

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF: THE APPOINTMENT OF AN INTERIM
RECEIVER/RECEIVER PURSUANT TO
SECTIONS 47 AND 243 OF THE
BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985 c. B-3, AS AMENDED

B E T W E E N:

ROYAL BANK OF CANADA,

Plaintiff,

- and -

**THE AXE HOUGHTON GROUP INC., ARBACO LTD.,
AMERICAN COMFORT DISTRIBUTION INC.,
AMERICAN COMFORT WORLDWIDE, LLC,
BENTEL DIRECT LIMITED PARTNERSHIP and
ADI MANAGEMENT INC. IN ITS CAPACITY AS GENERAL
PARTNER OF BENTEL DIRECT LIMITED PARTNERSHIP and
6313281 MANITOBA LTD.,**

Defendants.

**AFFIDAVIT OF ANDREW C. HOLMES
SWORN THE 10TH DAY OF DECEMBER, 2014**

TAYLOR McCaffrey LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba, R3C 4K5
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PARTNER OF BENTEL DIRECT LIMITED PARTNERSHIP and
6313281 MANITOBA LTD.,**

Defendants.

AFFIDAVIT OF ANDREW C. HOLMES

I, ANDREW C. HOLMES, of the City of Calgary, in the
Province of Alberta, Manager,

MAKE OATH AND SAY THAT:

1. I am a Manager with the Special Loans and Advisory Services Department of the Royal Bank of Canada ("RBC") and a Certified Management Accountant. I have personal knowledge of the facts and matters hereinafter deposed to by me in this intended motion by RBC for the appointment of an Interim Receiver and other relief except where such matters are stated to be based upon information and belief and in those I do verily believe.

Overview

2. The Axe Houghton Group Inc. ("Axe") is a corporation duly incorporated pursuant to the laws of Manitoba. Attached hereto and marked as Exhibit "1" to this my Affidavit is a true copy of the Manitoba Companies Office search for Axe dated December 9, 2014. It confirms that Ben Cohen is the president and director of Axe. RBC's records disclose that the shares of Axe are owned by Arbaco Ltd. ("Arbaco").

3. Arbaco is a corporation incorporated pursuant to the laws of the Province of Manitoba. Attached hereto and marked as Exhibit "2" to this my Affidavit is a true copy of the Manitoba Companies Office search for Arbaco dated December 9, 2014 which confirms that Mr. Cohen is the president and

director of Arbaco. RBC's records disclose that Mr. Cohen is the principal shareholder of Arbaco.

4. Now shown to me and marked as Exhibit "3" to this my Affidavit is a true copy of the Manitoba Companies Office search for American Comfort Distribution Inc. ("ACD") dated December 9, 2014. It confirms that ACD is incorporated pursuant to the laws of Manitoba and Mr. Cohen is the president and director. RBC's records disclose that the shares of ACD are wholly owned by Arbaco.

5. Now shown to me and marked as Exhibit "4" to this my Affidavit is a true copy of the Certificate of Formation from the State of Delaware and Operating Agreement for American Comfort Worldwide LLC ("ACW") which, *inter alia*, confirm that ACW LLC is a Delaware limited liability corporation whose president, secretary and manager is Mr. Cohen. The records of RBC disclose that ACW is a wholly owned subsidiary of ACD.

6. Now shown to me and marked as Exhibit "5" to this my Affidavit is a true copy the Manitoba Companies Office search dated December 9, 2014 for Bentel Direct Limited Partnership ("Bentel") confirming it is a limited partnership registered in Manitoba with its general partner to be ADI Management Inc. and its limited partner the Cohen Family Trust.

7. Now shown to me and marked as Exhibit "6" to this my Affidavit is a true copy of the Manitoba Companies Office search dated December 9, 2014 for 6313281 Manitoba Ltd. ("631"). It confirms that 631 is incorporated pursuant to the laws of Manitoba and Mr. Cohen is the president, secretary and director of 631. The records of RBC disclose that the shares of 631 are wholly owned by the Cohen Family Trust.

8. Now shown to me and marked as Exhibit "7" to this my Affidavit is a true copy of a corporate organization chart provided to RBC by Axe's counsel detailing Mr. Cohen's and his family's business operations including, *inter alia*, where Axe, Arbaco, ACD, ACW, Bentel and 631 (hereinafter the "Defendants") fit into the corporate structure.

9. It is my understanding from my review of the RBC files and my discussion with Mr. Cohen that the Defendants are intertwined into a retail and wholesale distribution business under the Axe Houghton Group banner, selling and distributing portable furnaces and air conditioners in Canada and the United States. The records of RBC disclose that the retail and wholesale distribution business of the Defendants is headquartered in its rented offices at 659 Century Street, Winnipeg. They also have a warehouse in the premises commonly known as 1300 St. James Street, Winnipeg, title of which is owned

by 631. The records of RBC further disclose that there is another business entity controlled by Mr. Cohen, that being Oreck Centres of Ontario Inc. ("Oreck") whose head office is in Mississauga, Ontario which sells and distributes air purifiers. Oreck also has offices next door to Axe at 657 Century Street, Winnipeg. RBC's records further disclose that the financing it provided to Axe was ultimately premised upon the consolidated business operations of Axe, Arbaco, ACD, ACW and Bentel ("AH Group") for which Ernst & Young has been providing audited consolidated financial statements under the name of Arbaco (being the parent corporation of the chain of companies which included Axe, ACD and ACW).

10. RBC's records disclose that Axe has a payroll register disclosing 22 Winnipeg based employees, four of which are dedicated to the business operations of ACW. ACW also has a payroll register for five U.S. based employees. While ACW is a Delaware limited liability corporation, as set out in Exhibit "4" above it operates by way of an Operating Agreement with ACD which is a Manitoba corporation. I further understand that the books and records of ACW, along with those of the balance of the named Defendants, are located at Axe's business offices at 659 Century Street, Winnipeg. The records of RBC disclose that ACW does have a warehouse in Tennessee for distributing inventory. RBC's records further disclose that while most of the

inventory purchased and imported for the business is purchased and paid for by Axe, most of the inventory is delivered to ACW who records the sales and receives the proceeds.

11. The financial records of the Defendants provided to RBC disclose that they are in serious financial difficulty, particulars of which include:

- a) AH Group's internal consolidated balance sheet as at October 31, 2014 discloses current year's losses of \$4,337,467.00;
- b) The margining information provided by AH Group to September 30, 2014 discloses that it is out of margin on the line of credit by almost \$4.6 million.

