

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**MOTION RECORD OF THE DEBTOR,  
PROCESS PRODUCTS LIMITED  
(motion returnable November 14, 2018)**

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AND TO: **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF  
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)  
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

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# TAB 1

Court File No. 31-2402270

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**NOTICE OF MOTION  
(Motion for Sale Approval returnable November 14, 2018)**

**PROCESS PRODUCTS LIMITED** (the “**Company**”) will make a motion before a judge presiding over the Commercial List on Wednesday, the 14<sup>th</sup> day of November 2018, at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** This motion is to be heard orally.

**THE MOTION IS FOR:**

1. if necessary, an order validating, dispensing with or abridging the time for service of this notice of motion such that it is properly returnable on November 14, 2018;
2. approving the First Report dated August 13, 2018 (the “**First Report**”), Second Report dated October 9, 2018 (the “**Second Report**”) and Third Report of the Proposal Trustee, to be filed (the “**Third Report**”), and the actions of the Proposal Trustee described therein;
3. an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Company and Samuel Stupp (the “**Purchaser**”) and vesting in the Purchaser the Company’s right, title and interest in

and to the life insurance policy issued by the Manufacturer's Life Insurance Company bearing policy number 30000529 (the “**Policy**”); and,

4. such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. The Company filed a notice of intention to make a proposal to its creditors under the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) on July 20, 2018 and A. Farber & Partners Inc. was appointed proposal trustee for the Company (the “**Proposal Trustee**”);

2. On August 15, 2018, an Order was granted by the Honourable Justice Dunphy extending the time for the Company to file a proposal to October 3, 2018;

3. On October 2, 2018, an Order was granted by the Honourable Justice Chiappetta granting a short extension for the Company to file a proposal until October 11, 2018;

4. On October 11, 2018, an Order was granted by the Honourable Justice Chiappetta extending the time for the Company to file a proposal to November 17, 2018;

5. The Company is the owner of the Policy, which insures the life of a minority shareholder, Barbara Stupp (the “**Life Insured**”);

6. The Policy requires that annual premiums of approximately \$21,500 continue to be paid until 2034;

7. The Policy does not have a cash surrender value;

8. Subject to approval of this Court, the Company has entered into the Sale Agreement for



the purchase and sale of the Policy to the Purchaser;

9. The Transaction is also conditional on the sale proceeds being sufficient, and used by the Company to, pay in full the balance outstanding to National Bank of Canada, the senior secured creditor of the Company;

10. The Purchaser is the second secured creditor, the majority shareholder of the Company and the spouse of the Life Insured;

11. Pursuant to the provisions of the *Insurance Act* (Ontario), the Policy is not an asset that can be sold on a secondary market to arm's length purchasers;

12. The Company and the Proposal Trustee have confirmed that no other party with an insurable interest is willing or able to purchase the Policy and continue paying the premiums;

13. The process leading to the Sale Agreement was reasonable in the circumstances;

14. The Proposal Trustee supports the Transaction;

15. The consideration to be paid for the Policy is reasonable and fair in the circumstances, and as a result, no creditor will be materially prejudiced by the Transaction;

16. The Company's ability to present a viable proposal to its creditors is contingent on the proceeds of sale from the Transaction;

17. The Company's secured creditors and the insurer of the Policy have been provided notice of this motion;

18. The Company is not aware of any person that opposes the relief sought;

19. Section 65.13 of the BIA;

20. Rules 3 and 6 of the *Bankruptcy and Insolvency General Rules*, CRC 1978, c. 368, as amended;
21. Rules 1.04, 2.03, 3.02, 16.04, and 16.08 of the *Rules of Civil Procedure*;
22. Section 137(2) of the *Courts of Justice Act*, RSO 1990, c. C43, as amended; and
23. such further and other grounds as counsel may advise and this Honourable Court permit.

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

1. the affidavit of Sydney Stupp sworn November 12, 2018, and the attached exhibits, filed;
2. the Third Report of the Proposal Trustee;
3. such further and other documentary evidence as counsel may advise and this Honourable Court permit.

Dated: November 12, 2018

**KRONIS, ROTSZTAIN,  
MARGLES, CAPPEL LLP**  
Barristers and Solicitors  
25 Sheppard Avenue West, Suite 1100  
Toronto ON M2N 6S6

**Philip Cho (LSUC # 45615U)**  
pcho@krmc-law.com  
Tel: (416) 218-5494  
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Lawyers for Process Products Limited

# TAB 2

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE  
A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**AFFIDAVIT OF SYDNEY STUPP  
(sworn November 12, 2018)**

I, SYDNEY STUPP, of the City of Vaughan in the Province of Ontario MAKE OATH  
AND SAY:

1. I am the current president of the debtor, Process Products Limited (the “**Company**”), and as such, have knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.
  
2. This affidavit is sworn in support of the Company’s motion for an order, among other things, approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Company and Samuel Stupp (the “**Purchaser**”) and vesting in the Purchaser the Company’s right, title and interest in and to the life insurance policy issued by the Manufacturer's Life Insurance Company bearing policy number 30000529 (the “**Policy**”).

## BACKGROUND

3. On July 20, 2018 (the “**Filing Date**”), the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and A. Farber & Partners Inc. (“**Farber**”) was appointed as proposal trustee (the “**Trustee**”). A copy of the certificate of filing the NOI is attached hereto and marked as Exhibit “A”.

4. On August 15, 2018, the Court granted an Order (the “**First Extension Order**”) extending the time to file a proposal under the provisions of the BIA to October 3, 2018.

5. In support of the motion for the First Extension Order, I swore an Affidavit on August 10, 2018 (the “**First Stupp Affidavit**”), a copy of which is attached hereto, without exhibits, and marked as Exhibit “B”.

6. On September 28, 2018, the Company brought a motion for a second extension order returnable on October 2, 2018, which motion was adjourned to October 11, 2018, and at which time the Court granted a short extension of the time to file a proposal to October 11, 2018.

7. On October 11, 2018, the Court granted an Order (the “**Second Extension Order**”) extending the time to file a proposal under the provisions of the BIA to November 17, 2018, a copy of which is attached hereto and marked as Exhibit “C”.

8. In support of the motion for the Second Extension Order, I swore an Affidavit on September 28, 2018 (the “**Second Stupp Affidavit**”), a copy of which is attached hereto, without exhibits, and marked as Exhibit “D”.

9. As set out in the First Stupp Affidavit, the company is based in Concord (Vaughan), Ontario and carries on business as a supplier of specialty fasteners and engineered machine components with approximately 18 employees. The Company started to suffer falling revenues in 2017 as a result of the gradual decrease in the demand for electricity which led to the Company's major customers having significantly less need for utility scale large gas and steam turbines and generators.

10. Since the First Extension Order, the Company has made the following key efforts towards making a viable proposal to its creditors:

- a) entered into certain agreements that allow the Company to receive immediate, or near immediate, payment for invoices from key customers that historically had 90 to 120 day payment terms;
- b) arranged for additional purchases and early payment from certain customers of sitting inventory;
- c) reduced the purchase of additional inventory during the NOI process; and,
- d) met with several potential interested third parties with respect to the purchase of certain assets of the Company, or potential investment in the Company, some of whom signed confidentiality agreements in order to have access to important financial information.

11. In the Second Stupp Affidavit, I stated that the Company had been in discussions with potential purchasers of certain assets of the Company, or potential investors. Unfortunately, these discussions did not materialize into any reasonable prospects and the Company has discontinued these efforts.

12. However, the Company continued its negotiations with the third party referred to in the Second Stupp Affidavit willing to provide financial support, which negotiations resulted in the Sale Agreement, the particulars of which I will describe. Provided that the Court approves the Transaction, the Company intends to file a proposal to its creditors before expiry of the extension granted by the Second Extension Order.

13. The Company is the owner of the Policy, which is a life insurance policy insuring the life of shareholder, Barbara Stupp (“**Barbara**”). The Company is the sole beneficiary of the Policy and the benefit amount is \$1 million. Attached hereto and marked as Exhibit “E” is a true copy of the Policy.

14. The Company is a closely held family business and the Purchaser, my father, is the majority shareholder holding all Class C voting shares, and a majority of Class M non-voting shares, while Barbara, my mother, is a minority shareholder of Class M non-voting shares, and The Stupp Family Trust 2016 is a minority shareholder of Class A non-voting shares.

15. The Policy has an effective date of July 23, 1998 and premiums are payable to July 22, 2034. The premiums are presently payable annually in the amount of \$21,724.92. There is no cash value.

16. Given the Company’s current financial circumstances, it is unlikely that the Company can continue to pay the premiums on the Policy. Moreover, although Barbara is 84 years old, and suffers from Parkinson’s disease, there is no reason to believe that the insured event will occur imminently.

17. I am advised by my counsel that in Ontario, provisions of the *Insurance Act* (Ontario) prohibit the sale of life insurance policies to third parties with no insurable interest in the life insured. As such, the only persons that may take an assignment of the Policy are the shareholders/family members that have an insurable interest in the life of Barbara. The Purchaser is Barbara's spouse.

18. The Company and the Proposal Trustee have had discussions with the Purchaser and his counsel. As a result of these discussions, the Company has agreed, subject to court approval and certain other conditions, to transfer and assign the Policy to the Purchaser upon payment of the purchase price set out in the Sale Agreement. Attached hereto and marked as Exhibit "F" is a copy of the Sale Agreement.

19. The Sale Agreement also provides that the Transaction is conditional on the proceeds of the Transaction being used to pay out in full the amounts outstanding (the "**NBC Indebtedness**") to National Bank of Canada ("**NBC**"), the Company's senior secured creditor. In order to accomplish this, a certain amount of the purchase price will be paid to the Company's lawyers, in trust, pending the necessary payments reducing the NBC Indebtedness sufficiently so that the purchase proceeds can retire the NBC Indebtedness in full.

20. In addition, a part of the purchase price will be paid by way of a corresponding equal reduction to the secured indebtedness owing by the Company to the Purchaser (the "**Stupp Indebtedness**").

21. The Company retained RSM Canada Consulting LP ("**RSM**") to provide a valuation of the Policy. RSM provided its report dated October 10, 2018 (the "**RSM Report**"), a copy of which is attached hereto and marked as Exhibit "G".



22. Although the value provided by the RSM Report for the Policy is higher than the purchase price in the Sale Agreement, the Company believes the Transaction should be approved for the following reasons:

- a. the other shareholders have confirmed that they have no interest in purchasing and continuing the premium payments on the Policy;
  - b. the Policy is not something that is marketable or saleable to third parties unrelated to Barbara;
  - c. if the Company is unable to maintain the premium payments, there will be no value gained from the Policy;
  - d. if the Transaction is not approved and the Company is unable to make a proposal, then it is very unlikely that any value can be realized for the Policy; and
  - e. the RSM Report is an actuarial assessment of the net present value of the policy, representing the value at which a holder, with no particular incentive to sell and with sufficient liquidity to continue to pay premiums, would be indifferent as between continuing to hold the policy or taking a lump sum payment. It does not account for the fact that the Company is insolvent, needs cash immediately to pay the NBC Indebtedness and, as indicated, is not currently able to continue to pay premiums going forward.
23. However, if the Transaction is approved, the Company expects that it will be able to retire the NBC Indebtedness, enter into terms with respect to continuing the Stupp Indebtedness,


and thereby make a viable proposal to its unsecured creditors on or before November 17, 2018, the date set out in the Second Extension Order.

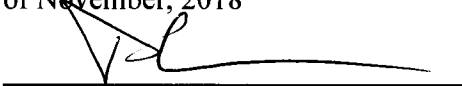
24. Throughout the negotiations with the Purchaser, the Company has continued to share its progress and information with the Proposal Trustee and NBC. The Proposal Trustee has consented to and supports the transaction as indicated by signing the Acknowledgement in the Sale Agreement. Further, the completion of the Transaction is conditional on NBC providing its written consent to the Transaction.

25. I am not aware of any other creditor that would object to the relief sought and I do not believe that the relief sought will prejudice any of the creditors.

