; meet w/ Century and inspect assets; obtain security video and conduct initial review of same; copy data; email t/f Patriot; emails t/f DaVinci and counsel; review Iscove email; email ind counsel re independent security opinion; all other tel and email incidental to foregoing.	
<u>March 25, 2017</u>	0.3
Prepare and send letter and court order to Atlas via fax.	
<u>March 27, 2017</u>	3.0
Attend creditor meeting; meeting w/ secured creditors; prepare and vet asset listing; tel and email Century, prospective buyers to arrange viewings.	
<u>March 28, 2017</u>	5.5
Attend CFC premises; meet w/ a number of prospective buyers; meet w/ landlord; tel and email Atlas / Premiere; review books and records still at premises; prepare offer form and terms & conditions for sale of assets; tel and email DaVinci; corr counsel re legal	
<u>March 29, 2017</u>	4.0
Corr w/ Trustee; review bank statements; tel and email prospective buyers; review shipping docs and security video; all tel, email and corr re investigation of removed assets; draft notice of receiver; update DaVinci; tel Patriot; tel and email counsel re security opinion; arrange meeting w/ principal.	
<u>March 30, 2017</u>	3.0
Attend CFC premises to meet w/ buyer; discussions with landlord about fixtures and asset removal;	
<u>March 31, 2017</u>	4.5
Finalize agreement w/ buyer, tel and email re same; discussions with landlord; tel and email counsel re opinion; email Patriot; tel and email DaVinci; email Trustee; prepare and file 245/246 with OR and copy to Trustee; all other tel and email re ancillary matters.	
TOTAL	28.5

Link & Associates Inc.
Receivers + Trustees

May 1, 2017

The Custom Factory Canada Inc.
c/o Link & Associates Inc.
77 King Street West, Suite 3000
Toronto, Ontario
M5K 1G8

Invoice #1100

*** INVOICE ***

Re: Receivership of THE CUSTOM FACTORY CANADA INC.

To: Professional services rendered in our capacity as Court Appointed Receiver for the period of April 1 to April 30, 2017, as detailed in the attached timedockets.

Our fee:	\$ 8,800.00
HST @ 13%	1,144.00
Subtotal Fee:	\$ 9,944.00
Disbursements:	
HST on Disbursements	\$ -
Subtotal Disbursements	\$ -
TOTAL DUE:	\$ 9,944.00

	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	20.25	\$400	8,100.00
Jason Colbert, CPA, CA	2.00	\$350	700.00
TOTAL	22.25		\$ 8,800.00

HST #81903 2178

Tel. 416.862.7785 Fax. 416.862.2136
enquiries@linkassociates.ca

77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, Ontario Canada M5K 1G8

The firm of Link & Associates Inc. is a Licensed Insolvency Trustee

Receivership of THE CUSTOM FACTORY CANADA INC. Robert Link - Time Docket For the month of April, 2017	
<u>April 3, 2017</u>	4.0
Meeting w/ Petosa and Trustee; open trust account; review employee claims and WEPP docs; tel TD, prepare letter and fax same requesting copies of docs, info.	
<u>April 4, 2017</u>	1.2
Corr landlord; corr Patriot re opinion; tel and email customers re A/R; update website; tel former employee.	
<u>April 7, 2017</u>	0.3
F/U w/ TD; corr trustee; tel customers.	
<u>April 10, 2017</u>	1.0
Tel from EWM accountant re sale; update Ehgoetz; deal w/ PEF; corr landlord.	
<u>April 12, 2017</u>	1.2
Review AR, prepare and send emails to account debtors re same; tel and email Xerox.	
<u>April 13, 2017</u>	0.5
Receive and review invoicing and A/R info from trustee for specific accounts: f/u TD for documents.	
<u>April 14, 2017</u>	0.2
Email EWM/Stan re agreement on sale of FG.	
<u>April 17, 2017</u>	0.5
Emails to EWM and Puncher re: o/s accounts. Prepare invoice for sale of FG to EWM.	
<u>April 18, 2017</u>	0.7
Tel and email counsel re terms of appt order and need to vary; email EWM re sale of FG.	
<u>April 19, 2017</u>	1.5
Review notice of motion and revise affidavit ; meet w. counsel; corr PEF.	
<u>April 20, 2017</u>	0.5
Email trustee; email acct debtors.	
<u>April 21, 2017</u>	0.1
Receive/review amended appointment order.	
<u>April 25, 2017</u>	0.3
Email f/u acct debtors;	
<u>April 26, 2017</u>	2.0
A/R collections w/ JC; fwd WEPP info to JM for entry and processing;	
<u>April 27, 2017</u>	4.5
Drafting Report	
<u>April 28, 2017</u>	1.75
Drafting report; corr account debtors; reviewing records.	
TOTAL	20.25