12. As set out below in this my Affidavit, while RBC had been initially prepared to work with the Defendants in their restructuring efforts, RBC has now lost confidence in the management and ownership of the Defendants. As further detailed below RBC has determined that there have been significant misrepresentations of the financial reporting provided to it by the Defendants. RBC is now concerned that steps need to be taken to not only preserve and protect the undertaking, property and assets of the Defendants to protect the interests of RBC and the other stakeholders, but to prevent manipulation or loss of the Defendants financial records.

RBC Credit Facilities

13. RBC's records disclose that it has been providing various credit facilities to the Defendants since in or about 1996. Now shown to me and marked as Exhibits "8" and "9" to this my Affidavit respectively are true copies of the current Credit Agreement dated August 17, 2012 accepted by the Defendants, Mr. Cohen and other Cohen controlled entities on August 23, 2012 and the Renewal and Amending Credit Agreement dated December 30, 2013 accepted by the Defendants, Mr. Cohen and other Cohen related entities January 9, 2014 ("Credit Agreement") pursuant to which RBC provided Axe the following credit facilities ("Credit Facilities"):

- a) Facility No. 1 - \$5 million Revolving Demand Facility;
- b) Facility No. 2 - \$1.5 million Non-Revolving Facility which was used to support a \$1.5 million U.S. Letter of Credit used to secure credit extended to ACW by another lender;
- c) RBC Corporate Visa Cards.

These credits are advanced directly to Axe who in turn administers the credit needs of the Defendants.

14. The security required by RBC in support of the Credit Facilities is summarized in the Credit Agreement and included, *inter alia*:

- a) A General Security Agreement from Axe which, subject to the Subordination Agreement with Alterinvest Fund LP ("Alterinvest") which, subject to an acknowledgement of Alterinvest's priority over certain intangibles and life insurance policies, provided RBC with a first ranking security interest over all other personal property of Axe up to specified limits;
 - b) Guarantees and Postponements of Claim limited in the amount of \$6,675,000.00 from the Arbaco, ACD, Bentel and 631 supported by General Security Agreements constituting a first ranking security interest in all of the personal property of Arbaco and ACD;
 - c) Guarantee and Subordination Agreement (General Guarantee) in the amount of \$7,675,000.00 from ACW supported by a General Security Agreement constituting a first ranking security interest in the personal property of ACW.
15. With respect to the specific security documentation RBC received from Defendants:
- a) Now shown to me and marked as Exhibit "10" to this my Affidavit is a true copy of the General Security Agreement dated July 29, 2005 pursuant to which Axe granted RBC a security interest in all of its personal property;
 - b) Now shown to me and marked as Exhibits "11", "12" and "13" to this my Affidavit are a Subordination Agreement dated July 6, 2006 between RBC, Alterinvest, Axe, Arbaco and two other Cohen entities together with the agreements amending the Subordination Agreement dated December 4, 2008 and February 10, 2009;
 - c) Now shown to me and marked as Exhibit "14" to this my Affidavit is the Guarantee and Postponement of Claim dated August 23, 2012 whereby Arbaco guaranteed the liabilities of Axe to RBC limited to the sum of \$7,675,000.00;

- d) Now shown to me and marked as Exhibit "15" to this my Affidavit is a true copy of the General Security Agreement dated June 7, 2006 whereby Arbaco granted RBC a security interest in all of its personal property;
- e) Now shown to me and marked as Exhibit "16" to this my Affidavit is a true copy of the Guarantee and Postponement of Claim dated August 23, 2012 whereby ACD guaranteed the liabilities of Axe to RBC limited to the sum of \$7,675,000.00;
- f) Now shown to me and marked as Exhibit "17" to this my Affidavit is a true copy of the General Security Agreement dated June 18, 2010 whereby ACD granted RBC a security interest in all of its personal property;
- g) Now shown to me and marked as Exhibit "18" to this my Affidavit is a true copy of the Guarantee and Postponement of Claim dated August 23, 2012 where ACW guaranteed the liabilities of Axe to RBC limited to the sum of \$7,675,000.00;
- h) Now shown to me and marked as Exhibit "19" to this my Affidavit is a true copy of the General Security Agreement dated October, 2014 where ACW granted RBC a security interest in all of its personal property;
- i) Now shown to me and marked as Exhibit "20" to this my Affidavit is a true copy of a Guarantee and Postponement of Claim dated November 30, 2009 whereby Bentel guaranteed the liabilities of Axe up to the amount of \$1,650,000.00 to RBC;
- j) Now shown to me and marked as Exhibit "21" to this my Affidavit is a true copy of a Guarantee and Postponement of Claim dated October, 2014 whereby Bentel provided a Guarantee of the liabilities of Axe to RBC up to the amount of \$7,675,000.00;

- k) Now shown to me and marked as Exhibit "22" to this my Affidavit is a true copy of a General Security Agreement dated November 30, 2009 where Bentel granted RBC a security interest over all personal property;
- l) Now shown to me and marked as Exhibit "23" to this my Affidavit is a true copy of a Guarantee and Postponement of Claim dated August 23, 2012 whereby 6313281 Manitoba Ltd. ("631") guaranteed the liabilities of Axe to RBC up to the amount of \$7,675,000.00;
- m) Now shown to me and marked as Exhibit "24" to this my Affidavit is a true copy of a Real Property Mortgage dated September 10, 2014 whereby 631 granted RBC a Mortgage over the lands and premises at 1300 St. James Street, Winnipeg;
- n) Now shown to me and marked as Exhibit "25" to this my Affidavit is a true copy of a General Security Agreement dated October, 2014 where 631 granted RBC a security interest over all of its personal property.

16. The records of RBC disclose that it duly advanced the credit contemplated by the Credit Agreement to Axe and has continued to provide credit to enable business operations to continue.

Background to Current Financial Difficulties

17. The records of RBC disclose that Axe was referred to its Special Loans Group on August 23, 2013. Under Facility No. 2 of the Credit Facilities RBC had provided a U.S. \$1.5 million Letter of Credit to Valley National Bank ("Valley National") to support credit facilities that ACW had at that

institution. RBC in turn received a Guarantee from Export Development Corp. ("EDC") as security for that facility. Those facilities had gone into default. RBC worked with Mr. Cohen while he located a replacement credit provider to ACW. Ultimately, ACW obtained a replacement credit facility from Access Capital Inc. which effectively took out Valley National. RBC provided Access Capital Inc. with a U.S. \$1.5 million Letter of Credit which continued to be supported by the EDC Guarantee, at least at that time.