26. I make this affidavit in support of an order approving the Transaction and other ancillary relief.

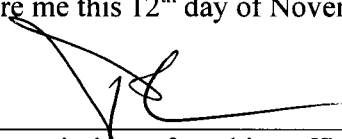
SWORN BEFORE ME at the City )  
of Toronto, in the Province )  
of Ontario this 12<sup>th</sup> day )  
of November, 2018 )

  
\_\_\_\_\_  
SYDNEY STUPP

  
\_\_\_\_\_  
A Commissioner, etc.  
PHILIP CHO (45615U)

# TAB A

This is Exhibit "A" to the  
Affidavit of Sydney Stupp sworn  
before me this 12<sup>th</sup> day of November 2018



---

A Commissioner for taking affidavits, etc.  
Philip Cho



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-2402270  
Estate No. 31-2402270

In the Matter of the Notice of Intention to make a  
proposal of:

**Process Products Limited**  
Insolvent Person

**A. FARBER & PARTNERS INC.**  
Licensed Insolvency Trustee

---

Date of the Notice of Intention: July 20, 2018

---

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

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Date: July 23, 2018, 14:15

E-File/Dépôt Electronique

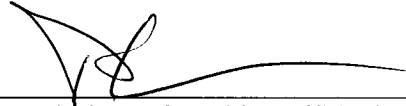
Official Receiver

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

Canada

# TAB B

This is Exhibit "B" to the  
Affidavit of Sydney Stupp sworn  
before me this 12<sup>th</sup> day of November 2018

A handwritten signature in black ink, appearing to be 'P. Cho', written over a horizontal line.

A Commissioner for taking affidavits, etc.  
Philip Cho

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE  
A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**AFFIDAVIT OF SYDNEY STUPP  
(sworn August 10, 2018)**

I, SYDNEY STUPP, of the City of Vaughan in the Province of Ontario MAKE OATH  
AND SAY:

1. I am the current president of the debtor, Process Products Limited (the “**Company**”), and as such, have knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.

2. This affidavit is sworn in support of the Company’s motion for an order extending the time to file a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the “**BIA**”) for a period of 45 days from August 19, 2018, to and including October 3, 2018.

**BACKGROUND**

3. On July 20, 2018 (the “**Filing Date**”), the Company filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and A. Farber & Partners Inc. (“**Farber**”) was appointed as proposal trustee (the “**Trustee**”).



4. The purpose of these proposal proceedings (the “**Proceeding**”) is to provide the Company with an opportunity to collect on certain accounts receivable, complete a significant tax return filing, negotiate the potential accelerated payment and sale of certain inventory to key customers, with a view to restructuring its operations and presenting a viable proposal to the Company’s creditors, in consultation with the Trustee. The relief requested on this motion is integral for the Company to continue its operations and carry out its restructuring efforts.

#### **THE COMPANY AND ITS BUSINESS**

5. The Company is incorporated pursuant to the laws of the Province of Ontario, with its registered office in Concord (Vaughan), Ontario. On January 1, 2001, Process Products Limited and 1274315 Ontario Limited amalgamated to form the Company. Attached hereto and marked as **Exhibit “A”** is a true copy of a corporation profile report for the Company as of August 8, 2018. Although Samuel Stupp is indicated to be the president of the Company, this was changed in or about 2011 when I was appointed the office of president. It appears that the Company did not update this with the Ministry of Government and Consumer Services.

6. The Company carries on business as a supplier of specialty fasteners and engineered machine components. It operates primarily from leased premises in Concord, Ontario. The Company also has subsidiaries in the U.S and Mexico, which supply the U.S. and Mexican markets.

7. As of the Filing Date, the Company employed approximately 18 employees, who are not represented by a union. The Company does not sponsor any pension plan for their employees.

8. All source deductions were current with remittances as of the Filing Date and continue to be so.

### **THE CAUSES OF FINANCIAL DIFFICULTY**

9. The Company experienced a significant drop in sales in 2017 of nearly 45%, which continued into 2018. The primary contributing factor to this drop in sales related to the gradual decrease in the demand for electricity, which led to the Company's major customers, having significantly less need for utility scale large gas and steam turbines and generators - the types of machines that are used in utility power plants. At that time, the global market for this type of equipment fell by over 75%, and affected many original equipment manufacturers, some of whom were major customers of the Company.

10. In addition, it was customary for the Company's customers to have extended credit terms of 90 to 120 days. However, when the market collapsed, causing a slowdown in the movement of inventory, the delay in being paid by its customers began to have adverse impact on the Company's debt levels.

11. Ultimately, in the summer of 2018, the Company defaulted in respect of certain margin requirements, among other things, with its primary lender, and decided to take steps to restructure its operations.

### **THE COMPANY'S CREDITORS**

12. The Company's primary lender is National Bank of Canada ("NBC"), through which the Company maintains an operating line of credit. Through discussions with NBC, as part of the NOI filing and this Proceeding, NBC issued a demand for repayment and a Notice of Intention to

Enforce Security under s. 244 of the BIA. The Company agreed to waive the 10-day period in the s. 244 notice on the understanding that NBC would not, at this time, appoint a receiver, but would permit the Company to file the NOI, although there is no formal forbearance agreement in place. As of the Filing Date, the amount owing the NBC was approximately \$1.906 million.

13. In addition, the Company's major shareholder and former president, Samuel Stupp, had provided financing to the Company which is also secured by a general security agreement. As of the Filing Date, the balance outstanding to Samuel Stupp was approximately \$584,000. Attached hereto and marked as **Exhibit "B"** is a copy of the search results in the Personal Property Security Act registration system with a currency date of August 8, 2018.

14. As of the Filing Date, the Company estimates the unsecured obligations to total approximately \$1,121,493, not including approximately \$500,000 owed to the Company's former employees for termination pay, severance pay, and accrued vacation.

#### **REQUEST FOR EXTENSION OF TIME**

15. The 30-day period after the Filing Date expires on August 19, 2018. The Company is seeking an extension of this time by which it must file a proposal for a period of 45 days to and including October 3, 2018 (the "**Extension**").

16. The Company requires the Extension to continue collecting on its accounts receivable, particularly from some of its major customers. In addition, the Company will be seeking to discontinue servicing certain types of customers that require greater investment of inventory. For these customers, the Company will seek to sellout the remaining stock of inventory that is specific to such customers in the ordinary course.

17. In addition, the Company is in the process of speaking with interested parties to determine whether there may be interest in a potential purchase of some or substantially all of the Company's assets. Additional time is required for the Company, and its advisors, to explore the potential sale of any of the assets.

18. The Company has also completed filing a tax return that, due to the significant losses in 2017, should result in a significant tax refund. Although the actual return will not be immediately available, the Company hopes to receive the assessed return so that it has certainty of the refund, which will assist the Company in making a viable proposal.

19. The Company has sufficient liquidity from available cash on hand and collection from accounts receivable that will fund its operations through this Proceeding, at least until the end of the Extension. I understand that the Trustee will be providing a copy of a cash flow forecast with its First Report to the Court.

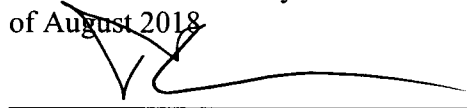
20. Therefore, the Company requests an extension of time to file a proposal in order to undertake additional steps, including as described above, so as to increase the likelihood of making a viable proposal to the creditors.

21. The alternative to filing a proposal would be the bankruptcy and liquidation of the Company, which I believe would lead to a less favourable result for the creditors.

22. I am not aware of any creditor that would object to the extension of time requested, and I do not believe that the extension of time sought will prejudice any of the creditors.


23. I further believe that the Company is acting in good faith, with due diligence, and will likely be able to make a viable proposal if the extension applied for is granted.

SWORN BEFORE ME at the City )  
of Toronto, in the Province )  
of Ontario this 10<sup>th</sup> day )  
of August 2018 )



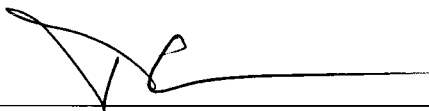
A Commissioner, etc.

PHILIP CHO (456154)

  
\_\_\_\_\_  
SYDNEY STUPP

# TAB C

This is Exhibit "C" to the  
Affidavit of Sydney Stupp sworn  
before me this 12<sup>th</sup> day of November 2018

A handwritten signature in black ink, appearing to be 'Philip Cho', written over a horizontal line.

A Commissioner for taking affidavits, etc.  
Philip Cho

Court File No. 31-2402270

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

THE HONOURABLE

) THURSDAY, THE 11th DAY

)

) OF OCTOBER 2018

)

Chiappetta

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**ORDER**

**THIS MOTION** made by Process Products Limited (the “**Company**”) for an order extending the time for filing a proposal under the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), among other things, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Motion Record and the Second Report of the Proposal Trustee (the “**Second Report**”), both filed, and on hearing submissions of counsel for the Company,

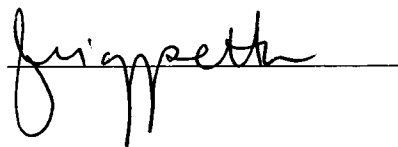
1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record, including the Second Report, is hereby abridged, such that the motion is properly returnable today, and that further service of the Motion Record and the Second Report on any other person is hereby dispensed with.

2. **THIS COURT FURTHER ORDERS** that the time within which the Company may file any proposal under the provisions of the BIA be and is hereby extended to November 17, 2018.

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

OCT 24 2018

PER / PAR:



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

Court File No. 31-2402270

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

**PROCEEDING COMMENCED AT  
TORONTO**

**ORDER**

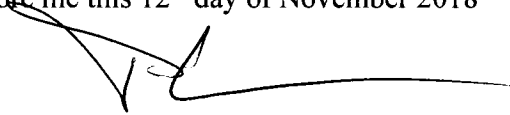
**KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP**  
25 Sheppard Avenue West, Suite 1100  
Toronto ON M2N 6S6

Philip Cho (45615U)  
pcho@krmc-law.com  
Tel: (416) 218-5494  
Fax: (416) 225-6751

Lawyers for the Debtor, Process Products Limited

# TAB D

This is Exhibit "D" to the  
Affidavit of Sydney Stupp sworn  
before me this 12<sup>th</sup> day of November 2018

A handwritten signature in black ink, appearing to be 'Philip Cho', written over a horizontal line.

A Commissioner for taking affidavits, etc.  
Philip Cho

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE  
A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**AFFIDAVIT OF SYDNEY STUPP  
(sworn September 28, 2018)**

I, SYDNEY STUPP, of the City of Vaughan in the Province of Ontario MAKE OATH  
AND SAY:

1. I am the current president of the debtor, Process Products Limited (the “**Company**”), and as such, have knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.

2. This affidavit is sworn in support of the Company’s motion for an order extending the time to file a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the “**BIA**”) for a period of 45 days from October 3, 2018, to and including, November 17, 2018.

**BACKGROUND**

3. On July 20, 2018 (the “**Filing Date**”), the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and A. Farber & Partners Inc. (“**Farber**”) was appointed as proposal trustee (the

“Trustee”). A copy of the certificate of filing the NOI is attached hereto and marked as Exhibit “A”.

4. On August 15, 2018, the Court granted an Order (the “**First Extension Order**”) extending the time to file a proposal under the provisions of the BIA to October 3, 2018, a copy of which is attached hereto and marked as Exhibit “B”.

5. In support of the motion for the First Extension Order, I swore an Affidavit on August 10, 2018 (the “**First Stupp Affidavit**”), a copy of which is attached hereto, without exhibits, and marked as Exhibit “C”.

6. As set out in the First Stupp Affidavit, the company is based in Concord (Vaughan), Ontario and carries on business as a supplier of specialty fasteners and engineered machine components with approximately 18 employees. The Company started to suffer falling revenues in 2017 as a result of the gradual decrease in the demand for electricity which led to the Company’s major customers having significantly less need for utility scale large gas and steam turbines and generators.

7. Since the First Extension Order, the Company has made the following key efforts towards making a viable proposal to its creditors:

- a) Entered into certain agreements that allow the Company to receive immediate, or near immediate, payment for invoices from key customers that historically had 90 to 120 day payment terms;
- b) Arranged for additional purchases and early payment from certain customers of sitting inventory; and,

c) Met with several potential interested third parties with respect to the purchase of certain assets of the Company, or potential investment in the Company, some of whom signed confidentiality agreements in order to have access to important financial information.

8. In particular, the Company has had discussions with a third party that is willing to provide financial support so that the Company can make a viable proposal to the unsecured creditors. The Company requires additional time to continue negotiations with this third party to develop the structure of the financial support.

9. I understand the Proposal Trustee will be filing a second report which will also provide additional information to the Court with respect to the Company's efforts and cash flow forecast through the extension period.

10. The alternative to filing a proposal would be the bankruptcy and liquidation of the Company, which I believe would lead to a less favourable result for the creditors. If the extension requested is not granted and no proposal is filed, I understand that the Company will automatically be deemed to have made an assignment in bankruptcy, which would similarly be a less favourable result for the creditors.