File:	Custom Factory	
Dockets for:	Jason Colbert	
Date	Description	Hours
Tuesday, April 25, 2017	Attend SLF, obtain backup of accounting records and paper records	0.50
Tuesday, May 2, 2017	Filing of Jan/Feb/March HST returns (0001); preparation of various reports from QB re. vendors, customers, employees	1.50
		TOTAL 2.00

Link & Associates Inc.
Receivers + Trustees

May 31, 2017

The Custom Factory Canada Inc.
c/o Link & Associates Inc.
77 King Street West, Suite 3000
Toronto, Ontario
M5K 1G8

Invoice #1101

*** INVOICE ***

Re: Receivership of THE CUSTOM FACTORY CANADA INC.

To: Professional services rendered in our capacity as Court Appointed Receiver for the period of May 1 to May 31, 2017, as detailed in the attached timedockets.

Our fee:	\$ 4,150.00
HST @ 13%	539.50
Subtotal Fee:	<u>\$ 4,689.50</u>
 TOTAL DUE:	 \$ 4,689.50

	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	6.00	\$400	2,400.00
Jason Colbert, CPA, CA	1.50	\$350	525.00
James Merryweather, CPA, CGA	3.50	\$350	1,225.00
TOTAL	<u>11.00</u>		<u>\$ 4,150.00</u>

HST #81903 2178

Tel. 416.862.7785 Fax. 416.862.2136
enquiries@linkassociates.ca

77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, Ontario Canada M5K 1G8

The firm of Link & Associates Inc. is a Licensed Insolvency Trustee

**Receivership of THE CUSTOM FACTORY CANADA INC.
Robert Link - Time Docket
For the month of May, 2017**

<u>May 2, 2017</u>	0.5
Meet w/ PEF; email f/u w/ TD; email trustee;	
<u>May 9, 2017</u>	0.5
A/R collections.	
<u>May 10, 2017</u>	1.5
Prepare and send corr to RBC re bank draft origin; corr counsel; receive and review info provided by TD; corr w/ account debtors.	
<u>May 11, 2017</u>	0.2
Email trustee; email Davinci.	
<u>May 12, 2017</u>	0.2
Corr counsel.	
<u>May 17, 2017</u>	0.5
Email f/u acct debtors; email TD; email update secured creditor.	
<u>May 23, 2017</u>	0.5
A/R collection follow up.	
<u>May 25, 2017</u>	2.0
Email t/f OSB re request for examination and investigation; email counsel; email t/f trustee. Detailed request for information email to Petosa; continue drafting Court Report.	
<u>May 29, 2017</u>	0.1
Email t/f trustee.	
TOTAL	6.0

MONTH OF MAY 2017

ENGAGEMENT NAME THE CUSTOM FACTORY CANADA INC.