18. After replacement of the Valley National facility with Access Credit the Axe account continued to be administered by RBC Special Loans pending receipt of the 2014 year-end financial statements to determine whether the Credit Facilities would be renewed.

19. Although Axe's fiscal year end is January 31, 2014 there were delays in receipt of the year-end financial reporting, in particular the audited consolidated financial statements from Ernst & Young. RBC's records further disclosed that the EDC Guarantee upon which Facility No. 2 was supported came up for renewal at the end of June, 2014. EDC was not prepared to renew its Guarantee unless RBC confirmed it would be renewing the credit facilities for Axe. RBC was not in a position to confirm an intention to renew the Credit

Facilities as it still did not have the financial information it was seeking. Subsequently, EDC cancelled its Guarantee.

20. Ultimately, RBC did not receive the audited consolidated financial statements prepared by Ernst & Young until in or about the month of July, 2014. Now shown to me and marked as Exhibit "26" to this my Affidavit is a true copy of the audited financial statements for Arbaco dated January 31, 2014 prepared by Ernst & Young which as set out in Note 1 to these statements confirms that it is consolidated for Arbaco, Axe, Arbaco Direct Inc. (which the records of RBC disclose was amalgamated into Axe), ACD and ACW and "also includes the accounts of Bentel". Upon review of these statements a number of concerns arose including:

- a) A number of covenant breaches had arisen including:
 - i) Total liabilities divided by tangible net worth should have been 2.9 to 1 but as at January 31, 2014 were 13.5 to 1;
 - ii) Current assets divided by current liabilities should have been 1.25 to 1 and as at January 31, 2014 were 1.12 to 1;
- b) As noted in the covering letter dated July 14, 2014 from Ernst & Young:

"We draw attention to Note 1 to the consolidated financial statements which indicate there is significant doubt as to the Company's ability to continue as a going concern due to the covenant breaches on its Bank indebtedness. These conditions, as well as other matters set forth in Note 1, indicate the existence of material uncertainties that cast

significant doubt about the Company's ability to continue as a going concern".

21. Subsequently, Tom Harland, Senior Manager of RBC Special Loans and Advisory Services and I met with Mr. Cohen in Winnipeg on August 11, 2014 where, *inter alia*, we discussed our concerns with Mr. Cohen and the steps he contemplated taking to rectify the deficiencies.

22. On or about August 27, 2014 I was advised by RBC's National Fraud Detection Group that it had been investigating whether Axe may have kited cheques through its and/or other Defendant's U.S. and Canadian accounts. This led to Tom Harland and I having a telephone conversation with Mr. Cohen on August 28, 2014 where he provided us with his explanation as to the activities which the Fraud Detection Group had flagged which indicated it was isolated in nature and arose from miscommunications during the controller's vacation and administration of certain Visa accounts.

23. The following day, August 29, 2014, Tom Harland and I had another conversation with Mr. Cohen where he began to explain to us the steps that he was taking to address RBC's concerns about the business. During the course of this conversation Mr. Cohen also alerted us that there had been an error in the July, 2014 margin reporting of approximately \$2.8 million, the correction of which would effectively reduce his available line of credit to

\$2.2 million. Mr. Cohen explained that it was necessary to charge off a large account when a customer backed out of an order.

24. During the course of this discussion Cohen volunteered to provide RBC with additional collateral security, more specifically a mortgage over the business property at 1300 St. James in the name of 631. Although this property was subject to two other mortgages he advised that an appraisal showed significant equity in the property though likely not enough to cover the anticipated margin shortfall. He further advised that because of increasing sales he expected the August 31 margin report to show an improvement.

25. Also at or about this time Mr. Cohen advised Tom Harland and I that Axe had engaged restructuring professionals and in particular Joe Healey, a partner at Ernst & Young, Winnipeg, and G. Bruce Taylor, a partner at Aikins MacAulay & Thorvaldson LLP to assist in trying to turn the business around. I can point out that I am very familiar with both Mr. Healey and Mr. Taylor who RBC has engaged on other projects. These professionals are highly regarded by RBC and their engagement gave Tom and I comfort that Mr. Cohen would be guided towards the best business solution available for the business. That said, while RBC was prepared to work with Cohen, it

needed to get some comfort that it was receiving accurate financial reporting before making any further commitments.

26. Now shown to me and marked as Exhibit "27" to this my Affidavit is a true copy of my e-mail of September 3, 2014 to Mr. Cohen confirming his offer to provide collateral mortgage on 1300 St. James to offset the anticipated margining deficiency and to provide the August 31, 2014 margin report as soon as possible. It also confirmed that in order to protect its position RBC would be issuing formal demand for payment.

27. Now shown to me and marked as Exhibit "28" to this my Affidavit is a true copy of the formal letter of demand dated September 4, 2014 on Axe issued by RBC's solicitors in this matter, Taylor McCaffrey LLP, together with the applicable Notice of Intention to Enforce Security under Section 244 of the *Bankruptcy and Insolvency Act* ("BIA s. 244 Notices"). This was copied to Bruce Taylor and all of the guarantors. While it was RBC's intention to also make formal demand and issue BIA s. 244 Notices upon the guarantors at that time I had not yet received copies of all the guarantees and security from the RBC document centre. It was decided that the demands and BIA s. 244 Notices would be issued once that documentation was obtained.

28. On September 12, 2014 I was advised by David Jackson, a partner at Taylor McCaffrey LLP, that in accordance with Cohen's commitment a collateral Real Property Mortgage on 1300 St. James Street was provided by 631 and was being registered on title. Now shown to me and marked as Exhibit "29" to this my Affidavit is a true copy of an exchange of e-mails between Mr. Taylor and Mr. Jackson of September 11 and 12, 2014 which confirms the understanding upon which the mortgage was provided between the parties.

29. Once the collateral mortgage was provided RBC allowed Axe to continue to use the operating line notwithstanding the margin deficiency and worked with Axe with a view to negotiating mutually acceptable forbearance terms, assuming Axe provided a viable restructuring plan and the anticipated updated financial disclosure supported such a plan.