11. I am not aware of any creditor that would object to the extension of time requested, and I do not believe that the extension of time sought will prejudice any of the creditors.


12. The senior secured creditor, National Bank of Canada, will have notice of this motion and the Company has continued to keep National Bank of Canada apprised of developments throughout. Although, as I understand, National Bank of Canada is not stayed by the NOI, at the

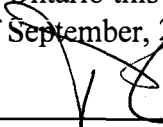
time of swearing this Affidavit, National Bank of Canada has not indicated that it will take any steps to oppose the motion or to enforce its security.

13. I further believe that the Company is acting in good faith, with due diligence, and will likely be able to make a viable proposal if the extension applied for is granted.

14. I make this affidavit in support of an order for an extension of the time to file a proposal from October 3, 2018 to November 17, 2018.

SWORN BEFORE ME at the City )  
of Toronto, in the Province )  
of Ontario this 28<sup>th</sup> day )  
of September, 2018 )

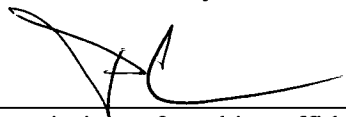
  
\_\_\_\_\_  
SYDNEY STUPP

  
\_\_\_\_\_  
A Commissioner, etc.  
PHILIP CHO (45615U)

# **TAB E**



This is Exhibit "E" to the  
Affidavit of Sydney Stupp sworn  
before me this 12<sup>th</sup> day of November 2018

A handwritten signature in black ink, appearing to read 'Philip Cho', written over a horizontal line.

A Commissioner for taking affidavits, etc.  
Philip Cho

THIS IS A DUPLICATE POLICY ISSUED IN  
ACCORDANCE WITH YOUR WRITTEN  
REQUEST ON FILE WITH THE COMPANY.

The Manufacturers Life Insurance Company



President and Chief Executive Officer

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**POLICY FACE PAGE**


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**Policy Number:** 30000529  
**Life Insured:** Barbara Stupp ✓  
**Owner:** Process Products ✓  
**Effective Date:** July 23, 1998 ✓  
**Beneficiary:** 100% to Process Products ✓

The death benefit under this policy is payable upon the death of the Life Insured.

Estate Partner  
 Participating

Initial Face Amount: \$ 1,000,000 ✓

Annual Minimum  
 Premium: \$ 19,470.00

Rate Class: Non-Smoker, Female, Age 64 ✓

Premium Cease Date: July 22, 2034

The Initial Face Amount will remain unchanged for the first ten (10) policy years provided that the Minimum Premium is paid when due. This policy will be reviewed at the tenth (10th) policy anniversary and every fifth (5th) policy anniversary thereafter. If a change to the policy is required as a result of a review, the following guarantees apply:

1. the insurance coverage provided by the Minimum Premium may decrease but the resulting coverage will never be less than seventy-five percent (75%) of the Initial Face Amount for the Minimum Premium, OR
2. the premiums payable for the Initial Face Amount may increase but the resulting premium will not exceed four-thirds (4/3) of the Minimum Premium payable for the Initial Face Amount.

Within ten days of receipt of this policy, it may be returned  
 for cancellation and any deposits paid will be refunded.

Issued from the Head Office of the Company on July 23, 1998  
 Zurich Life Insurance Company of Canada  
 200 University Avenue  
 Toronto, Ontario  
 M5H 4B8

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**POLICY FACE PAGE**

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**Total Policy First Year Premiums**

Annual Minimum Policy Premium:	\$	19,470.00
Semi-Annual Minimum Policy Premium:	\$	10,221.75
Pre-Authorized Cheque Monthly Minimum Policy Premium:	\$	<u>1,752.30</u> f

Selected Modal Premium:	\$	19,470.00 ?
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You have elected to pay Premiums Annually by Direct Billing

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Issued from the Head Office of the Company on July 23, 1998

Zurich Life Insurance Company of Canada  
200 University Avenue  
Toronto, Ontario  
M5H 4B8

**ESTATE PARTNER - GENERAL DEFINITIONS****1. EFFECTIVE DATE**

This is the date on which the policy becomes effective as shown on the Policy Face Page but shall not be used in connection with any policy which has lapsed and was subsequently reinstated.

**2. LIFE INSURED**

This shall refer to that individual whose life is insured under this policy, designated as such on the face page of the policy.

**3. POLICY FACE PAGE**

This refers to that page of the policy on which the data with respect to the Life Insured, together with the benefits to be provided under the policy, are outlined.

**4. OWNER**

This shall refer to that person designated as such on the Policy Face Page, as amended from time to time.

**5. REINSTATEMENT DATE**

This means, where applicable, the most recent date on which the policy was reinstated and once a policy has been reinstated, this date thereafter replaces the Effective Date of the policy.

**6. MONTHIVERSARY**

This shall mean the Effective Date and the same date of each month thereafter while this policy is in force.

**7. COMPANY**

This shall mean the head office of Zurich Life Insurance Company of Canada.

## ESTATE PARTNER - GENERAL PROVISIONS

### 1. INCONTESTABILITY OF STATEMENTS

The Company will not, in the absence of fraud, contest the validity of the policy because of a failure to disclose or a misrepresentation of any fact material to the insurance, after the policy has been in effect during the lifetime of the Life Insured for two (2) years from the later of:

- a) the Effective Date; and
- b) the Reinstatement Date.

In addition to, but not limiting the generality of the foregoing, where the Owner has increased the insurance coverage under this policy or under a specific benefit or rider attached to the policy, the period during which the Company shall contest the validity of the increased coverage, as described above, is two (2) years from the date of such increase.

The foregoing does not apply to a misstatement of age or sex, or to disability provisions included under the policy.

### 2. MISSTATEMENT OF AGE AND/OR SEX

Where the age and/or sex of the Life Insured has been misstated, the Company will increase or decrease the amounts payable under the policy to the amount that would have been payable for the same premium at the correct age and/or sex.

Notwithstanding the foregoing, where the plan of insurance to be provided limits the insurable age of the person whose life is to be insured and the correct age of the Life Insured at the time of the application exceeds that insurable age, the Company may contest the validity of the insurance coverage as provided by law.

### 3. EXCLUSION FOR SUICIDE

If the Life Insured commits suicide, whether while sane or not, within:

- a) two (2) years of the Effective Date; or
- b) two (2) years of the Reinstatement Date,

this policy will terminate immediately and the Company will not be liable to pay the Benefit Amount. Instead, the Company will refund,

after deducting any Policy Loans, any overdue premiums or other charges outstanding against the policy, the premiums paid for this policy since the Effective Date or, if the policy was reinstated, the amount paid to reinstate the policy together with any premiums paid after the Reinstatement Date.

### 4. BENEFICIARY

The Owner may, by written declaration, designate a beneficiary to receive the Benefit Amount. The beneficiary designation may be changed by written notice to the Company, subject to the laws governing this policy. The Company assumes no responsibility as to the validity, legal effect or sufficiency of such declaration.

If there is no beneficiary living when the Life Insured dies or if one has not been designated in accordance with the foregoing, in the absence of any provisions or law to the contrary, the Owner, or the executors, administrators or other legal representatives of the Owner will receive the Benefit Amount.

### 5. ASSIGNMENT

Subject to the following, the policy is assignable by either the Company or the Owner.

The Company is entitled to assign all of its rights and obligations under the policy to a third party on sixty (60) days written notice to the Owner.

The Company is not bound by an assignment of this policy by the Owner until ten (10) days after the notice of the assignment has been delivered to the Company. Notice shall be given by delivering two (2) copies of the assignment to the Company, the second copy of which will then be returned. The Company assumes no responsibility for the validity, legal effect or sufficiency of any assignment.

### 6. CURRENCY

All premiums and benefits to be made either to or by the Company under this policy shall be made in Canadian dollars.

## 7. THE CONTRACT

The terms and conditions which govern the parties are as set forth in the policy and any other documents attached to it at the time the policy was issued, last reinstated or amended, as the case may be, all in accordance with the terms and conditions hereof.

This policy, consisting of the Policy Face Page, contract pages, the application for life insurance, the application to reinstate the policy, if relevant, and any written medical, financial or other statements and answers furnished as evidence of the insurability, including any forms of medical evidence provided prior to the issuance or reinstatement of this policy, as the case may be, shall constitute the entire contract between the Owner and the Company. The Company will not be bound by any statement, either oral or written, that is not part of the policy.

## 8. PARTICIPATION

This contract participates in the profit of the Company's participating account through the adjustment of the insurance coverage provided hereunder to reflect trends in past and expected future experience of the participating account. No other dividends are payable.

## 9. AMENDMENTS

The contract may only be amended on behalf of the Company by a written endorsement, executed at the Company by two (2) authorized signing officers of the Company.

## 10. SEVERABILITY

If any provision of this contract shall be held to be invalid, illegal or unenforceable, it shall be severed from the policy and shall not affect the validity, legality or enforceability of the remaining provisions.

## 11. PROOF OF CLAIM

Claims under the policy will be settled when the Company receives a written claim, together with evidence satisfactory to the Company of the following:

- a) the happening of the event upon which the claim becomes payable;

- b) the date of birth and/or sex of the Life Insured; and
- c) the right of the claimant to receive payment, including evidence that all legal requirements have been satisfied.

Any claims under the policy must be made on forms supplied by the Company but the issuance of such forms shall not be construed as an admission of liability by the Company.

## 12. TAX-EXEMPT STATUS

This policy is issued with the intent that it is and will remain an "exempt life insurance policy" as referred to in various sections of the Income Tax Act (Canada), as amended from time to time (the "Act"). In order to maintain this policy as an exempt life insurance policy within the meaning of the Act, the Company reserves the right to take such actions as may be necessary including, but not limited to, to refuse to accept any Excess Premium, to refund any amounts so paid or to direct amounts paid to a pre-payment account in accordance with the Company's practice.

## 13. TERMINATION

This policy will terminate and the liability of the Company under it will cease upon the earliest of the death of the Life Insured, the surrender of the policy or the lapse of the policy for non-payment of a premium under the policy, as the case may be.

The liability of the Company under a benefit or rider added to the policy from time to time shall terminate immediately on the earliest of:

- a) the death of the Life Insured, except as otherwise provided in the benefit or rider;
- b) the surrender of this policy or the respective benefit;
- c) the termination of the respective benefit or rider in accordance with its TERMINATION provisions;
- d) the lapse in payment of the premium regarding either the policy or the benefit, as the case may be; or
- e) any other event stated within the policy to result in its termination.

Notwithstanding sub-section d) above, the termination of the policy or any benefits under the policy for non-payment of premium is

subject to its subsequent reinstatement in accordance with the REINSTATEMENT provisions of the policy.

#### 14. REINSTATEMENT

Subject to the other provisions of the policy, if the policy has lapsed for nonpayment of premium, the Owner may, within two (2) years of the date of lapse, apply to reinstate the policy provided that within this time the Company has received:

- a) an application for reinstatement delivered at the Company;
- b) evidence of the good health and insurability of the Life Insured, all satisfactory to the Company;

- c) payment of all overdue premiums, with interest compounded yearly at the Company's then current interest rate, as limited by the rate of interest permitted by law; and
- d) full repayment of any Policy Loans, with interest.

Subject to complying with the time period provided above, the policy will be reinstated on the date items a) through d) above have been completed.

Notwithstanding the foregoing, if a policy has been surrendered for cash, the Company is not required to thereafter reinstate it.



## ESTATE PARTNER - BENEFIT PROVISIONS

### 1. DEFINITIONS

#### a) INITIAL FACE AMOUNT

This shall mean that amount of insurance coverage provided for the first ten (10) policy years on payment of the Minimum Premium (see **PREMIUM PROVISIONS**), which amount is shown on the Policy Face Page.

#### b) ADJUSTED FACE AMOUNT

This shall mean that amount of insurance coverage which can be purchased with the Minimum Premium, as calculated on the tenth (10th) policy anniversary and as readjusted from time to time thereafter, but in no event shall the amount of insurance coverage be:

- i) less than seventy-five percent (75%) of the Initial Face Amount; or
- ii) greater than the Initial Face Amount.

### c) BENEFIT AMOUNT

This shall be the aggregate of:

- i) the Initial Face Amount or the Adjusted Face Amount, as the case may be; and
- ii) the Total Fund Book Value plus the Market Value of the Policy Loan Account as at the close of business on the date of death of the Life Insured.