Insolvency Date: March 22, 2017

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
2-May-17	prepare WEPPA database	0.25
10-May-17	prepare employee entitlement calculations; corr w Trustee; process WEPPA for employees	3.25
TOTAL	JAMES MERRYWEATHER	3.50

JASON COLBERT, CPA, CA

2-May-17	Filing of Jan/Feb/March HST returns (0001); preparation of various reports from QB re. vendors, customers, employees	1.50
TOTAL	JASON COLBERT	1.50

Link & Associates Inc.
Receivers + Trustees

June 30, 2017

The Custom Factory Canada Inc.
c/o Link & Associates Inc.
77 King Street West, Suite 3000
Toronto, Ontario
M5K 1G8

Invoice #1103

*** INVOICE ***

Re: Receivership of THE CUSTOM FACTORY CANADA INC.

To: Professional services rendered in our capacity as Court Appointed Receiver for the period of June 1 to June 30, 2017, as detailed in the attached timedockets.

Our fee:	\$ 4,315.00
HST @ 13%	560.95
Subtotal Fee:	<u>\$ 4,875.95</u>
 TOTAL DUE:	 \$ 4,875.95

	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	10.00	\$400	4,000.00
Jason Colbert, CPA, CA	0.90	\$350	315.00
James Merryweather, CPA, CGA	0.00	\$350	-
TOTAL	<u>10.90</u>		<u>\$ 4,315.00</u>

HST #81903 2178

Tel. 416.862.7785 Fax. 416.862.2136
enquiries@linkassociates.ca

77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, Ontario Canada M5K 1G8

The firm of Link & Associates Inc. is a Licensed Insolvency Trustee

Receivership of THE CUSTOM FACTORY CANADA INC. Robert Link - Time Docket For the month of June, 2017

<u>June 1, 2017</u>	0.5
Email and fax f/u w/ TD and RBC.	
<u>June 2, 2017</u>	0.5
Email reply from Petosa to Receiver's request for information, review same.	
<u>June 5, 2017</u>	1.0
Tel and email Gerber; tel J Rosekat re strategy for demands for preferences and fraudulent transfers; drafting report.	
<u>June 6, 2017</u>	1.0
AR follow up and demands to various customers, tel fax and email re same; update OSB.	
<u>June 8, 2017</u>	1.5
Email to Petosa in response to his previous reply, seek additional explanations; corr customers re unpaid accounts, review banking records; drafting report.	
<u>June 13, 2017</u>	0.5
Email Davinci; review and edit demand letters re preferences and TUV's and fwd to counsel.	
<u>June 15, 2017</u>	0.8
Email fr trustee re trust exam; tel M Spinosa, email re same.	
<u>June 16, 2017</u>	1.2
Emails to and from Petosa; tel Ruditeq; email court order with request for documents and information.	
<u>June 19, 2017</u>	0.2
Follow up email to TD (no reply); email trustee.	
<u>June 20, 2017</u>	1.0
Review email reply from Petosa, fwd to counsel; review and revise demand letters corr w/ counsel re same.	
<u>June 21, 2017</u>	0.2
Emails trustee, external accountant.	
<u>June 22, 2017</u>	0.8
Review info from external accountant; review shareholder and M&E accounts.	
<u>June 29, 2017</u>	0.6
Tel and fax customers for payment and follow up.	
<u>June 30, 2017</u>	0.2
Customer follow up.	
TOTAL	10.0

File:	Custom Factory	
Dockets for:	Jason Colbert	
Date	Description	Hours
Wednesday, June 7, 2017	Extraction of data as requested by R. Link	0.90
	TOTAL	0.90

Link & Associates Inc.
Receivers + Trustees

July 31, 2017

The Custom Factory Canada Inc.
c/o Link & Associates Inc.
77 King Street West, Suite 3000
Toronto, Ontario
M5K 1G8

Invoice #1106

*** INVOICE ***

Re: Receivership of THE CUSTOM FACTORY CANADA INC.

To: Professional services rendered in our capacity as Court Appointed Receiver for the period of July 1 to July 31, 2017, as detailed in the attached timedockets.

