

RICHTER

District of: ON
Division No. 12-Ottawa
Court No. BK-17-02276663-OJ33
Estate No. 33-2276663

**Notice of Application for Discharge of Trustee
(Paragraph 152(5)(c), Rule 61)**

**In the matter of the Bankruptcy of
1847301 Ontario Inc. (formerly Fuel Industries Inc.)
of the City of Ottawa
in the Province of Ontario**

Take notice that:

1. There is enclosed with this form a copy of our final statement of receipts and disbursements, as taxed by the Court.
2. Notice of objection to the final statement must be filed with the Registrar at the Ontario Superior Court of Justice - Ottawa, 161 Elgin, 2nd Floor, Ottawa, ON, Canada, K2P 2K1, before June 24, 2025, and a copy of the notice served on the undersigned. The notice must state the reasons for the objection.
3. We will apply to the Court on July 24, 2025, or so soon thereafter as the motion can be heard, for an order of discharge with respect to the above-mentioned estate and for a release of the security provided by us pursuant to subsection 16(1) of the Act.
4. Notice of objection to the discharge, setting out the reasons for opposition, must be filed with the Registrar at the Ontario Superior Court of Justice – Ottawa, 161 Elgin, 2nd Floor, Ottawa, ON, Canada, K2P 2K1, at least five days before the date of the hearing, and a copy of the notice must be served on us within those five days.

Dated at Toronto, Province of Ontario, this 9th day of June 2025.

Richter Inc.
(formerly Richter Advisory Group Inc.)
Licensed Insolvency Trustee
of the Estate of
1847301 Ontario Inc. (formerly Fuel Industries Inc.)

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**SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
1847301 Ontario Inc. (formerly, Fuel Industries Inc.)
of the City of Ottawa
in the Province of Ontario**

TRUSTEE'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

RECEIPTS

1. Company (pre-bankruptcy) / Chou Associates Management Inc. (post-bankruptcy)	\$	175,901.67
2. Third party deposit		33,900.00
3. Refunds (HST, EHT, Hydro, etc.)		41,373.00
4. Ontario Interactive Digital Media Tax Credits		1,378,323.38
5. Interest income		19,253.49
		<u>19,253.49</u>

TOTAL RECEIPTS

\$ 1,648,751.54

DISBURSEMENTS

7. Fees paid		
a) NOI filing fee	150.00	
b) Court (Discharge) fee	150.00	300.00
8. Notice to Creditors of NOI Filing		
a) Photocopies	57.50	
b) Postage	217.06	
c) HST paid	35.68	310.24
9. Notice of First Meeting of Creditors		
a) Photocopies	268.14	
b) Postage	548.78	
c) Advertisement	292.19	
d) HST paid	144.18	1,253.29
10. Notice of Trustee's Application for Discharge		
a) Photocopies	74.00	
b) Postage	68.08	
c) HST paid	18.47	160.55
11. General Administration		
a) Former employees (section 81.3 of BIA)	19,855.00	
b) Travel/Parking (consulting engagement)	694.31	
c) Miscellaneous (consulting engagement)	85.81	
d) Bank charges	662.00	
e) Photocopies/Postage (bankruptcy administration)	435.90	
f) HST paid	158.08	21,891.10
12. Richer Inc. (formerly, Richter Advisory Group Inc.)		
a) Consulting fees	31,607.05	
b) HST on consulting fees	4,108.91	35,715.96
c) NOI fees	45,414.25	
d) HST on NOI fees	5,903.85	51,318.10
e) Bankruptcy fees	87,493.25	
f) HST on bankruptcy fees	11,374.14	98,867.39
13. Legal fees and disbursements		
a) Chaitons LLP	6,149.76	
b) HST on legal fees and disbursements	773.67	6,923.43
		<u>6,923.43</u>