For the purposes of this provision, the Book Value of the Zurich Linked Funds is deemed to be at least equal to one hundred percent (100%) of the amounts transferred into the Zurich Linked Funds less all amounts transferred or withdrawn from the Zurich Linked Funds, including transfers to pay premiums under this policy.

### 2. LIFE INSURANCE BENEFIT

If the Life Insured dies while this policy is in force, the Company agrees to pay the Benefit Amount in accordance with the terms and conditions hereof, to the person or persons entitled thereto, after deducting any Policy Loans, overdue premiums or other applicable charges payable under the policy.

## ESTATE PARTNER - PREMIUM PROVISIONS

### 1. DEFINITIONS

#### a) MINIMUM POLICY PREMIUM

This shall refer to the aggregate premium payable to maintain in force the base policy, together with all riders and benefits attached to the policy, which premium amount may be adjusted to reflect the mode of payment selected by the Owner. This premium amount is shown under various modes of payment on the Policy Face Page.

#### b) MINIMUM PREMIUM

This shall refer to the minimum premium payable for the Initial Face Amount for each of the first ten (10) policy years, which minimum premium amount may be adjusted to reflect the mode of payment selected by the Owner. This premium amount is expressed on an annual basis on the Policy Face Page.

#### c) ADJUSTED MINIMUM PREMIUM

This shall refer to the minimum premium payable for the Initial Face Amount, on the tenth (10th) policy anniversary and as readjusted from time to time thereafter in accordance with the terms and conditions hereof, but in no event shall the premium so determined be greater than four-thirds (4/3) of the Minimum Premium.

#### d) PREMIUM CEASE DATE

This shall refer to the date specified as such on the Policy Face Page.

#### e) SELECTED MODAL PREMIUM

This shall refer to the mode of payment selected by the Owner in the application for this policy and the resulting premium amount payable, as adjusted from time to time.

### 2. PAYMENT OF PREMIUMS

Premiums are payable annually in advance during the lifetime of the Life Insured, commencing on the Effective Date and continuing for the period(s) set out on the Policy Face Page.

In lieu of paying the Minimum Policy Premium annually, the Owner may request that the

Company accept payment in accordance with any other payment mode and on such terms and conditions as are then allowed by the Company.

The Company reserves the right to receive the Minimum Policy Premium on an annual basis commencing on any anniversary of the Effective Date regardless of any other mode of payment previously in effect.

All premiums are payable at the Company. With the consent of the Company, any premium other than the initial Minimum Policy Premium may be paid at a branch office of the Company, provided it is not overdue.

Payment of all premiums under this policy shall cease on the Premium Cease Date.

### 3. GRACE PERIOD

Where any Minimum Policy Premium, other than the initial premium, is not paid when due, it may be paid within a period of thirty-one (31) days from the date on which it was due. The policy will remain in effect during this period and any outstanding premium will be deducted from any benefit payable by the Company under the policy.

If any Minimum Policy Premium is not paid within the period of grace, the policy shall terminate as of 12:01 a.m. on the calendar day following the expiry of the thirty-one (31) day period of grace.

### 4. AUTOMATIC TRANSFER

If all or part of the Minimum Policy Premium remains unpaid at the end of the grace period, the Company shall transfer such amounts as may be necessary to pay all or part of the Minimum Policy Premium due under the policy as provided below.

A transfer made by the Company to pay the Minimum Policy Premium shall be taken first from the Daily Interest Fund, then from the Zurich Linked Funds on a pro-rata basis, based on the fund values at the time of transfer and then from the Guaranteed Interest Funds commencing with the fund closest to maturity.

No transfer fee will be charged for such a transfer. Any transfer from a Guaranteed Interest Fund prior to the expiry of the term of the fund will be subject to market value adjustment in accordance with the policy provision MARKET VALUE ADJUSTMENT.

**5. OPTIONS ON THE TENTH ANNIVERSARY AND EVERY FIVE YEARS THEREAFTER**

On the tenth (10th) policy anniversary and on every fifth (5th) policy anniversary thereafter, the Company will review the experience of the class of policies of which this policy forms a part (the "Class") and thereafter may adjust the Initial Face Amount of coverage as provided under the policy or may adjust the Minimum Premium payable for the Initial Face Amount to reflect the experience of the Class to that date.

The Company will re-examine the assumptions on which the premiums payable, and the coverage provided under this policy, are based including:

- a) the interest earned on the assets supporting the Class;
- b) the mortality experienced within the Class;
- c) the expenses attributable to the Class;
- d) the lapse experience for policies within the Class; and
- e) any changes to the laws or regulations affecting the policies within the Class.

The adjustments will not be affected by:

1. any increase in the Life Insured's age since the Effective Date; or
2. any change in insurability of the Life Insured after the later of the Effective Date and the Reinstatement Date;

As a result of the foregoing review, the insurance coverage provided under the policy on the continued payment of the Minimum Premium may decrease but the resulting insurance coverage shall not be less than seventy-five (75%) of the Initial Face Amount. Alternately, the premiums payable under the policy for the Initial Face Amount may increase but the resulting premium payable will not exceed four-thirds (4/3) of the Minimum Premium payable for the Initial Face Amount.

The Company will advise the Owner of the Adjusted Face Amount and the Adjusted Minimum Premium at least forty-five (45) days prior to the anniversary of the Effective Date. The Owner may then elect to either:

- a) continue to pay the Minimum Premium for the Adjusted Face Amount, except where the then current Adjusted Face Amount would otherwise increase above the Initial Face Amount on payment of the Minimum Premium, the premium payable shall be reduced to provide insurance coverage equal to the Initial Face Amount; or
- b) pay the Adjusted Minimum Premium in order to maintain the insurance coverage under the policy at the Initial Face Amount.

In the event that the Owner fails to advise the Company of the election within fifteen (15) days of any applicable policy anniversary or, subsequent to notice to the Company, the Owner fails to pay the Adjusted Minimum Premium, the Owner shall be deemed to have elected to continue to pay the Minimum Premium for the Adjusted Face Amount or such lesser premium as specified above for the Initial Face Amount, as the case may be.

**6. INSURANCE PROTECTION GUARANTEE**

The Company agrees, during the first five (5) policy years, not to lapse this policy provided that on each premium due date the sum of all premiums paid, after deducting the sum of all cash withdrawals and Policy Loans, is at least equal to:

- a) the Minimum Policy Premium multiplied by
  - b) i) for policies paid annually, that number of years, including portions thereof, since the Effective Date of the policy;
  - ii) for policies paid semi-annually, that number of six (6) month periods, including portions thereof, since the Effective Date of the policy;
  - iii) for policies paid monthly, that number of months, including portions thereof, since the Effective Date of the policy.

## ESTATE PARTNER - INVESTMENT PROVISIONS

### 1. DEFINITIONS

#### a) EXCESS PREMIUM

This shall refer to those amounts received under the policy from time to time in excess of the Minimum Policy Premium, which amounts, after deducting premium taxes and any other relevant charges, are allocated to the Daily Interest Fund.

#### b) BOOK VALUE

This shall mean, with respect to the Daily Interest Fund and any Guaranteed Interest Fund, the balance in such fund plus interest accrued but not yet credited on the date on which the book value is to be calculated, and shall mean, with respect to any Zurich Linked Funds, the value of the Zurich Linked Fund as determined by the Company in accordance with the policy provision ZURICH LINKED FUNDS on the valuation date coincident with or immediately following the date on which the book value is to be determined.

#### c) TOTAL FUND BOOK VALUE

This shall, at any point in time, mean an amount equal to the sum of the Book Values of the Daily Interest Fund, all Guaranteed Interest Funds and all Zurich Linked Funds.

#### d) TOTAL FUND MARKET VALUE

This shall mean an amount equal to the Total Fund Book Value adjusted in accordance with the policy provision MARKET VALUE ADJUSTMENT.

#### e) TOTAL FUND BOOK VALUE BONUS

This shall refer to the percentage of the Total Fund Book Value to be credited to the Daily Interest Fund in accordance with the provisions of this policy.

### 2. ALLOCATION TO THE INVESTMENT OPTIONS

The Owner may allocate any amounts in the Daily Interest Fund to any other investment option or combination of investment options then available from the Company in accordance with the policy provisions. Each allocation or change in allocation must be made in writing and will be effective on the date it is received at the Company, provided the minimum investment criteria applicable to those investment options are met.

### 3. AUTOMATIC ALLOCATION

The Owner may, from time to time, direct the Company to automatically invest amounts in the Daily Interest Fund in either:

- a) one Guaranteed Interest Fund of a specific term; or
- b) any or all Zurich Linked Funds,

provided that the minimum investment criteria applicable to those funds are met.

The Owner may change or discontinue any automatic investment direction by providing written notice to the Company which will be effective on the Monthiversary immediately following the date on which it is received at the Company.

### 4. INVESTMENT OPTIONS

The Company has elected to make a daily interest investment option, specific guaranteed interest options and specific investment options linked to performance indicators available to the Owner under this policy. The Owner agrees that the terms and conditions applicable to those investment options selected by the Owner from time to time, shall be as set forth in this policy.

The Investment Options available under this plan are:

1. Daily Interest Fund
2. 1 year Guaranteed Interest Fund
3. 2 year Guaranteed Interest Fund
4. 3 year Guaranteed Interest Fund
5. 4 year Guaranteed Interest Fund
6. 5 year Guaranteed Interest Fund
7. 10 year Guaranteed Interest Fund
8. Canadian 300 Equity Linked Fund
9. Canadian Bond Linked Fund
10. North American Balanced Linked Fund
11. Canadian Equity Linked Fund
12. U.S. Growth & Income Linked Fund
13. Global Linked Fund
14. Efficient Frontier Fund
15. International Growth Fund

#### a) DAILY INTEREST FUND

The Company shall credit interest on the Daily Interest Fund balance daily, at an annual effective rate of interest as determined from time to time by the Company but in no event shall the annual interest rate be less than the greater of:

- i) 90% of the rate payable on 90 day Government of Canada Treasury Bills available on the date of deposit, less 1.5%; and
- ii) zero percent (0%)

The interest rate applicable to this fund may be changed at any time without notice to the Owner.

**b) GUARANTEED INTEREST FUND**

The minimum amount which the Owner may allocate to a Guaranteed Interest Fund under this policy is five hundred dollars (\$500).

The Company shall credit interest on amounts allocated to a Guaranteed Interest Fund of a specific term at the rate of interest then being offered by the Company for Guaranteed Interest Funds of the same term except that the rate of interest expressed as a percentage per annum shall not be less than the greater of:

- a) ninety percent (90%) of the Interest payable on current coupon, Government of Canada Bonds, closest to the term of the selected Guaranteed Interest Fund to which the allocation is made, less one percent, (1%); and
- b) i) zero percent (0.0%) for amounts allocated to the one year Guaranteed Interest Fund; and
  - ii) four percent (4%) for amounts allocated to a Guaranteed Interest whose term is two (2) years or longer.

Interest shall accrue at the specified rate of interest compounded annually and not in advance for the term of the Guaranteed Interest Fund.

At the end of its term and, in the absence of written directions from the Owner received not less than five (5) days prior to the end of the term, the Company shall automatically reinvest the Book Value of the Guaranteed Interest Fund in the Guaranteed Interest Fund under the policy whose term is closest to the term of the Guaranteed Interest Fund which has matured.

**c) ZURICH LINKED FUNDS**

A "Zurich Linked Fund" shall mean any investment option whose return is linked to an external performance indicator.

The minimum amount which may be allocated to the following Zurich Linked Funds is one hundred dollars (\$100.00).

**(i) Canadian 300 Equity Linked Fund**

The Owner may, from time to time, allocate amounts to the Canadian 300 Equity Linked Fund and the Company shall value the amounts held in that fund under this policy on a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date.

The Company reserves the right to change, without notice, the date upon which that valuation takes place as well as the frequency of those valuations.

The Company shall establish rates of return for amounts allocated under this policy to the Canadian 300 Equity Linked Fund. The rate of return shall be equal to the rate of return of the TSE 300 Index, without dividends, less one percent per annum (1% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of amounts held in the Canadian 300 Equity Linked Fund.

**(ii) Canadian Bond Linked Fund**

The Owner may, from time to time, allocate amounts to the Canadian Bond Linked Fund and the Company shall value the amounts held in that fund under this policy on a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date.

The Company reserves the right to change, without notice, the date upon which that valuation takes place as well as the frequency of those valuations.

