

CANADA
Province of Québec
District of: Québec
Division No. 01-Montréal
Court No. 500-11-044334-130
Estate No. 41-343324

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

**Final Report and Statement of Accounts of the Receiver
(Subsection 246(3) and Rule 127 of the Bankruptcy and Insolvency Act)**


**In the matter of the receivership of
Effigi Inc.
Of the City of Laval
In the Province of Quebec**

The receiver gives notice and declares that:

1. On April 1, 2013, the undersigned, Richter Advisory Group Inc./Richter Groupe Conseil Inc., produced the *Notice and Statement of the Receiver* pursuant to subsection 245(1).
2. The Final Statement of Receipts and Disbursements of the Receiver is enclosed.
3. *Details of the manner of distribution of the proceeds realized from the property of which the receiver had taken possession or control*
 - The Receiver completed a sale process which had been initiated while Effigi was under CCAA protection.
 - The sale process resulted in the selection of a liquidator to sell all of the assets of Effigi pursuant by running store liquidations, sale of inventory to customers of Effigi and by auction.
 - The intellectual property of Effigi was sold by way of a tender process.
 - The net proceeds were ultimately distributed to Wells Fargo Canada which held a first ranking security on the assets of Effigi.
4. *Details of the disposition of any property of which the receiver had taken possession or control and that is not accounted for in the final statement of receipts and disbursements.*
 - NONE

Dated at Montréal, Province of Québec, on November 17, 2015.

Richter Advisory Group Inc./Richter Groupe Conseil Inc.
Receiver to the assets of Effigi Inc.



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CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION NO.: 01-MONTRÉAL
COURT NO.: 500-11-044334-130
ESTATE NO.: 41-343324

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

IN THE MATTER OF THE RECEIVERSHIP OF EFFIGI INC., a legal incorporated under the laws of Canada, having its principal place of business at 1155 Autoroute Chomedey, in the City and district of Laval, Province of Québec H7W 5J8.

FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS (Note 1)

Bankrupt

RECEIPTS:

1. Cash in bank		\$	108,647.47	
2. Sale of inventory / Collection of Receivables (Note 2)			17,654,542.66	
3. Proceeds from sale of assets (Note 2)				
a) Joint venture agreement	\$	10,000,000.00		
b) Intellectual property		1,800,001.00		
c) Furniture		391,838.66		
d) Samples		20,347.75		
				12,012,187.41
4. Other				
a) Miscellaneous refunds		33,577.83		
b) Miscellaneous income		5,925.65		
c) Dividend		64,035.56		
				103,539.04
5. Taxes				
a) GST collected		1,735,958.57		
b) QST collected		1,017,548.84		
c) GST refunds		39,074.99		
d) QST refunds		27,865.97		
				2,820,448.37
6. Interest				16,903.97
				<u>32,784,129.06</u>

DISBURSEMENTS:

7. Administration expenses				
a) Bank charges		3,989.05		
b) Stock taking and possession		99,969.72		
c) Storage books and records		6,218.90		
d) Search Fees		149.00		
e) Filing fees paid to Official Receiver		70.00		
				110,396.67
8. Operating expenses (Note 2)				
Payroll and benefits				
a) Payroll	\$	2,089,218.87		
b) Group Insurance		63,961.88		
c) Employee Travel & Other Expenses		24,276.30		
d) CSST		9,068.06		
e) Payroll Services		7,357.31		
			2,193,882.42	
Occupancy expenses				
a) Occupation rent		1,553,248.98		
b) Electricity		246,623.50		
c) Utilities		102,419.02		
d) Property Taxes		122,698.09		
e) Repairs and maintenance		39,034.85		
f) Contract Services		157,593.03		
g) Telephone		43,441.10		
h) Gas & Oil		13,596.14		
i) Alarm Systems		2,553.53		
			2,281,206.24	
Other				
a) Credit Card charges		171,648.38		
b) Transport		131,129.50		
c) Insurance		89,731.80		
d) Security		77,530.36		
e) Other Miscellaneous		16,511.66		
f) Gain on Foreign Exchange		(18,640.85)		
			487,910.85	
9. GST/QST on Monitor mandate (Note 3)				105,156.72
10. Proceeds Remitted to Joint Venture (Note 2)				11,980,589.00
11. Consultant Fees				124,296.50
12. Transfer to Bankruptcy Account (Note 4)				975,248.78