30. The records of RBC further disclose that while it was awaiting for the required updated financial information from Axe RBC's document centre arranged to forward its original security file to Taylor McCaffrey LLP. I was advised by Mr. Jackson that a number of the items of security that was to have been provided under the Credit Agreement were not found in the file. In particular:

- a) While 631 had provided its Guarantee the General Security Agreement could not be located;
- b) While Cordovero Distribution Inc. (which was subsequently amalgamated into Oreck Centres of Ontario Inc. ("Oreck") in January, 2013) had provided its Guarantee, the General Security Agreement could not be located;
- c) While ACW had provided its Guarantee, the General Security Agreement could not be located;
- d) While Bentel had provided a Guarantee in the amount of \$1,650,000.00 which was the amount required under previous Credit Facilities, the \$7,650,000.00 Guarantee contemplated by the Credit Agreement could not be located.

31. I was advised by Mr. Jackson that he would request that Mr. Taylor have his client correct these document deficiencies.

32. The records of RBC show that throughout the balance of September and the beginning of October, 2014 RBC continued to await receipt of the updated financial information but Axe was extremely slow in providing all the information and explained the delays with reference to holidays by Mr. Cohen and Mr. Healey and inadequate accounting systems and personnel at Axe. I was also made aware that Mr. Cohen's wife was undergoing cancer treatments. There continued to be an ongoing dialogue between legal representatives of the parties disclosing various financial considerations along with the outlines of a plan with a view to negotiating forbearance terms though again RBC was not prepared to finalize forbearance

terms without being comfortable with the financial reporting. For example, while RBC did ultimately receive cash flow projections Axe prepared with the assistance of Ernst & Young on or about October 9, 2014, there were still delays in receiving the August 31, 2014 margin report. The August 31 margin report ultimately was provided in or about mid-October, 2014 and did disclose a margin deficient of almost \$2.8 million.

33. The records of RBC show that on or about October 15, 2014 I participated in a conference call with Messrs. Cohen, Healey, Taylor, Jackson and Harland where Axe's restructuring plans at that stage were discussed along with the cash flow projections. During the course of that meeting Mr. Healey offered to meet separately with me to discuss some of the financial difficulties. In that respect Mr. Healey did attend RBC's offices in Calgary on or about October 16, 2014 to discuss the cash flow projections.

34. RBC's records further disclose that while there continued to be ongoing discussions showing that Axe and its professional advisors were endeavouring to try to develop a restructuring plan, what had been presented thus far was not acceptable to RBC and, more importantly RBC, had become very concerned about the deficiencies in the financial reporting as well as the pace which these reporting concerns were being addressed by the Defendants.

Accordingly, on October 18, 2014 RBC directed Mr. Jackson to advise Mr. Taylor that it required an independent accounting firm, in this case PricewaterhouseCoopers Inc. ("PWC"), to conduct a business review.

35. The records of RBC disclose that Mr. Cohen readily agreed to cooperate with RBC's request for PWC to conduct the business review. Now shown to me and marked as Exhibit "30" to this my Affidavit is a true copy of the engagement letter dated October 30, 2014 between PWC and RBC confirmed by Axe albeit that acknowledgement appears to be incorrectly dated October 29, 2014.

36. On or about November 6, 2014 RBC was advised by Zoe Segal, Axe's controller, that she was leaving effective November 10 and that after that time RBC should be discontinuing her access codes to RBC's system.

37. I was advised by Jeff Johnson, a partner at PWC, that PWC commenced the business review shortly after the engagement letter was signed. I have been further advised by Jeff Johnson at PWC that Cohen was cooperative with PWC's review and readily agreed to provide the requested information though their experience was that there were also delays and incomplete responses in the information provided.

38. Now shown to me and marked as Exhibit "31" to this my Affidavit is a true copy of an exchange of e-mails between Messrs. Jackson and Taylor dated November 12, 2014 wherein, *inter alia*, Mr. Jackson requested that the missing Guarantees and security documentation to which RBC was entitled under the Credit Agreement be provided. Now shown to me and marked as Exhibit "32" to this my Affidavit is a true copy of correspondence from Mr. Taylor of November 20, 2014 delivering the executed Guarantees and security to Taylor McCaffrey LLP as requested.

39. On November 14, 2014 I became aware that the City of Winnipeg Police, Commercial Crime Unit, contacted RBC's Corporate Investigation Services to advise that it was investigating what they alleged to be a fraud by Axe and specifically Zoe Segal and Mr. Cohen. Now shown to me and marked as Exhibit "33" to this my Affidavit is a true copy of the e-mail from Detective B. Hrycyk at the City of Winnipeg Police Commercial Crime Unit to RBC dated November 13, 2014. Arrangements were made for Tom Harland to attend a meeting with the City of Winnipeg Police on November 25, 2014.

40. Now shown to me and marked as Exhibit "34" to this my Affidavit is a true copy of an e-mail from Mr. Taylor to Mr. Jackson dated

November 26, 20-14 advising that Access Capital Inc. (which again holds a letter of Credit from RBC for U.S. \$1.5 million under Facility #2 of the Credit Facilities) had made demand for payment on ACW. As of deposing this Affidavit, Access Capital Inc. has not demanded under the Letter of Credit provided by RBC.

41. On or about December 2, 2014 Jeff Johnson at PWC alerted me to certain concerns that PWC had as to potential fictitious receivables which they had discovered. PWC was encouraged to compile an interim report to use for these intended proceedings which was ultimately provided December 10, 2014, a true copy of which I understand will be attached to the Affidavit of B. Jeffrey Johnson to be sworn December 10, 2014. I have received and reviewed the report which, *inter alia*, discloses:

- a) Based upon AH Group's own internal October 31, 2014 consolidated balance sheet and income statement the shareholders' deficit position is \$3,654,813.00 and the current year loss is noted as \$4,337,467.00;
- b) Based upon the September 30, 2014 financial disclosure of AH Group, it is out of margin by almost \$4.6 million on the operating line;
- c) Based upon the financial information provided by the AH Group and RBC, AH Group is from an accounting perspective insolvent and, absent ongoing financial support from RBC or some other third party source, it will be unable to continue to carry on business;

- d) PWC also identified irregularities in the available financial records of AH Group that suggest accounting information was being manipulated and that past reporting to RBC may have included fictitious or overstated accounts receivable;
- e) PWC stated that it is important to properly control and protect the available evidence including information that may still be contained in AH Group's information technology system.