The Company shall establish rates of return for amounts allocated under this policy to the Canadian Bond Linked Fund. The rate of return shall be equal to the rate of return of the Scotia Capital Markets Universe Bond Index or any successor index, less three percent per annum (3% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of

The Company shall establish rates of return for amounts allocated under this policy to the Efficient Frontier Fund. The Efficient Frontier Fund rate of return is based upon two performance indicators, the Scudder Canadian Equity Fund and the Scudder Global Fund in such relative proportions as the Company may from time to time determine. However, in no event shall the percentage of the Scudder Canadian Equity Fund component be less than ten percent (10%) or greater than fifty percent (50%).

The Efficient Frontier Fund rate of return shall be equal to a weighted average return of the Scudder Canadian Equity Fund and the Scudder Global Fund, less two and one-half percent per annum (2.5% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of amounts held in the Efficient Frontier Fund.

**(viii) International Growth Fund**

The Owner may, from time to time, allocate amounts to the International Growth Fund and the Company shall value the amounts held in that fund under this policy on a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date.

The Company reserves the right to change, without notice, the date upon which that valuation takes place as well as the frequency of those valuations.

The Company shall establish rates of return for amounts allocated under this policy to the International Growth Fund. The International Growth Fund rate of return is based upon four performance indicators, the Scudder Global Fund, the Scudder Emerging Markets Fund, the Scudder Greater Europe Fund and the Scudder Pacific Fund in such relative proportions as the Company may from time to time determine. However, in no event shall the percentage of any Scudder Fund component be less than fifteen percent (15%). The International Growth Linked Fund rate of return shall be equal to a weighted average return of the Scudder Global Fund, the Scudder Emerging Markets Fund, the Scudder Greater Europe Fund and the Scudder Pacific Fund, less two and three fifths percent per annum (2.6% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of

amounts held in the International Growth Fund.

**5. ADDITION OR ELIMINATION OF INVESTMENT OPTIONS**

The Company may, in its sole discretion, make additional investment options available under this policy and shall not be obligated to provide the Owner with written notice of the availability of those options.

No amounts may be allocated by the Owner to any additional investment options unless and until this policy has been amended to accommodate such allocations.

The Company may, in its sole discretion, eliminate any option available under this policy without the consent of the Owner. In the event the Company elects to eliminate any investment option, the Company will notify the Owner in writing of its intention to do so at his or her last known address according to the records of the Company, not less than forty-five (45) days before eliminating the investment option.

The Owner may then elect to transfer the eliminated investment fund value into any other investment option then available under the policy.

The value of the amount held in an eliminated investment option shall be determined as of the close of business on the day immediately preceding the date on which the investment option is eliminated or the date on which the performance indicator no longer exists, whichever is earlier.

In the event the Company does not receive the Owner's written election by the end of the forty-five (45) day period described above, the amount held in the eliminated investment option shall be transferred to the policy's Daily Interest Fund.

**6. TRANSFERS BETWEEN INVESTMENT OPTIONS**

Subject to the investment criteria applicable to each investment option, the Owner may make written request to transfer all or a portion of the value of any investment option under the policy to another investment option under the policy. Any transfer from a Guaranteed Interest Fund prior to the expiry of the term of the fund will be subject to market value adjustment in accordance with the policy provision MARKET VALUE ADJUSTMENT.

The Owner may make up to four (4) transfers in any policy year. Thereafter the Company will charge a fee of twenty-five dollars (\$25.00) for each additional transfer in the policy year.

Transfers from a Guaranteed Interest Fund will be effected on the date on which the Owner's written

amounts held in the Canadian Bond Linked Fund.

**(iii) North American Balanced Linked Fund**

The Owner may, from time to time, allocate amounts to the North American Balanced Linked Fund and the Company shall value the amounts held in that fund under the policy on a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date.

The Company reserves the right to change, without notice, the date upon which that valuation takes place as well as the frequency of those valuations.

The Company shall establish rates of return for amounts allocated under this policy to the North American Balanced Linked Fund. The rate of return shall be equal to the rate of return of the Zurich Life Balanced Fund less one and one-half percent per annum (1.5% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of amounts held in the North American Balanced Linked Fund.

**(iv) Canadian Equity Linked Fund**

The Owner may, from time to time, allocate amounts to the Canadian Equity Linked Fund and the Company shall value the amounts held in that fund under this policy on a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date. The Company reserves the right to change without notice the date upon which that valuation takes place as well as the frequency of those valuations.

The Company shall establish rates of return for amounts allocated under this policy to the Canadian Equity Linked Fund. The rate of return shall be equal to the rate of return of the Scudder Canadian Equity Fund or any successor fund, less two and one-half percent per annum (2.5% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of amounts held in the Canadian Equity Linked Fund.

**(v) U.S. Growth and Income Linked Fund**

The Owner may, from time to time, allocate amounts to the U.S. Growth and Income Linked Fund and the Company shall value the amounts held in that fund under this policy on

a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date.

The Company reserves the right to change, without notice, the date upon which that valuation takes place as well as the frequency of those valuations.

The Company shall establish rates of return for amounts allocated under this policy to the U.S. Growth and Income Linked Fund. The rate of return shall be equal to the rate of return of the Scudder U.S. Growth and Income Fund or any successor fund, less two and one-half percent per annum (2.5% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of amounts held in the U.S. Growth and Income Linked Fund.

**(vi) Global Linked Fund**

The Owner may, from time to time, allocate amounts to the Global Linked Fund and the Company shall value the amounts held in that fund under this policy on a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date.

The Company reserves the right to change, without notice, the date upon which that valuation takes place as well as the frequency of those valuations.

The Company shall establish rates of return for amounts allocated under this policy to the Global Linked Fund. The rate of return shall be equal to the rate of return of the Scudder Global Fund or any successor fund, less two and one-half percent per annum (2.5% p.a.) measured on a weekly basis.

The Owner acknowledges that the rate of return may be positive or negative and that the Company cannot guarantee the value of amounts held in the Global Linked Fund.

**(vii) Efficient Frontier Fund**

The Owner may, from time to time, allocate amounts to the Efficient Frontier Fund and the Company shall value the amounts held in that fund under this policy on a weekly basis. The valuation by the Company will apply to amounts held in the fund each week on the valuation date.

The Company reserves the right to change, without notice, the date upon which that valuation takes place as well as the frequency of those valuations.

**ESTATE PARTNER - CASH SURRENDER AND PARTIAL  
CASH WITHDRAWAL PROVISIONS**

**1. CASH SURRENDER VALUE**

This, at any time, shall equal the Total Fund Market Value, as of the date the request to surrender is received at the Company, less a surrender charge of fifty dollars (\$50.00).

Interest Fund shall be withdrawn and transferred to the Daily Interest Fund.

The Company may effect a partial cash withdrawal to the extent necessary to maintain this policy as an "exempt life insurance policy".

**2. CASH SURRENDER OPTION**

On surrender and proper legal discharge of this policy, the Company will pay the Owner the Cash Surrender Value, after deducting the amount by which all Policy Loans exceed the Market Value of the Policy Loan Account. The Company reserves the right to defer such payment for a period not exceeding three (3) months after the application for surrender is received at the Company.

**4. MARKET VALUE ADJUSTMENT**

An amount equal to a market value adjustment as determined below shall be deducted from all amounts surrendered, withdrawn or transferred from any Guaranteed Interest Fund in accordance with the policy provisions relating to those transactions. The market value adjustment shall be:

- a) the rate of interest then being offered by the Company for a Guaranteed Interest Fund of the same term as the fund being surrendered, withdrawn or transferred, plus one percent (1%), minus the rate of interest applicable to the fund being surrendered, withdrawn or transferred, multiplied by
- b) the number of years and parts thereof to maturity of the fund from which the amount is being surrendered, withdrawn or transferred, multiplied by
- c) the amount of the fund being surrendered, withdrawn or transferred.

**3. PARTIAL CASH WITHDRAWALS**

The Owner may, at any time, make written request for a partial cash withdrawal. The partial cash withdrawal must be for at least five hundred dollars (\$500) and, in the absence of written direction from the Owner, shall be taken first from the Daily Interest Fund, then from the Zurich Linked Funds on a pro-rata basis, based on the fund values at the time of withdrawal, and then from the Guaranteed Interest Funds commencing with the fund closest to maturity. The maximum amount of a partial cash withdrawal is the Cash Surrender Value, after deducting the amount by which the Policy Loans exceed the Market Value of the Policy Loan Account. A fee of twenty-five dollars (\$25) will be deducted from the partial cash withdrawal before it is paid to the Owner.

The balance remaining in any Guaranteed Interest Fund from which a withdrawal has been made shall be held on the same terms and conditions as were applicable to the fund prior to the withdrawal except that in the event the balance remaining after the withdrawal would be less than five hundred dollars (\$500), the entire Guaranteed

**5. EFFECTIVE DATE OF PARTIAL CASH  
WITHDRAWAL OR POLICY SURRENDER**

The surrender of or any withdrawal from the Daily Interest Fund or from a Guaranteed Interest Fund will be effected on the date the Owner's written request is received at the Company.

The surrender of or any withdrawal from a Zurich Linked Fund will be effected at the close of business on the next day on which the fund is to be next valued following receipt of the Owner's written request at the Company.



## ESTATE PARTNER - POLICY LOAN PROVISIONS

### 1. DEFINITIONS

a) **LOAN INTEREST RATE**

This shall be twelve percent (12%) per annum.

b) **NET LOANABLE AMOUNT**

This shall refer to:

- i) the Cash Surrender Value multiplied by
- ii)  $1 - [\text{Loan Interest Rate} + 1\%]$

c) **POLICY LOAN**

This shall refer to that portion of the Net Loanable Amount that, from time to time, is actually borrowed by the Owner and outstanding under the policy, together with interest calculated and accrued on the loan as provided herein.

d) **POLICY LOAN ACCOUNT**

This shall refer to the loan account established by the Company under this policy.

e) **MARKET VALUE OF THE POLICY LOAN ACCOUNT**

This shall refer to the aggregate of all amounts in the Policy Loan Account together with interest accrued at the rate of ten percent (10%) per annum.

### 2. CASH LOAN

Subject to compliance with any minimum loan requirements under the policy, the Owner may borrow up to the Net Loanable Amount under the policy. The minimum amount which can be borrowed at any time shall be five hundred dollars (\$500.00). A fee of twenty-five dollars (\$25.00) will be deducted from the Policy Loan before it is paid to the Owner.

Interest shall be payable on any Policy Loan to the date on which the loan is repaid. The Company

shall calculate the interest at the Loan Interest Rate. Interest accrued as at the policy anniversary shall be added to the principal balance of the Policy Loan and thereafter shall bear interest at the same rate as is applicable to the Policy Loan.

The Company shall, from time to time, transfer first from the Daily Interest Fund, then from the Zurich Linked Funds on a pro rata basis, based on the fund values at the time of transfer, and then from the Guaranteed Interest Funds, to the Policy Loan Account, such amounts as may be necessary to increase the Market Value of the Policy Loan Account to equal the aggregate of the Policy Loans. Transfers from Guaranteed Interest Funds commence with those closest to maturity. Where two (2) or more Guaranteed Interest Funds have the same maturity date, the Company will make the transfer from the one with the earliest purchase date.

The Owner may repay any Policy Loan or portion thereof at any time. The Company shall at the time of repayment transfer from the Policy Loan Account to the Daily Interest Fund an amount equal to the repayment.

In the event the Policy Loan Account is, at any time, less than the amount of all Policy Loans and there are insufficient funds in the Daily Interest Fund, the Zurich Linked Funds and the Guaranteed Interest Funds to transfer to the Policy Loan Account, then all Policy Loans shall immediately become due and payable and the balance held in the Policy Loan Account shall be used to repay the Policy Loan.

Any amounts transferred from the Guaranteed Interest Funds in accordance with the foregoing shall be considered a transfer under the policy and will be subject to market value adjustment in accordance with the policy provision **MARKET VALUE ADJUSTMENT**.

The Company shall have the right to defer the granting of a loan for a period not exceeding three (3) months after the application for the loan is received at the Company.

### ESTATE PARTNER - ANNUAL STATEMENT PROVISIONS

Each policy anniversary, the Company will send the Owner an annual statement outlining the following:

- a) the policy particulars including the current Life Insured, insurance coverage and designated beneficiary, if any;
- b) the total premiums accepted in the previous policy year;
- c) the total deductions in the previous policy year;
- d) a summary of the Zurich Linked Funds and Guaranteed Interest Funds held at the end of the previous policy year along with its Book Value;
- e) the Total Fund Book Value at the end of the previous policy year, and the Cash Surrender Value as of that date;
- f) an estimate of the maximum amount of premiums that may be paid from the current policy anniversary to the next policy anniversary, while maintaining the policy as an "exempt life insurance policy".

request is received at the Company. Transfers from a Zurich Linked Fund will be effected at the close of business on the day on which the fund is next valued following receipt of the Owner's written request at the Company.