TOTAL DISBURSEMENTS

\$ 216,740.06

SURPLUS/(SHORTFALL) TO ESTATE

\$ 1,432,011.48

SECURED CREDITOR PAYMENTS

Chou Associates Management Inc. (May 28, 2020)	1,163,810.36
Chou Associates Management Inc. (December 15, 2022)	58,577.61
Chou Associates Management Inc. (October 22, 2024)	209,623.51
	\$ 1,432,011.48

ESTATE BALANCE

\$ -

IN THE MATTER OF THE BANKRUPTCY OF
1847301 Ontario Inc. (formerly, Fuel Industries Inc.)
of the City of Ottawa
in the Province of Ontario

TRUSTEE'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS (continued)

Notes:

- Note 1:** 1847301 Ontario Inc. (formerly, Fuel Industries Inc.) ("**Industries**" or the "**Company**"), in cooperation with a related entity, Fuel Technologies Inc. ("**Technologies**" or together with Industries, the "**Companies**") operated a full-service digital creative agency.
- Note 2:** Although Industries and Technologies were distinct legal entities, they shared common management and back office support, occupied common head office space and were both liable under the Companies' credit facilities with their secured lenders – Chou Associates Management Inc. ("**Chou**") and Royal Bank of Canada ("**RBC**").
- Note 3:** As a result of a number of factors, including changing market conditions, increased competition and the failure to monetize certain research and development initiatives, the Companies' financial results suffered, culminating in significant and sustained losses. These ongoing losses resulted in liquidity constraints that caused the Companies to be dependent on significant financing from Chou to continue operations. As a result of the Companies' poor financial performance, the Trustee understands that the Companies' management considered it prudent, as far back as 2015, to explore various strategic options, including the potential sale of the business.
- Note 4:** Due to the Companies continuing losses, the Companies breached certain of their financial and other covenants under the Companies' credit facilities with each of Chou and RBC and, in early 2017, RBC issued demand letters and Notices of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") to the Companies. The Companies and RBC agreed on the terms of a forbearance agreement (the "**RBC Forbearance Agreement**"), pursuant to which RBC agreed to forbear, subject to certain terms and conditions, from taking steps to proceed with enforcement of its security held in support of its loans until May 10, 2017 to grant the Companies further time to attempt to restructure and/or sell the business or secure alternative financing.
- Note 5:** In order to assist the Companies with avoiding a receivership/liquidation of the business upon the expiration of the RBC Forbearance Agreement, the RBC indebtedness, including all loan agreements and security granted in support of same, were acquired by Chou. At the same time, Chou advanced further monies to the Companies, which additional funding was required by the Companies to pay certain critical obligations, including outstanding employee wages.
- Note 6:** The Companies and Chou also agreed upon the terms of a forbearance agreement (as amended, the "**Chou Forbearance Agreement**"), pursuant to which Chou agreed to forbear from taking any enforcement steps until June 27, 2017 (the "**Forbearance Period**") to grant the Companies additional time to attempt to restructure their business, secure alternate financing or seek one final opportunity to pursue a sale of the business. Richter Inc. (formerly, Richter Advisory Group Inc.) ("**Richter**") was engaged by the Companies during the Chou Forbearance Period to assist with these activities.
- Note 7:** The Chou Forbearance Agreement was subject to two amendments that, among other things, extended the Forbearance Period to July 14, 2017. The Chou Forbearance Agreement expired on July 14, 2017 and was not extended. On July 17, 2017, Chou issued demand letters and Notices of Intention to Enforce Security pursuant to Section 244 of the BIA to the Companies.
- Note 8:** On July 26, 2017, Technologies and Industries each filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Section 50.4(1) of the BIA. Richter was appointed proposal trustee (the "**Proposal Trustee**") under each NOI. The primary objectives of the Companies' NOI proceedings included stabilizing and restructuring the Companies' operations, including the identification, on an expedited basis, of one or more interested parties interested in investing in and/or acquiring the Companies' business or assets.
- Note 9:** As noted above, Richter was engaged by the Companies during the Chou Forbearance Period to assist the Companies in their restructuring efforts, including the facilitation of the potential sale of the business. Commencing in early June 2017, the Companies, with the assistance of Richter, initiated a sales and investment solicitation process (the "**SISP**") as a means of gauging interest in the Companies' business and/or assets and determining whether a transaction that would result in greater than liquidation value was available.
- Note 10:** As per the terms of the Chou Forbearance Agreement, Chou was provided with regular updates on both the Companies' financial results and the status of the SISP. During the Forbearance Period representatives of the Companies, Chou and Richter engaged in discussions in connection with the potential acquisition of the Companies' business by Chou in the event no alternative purchaser (or investor) for the Companies' business and/or assets was identified. On July 14, 2017, when it became apparent that the SISP did not result in any interest in the Companies' business and/or assets, Chou and the Companies reached an agreement, in principle, for the acquisition of substantially all of the Companies' business and assets (the "**Transaction**") by a corporation controlled by Chou (the "**Purchaser**"). The Transaction was approved by the Court on August 2, 2017 and closed on August 4, 2017.