Our fee:	\$ 5,275.00
HST @ 13%	685.75
Subtotal Fee:	<u>\$ 5,960.75</u>
 TOTAL DUE:	 \$ 5,960.75

	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	11.00	\$400	4,400.00
Jason Colbert, CPA, CA	1.00	\$350	350.00
James Merryweather, CPA, CGA	1.50	\$350	525.00
TOTAL	<u>13.50</u>		<u>\$ 5,275.00</u>

HST #81903 2178

Receivership of THE CUSTOM FACTORY CANADA INC.
Robert Link - Time Docket
For the month of July, 2017

<u>July 5, 2017</u>	1.0
Corr from counsel re DiLiso, review and provide docs and instructions to counsel. Tel and email from Harper, email from Albini re no notice of bankruptcy.	
<u>July 6, 2017</u>	0.1
Email from trustee re WEPP.	
<u>July 7, 2017</u>	0.5
Deal w/ response to Dockrill letter, tel and email counsel re same.	
<u>July 10, 2017</u>	1.0
Corr t/f counsel w/ documents from Begin/Exalte, review same; drafting report.	
<u>July 14, 2017</u>	0.3
Final demand to Ruditeq; email Patriot;	
<u>July 17, 2017</u>	0.2
Retain collection lawyer, review demands.	
<u>July 18, 2017</u>	2.0
Meeting w/ CRA for payroll trust exam; revising report.	
<u>July 19, 2017</u>	0.1
Deal w/ collection matters.	
<u>July 21, 2017</u>	2.5
Review Dockrill letter re DiLiso, tel and email counsel re same; emails t/f Mancuso re Patriot interaction w/ equipment broker at time of lease origination; drafting and revising report.	
<u>July 24, 2017</u>	2.5
Review draft reply ltr to Belsito, edit and finalize; finalize first report draft, send to counsel for review.	
<u>July 25, 2017</u>	0.3
Tel counsel re report, relief sought, preference issues.	
<u>July 27, 2017</u>	0.1
Corr collection lawyer, account debtors;	
<u>July 31, 2017</u>	0.4
Corr collection lawyer; tel counsel re court report; email from trustee.	
TOTAL	11.0

File:	Custom Factory	
Dockets for:	Jason Colbert	
Date	Description	Hours
Tuesday, July 18, 2017	Meeting w/ Link and CRA auditor, reports and data extracts.	1.00
	TOTAL	1.00

Timedocket James Merryweather
ENGAGEMENT NAME THE CUSTOM FACTORY CANADA INC.
Insolvency Date: March 22, 2017

189

109

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
7-Jul-17	prepare WEPPA payment analysis, reconcile to ESDC statement; prepare letter for repayment	1.50
TOTAL	JAMES MERRYWEATHER	1.50

DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee
of DAVINCI CAPITAL PRIVATE DEBT FUND
Applicant

-and-

THE CUSTOM FACTORY CANADA INC. et al.
Respondents

Court File No. CV-17-11742-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**AFFIDAVIT OF ROBERT G. LINK
SWORN AUGUST 16, 2017**

SPARK LLP
169 King Street East, Third Floor
Toronto, ON M5A 1J4

Jeff Rosekat LSUC No. 43352Q
jeff@spark.law
Tel: 416.639.2151
Fax: 647.490.4888

Lawyers for the Court-Appointed Receiver
Link & Associates Inc.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION
pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as
am, section 101 of the *Courts of Justice Act*, R.S.O.1990, c.C.43 and the *Personal
Property Security Act*, R.S.O. c.P.10

BETWEEN:

DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee of
DAVINCI CAPITAL PRIVATE DEBT FUND

Applicant

and

THE CUSTOM FACTORY CANADA INC.
and ANTONIO PETOSA

Respondents

FEE AFFIDAVIT

I, SANJAY KUTTY, of the City of Toronto, in the Province of Ontario, HEREBY MAKE
OATH AND SAY:

1. I am a partner at the law firm Spark LLP, lawyers for the Court-Appointed Receiver, Link
& Associates Inc., with respect to certain Property as described in the Initial Order of
Justice Hainey dated March 22, 2017. My partner, Jeff Rosekat, has primary carriage of this
matter. I am aware of the conduct of this matter and I have knowledge of the
administration herein.