**7. TOTAL FUND BOOK VALUE BONUS**

Provided this policy is then in effect, the Company shall credit to the Daily Interest Fund on each applicable policy anniversary, an amount, if any, on account of the Total Fund Book Value Bonus calculated as follows:

At the fifth (5th) policy anniversary and each policy anniversary thereafter up to and including the ninth (9th) policy anniversary, the Company shall credit an amount equal to one-quarter of one percent (0.25%) of the Total Fund Book Value at the close of business on that policy anniversary. At the tenth (10th) policy anniversary and each policy anniversary thereafter, the Company shall credit an amount equal to one-half of one percent (0.50%) of the Total Fund Book Value at the close of business on that policy anniversary.


# TAB F

This is Exhibit "F" to the  
Affidavit of Sydney Stupp sworn  
before me this 12<sup>th</sup> day of November 2018

A handwritten signature in black ink, appearing to be 'Philip Cho', written over a horizontal line.

A Commissioner for taking affidavits, etc.  
Philip Cho

**ASSIGNMENT OF LIFE INSURANCE POLICY**

BETWEEN:

**PROCESS PRODUCTS LIMITED**  
(the "Assignor")

- and -

**SAMUEL STUPP**  
(the "Assignee")

**WHEREAS:**

1. The Assignor filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and A. Farber & Partners Inc. was appointed as proposal trustee (the "**Trustee**");
2. The Assignor is the owner and beneficiary of that life insurance policy issued by The Manufacturers Life Insurance Company (the "**Insurer**") bearing policy number 30000529 (the "**Policy**") insuring the life of Barbara Stupp;
3. Subject to the terms and conditions of this Agreement and in accordance with the applicable provisions of the BIA, the Assignor desires to sell and assign, and the Assignee has agreed to purchase, the Policy; and
4. The Trustee consents to and approves of such proposed transfer and assignment.

**NOW THEREFORE** in consideration of the mutual covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged, each of the undersigned acknowledges and agrees as follows:

1. The recitals are true and incorporated into the terms of this Agreement as though repeated herein at length.
2. Subject to the terms and conditions in this Agreement, Assignee hereby agrees to purchase from Assignor, and Assignor hereby agrees to sell to Assignee, all of the Assignor's right, title, benefit and interest in and to the Policy free and clear of all encumbrances pursuant to the Approval and Vesting Order (as defined herein) effective as at the Closing.
3. The consideration payable by the Assignee for the Policy shall be \$400,000 (the "**Purchase Price**").

4. Within seven business days of execution of this Agreement, the Assignee shall cause the sum of \$350,000 (the “**Deposit**”) to be delivered by wire transfer to the Assignor’s lawyers, Kronis, Rotsztain, Margles, Cappel LLP (“**KRMC**”), which shall be held in escrow in accordance with the terms of this Agreement. If successful completion of the transaction contemplated by this Agreement takes place (the “**Closing**”), the Deposit shall be credited and set off against the Purchase Price as indicated in Section 5 below. The Deposit will be returned to the Assignee if Closing has not occurred by the Outside Date or if the Agreement is terminated by either party pursuant to Sections 8 or 9.
5. Provided that the Conditions (as defined herein) have been satisfied or waived in accordance with Section 8 herein, the Purchase Price shall be paid and satisfied on Closing as follows:
  - (a) KRMC will release the Deposit to the Assignor, as payment towards the Purchase Price, which the Assignor hereby, irrevocably authorizes and directs KRMC to pay to National Bank of Canada (“**NBC**”) in an amount sufficient to pay out the Assignor’s indebtedness to NBC (together with accrued interest, fees and costs, the “**NBC Indebtedness**”) in full, with any residual balance of the Deposit to be released forthwith to the Assignor; and
  - (b) The balance of the Purchase Price shall be satisfied by a corresponding equal reduction in the secured indebtedness owing by the Assignor to the Assignee (the “**Stupp Indebtedness**”).
6. The Assignor represents and warrants to the Assignee and as of the date hereof and as of 9:00 am (Toronto time) on the date of Closing (the “**Closing Date**”, with such time being the “**Closing Time**”) as follows:
  - (a) subject to obtaining the Approval and Vesting Order and the NBC Consent (as defined below), the Assignor has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;
  - (b) this Agreement has been duly executed and delivered by the Assignor;
  - (c) except for the Assignee under this Agreement, no person has any agreement, option or commitment or any right or privilege capable of becoming such for the purchase or other acquisition from the Assignor of the Policy or any part thereof; and
  - (d) except in favour of the Assignee in respect of the Stupp Indebtedness and in favour of NBC in respect of the NBC Indebtedness, the Assignor has not granted or agreed to any lien, mortgage, pledge, trust, security interest or other encumbrance over or in respect of the Policy.
7. The Assignee represents and warrants to the Assignor as of the date hereof and as of the Closing Time that the Assignee has had the opportunity to receive independent legal advice or such other advice as he has deemed necessary in relation to this Agreement, and



further acknowledges that the Assignee understands his rights and obligations under this Agreement that he is voluntarily signing and accepts the terms of this Agreement; and

8. The transfer of the Policy and obligation of the parties to complete the transaction contemplated by this Agreement is subject to the following conditions being fulfilled or performed (the “**Conditions**”):
- (a) For the exclusive benefit of the Assignor, which Conditions may be waived, in whole or in part, by the Assignor with the prior written consent of NBC:
    - (i) the Assignee shall have delivered the Deposit as contemplated in Section 4;
    - (ii) the Assignor shall have received the written consent of NBC to complete the transaction contemplated by this Agreement (the “**NBC Consent**”); and
    - (iii) the event triggering payment under the Policy shall not have occurred.
  - (b) For the exclusive benefit of the Assignee, which Conditions may be waived, in whole or in part, by the Assignee in its sole discretion (acting reasonably):
    - (i) the Assignee shall have received evidence satisfactory to it acting reasonably, that the premiums payable under the Policy have been paid to the Closing Date, the Policy is in force, the Insurer has been advised and directed to transfer the Policy to the Assignee, and has agreed that it can and will do so upon the Closing;
    - (ii) no person shall have taken any step to terminate the proposal proceedings and put the Assignor into bankruptcy or to appoint a receiver in respect of the Assignor and/or any of its’ property;
    - (iii) the total amount of the NBC Indebtedness shall be \$350,000 or less, and the Assignor shall have provided to the Assignee, or his lawyers, evidence satisfactory to the Assignee, acting reasonably, that the NBC Indebtedness has been or will be retired upon payment of the Deposit as provided by this Agreement; and
    - (iv) the Trustee shall have delivered a certificate to be filed by it with the Court substantially in the form attached to the model approval and vesting order approved by the Users’ Committee of the Ontario Superior Court of Justice (Commercial List), confirming that all Conditions (except delivery of such Trustee’s certificate) have been satisfied or waived by the Assignee and Assignor.
  - (c) For the mutual benefit of both the Assignee and Assignor, which Conditions may be waived, in whole or in part, by each of them in their sole discretion:

- (i) the Ontario Superior Court of Justice sitting in Bankruptcy (Commercial List) (the “**Court**”) shall have granted an order approving and vesting all right, title and interest in and to the Policy in the Assignee free and clear of all encumbrances and claims (the “**Approval and Vesting Order**”), such Approval and Vesting Order to be in form and content acceptable to NBC, the Assignor and the Assignee, each acting reasonably,
- (ii) the Approval and Vesting Order shall not have been stayed, reversed, or dismissed or be subject to appeal; and
- (iii) no motion, action or proceeding shall be pending before a court or other authority of competent jurisdiction, including the Court, to restrain or prohibit the completion of the transaction contemplated by this Agreement.

If any Condition for a party’s sole or mutual benefit as set forth in this Section 8 is not satisfied or performed on or prior to December 31, 2018 (the “**Outside Date**”, which date may be extended by mutual agreement among the parties), such party may elect on written notice to the other party to terminate the Agreement.

9. This Agreement may be terminated at any time prior to the Closing Time upon the occurrence of any of the following:
  - (a) a Condition has not been satisfied or waived pursuant to and in accordance with Section 8 or has become incapable of satisfaction and the party for whose benefit such Condition exists has delivered written notice of termination (provided that the failure to satisfy a closing condition under this Agreement is not the result of such party’s own default); or
  - (b) Closing shall not have occurred on or prior to 11:59 p.m. (Toronto time) on the Outside Date and either party shall have delivered written notice of termination to the other party terminating this Agreement as a result thereof (provided that the failure of Closing to occur was not the result of the terminating party’s failure to perform any one or more of its obligations under this Agreement); *provided however* that in order for the Assignor to terminate this Agreement pursuant to this subparagraph 9(b), then NBC must have consented in writing to the same.
10. Following Closing, any proceeds or other amounts collected or received by the Assignor in respect of the Policy shall be received in trust for the Assignee and shall forthwith be paid over to the Assignee.
11. Each party shall from time to time, before or after the completion of this Agreement, execute and deliver, or cause to be executed and delivered, all such documents and instruments and do, or cause to be done, all such acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement, including to ensure that good title to the Policy is duly transferred to the Purchaser as at Closing.

12. Time shall be of the essence for every provision hereof.
13. This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, provisions, covenants, agreements, understandings and representations on that subject, all of which have become merged and finally integrated into this Agreement.
14. This Agreement may only be amended, modified or supplemented by a written agreement signed by the parties.
15. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the party to be bound thereby
16. This Agreement shall extend to and bind and enure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.
17. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
18. This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered will be deemed an original and all of which taken together constitute one and the same instrument. Delivery by facsimile or electronic transmission of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

*[signature page follows]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement as of the \_\_\_\_\_ day of November, 2018.

**PROCESS PRODUCTS LIMITED**

Per: \_\_\_\_\_

Name: Sydney Stupp

Title: President

I have authority to bind the corporation

Witnessed by:

\_\_\_\_\_  
Print name:

\_\_\_\_\_  
**SAMUEL STUPP**

**ACKNOWLEDGED BY:**

**A. FARBER & PARTNERS INC.** in its capacity as proposal trustee of Process Products Limited and not in its personal or corporate capacity

Per:  \_\_\_\_\_

Name: Hylton Levy

Title: Partner

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the 12<sup>th</sup> day of November, 2018.

**PROCESS PRODUCTS LIMITED**

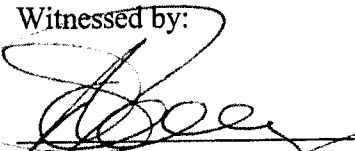
Per: \_\_\_\_\_


Name: Sydney Stupp

Title: President

I have authority to bind the corporation

Witnessed by:

  
Print name:  
*Amanda Stacey*

  
\_\_\_\_\_  
SAMUEL STUPP

**ACKNOWLEDGED BY:**

**A. FARBER & PARTNERS INC.** in its capacity as proposal trustee of Process Products Limited and not in its personal or corporate capacity

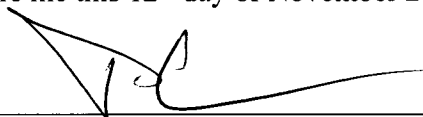
Per: \_\_\_\_\_

Name: Hylton Levy

Title: Partner

# TAB G

This is Exhibit "G" to the  
Affidavit of Sydney Stupp sworn  
before me this 12<sup>th</sup> day of November 2018

A handwritten signature in black ink, appearing to read 'P. Cho', written over a horizontal line.

A Commissioner for taking affidavits, etc.  
Philip Cho



## Report on Fair Market Value of a Life Insurance Policy

Policy: 30000529  
Issued By: Manulife  
Insured Life: Barbara Stupp  
Valuation Date: October 10, 2018

*Prepared by:*  
Steven Prince, FCIA, FSA, MAAA  
[Steve.Prince@rsmcanada.com](mailto:Steve.Prince@rsmcanada.com)  
416-408-5321



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## 1. STATEMENT OF FAIR MARKET VALUE

I, the undersigned, Steven Prince of RSM Canada Consulting LP, have been engaged to determine the fair market value of the life insurance policy described below:

Policy number:	30000529
Insurer:	Manulife
Life Insured:	Barbara Stupp
Plan type:	UL Adjustable Par
Base insurance amount:	\$1,000,000
Coverage effective date:	July 23, 1998
Valuation Date:	October 10, 2018

**Value of the Policy:                      \$543,600**

Please refer to Section 3 (Confidentiality, Reliances and Limitations) and the rest of this report for further details regarding the scope and intended use of this valuation.