Search Results

42. RBC's solicitors, Taylor McCaffrey LLP, conducted Personal Property Security Registry of Manitoba searches on December 8, 2014 which disclosed the following:

- a) Now shown to me and marked as Exhibit "35" to this my Affidavit is a true copy of the Manitoba Personal Property Security Registry search dated December 8, 2014 with respect to Axe disclosing in chronological order of registration:

Registration	Date	Secured Party	Collateral Description
960216108195	Feb 16, 96	RBC	All present and after acquired personal property of the debtor
200414610900	Aug 16, 04	BDC	All present and after acquired personal property of the debtor
200610231704	Jun 8, 06	RBC	All present and after acquired personal property of the debtor

200906916508	May 1, 09	National Leasing Group Inc.	All telephone systems, etc.
201114974604	Sept 6, 11	Arbaco Ltd.	All present and after acquired personal property of the debtor
201202505908	Feb 14, 12	HSBC Bank Canada	All present and after acquired personal property of the debtor
201213317402	Jul 30, 12	Ben Cohen	All present and after acquired personal property of the debtor
201221996602	Dec 14, 12	The Bank of Nova Scotia	2008 Lexus GS350

- b) Now shown to me and marked as Exhibit "36" to this my Affidavit is a true copy of the Manitoba Personal Property Security Registry search dated December 8, 2014 with respect to Arbaco disclosing in chronological order of registration:

Registration	Date	Secured Party	Collateral Description
200610231801	Jun 8, 06	RBC	All present and after acquired personal property of the debtor
201202507900	Feb 14, 14	HSBC Bank Canada	All present and after acquired personal property of the debtor

- c) Now shown to me and marked as Exhibit "37" to this my Affidavit is a true copy of the Manitoba Personal Property Security Registry search dated December 8, 2014 with respect to ACW disclosing in chronological order of registration:

Registration	Date	Secured Party	Collateral Description
201009774500	Jun 16, 10	RBC	All present and after acquired personal property of the debtor
201202506904	Feb 14, 12	HSBC Bank Canada	All present and after acquired personal property of the debtor
201419629303	Oct 16, 14	RBC	Postponement of Assignment of Axe Houghton claims in favour of RBC

- d) Now shown to me and marked as Exhibit "38" to this my Affidavit is a true copy of the Manitoba Personal Property Security Registry search dated December 8, 2014 with respect to ACD disclosing in chronological order of registration:

Registration	Date	Secured Party	Collateral Description
201203732703	Mar 7, 12	HSBC Bank Canada	All present and after acquired personal property of the debtor

201419629800	Oct 16, 04	RBC	All present and after acquired personal property of the debtor
201419630409	Oct 16, 14	RBC	Postponement and Assignment of Axe claims in favour of RBC

- e) Now shown to me and marked as Exhibit "39" to this my Affidavit is a true copy of the Manitoba Personal Property Security Registry search dated December 8, 2014 with respect to Bentel disclosing in chronological order of registration:

Registration	Date	Secured Party	Collateral Description
200920415007	Nov 26, 09	RBC	All present and after acquired personal property of the debtor
201202506505	Feb 14, 12	HSBC Bank Canada	All present and after acquired personal property of the debtor
201419631901	Oct 16, 14	RBC	Postponement and Assignment of Axe claims in favour of RBC

- f) Now shown to me and marked as Exhibit "40" to this my Affidavit is a true copy of the Manitoba Personal Property Security Registry search dated December 8, 2014 with respect to 631 disclosing in chronological order of registration:

Registration	Date	Secured Party	Collateral Description
201419632207	Oct 16, 14	RBC	All present and after acquired personal property of the debtor
201419632908	Oct 16, 14	RBC	Postponement and Assignment of Axe claims in favour of RBC

43. Now shown to me and marked as Exhibit "41" to this my Affidavit is a true copy of a Delaware Certificate of Search dated September 25, 2014 for ACW confirming an UCC filing for RBC against ACW registered January 13, 2011 and a registration by HSBC Bank Canada against ACW registered March 20, 2012.

44. The records of RBC disclosed that Mr. Bruce Taylor advised that notwithstanding the HSBC Bank Canada registrations in PPSR and UCC, HSBC did not proceed to advance credit to Axe.

45. Now shown to me and marked as Exhibit "42" to this my Affidavit are true copies of the *Bank Act* security searches for the Defendants as of December 8, 2014 confirming that there is no *Bank Act* security registered against any of the Defendants.

46. Now shown to me and marked as Exhibit "43" to this my Affidavit is a true copy of an electronic search of the Winnipeg Land Titles Office as of December 8, 2014 for the property commonly known as 1300 St. James Street, Winnipeg disclosing same to be registered in the name of 631 and aside from utility and similar rights and caveats is subject to mortgage registrations in favour of Business Development Bank of Canada, AA Ventures Ltd. and RBC.

Current Debt and Demands/Notices to be Issued

47. The records of RBC disclose that as of December 5, 2014 the indebtedness owed under the Credit Facilities is \$5,187,680.84, particulars of which are as follows:

- a) \$4,844,506.46 - \$CAD portion of the operating line of credit;
- b) \$161,316.50 - \$USD portion of the operating line, converted to \$CAD (\$USD 140,511.09 @ 1.15);
- c) \$148,075.70 - \$USD corporate Visa account, converted to \$CAD (\$USD 128,761.48 @ 1.15 \$CAD);
- d) \$2,079.53 - \$CAD corporate Visa account (\$1.14 per diem);
- e) \$31,692.65 – Professional fees billed to date.

This does not include RBC's exposure for the U.S. \$1.5 million Letter of Credit in favour of Access Capital (currently valued at \$1,725,000.00 Cdn.) which could bring the total indebtedness to in excess of \$6.9 million.

48. RBC is about to send the formal demands for payment under the Guarantees provided by the Defendants (and other guarantors) together with the BIA s. 244 Notices. As disclosed previously, RBC did not initially make the demand upon the Guarantors as Taylor McCaffrey LLP had not been provided with all of the security. When RBC received the November 14, 2014 e-mail for the Winnipeg Police it decided to delay issuing the demands and BIA s. 244 Notices or taking other precipitous action for fear of alarming the Defendants before protective measures could be taken by RBC. Given the facts set out, RBC is concerned that the Defendants' business and financial records are at risk of being manipulated, lost or destroyed if prior notice of its intention to act on its security and bring this motion. RBC's intention is to send the demands and BIA s. 244 Notices once the *ex parte* Interim Receivership motion has been heard.

Conclusion

49. Based upon the facts set out herein there is not only clear default under the Credit Agreement which Axe is unable to remedy but even if the

financial reporting received to date could be relied upon (which RBC does not believe it can) it is clear that the Defendants' financial position has grossly deteriorated and RBC will sustain a significant loss on the Credit Facilities. Axe's restructuring efforts to date have not provided a viable solution that would see RBC repaid. RBC has lost all faith and confidence in Mr. Cohen's and his management team's ability to conduct the Defendants' business in an honest and reliable manner.