This is Exhibit "A" referred to in the Affidavit of Sanjay Kuty sworn August 21, 2013.
Commissioner for Taking Affidavits (or as may be)

Spark LLP
169 King Street East, 3rd Floor
Toronto, Ontario, M5A 1J4
o: 416.639.2150
f: 647.490.4888
www.spark.law

Link & Associates Inc.
77 King Street West, Suite 3000, PO Box 95
TD Centre North Tower
Toronto, Ontario
M5K 1G8
Attention:

April 10, 2017

File #: 0120
Inv #: 229

RE: Receivership of Custom Factory Canada Inc.

DATE	DESCRIPTION	HOURS	LAWYER
Mar-28-17	Telephone call with R. Link; preliminary review of documents and searches	0.40	JR
Mar-29-17	Detailed review of documents and searches; consider issues related to PEF Leased Equipment,	4.60	JR
Mar-31-17	Finalise draft security opinion; telephone call with R. Link	1.20	JR
	Totals	6.20	3,224.00
	Total GST/HST on Fees		419.12
	Total Disbursements		\$0.00
	Total Fee & Disbursements		3,643.12
	Balance Now Due		3,643.12

FEE SUMMARY

Lawyer	Hours	Rate	Fees
Jeff Rosekat	6.20	520.00	3,224.00

GST/HST Number 782662894 RT0001

Total GST/HST 419.12



Spark LLP
 169 King Street East, 3rd Floor
 Toronto, Ontario, M5A 1J4
 o: 416.639.2150
 f: 647.490.4888
 www.spark.law

Link & Associates Inc.
 77 King Street West, Suite 3000, PO Box 95
 TD Centre North Tower
 Toronto, Ontario
 M5K 1G8
 Attention:

May 4, 2017

File #: 0120
 Inv #: 259

RE: Receivership of Custom Factory Canada Inc.

DATE	DESCRIPTION	HOURS	LAWYER
Apr-04-17	Email exchange with R. Link regarding security opinon	0.20	JR
Apr-13-17	Review emails with TD; telephone call with R. Link	0.20	JR
Apr-18-17	Draft materials; email correspondence with service list regarding positions on motion; telephone call with R. Link; email with Court regarding dates; telephone call with R. Flewelling;	3.10	JR
Apr-19-17	Finalise motion materials; meeting with R. Link to review and swear affidavit;	2.10	JR
Apr-21-17	Final preparations for and attendance at Superior Court of Justice re: Motion to Amend Appointment Order; email to service list with issued and entered order;	1.60	JR
	Totals	7.20	3,744.00
	Total GST/HST on Fees		486.72

DISBURSEMENTS

Apr-19-17	Court Filing - Motion Record*	160.00
Apr-20-17	Copying Motion Record	17.00
Apr-24-17	File Motion Record	30.00

Total Disbursements	\$207.00
Total GST/HST on Disbursements	6.11
Total Fee & Disbursements	4,443.83
Balance Now Due	4,443.83

FEE SUMMARY

Lawyer	Hours	Rate	Fees
Jeff Rosekat	7.20	520.00	3,744.00

GST/HST Number 782662894 RT0001

Total GST/HST 492.83



Spark LLP

169 King Street East, 3rd Floor
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Link & Associates Inc.
 77 King Street West, Suite 3000, PO Box 95
 TD Centre North Tower
 Toronto, Ontario
 M5K 1G8
 Attention:

July 13, 2017

File #: 0120
 Inv #: 306

RE: Receivership of Custom Factory Canada Inc.