**RICHTER ADVISORY GROUP INC. RECEIVERSHIP OF EFFIGI INC.
FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS (Note 1)**

13. GST/QST		
a) GST paid	251,938.33	
b) HST paid	122,750.73	
c) QST paid	409,679.06	
d) GST remitted	1,404,859.04	
e) QST remitted	635,735.75	2,825,062.91
14. Professional fees		
a) Receiver Fees	773,652.85	
b) Legal fees/disbursements	173,530.62	
c) Monitor Fees (Note 5)	30,840.98	978,024.45
		<u>22,109,634.68</u>
15. Funds available before payment to secured lender		<u>10,674,494.38</u>
16. Remittances to secured creditor		<u>10,674,494.38</u>
17. Funds available for distribution		<u>\$ -</u>

NOTES :

Note 1 : On March 1, 2013, an Initial Order under the Companies' Creditors Arrangement Act ("CCAA") was issued by the Honourable Justice Mark Schrager of the Quebec Superior Court (Commercial Division), in respect of Effigi Inc. ("Effigi" or the "Company") and Richter Advisory Group Inc. ("Richter") was appointed as Monitor.

Following the CCAA filing, the Company's attempts to obtain Debtor In Possession financing was unsuccessful and it determined that it would not be able to formulate a viable Plan of Arrangement to its creditors and consequently, on March 20, 2013, the Company made a voluntary Assignment in Bankruptcy under s. 49 of the Bankruptcy and Insolvency Act ("BIA"). On the same day, Richter was appointed as Trustee to the Bankrupt Estate of the Company (the "Trustee").

On March 21, 2013, pursuant to an order of the Quebec Superior Court (Commercial Division), at the request of Wells Fargo Capital Finance Corporation Canada the secured creditor, Richter in addition to acting as Trustee, was named as Receiver to the property of the Company pursuant to Section 243 of the BIA.

Note 2: As part of the restructuring efforts while under the CCAA, the Debtor, with the cooperation of the Monitor set up virtual data room containing information on the Debtor's operations and assets. Following the appointment of Richter as Trustee and Receiver, a formal request for proposals was issued to various interested parties.

Based on the bids received, the Receiver selected an offer from a Joint Venture (consisting of GBFP, Inc. and Merchant Trading Services, ULC) to act as an agent and realize upon the majority of the Debtor's assets, principally the inventory, fixed assets and receivables. The Joint Venture paid \$10 million with additional proceeds to be paid if certain receivable targets were achieved. In addition, the Joint Venture assisted in the liquidation of the Debtor's furniture and fixtures as well as inventory samples on a commission basis. This transaction was approved by the Court on April 5, 2013.

The Debtor's intellectual property was excluded from the sale to the Joint Venture and following a second round of bidding, the Receiver selected an offer from 9143-4748 Quebec Inc. to purchase the Debtor's intellectual property, including trademarks, tradenames, patents, certain samples, purchase orders and purchase bookings. This transaction was approved by the Court on April 11, 2013.

Pursuant to the agreement with the Joint Venture, following the payment of the \$10 million guarantee amount, the Debtor continued to use its cash management system to collect the proceeds from the liquidation of inventory and collection of receivables. These proceeds were used to pay for the majority of the liquidation costs, including payroll and benefits, occupancy and other expenses. The net proceeds were remitted to the Joint Venture.

Note 3: Represents net sales taxes on the operations of the business while Richter acted as Monitor (pre-March 20, 2013).

Note 4: Represents funds transferred to the bankruptcy in respect of costs incurred by the Trustee as well as a provision for Trustee and Legal fees in the bankruptcy.

Note 5: With the approval of the secured creditor, unpaid professional fees in the CCAA was funded from the receivership.

Richter Advisory Group Inc.
Receiver

September 22, 2015
Date

Per : Andrew Adessky, CPA, CA, CRR