50. An *ex parte* interim receiver appointment is required urgently given the evidence of what RBC views to be financial manipulation.

51. I believe that it is imperative that Axe and the rest of the Defendants be the subject of a Court appointed receivership that would best preserve and protect the assets and undertaking for the benefit of the stakeholders. More urgently, an *ex parte* interim receiver appointment is necessary to enable the proposed receiver to preserve and protect the financial records before there is any further manipulation of records, loss of computer hard drives or other sources of financial information as well as take such steps as may be necessary to salvage what is left of the business.

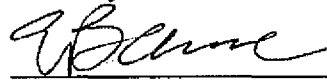
52. I believe that PWC is qualified to act as receiver and I have spoken to Jeff Johnson, who has confirmed that PWC will consent to act as receiver.

53. I make this Affidavit *bona fide* and in support of RBC's intended action to, *inter alia*, appoint PWC as interim receiver initially and then subsequently receiver of the undertaking, property and assets of the Defendants.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
10th day of December, 2014)



ANDREW C. HOLMES



A Notary Public in and for the
Province of Alberta

ERIK B. ARNOLD
Barrister and Solicitor

QB File No. CI 14-01-92753

**THIS IS EXHIBIT "1" REFERRED TO IN THE
AFFIDAVIT OF ANDREW C. HOLMES
SWORN BEFORE ME AT THE CITY OF CALGARY,
IN THE PROVINCE OF ALBERTA
THIS 10TH DAY OF DECEMBER, 2014**



A NOTARY PUBLIC
in and for the Province of Alberta

CB02 COMPANY SEARCH

COMPANIES OFFICE
FILE NO

2014/12/09 10:20:51
OTHER SELECTION CB 02

SEARCH NAME THE AXE HOUGHTON GROUP INC.

NAME

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE

STATUS

FILE NO
INC/REG

CB02 COMPANY SEARCH COMPANIES OFFICE 2014/12/09 10:20:59
FILE NO 6655603 OTHER SELECTION CB 05
HOUGHTO GROUP AXE 0749 17 2712
SEARCH NAME THE AXE HOUGHTON GROUP INC.

NAME THE AXE HOUGHTON GROUP INC.

TYPE MB SHARE NONDIST STATUS AMALG OLD FILE NO 2848342
NAME THE AXE HOUGHTON GROUP INC. INC/REG 1992/03/02

TYPE MB SHARE NONDIST STATUS DEFAULT FILE NO 6655603
NAME INC/REG 2013/02/01

TYPE STATUS FILE NO
NAME INC/REG

TYPE STATUS FILE NO
NAME INC/REG

TYPE STATUS FILE NO
NAME INC/REG

095 END OF LEVEL1 ALPHA SEARCH. PRESS PFKEY1 TO START LEVEL2 PHONETIC SEARCH.

CB05 BASIC DATA COMPANIES OFFICE 2014/12/09 10:21:13
FUNCTION CODE I MAINT CODE FILE NO 6655603 OTHER SELECTION CB 07
BN15 130446743MC0009
NAME THE AXE HOUGHTON GROUP INC.

OL

FILE # 6655603 TYPE 02 MB SHARE NONDIST STATUS DFL DEFAULT 2014/03/31
INC/REG 2013/02/01 JURIS MB MANITOBA DATE REG
LAST ANNUAL RETURN/RENEWAL NAME CHANGE

ADDRESS CODE REGISTERED OFFICE ADDRESS
AIKINS & CO LLP - 30TH FLOOR-360 MAIN ST
CITY WINNIPEG PROV/ST MB PSTL CD R3C-4G1
COUNTRY CA FOREIGN PROV FOREIGN MAILING CODE
LANGUAGE PREFERENCE E DEFAULT DATE 2014/03/31
COMMENTS

050 CURRENT DISPLAY FUNCTION IS COMPLETE - YOU MAY INITIATE A NEW FUNCTION.

CB07 EXTRA DATA COMPANIES OFFICE 2014/12/09 10:21:17
 BN15 130446743MC0009 FILE NO 6655603 OTHER SELECTION CB 08

NAME THE AXE HOUGHTON GROUP INC.

SIC CODE 0899 MISC SERVICES

ATTN TYPE 02 MB SHARE NONDIST

RENEWAL ADDRESS CODE	ATTY ADDRESS CODE
AIKINS & CO LLP	AIKINS & CO LLP
30TH FLOOR-360 MAIN ST	30TH FLOOR-360 MAIN ST
CITY WINNIPEG	CITY WINNIPEG
PROV/ST MB	PROV MB
POSTAL CD R3C 4G1	POSTAL CD R3C 4G1
COUNTRY CA FOREIGN PROV	FOREIGN MAIL CD

SHARE CODE	SHARE TYPE	AUTHORIZED	ISSUED	CONSIDERATION
D	COM A	UNLTD		
E	COM B	UNLTD		
F	COM C	UNLTD		
G	COM D	UNLTD		
H	COM E	UNLTD		
I	COM F	UNLTD		
?	ONFILE	UNLTD		

INDEX NAME HOUGHTO GROUP AXE

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB08 CHRONOLOGY COMPANIES OFFICE 2014/12/09 10:21:19
ADD ONLY SCREEN BN15 130446743MC0009 FILE NO 6655603 OTHER SELECTION CB 10

NAME THE AXE HOUGHTON GROUP INC.

TYPE 02 MB SHARE NONDIST

FNC MC	DATE	SEQ	TRAN	DESCRIPTION	ADDITIONAL DESCRIPTION
	2014/03/31	001	DFL	DEFAULT	
	2013/02/01	001	AMN	AMALG NEW	

178 NO MORE CHRONOLOGY DATA FOUND.

CB10 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:21:22
FUNCTION I BN15 130446743MC0009 FILE NO 6655603 OTHER SELECTION CB 12
NAME THE AXE HOUGHTON GROUP INC.

TYPE 02 MB SHARE NONDIST

CODE AND DESCRIPTION

A DIRECTOR NAME BEN COHEN

FILE NO

ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES
NAME

FILE NO

ADDR -
CITY PROV POSTAL CD
SHARE CODE # OF SHARES SHARE CODE # OF SHARES
NAME

FILE NO

ADDR -
CITY PROV POSTAL CD
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

MORE ADDS? N

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB12 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:21:25
FUNCTION I BN15 130446743MC0009 FILE NO 6655603 OTHER SELECTION CB 13
NAME THE AXE HOUGHTON GROUP INC.