IN THE MATTER OF THE BANKRUPTCY OF
1847301 Ontario Inc. (formerly, Fuel Industries Inc.)
of the City of Ottawa
in the Province of Ontario

TRUSTEE'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS (continued)

Notes:

- Note 11:** The consideration for the Transaction, which was primarily a credit bid, included the assumption by the Purchaser of certain secured amounts owed by the Companies to Chou (including the assigned RBC indebtedness) as well as a cash payment to satisfy certain other obligations of the Companies, including professional fees and other priority amounts.
- Note 12:** The consideration, however, was insufficient to fully satisfy the Companies' secured indebtedness or support a distribution to the Companies' unsecured creditors. As each of the Companies' failed to present proposals to their respective unsecured creditors within the prescribed time period following the filing of their NOI's, on August 28, 2017, Industries and Technologies were deemed to have made assignments in bankruptcy. Richter was appointed trustee (the "Trustee") of each of the Companies' bankrupt estates.
- Note 13:** Pursuant to the Transaction, the purchased assets included, among other things, any tax credits due to the Companies as well as any claim or right of the Companies to any refund, rebate or credit of taxes, including tax credits/refunds in respect of Ontario Interactive Digital Media Tax Credits (the "OIDMTC Credits").
- Note 14:** Notwithstanding the Transaction, certain provisions of the *Income Tax Act* (Canada) posed a challenge to the Purchaser receiving the proceeds from the OIDMTC Credits directly, as the credits continued to be processed in the name of the Company and not the Purchaser. To facilitate payment of the OIDMTC Credits (and other amounts due to the Purchaser received by the Trustee) to the Purchaser, the Trustee was required to deposit the amounts received to the estate bank account and pay such amounts to the Purchaser. In the circumstances, the Bankruptcy Trustee has confirmed with the Office of the Superintendent of Bankruptcy that no levy in payable in in connection with the Bankruptcy Trustee's distributions in this estate.
- Note 15:** No inspectors were appointed to this estate.
- Note 16:** Richter's professional fees reported for the pre-bankruptcy period (Consulting / NOI) as well as the fees and disbursements of Chaitons LLP have been allocated equally to each of Industries and Technologies.
- Note 17:** In consideration for consenting to act in the Company's bankruptcy proceedings, Chou guaranteed payment of the Trustee's fees and disbursements, to the maximum amount of \$33,900.00, should insufficient funds be available from Industries' bankrupt estate (the "Guarantee"). As the Trustee's fees and disbursements exceeded the Guarantee, an agreement was reached with Chou to pay the Trustee's administrative costs in excess of the Guarantee.

Richter Inc.
(formerly, Richter Advisory Group Inc.)
Trustee



Per: Adam Sherman

Dated at Toronto, Ontario this 22nd day of October, 2024

Taxed at the sum \$ 216,740.06, this 4 day of June, 2025



KERSHMAN J