DATE	DESCRIPTION	HOURS	LAWYER
May-10-17	Review email from R. Link; discussion regarding options with recovering funds;	0.20	JR
Jun-02-17	Review responses from debtor to receiver's questions;	0.30	JR
Jun-05-17	Discussion with R. Link regarding preference payments and go-forward strategy; review email from R. Link setting out preference payments; draft demand letter template;	1.20	JR
Jun-13-17	Telephone call with R. Link;	0.20	JR
Jun-15-17	Review draft demand letters;	0.30	JR
Jun-16-17	Telephone call with R. Link regarding Petosa's latest response; review response;	0.30	JR
Jun-19-17	Review revised draft demand letters;	0.30	JR
	Totals	2.80	1,456.00
	Total GST/HST on Fees		189.28

DISBURSEMENTS

May-01-17	Automated Civil Litigation licence fee	80.00
Jun-23-17	Registered Letters x 7	81.96
		\$161.96
	Total Disbursements	
	Total GST/HST on Disbursements	21.05
	Total Fee & Disbursements	1,828.29
	Balance Now Due	1,828.29

FEE SUMMARY

Lawyer	Hours	Rate	Fees
Jeff Rosekat	2.80	520.00	1,456.00

GST/HST Number 782662894 RT0001

Total GST/HST 210.33



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Link & Associates Inc.
77 King Street West, Suite 3000, PO Box 95
TD Centre North Tower
Toronto, Ontario
M5K 1G8
Attention:

August 9, 2017

File #: 0120
Inv #: 322

RE: Receivership of Custom Factory Canada Inc.

DATE	DESCRIPTION	HOURS	LAWYER
Jul-17-17	Telephone call with R. Belsito (counsel for Ruditeq); telephone call with R. Link; email exchange with Commercial List Office regarding dates	1.20	JR
Jul-24-17	Review email from R. Link and draft response to DiLiso lawyer; review draft report; email exchange with creditor counsel; review law re: receiver's role in preference actions;	1.40	JR
Jul-25-17	Telephone call with R. Belsito; telephone call with R. Link; finalise Commercial List Request Form;	0.80	JR
	Review caselaw regarding section 38 of the BIA in the context of preferences and transfers at undervalue and the role of the receiver; draft memorandum.	2.70	SS
Jul-27-17	Schedule motion for approvals, etc.; various telephone calls	0.20	JR
Jul-31-17	Various email exchanges; email exchange with A. Sanche; draft notice of motion	0.80	JR
	Totals	7.10	3,233.00
	Total GST/HST on Fees		420.29
	Total Disbursements		\$0.00

Total Fee & Disbursements

3,653.29

Balance Now Due

3,653.29

FEE SUMMARY

Lawyer	Hours	Rate	Fees
Jeff Rosekat	4.40	520.00	2,288.00
Samantha Schreiber	2.70	350.00	945.00

GST/HST Number 782662894 RT0001

Total GST/HST 420.29

IN THE MATTER OF AN APPLICATION pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as am, section 101 of the *Courts of Justice Act*, R.S.O.1990, c.C.43 and the *Personal Property Security Act*, R.S.O. c.P.10

DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee of
DAVINCI CAPITAL PRIVATE DEBT FUND

Applicant

-and-

THE CUSTOM FACTORY CANADA INC. et al.

Respondents

Court File No. CV-17-11742-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

FEE AFFIDAVIT

SPARK LLP

169 King Street East, Third Floor
Toronto, ON M5A 1J4

Jeff Rosekat LSUC No. 43352Q

jeff@spark.law

Tel: 416.639.2151

Fax: 647.490.4888

Lawyers for the receiver

IN THE MATTER OF OF AN APPLICATION pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as am, section 101 of the *Courts of Justice Act*, R.S.O.1990, c.C.43 and the *Personal Property Security Act*, R.S.O. c.P.10

DAVINCI CAPITAL PARTNERS INC., in its capacity as trustee of
DAVINCI CAPITAL PRIVATE DEBT FUND
Applicant

-and-

THE CUSTOM FACTORY CANADA INC. et al.

Respondents

Court File No. CV-17-11742-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD

(Approval of Activities and Fees and First Report
(Returnable September 1, 2017))

SPARK LLP

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Lawyers for the Court-Appointed Receiver
Link & Associates Inc.