

COURT/ESTATE FILE NUMBER: 24-1503003

COURT: QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE: EDMONTON

APPLICANT FABER INC.

**IN THE MATTER OF THE DIVISION I
PROPOSAL OF
PINNACLE IM-EX (CANADA) INC.**

DOCUMENT: TRUSTEE'S REPORT TO COURT ON
DIVISION I PROPOSAL
Form 40
(Section 58(D) and Section 59(1) of the Act)

**ADDRESS AND SERVICE CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT** FABER INC.,
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OUR FILE NO.: 1503003-N

I, Dan Faber, CA, CIRP, Trustee in Bankruptcy, a representative of Faber Inc., the Trustee of the Division I Proposal of Pinnacle Im-Ex (Canada) Inc., hereby report to the Court as follows:

1. That the Insolvent Person filed a Notice of Intention to Make a Proposal with the Official Receiver on the 27th day of May 2011.
2. That on the 23rd day of June 2011 the Court granted an extension to file a Division I Proposal prior to the 11th day of August 2011.
3. That on the 2nd day of August 2011 the Court granted an extension to file a Division I Proposal prior to the 26th day of September 2011.

4. That on the 15th day of September 2011 the Court granted an extension to file a Division I Proposal prior to the 11th day of November 2011.
5. That the Division I Proposal ("Proposal") was filed with me on the 10th day of November 2011 and that I filed the Proposal with the Official Receiver on the 10th day of November 2011.
6. That on the 17th day of November 2011, I gave notice to the debtor, and every known creditor affected by the Proposal, of the calling of a Meeting of Creditors to be held on the 1st day of December 2011 to consider the Proposal.
7. That with the Notice was included the following documents:
 - i) a condensed Statement of Assets and Liabilities of the Insolvent Person ("Statement of Affairs");
 - ii) a list of the creditors affected by the Proposal showing the amounts of their claims;
 - iii) a copy of the Proposal;
 - iv) a copy of the Statement of Projected Cash Flow together with related notes, schedules and exhibits;
 - v) a schedule of projected distribution;
 - vi) a form of Proof of Claim and Proxy in blank and a Voting Letter.
8. That prior to the Meeting of Creditors, I made a careful and detailed inquiry into the liabilities of the debtor, the debtor's assets and their value, the debtor's conduct and the cause of the debtor's insolvency.
9. That the Meeting of Creditors was held on the 1st day of December 2011 and was presided over by the Official Receiver. The meeting was adjourned to the 8th day of December 2011.
10. That the Meeting of Creditors was held on the 8th day of December 2011 and was presided over by the Trustee's representative, Dan Faber, CA, CIRP, Trustee in Bankruptcy. The meeting was adjourned to permit the Insolvent Person to file an Amended Proposal and for Canada Revenue Agency to consider the Amended Proposal.
11. That on the 19th day of December 2011 the Insolvent Person filed the Amended Proposal with the Trustee.
12. That on the 13th day of February 2012 the Insolvent Person filed the Second Amended Proposal with the Trustee
13. That the Trustee called a Meeting of Creditors to be held on the 2nd day of March 2012 to consider and vote on the Amended Proposal. Together with the Notice was included a copy of the Second Amended Proposal. The notice was sent to all known creditors on the 21st day of February 2012.

14. That the Second Amended Proposal was accepted by the required majority of creditors at the meeting.

15. That I am of the opinion that:

(a) The assets of the debtor and their fair realizable value are as follows:

the assets of the debtor and their fair realizable value are disclosed on the Statement of Affairs of the debtor.

(b) The liabilities of the debtor are as follows:

the liabilities of the debtor are disclosed on the Statement of Affairs of the debtor.

8. That I am also of the opinion that:

(a) The causes of the insolvency of the debtor are as follows:

Unsuccessful expansion resulting in substantial losses of capital, which in turn led to unpaid source deductions and GST liabilities. Substandard record keeping.

(b) That the conduct of the debtor is not subject to censure.

(c) That pursuant to section 173 of the *Bankruptcy and Insolvency Act* the following facts may be proven against the debtor:

the assets of the debtor are not equal to fifty (50) cents on the dollar of the amount of the unsecured debt;

9. That the Proposal provides for a distribution to the unsecured creditors of an amount less than fifty (50) cents on the dollar of the total unsecured debt. Accordingly, pursuant to subsection 59(3) of the *Bankruptcy and Insolvency Act* security for the performance of the Proposal is set at the sum of \$2,975 or such amount as may be directed by this Honourable Court.

10. That I am further of the opinion that the debtor's Proposal is an advantageous one for the creditors for the following reasons:

In our opinion, the debtor appears to be acting in good faith and with due diligence and is demonstrating a willingness to complete the terms of the Proposal in an effort to maximize recovery for the unsecured creditors.

That the projected dividends payable to the unsecured creditors pursuant to the Proposal totals the sum of \$19,912 representing a dividend of 10.00% of the total unsecured indebtedness whereas the projected dividends payable to the unsecured creditors in a bankruptcy totals the sum of \$0.00 which represents a dividend of 0.00% of the total unsecured indebtedness.

11. That on this date I did forward a copy of this Report to the Court, the Office of the Superintendent of Bankruptcy, the Creditors, and to the Insolvent Person.

Dated at the City of Edmonton in the Province of Alberta this 7th day of March 2012.

FABER INC.

Trustee of the Division I Proposal of Pinnacle Im-Ex (Canada) Inc.



Per: Dan Faber, CA, CIRP
Trustee in Bankruptcy

TO: Clerk of the Court
Court of Queen's Bench of Alberta
In Bankruptcy and Insolvency

AND TO: Industry Canada
Office of the Superintendent of Bankruptcy

AND TO: All Creditors

AND TO: Pinnacle Im-Ex (Canada) Inc.