Additional details regarding the life insurance policy are provided in Section 4.1.

Section 5 of this report contains a description of the methodology used to determine the fair market value of this policy.

The projection process incorporates assumptions relating to, among other things, mortality, interest, and premium payment pattern.

I declare that I have carried out my work objectively, in accordance with generally accepted actuarial practices using assumptions that are appropriate in the circumstances and without regards for potential gain other than compensation for the work undertaken.

Respectfully submitted,



Steven Prince, FCIA, FSA, MAAA  
Consulting Actuary

October 10, 2018

## 2. THE AUTHOR

I, Steven Prince, am a Consulting Actuary and Partner at RSM Canada Consulting LP (RSM).

I am a Fellow of the Canadian Institute of Actuaries, having qualified as an actuary in 1984. My professional activity has extensively been related to the life insurance industry acting, from time to time, as a consultant, an Appointed Actuary and having held executive positions with insurance companies.

I have no direct or indirect financial interest (no shareholding and no investment) with the Life insured and/or any of its parent, affiliates and subsidiaries.

### 3. CONFIDENTIALITY, RELIANCES AND LIMITATIONS

This report contains information that is confidential. Therefore, this report is strictly for the use of the bodies or persons listed below:

- The Life Insured, as listed in section 1
- Canada Revenue Agency (“CRA”)
- Internal or external professional advisors of any of the above.

This report, and any extract from it, may not be published, distributed or transmitted in any way to a party not listed above, without having first obtained my specific written consent. This does not apply to copies of this report that may be made available to any person requesting a copy who has the right to obtain it in accordance with legal requirements.

No summary of this report may be made without having first obtained my specific written consent.

In the preparation of this report, I have relied upon information that was provided by the life insured. This data was obtained both verbally and through written communication. I assume no responsibility for the accuracy or completeness of such information; however I am satisfied that the information provided is adequate and appropriate for the purposes of the valuation described herein. In particular, a draft of this report was provided to the life insured for their review and they verified the accuracy of the information included in this report. Therefore, I believe that I have been provided with all the information necessary to determine the fair market value of the life insurance policy.

This report has been prepared within the context of determining the fair market value of a life insurance policy as of the Valuation Date. The fair market value was determined before any applicable income taxes. Nothing in this report should be regarded as providing a legal opinion on the effectiveness of the possible transfer and tax matters. The assessment of any legal and tax matters is the responsibility of the Buyer. No liability will be assumed by RSM pursuant to any legal, tax and financial issues that could occur in the future. In the event that consulting time and any other types of expenses are incurred by any party, including RSM, to manage any emerging issues, the Buyer will be responsible for the payment of any expenses then incurred.

The methodology and the assumptions used to determine the fair market value of the policy are those that seem reasonable and appropriate from the point of view of the author of this report considering the information received, the current economic environment and my interpretation of any standards of practice that apply to this type of work. Said methodology and assumptions were communicated to the Buyer in the form of a preliminary report submitted for their review. It is important that the Buyer indicate, to the author of this report, any change that must be made in any factors used to determine the fair market value to be disclosed in the final report.

In the event that CRA issues new guidelines or new fiscal rules that could impact this report, RSM's liability will be limited to determining the new fair market value based on CRA's requested considerations and issuing a new report. However, the Buyer would have to pay the consulting fees for the production of said new report. In this event, no liability will be assumed by RSM for any financial losses, additional tax, penalty tax, the cost of a new report required to determine a new fair market value regardless of whether the work is performed by RSM or by any other actuary, and any other type of financial losses incurred by the Buyer.

In the event that CRA disagrees with any assumptions or with the methodology used in this report and its disagreement applies only to this report and not to all reports of this type of transaction, RSM's liability will be limited to determining the new fair market value based on CRA's requested considerations and issuing a new report. In the event that CRA requests changes to either assumptions or methodology, pursuant to the change in the fair market value, no liability will be assumed by RSM for any financial losses, additional tax, penalty tax, or the cost of a new report required to determine a new fair market value regardless of whether the work is performed by RSM or by any other actuary, and any other type of financial losses incurred by the Buyer.

The fair market value is based on projections of future experience for the life insurance policy involved. While I consider the methodology and underlying assumptions used to project such values to be reasonable and appropriate, the actual realization of these projected amounts depends on events and environmental influence which are beyond the control of the parties involved in this transaction. Further, certain assumptions are inherently volatile and can vary over time regardless of external influence. Therefore, actual experience may vary, perhaps materially, from the values shown in this report.

No liability will be taken for the application of this report for a purpose for which it was not intended or for the results of any misunderstanding by any user of any part of this report.

Nothing in this report constitutes investment advice.

Nothing in this report constitutes solvency advice concerning the insurer that issued the life insurance policy.

This report should be considered in its entirety, as parts taken in isolation may be misleading. All amounts are quoted in Canadian dollars unless stated otherwise.

Any information received in connection with this engagement and which is not in the public domain will be kept confidential. However, I may have open discussions about the engagement with any party listed above and with any person as required by professional standards of practice.

## 4. INFORMATION

### 4.1 Life Insurance Policy

Policy number:	30000529
Insurer:	Manulife
Plan type:	UL Adjustable Par
Insurance amount:	\$1,000,000
Coverage effective date:	July 23, 1998
Life Insured:	Barbara Stupp
Date of birth:	n/a
Insuring age:	64
Gender:	Female
Smoking status:	Non-Smoker
Class of risk at issue:	Standard
Premium:	\$21,724.92 per year
Cash value:	\$0 as of Aug 21, 2018
Policy Loan:	None
Tax status of the policy:	Exempt
Current Risk Status:	The insured is in typical health for a person aged 84.

It was assumed that no benefit other than death benefits and cash surrender value is provided by the policy.

### 4.2 Maintaining the Policy In-force

This value calculation is based on the assumption that the policy will be maintained in force until the life insured dies.

## 5. FAIR MARKET VALUE DETERMINATION

### 5.1 Documents Reviewed

The following documents were reviewed and considered:

- Recent policy information from the insurance company
- The policy contract
- The Canada Revenue agency's information Circular 89-3, paragraphs 40 and 41
- Bank of Canada data on interest rates
- The Canadian Institute of Actuaries' mortality studies for the Canadian life insurance industry.

### 5.2 Methodology

The fair market value, before any applicable income tax and policy loan, is the greater of A+B, or C if C is greater than A+B:

- A. The lesser amount between:
  - o The present value of the expected future benefits (death benefit, survival benefit, policyholder dividends, etc.) of the policy less the expected future premiums to be paid by the policyholder; and
  - o The replacement cost of the policy.
- B. The current cash value.
- C. The optimal future cash value taking account of future premiums that would be required to achieve that value.

The policy loan, if any, is then deducted from that value.

Given the life insured's advanced age (84), the replacement cost of the policy is irrelevant.

Numerical results of the calculation are as follows:

<b>Summary of Market Value Calculation</b>		
<b>30000529 Manulife - Barbara Stupp</b>		
(x)	Present Value of expected future death benefits and policy dividends, if any, less premiums	543,600
(y)	Replacement cost of policy	n/a
(A)	Lesser of x or y	543,600
(B)	Current cash value of policy	0
(C)	Maximum present value of future cash values	n/a
<b>(D)</b>	<b>Market Value = Greatest of A, B or C</b>	<b>543,600</b>

### 5.3 Mortality

#### 5.3.1 Best Estimate Assumption

Mortality rates are based on information from the Canadian Institute of Actuaries for insured lives which reflect current industry experience, the age of the life insured and the duration elapsed since the policy was issued. The mortality experience study most recently published by the Canadian Institute of Actuaries was for the period 2010-2015 and it has been trended to 2018.

Therefore, preliminary mortality used was 50.7% of the Select portion and 72.4% of the Ultimate portion of the CIA97-04 mortality table for a Female Non-Smoker. In this context, the term "Select" means the

insured is within in the time period where having been underwritten will produce better than average mortality. "Ultimate" means that the life insured is beyond that point.

Based on these assumptions, the preliminary life expectancy is 10 years.

### 5.3.2 Duration Risk

With this policy, there is uncertainty about the timing of the payment of the death benefit and about the number of premiums that will be paid. There is no uncertainty about the death benefit amount to be received or the amount of premium payable.

To take account of this risk, the projected cash flows have been adjusted. In my opinion, the cash flow volatility is greater when the life expectancy is low and it decreases with an increase in the life expectancy. Therefore, the best estimate mortality rates described above were adjusted by a factor determined as follows:

- a) If the life expectancy is less than 2 years as at the date of transfer, the factor used is 50%.
- b) If the life expectancy is equal or higher than 2 years but less than 3 years as at the date of transfer, the factor used is 55%.
- c) If the life expectancy is equal or higher than 3 years but less than 4 years as at the date of transfer, the factor used is 65%.
- d) If the life expectancy is equal or higher than 4 years but less than 5 years as at the date of transfer, the factor used is 75%.
- e) If the life expectancy is 5 years as at the date of transfer, the factor used is 80%.
- f) If the life expectancy is higher than 5 years but lower than 20 years, the factor used is linearly interpolated between the two percentages from e) and g).
- g) If the life expectancy is 20 years or more as at the date of transfer, the factor used is 95%.

The life expectancy was noted in section 5.3.1 above.

## 5.4 Interest Rates

The appropriate interest rates are the sum of the risk-free interest rates plus any required margins for risk. To determine the size of the appropriate total margin to be added to the risk-free rate, consideration is given to the following factors that impact this type of financial instrument:

- Current risk free rates
- The credit (counterparty) risk of the life insurer
- The fact that this financial instrument is not liquid due to the absence of any secondary market or there is no material cash value that could be used as collateral for a loan.



#### 5.4.1 Risk-Free Interest Rates

Interest rates for Government of Canada bonds were used as the risk-free interest rate and they are as follows:

Table of Risk Free Yields To Maturity	
As at 10-Oct-2018	
Term	Nominal Rate
1 Yr	2.090%
2 Yrs	2.290%
3 Yrs	2.320%
5 Yrs	2.430%
7 Yrs	2.460%
10 Yrs	2.550%
20 or more Yrs	2.550%

#### 5.4.2 Credit (Counterparty) Risk Premium

Counterparty risk is the risk that the life insurance company who issued the policy will be unable to pay when a claim is due.

Life insurers in Canada are supervised and regulated by the Office of the Superintendent of Financial Institutions – Canada (OSFI) or in some cases provincial regulators who apply similar requirements. OSFI has strict minimum capital rules and is continuously monitoring the financial strength of these companies, with the result that life insurers are more financially solid than a typical commercial enterprise.

A further financial backstop is provided by an industry-funded guarantee fund, named Assuris (See [www.assuris.ca](http://www.assuris.ca)).

In the event of the insolvency of a Canadian life insurance company, Assuris protects policyholders by minimizing the loss of benefits and ensuring a quick transfer of their policies to a solvent company, where their benefits will continue. Assuris is funded by the life insurance industry and endorsed by the Government of Canada. Assuris guarantees that the policyholder will retain, by categories and by benefit types, up to \$200,000 or 85% of the promised death benefit, whichever is higher. Individual life insurance and Group life insurance are two separate categories where the Assuris' coverage applies individually to each category.

Therefore, a death benefit amount of \$1,000,000 is 85% covered by Assuris. Credit risk exists on 15% of the death benefit.

#### 5.4.3 Illiquid Asset

Generally, illiquid assets attract a higher rate of return because of the limited market for them.

The buyer could be classified in one of two ways:

- **Category 1:** The Buyer is a company owned by the life insured and or the spouse of the life insured. The level of business activity of this type of company is low and the need for future liquidity is low.
- **Category 2:** The Buyer is a company owned by many shareholders. There are material operational and commercial activities undertaken by this company. The level of activity justifies a stress for future liquidity need.

The illiquidity risk premium is determined by multiplying the sum of the risk-free interest rate and the counterparty risk premium by the percentage determined as follows:

Life Expectancy	Category of the buyer	
	1	2
Five years or less	2.5%	5.0%
More than five years but less than 20 years	Linear interpolation	Linear Interpolation
20 years and over	15.0%	30.0%

The Buyer involved in this report is of category 1 and the life expectancy is 10 years, therefore the percentage used to determine the illiquid risk premium is 8.75%.