TYPE O2 MB SHARE NONDIST
FNC IDENT CD & DESC ENTER EITHER ENTITY OR INDIVIDUAL NAME BELOW
A DIRECTOR ENTITY NAME

FILE NO OR FIRST NAME BEN
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES
ENTITY NAME

FILE NO OR FIRST NAME
MIDDLE SURNAME
ADDR -
CITY PROV POSTAL CD
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

MORE ADDS? N

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB13 OLD/AMALG NAMES COMPANIES OFFICE 2014/12/09 10:21:28
FUNCTION I BN15 130446743MC0009 FILE NO 6655603 OTHER SELECTION CB 81
NAME THE AXE HOUGHTON GROUP INC.

TYPE 02 MB SHARE NONDIST

FNC IDENT CD & DESC
2 AMALG

FILE NO 2848342 NAME CHANGE DATE

ENTITY NAME
THE AXE HOUGHTON GROUP INC.

2 AMALG
FILE NO 5190810

NAME CHANGE DATE

ENTITY NAME
ARBACO DIRECT INC.

MORE ADDS? N

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

QB File No. CI 14-01-92753

**THIS IS EXHIBIT "2" REFERRED TO IN THE
AFFIDAVIT OF ANDREW C. HOLMES
SWORN BEFORE ME AT THE CITY OF CALGARY,
IN THE PROVINCE OF ALBERTA
THIS 10TH DAY OF DECEMBER, 2014**



A NOTARY PUBLIC
in and for the Province of Alberta

CB02 COMPANY SEARCH

COMPANIES OFFICE
FILE NO

2014/12/09 10:31:24
OTHER SELECTION CB 02

SEARCH NAME ARBACO LTD.

NAME

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE

STATUS

FILE NO
INC/REG

CB05 BASIC DATA COMPANIES OFFICE 2014/12/09 10:31:48
FUNCTION CODE I MAINT CODE FILE NO 5190828 OTHER SELECTION CB 07
BN15 821004744MC0001

NAME ARBACO LTD.

OL

FILE # 5190828 TYPE 02 MB SHARE NONDIST STATUS ACT ACTIVE 2005/10/26
INC/REG 2005/10/26 JURIS MB MANITOBA DATE REG
LAST ANNUAL RETURN/RENEWAL 2014 NAME CHANGE

ADDRESS CODE REGISTERED OFFICE ADDRESS
AIKINS & CO LLP - 30TH FLOOR-360 MAIN ST
CITY WINNIPEG PROV/ST MB PSTL CD R3C-4G1
COUNTRY CA FOREIGN PROV FOREIGN MAILING CODE
LANGUAGE PREFERENCE E DEFAULT DATE
COMMENTS

050 CURRENT DISPLAY FUNCTION IS COMPLETE - YOU MAY INITIATE A NEW FUNCTION.

CB07 EXTRA DATA COMPANIES OFFICE 2014/12/09 10:31:51
 BN15 821004744MC0001 FILE NO 5190828 OTHER SELECTION CB 08

NAME ARBACO LTD.

SIC CODE 0707 INVESTMENT AND/OR HOLDING COMPANY
 ATTN TYPE 02 MB SHARE NONDIST

RENEWAL ADDRESS CODE	ATTY ADDRESS CODE	
AIKINS & CO LLP	AIKINS & CO LLP	
30TH FLOOR-360 MAIN ST	30TH FLOOR-360 MAIN ST	
CITY WINNIPEG	CITY WINNIPEG	
PROV/ST MB	PROV MB	POSTAL CD R3C 4G1
COUNTRY CA FOREIGN PROV	FOREIGN MAIL CD	

SHARE CODE	SHARE TYPE	AUTHORIZED	ISSUED	CONSIDERATION
D	COM A	UNLTD		
E	COM B	UNLTD		
F	COM C	UNLTD		
G	COM D	UNLTD		
H	COM E	UNLTD		
I	COM F	UNLTD		
?	ONFILE	UNLTD		

INDEX NAME ARBACO

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB08 CHRONOLOGY COMPANIES OFFICE 2014/12/09 10:31:54
ADD ONLY SCREEN BN15 821004744MC0001 FILE NO 5190828 OTHER SELECTION CB 08

NAME ARBACO LTD.

TYPE 02 MB SHARE NONDIST

FNC MC	DATE	SEQ	TRAN	DESCRIPTION	ADDITIONAL DESCRIPTION
	2014/11/26	001	ARF	ANNUAL RETURN	2014
	2014/02/09	001	ARF	ANNUAL RETURN	2013
	2013/11/30	001	DFL	DEFAULT	
	2012/12/27	001	ARF	ANNUAL RETURN	2012
	2012/11/30	001	DFL	DEFAULT	
	2012/05/02	001	ARF	ANNUAL RETURN	2011
	2011/11/30	001	DFL	DEFAULT	
	2011/11/01	001	CRO	CHG REG OFFICE	EFF OCT 3/11
	2011/06/20	001	CRO	CHG REG OFFICE	EFF JUN 15/2011
	2010/11/26	001	ARF	ANNUAL RETURN	2010
	2009/12/11	001	ARF	ANNUAL RETURN	2009
	2008/12/03	001	ARF	ANNUAL RETURN	2008
	2007/12/10	001	ARF	ANNUAL RETURN	2007
	2006/12/27	001	ARF	ANNUAL RETURN	2006

179 PRESS ENTER TO VIEW MORE CHRONOLOGY.

CB08 CHRONOLOGY COMPANIES OFFICE 2014/12/09 10:31:56
ADD ONLY SCREEN BN15 821004744MC0001 FILE NO 5190828 OTHER SELECTION CB 10

NAME ARBACO LTD.

TYPE 02 MB SHARE NONDIST

FNC MC	DATE	SEQ	TRAN	DESCRIPTION	ADDITIONAL DESCRIPTION
	2006/11/30	001	DFL	DEFAULT	
	2005/10/26	002	CNS	CONSENT	3
	2005/10/26	001	INC	INCORPORATED	

178 NO MORE CHRONOLOGY DATA FOUND.

CB10 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:31:59
FUNCTION I BN15 821004744MC0001 FILE NO 5190828 OTHER SELECTION CB 10
NAME ARBACO LTD.