#### 5.4.4 Final Discount Rates

Table of Final Spot Rates As at 10-Oct-2018				
Term	Risk Free	Credit Risk	Illiquidity Premium	Final Rate
1 Yr	2.101%	0.200%	0.163%	<b>2.464%</b>
2 Yrs	2.305%	0.200%	0.178%	<b>2.683%</b>
3 Yrs	2.336%	0.200%	0.180%	<b>2.716%</b>
5 Yrs	2.451%	0.200%	0.188%	<b>2.839%</b>
7 Yrs	2.481%	0.200%	0.190%	<b>2.872%</b>
10 Yrs	2.580%	0.200%	0.197%	<b>2.977%</b>
20+ Yrs	2.573%	0.200%	0.197%	<b>2.970%</b>

## 5.5 Policyholder Dividends

This policy does not pay explicit policyholder dividends. To the extent experience on the insurance company's par fund is favourable, it reduces premium increases that might otherwise have been required.

## 5.6 Life Insurer Solvency

It is assumed that the life insurer would remain solvent during the projection period. I have not assessed its solvency and nothing in this report must be interpreted as giving such advice. The theoretical risk of default is discussed in section 5.4.

## 5.7 Other Assumptions

**Future Deposits.** It is assumed future premiums will continue to be paid when due.

**Lapse.** Since the stated intention of the Buyer is to maintain the policy until death benefits are paid, no lapse is assumed for the projection of cash flows.

**Expenses.** It is not pertinent or material to assume any expense incurred by the policyholder for the projection of cash flows.

No assumptions other than those described above are necessary to establish the fair market value of the life insurance policy.

### 5.8 Present Value of Net Cash Flows

Based on the methodology and the assumptions described above, it was determined that the present value of the net cash flows of this policy is **\$543,600**.

### 5.9 Replacement Cost

There is no replacement cost as the life insured is at an age (84) where new insurance would be difficult to obtain.

### 5.10 Current Cash Value

The current cash value is shown in section 4.1.

### 5.11 Possible Future Cash Value

Some policies have cash value that increase sharply at certain durations such as year 20 or age 65. In those cases, it is necessary to consider whether a better value can be obtained by paying premiums to that point, then surrendering the policy.

This policy does not have that feature, so no calculation was required.

## 6. HEALTH DECLARATION

We have been advised that the life insured is in reasonable health for an 84 year old. She has been diagnosed with Parkinson's, which does not usually affect life expectancy. No medical tests were ordered or reviewed in determining the value of this policy.

# TAB 3

Court File No. 31-2402270

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

THE HONOURABLE	)	WEDNESDAY, THE 14 <sup>TH</sup>
	)	
JUSTICE	)	DAY OF NOVEMBER, 2018

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**ORDER  
(Approval and Vesting and Approval of Reports)**

**THIS MOTION**, made by Process Products Limited (the "**Debtor**") for an order, among other things, approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Debtor and Samuel Stupp (the "**Purchaser**") dated November 12, 2018 and appended to the Report of A. Farber & Partners Inc. in its capacity as proposal trustee of the Debtor (the "**Trustee**") dated November 12, 2018 (the "**Third Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the insurance policy described in the Sale Agreement (the "**Purchased Asset**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Sydney Stupp sworn on November 12, 2018 and the Report and on hearing the submissions of counsel for the Trustee, the Debtor, the Purchaser and National Bank of Canada, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and Motion Record is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record on any other person is hereby dispensed with.

2. **THIS COURT ORDERS** that the First Report of the Trustee dated August 13, 2018, Second Report of the Trustee dated October 9, 2018 and Third Report of the Trustee, be and are hereby approved, and the actions of the Trustee described therein be and are hereby approved.

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Debtor and the Trustee is hereby authorized and approved, with such minor amendments as the Debtor or the Trustee may deem necessary. The Debtor and Trustee are each hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Asset to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Trustee's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Trustee's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Asset described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing, all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, and the NBC Indebtedness (as defined below) (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Asset are hereby expunged and discharged as against the Purchased Asset.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Asset (the "**Net Proceeds**") shall stand in the place and stead of the Purchased Asset, and that from and after the delivery of the Trustee's Certificate all Claims and Encumbrances shall attach to the Net Proceeds from the sale of the Purchased Asset with the same priority as they had with respect to the Purchased Asset immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the

possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Trustee to file with the Court a copy of the Trustee's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Asset in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **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 Trustee 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 Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

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Court File No. 31-2402270

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**TRUSTEE’S CERTIFICATE**

**RECITALS**

A. On July 20, 2018, Process Products Limited (the “**Debtor**”) filed a notice of intention to make a proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) and A. Farber & Partners Inc. was appointed as the proposal trustee (the “**Trustee**”) of the Debtor.

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of November \*, 2018 (the “**Sale Agreement**”) between the Debtor and Samuel Stupp (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Asset, which vesting is to be effective with respect to the Purchased Asset upon the delivery by the Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Asset; (ii) that the conditions to Closing as set out in section 8 of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Debtor has received the Purchase Price for the Purchased Asset payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 8 of the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and

- 3. The Transaction has been completed to the satisfaction of the Trustee.
- 4. This Certificate was delivered by the Trustee at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**A. Farber & Partners Inc.**, in its capacity as  
proposal trustee of Process Products Limited,  
and not in its personal capacity

Per: \_\_\_\_\_

Name:

Title:

# TAB 4

Revised: January 21, 2014

Court File No. 31-2402270

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

THE HONOURABLE ) WEEKDAY, WEDNESDAY, THE #14<sup>TH</sup>  
JUSTICE )  
DAY OF MONTH, 20<sup>YR</sup>NOVEMBER,  
2018

~~BETWEEN:~~~~PLAINTIFF~~

Plaintiff

~~—and—~~~~DEFENDANT~~

Defendant

~~APPROVAL AND VESTING IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED~~

**ORDER****(Approval and Vesting and Approval of Reports)**

THIS MOTION, made by ~~{RECEIVER'S NAME}~~ in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of ~~{DEBTOR}~~ Process Products Limited (the "Debtor") for an order, among other things, approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the ~~Receiver~~ Debtor and ~~{NAME OF PURCHASER}~~ Samuel Stupp (the "Purchaser") dated ~~{DATE}~~ November \*, 2018 and appended to the Report of A. Farber & Partners Inc. in its capacity as proposal trustee of the Receiver Debtor (the "Trustee") dated ~~{DATE}~~ November \*, 2018 (the "**Third Report**"), and vesting in the Purchaser the Debtor's right, title and interest in

and to the assets insurance policy described in the Sale Agreement (the "**Purchased Assets Asset**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Sydney Stupp sworn on November \*, 2018 and the Report and on hearing the submissions of counsel for the ~~Receiver, [NAMES OF OTHER PARTIES APPEARING],~~ Trustee, the Debtor, the Purchaser and National Bank of Canada, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed<sup>1</sup>:

1. THIS COURT ORDERS that the time for service and filing of the Notice of Motion and Motion Record is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record on any other person is hereby dispensed with.

2. THIS COURT ORDERS that the First Report of the Trustee dated August 13, 2018, Second Report of the Trustee dated October 9, 2018 and Third Report of the Trustee, be and are hereby approved, and the actions of the Trustee described therein be and are hereby approved.

4.3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,<sup>2</sup> and the execution of the Sale Agreement by the ~~Receiver~~<sup>3</sup> Debtor and the Trustee is hereby authorized and approved, with such minor amendments as the ~~Receiver~~ Debtor or the Trustee may deem necessary. The ~~Receiver is~~ Debtor and Trustee are each hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets Asset to the Purchaser.

---

<sup>1</sup>~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

<sup>2</sup>~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

<sup>3</sup>~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

~~2.4.~~ **THIS COURT ORDERS AND DECLARES** that upon the delivery of a ~~Receiver's~~Trustee's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "~~Receiver's~~Trustee's Certificate");<sup>4</sup>, all of the Debtor's right, title and interest in and to the Purchased ~~Assets~~Asset described in the Sale Agreement ~~[and listed on Schedule B hereto]~~<sup>4</sup> shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "~~Claims~~<sup>5</sup>"); including, without limiting the generality of the foregoing: ~~(i) any encumbrances or charges created by the Order of the Honourable Justice [NAME] dated [DATE]; (ii), all charges, security interests or claims evidenced by registrations pursuant to the Personal Property Security Act (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto~~the NBC Indebtedness (as defined below) (all of which are collectively referred to as the "~~Encumbrances~~", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D)<sup>5</sup>) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased ~~Assets~~Asset are hereby expunged and discharged as against the Purchased ~~Assets~~Asset.

~~3. — THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]~~<sup>6</sup>; the Land Registrar is hereby directed to enter the

<sup>4</sup>To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.

<sup>5</sup>The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

<sup>6</sup>Elect the language appropriate to the land registry system (Registry vs. Land Titles).

~~Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

4.5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds<sup>7</sup> from the sale of the Purchased ~~Assets~~Asset (the "**Net Proceeds**") shall stand in the place and stead of the Purchased ~~Assets~~Asset, and that from and after the delivery of the ~~Receiver's~~Trustee's Certificate all Claims and Encumbrances shall attach to the ~~net proceeds~~Net Proceeds from the sale of the Purchased ~~Assets~~Asset with the same priority as they had with respect to the Purchased ~~Assets~~Asset immediately prior to the sale<sup>8</sup>, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5.6. THIS COURT ORDERS AND DIRECTS the ~~Receiver~~Trustee to file with the Court a copy of the ~~Receiver's~~Trustee's Certificate, forthwith after delivery thereof.

~~6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "●" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;

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<sup>7</sup>~~The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

<sup>8</sup>~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased ~~Assets~~Asset in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).~~

9.8. 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~~Trustee 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~~Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the ~~Receiver~~Trustee and its agents in carrying out the terms of this Order.

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Revised: January 21, 2014

Schedule A – Form of ~~Receiver's~~Trustee's CertificateCourt File No. 31-2402270

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

BETWEEN:

**PLAINTIFF**

Plaintiff

-and-

**DEFENDANT**

Defendant

**RECEIVER'S**  
**IN THE MATTER OF THE NOTICE OF INTENTION TO**  
**MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

**TRUSTEE'S CERTIFICATE****RECITALS**

A. Pursuant to an Order On July 20, 2018, Process Products Limited (the "**Debtor**") filed a notice of the Honourable ~~[NAME OF JUDGE]~~ intention to make a proposal under subsection 50.4(1) of the Ontario Superior Court of Justice (the "Court") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ Bankruptcy and Insolvency Act (Canada) and A. Farber & Partners Inc. was appointed as the ~~receiver~~ proposal trustee (the "**Trustee**") of the "~~Receiver~~" of the ~~undertaking, property and assets of [DEBTOR]~~ (the "**Debtor**"). Debtor.

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of ~~[DATE OF AGREEMENT]~~ November \*, 2018 (the "**Sale Agreement**") between the ~~Receiver~~ ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~ Samuel Stupp (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and

interest in and to the Purchased ~~Assets~~Asset, which vesting is to be effective with respect to the Purchased ~~Assets~~Asset upon the delivery by the ~~Receiver~~Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased ~~Assets~~Asset; (ii) that the conditions to Closing as set out in section ~~8~~8 of the Sale Agreement have been satisfied or waived by the ~~Receiver~~Debtor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the ~~Receiver~~Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE ~~RECEIVER~~TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the ~~Receiver~~Debtor has received the Purchase Price for the Purchased ~~Assets~~Asset payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section ~~8~~8 of the Sale Agreement have been satisfied or waived by the ~~Receiver~~Debtor and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the ~~Receiver~~Trustee.
4. This Certificate was delivered by the ~~Receiver~~Trustee at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

~~[NAME OF RECEIVER], A. Farber & Partners Inc., in its capacity as Receiver proposal trustee of the undertaking, property and assets of [DEBTOR], Process Products Limited, and not in its personal capacity~~

Per: \_\_\_\_\_

Name:

Title:

**Schedule B—Purchased Assets**

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~~Schedule C—Claims to be deleted and expunged from title to Real Property~~

~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property~~

~~(unaffected by the Vesting Order)~~

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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF PROCESS PRODUCTS LIMITED**

Court File No. 31-2402270

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

PROCEEDING COMMENCED AT  
TORONTO

**MOTION RECORD OF THE DEBTOR,  
PROCESS PRODUCTS LIMITED  
(RETURNABLE NOVEMBER 14, 2018)**

**KRONIS, ROTZTAIN, MARGLES, CAPPEL LLP**  
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