TYPE 02 MB SHARE NONDIST

CODE AND DESCRIPTION

A DIRECTOR NAME BEN-ZVI COHEN

FILE NO

ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

B PRESIDENT NAME BEN-ZVI COHEN

FILE NO

ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

C SECRETARY NAME BEN-ZVI COHEN

FILE NO

ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

MORE ADDS? Y

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB10 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:32:00
FUNCTION I BN15 821004744MC0001 FILE NO 5190828 OTHER SELECTION CB 12
NAME ARBACO LTD.

TYPE 02 MB SHARE NONDIST

CODE AND DESCRIPTION

E	SHAREHOLDER	NAME BEN-ZVI COHEN		FILE NO
	ADDR 944 QUEENSTON BAY		-	
	CITY WINNIPEG		PROV MB POSTAL CD R3N-0Y2	
	SHARE CODE D # OF SHARES 100		SHARE CODE # OF SHARES	
		NAME		FILE NO
	ADDR		-	
	CITY		PROV POSTAL CD	
	SHARE CODE # OF SHARES		SHARE CODE # OF SHARES	
		NAME		FILE NO
	ADDR		-	
	CITY		PROV POSTAL CD	
	SHARE CODE # OF SHARES		SHARE CODE # OF SHARES	

MORE ADDS? N

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB12 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:32:03
FUNCTION I BN15 821004744MC0001 FILE NO 5190828 OTHER SELECTION CB 12
NAME ARBACO LTD.

FNC IDENT CD & DESC ENTER EITHER ENTITY OR INDIVIDUAL NAME BELOW
A DIRECTOR ENTITY NAME TYPE 02 MB SHARE NONDIST

FILE NO OR FIRST NAME BEN-ZVI
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

B PRESIDENT ENTITY NAME

FILE NO OR FIRST NAME BEN-ZVI
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

MORE ADDS? Y

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB12 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:32:07
FUNCTION I BN15 821004744MC0001 FILE NO 5190828 OTHER SELECTION CB 81
NAME ARBACO LTD.

FNC IDENT CD & DESC ENTER EITHER ENTITY OR INDIVIDUAL NAME BELOW
C SECRETARY ENTITY NAME TYPE 02 MB SHARE NONDIST

FILE NO OR FIRST NAME BEN-ZVI
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

E SHAREHOLDER ENTITY NAME

FILE NO OR FIRST NAME BEN-ZVI
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE D # OF SHARES 100 SHARE CODE # OF SHARES

MORE ADDS? N

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

QB File No. CI 14-01-92753

**THIS IS EXHIBIT "3" REFERRED TO IN THE
AFFIDAVIT OF ANDREW C. HOLMES
SWORN BEFORE ME AT THE CITY OF CALGARY,
IN THE PROVINCE OF ALBERTA
THIS 10TH DAY OF DECEMBER, 2014**



**A NOTARY PUBLIC
in and for the Province of Alberta**

CB02 COMPANY SEARCH

COMPANIES OFFICE
FILE NO

2014/12/09 10:21:33
OTHER SELECTION CB 02

SEARCH NAME AMERICAN COMFORT DISTRIBUTION INC.

NAME

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE
NAME

STATUS

FILE NO
INC/REG

TYPE

STATUS

FILE NO
INC/REG

CB02 COMPANY SEARCH COMPANIES OFFICE 2014/12/09 10:21:45
FILE NO 5948763 OTHER SELECTION CB 05
0000315 0000066 COMFORT 0101491 073841 13472
SEARCH NAME AMERICAN COMFORT DISTRIBUTION INC.

NAME AMERICAN COMFORT DISTRIBUTION INC.

TYPE MB SHARE NONDIST STATUS ACTIVE FILE NO 5948763
NAME EXPORT AMERICA INC/REG 2009/10/05

TYPE BNR PARTNERSHIP STATUS EXPIRED FILE NO 2014076
NAME CANADIAN AMERICAN MANUFACTURING OF EXPORTATION (LEASING DIVISION) INC/REG 1986/09/29

TYPE BNR PROPRIETOR STATUS EXPIRED FILE NO 2103036
NAME SOUTH AMERICAN IMPORT'S & EXPORT'S INC/REG 1987/04/13

TYPE BNR PARTNERSHIP STATUS EXPIRED FILE NO 2410991
NAME AMERICANA IMPORTERS & EXPORTERS INC/REG 1989/03/08

TYPE BNR PARTNERSHIP STATUS EXPIRED FILE NO 2659001
INC/REG 1990/11/22

094 PRESS -ENTER- KEY FOR ADDITIONAL NAMES.

CB05 BASIC DATA COMPANIES OFFICE 2014/12/09 10:21:56
FUNCTION CODE I MAINT CODE FILE NO 5948763 OTHER SELECTION CB 07
BN15 844218255MC0001
NAME AMERICAN COMFORT DISTRIBUTION INC.

OL

FILE # 5948763 TYPE 02 MB SHARE NONDIST STATUS ACT ACTIVE 2009/10/05
INC/REG 2009/10/05 JURIS MB MANITOBA DATE REG
LAST ANNUAL RETURN/RENEWAL 2013 NAME CHANGE

ADDRESS CODE REGISTERED OFFICE ADDRESS
AIKINS & CO LLP - 30TH FLOOR-360 MAIN ST
CITY WINNIPEG PROV/ST MB PSTL CD R3C-4G1
COUNTRY CA FOREIGN PROV FOREIGN MAILING CODE
LANGUAGE PREFERENCE E DEFAULT DATE 2014/11/30
COMMENTS

050 CURRENT DISPLAY FUNCTION IS COMPLETE - YOU MAY INITIATE A NEW FUNCTION.

CB07 EXTRA DATA COMPANIES OFFICE 2014/12/09 10:21:59
 BN15 844218255MC0001 FILE NO 5948763 OTHER SELECTION CB 08

NAME AMERICAN COMFORT DISTRIBUTION INC.

SIC CODE 0857 DISTRIBUTOR
 ATTN

TYPE 02 MB SHARE NONDIST

RENEWAL ADDRESS CODE	ATTY ADDRESS CODE		
AIKINS & CO LLP	AIKINS & CO LLP		
30TH FLOOR-360 MAIN ST	30TH FLOOR-360 MAIN ST		
CITY WINNIPEG	CITY WINNIPEG		
PROV/ST MB	PROV MB	POSTAL CD R3C 4G1	POSTAL CD R3C 4G1
COUNTRY CA FOREIGN PROV	FOREIGN MAIL CD		

SHARE CODE	SHARE TYPE	AUTHORIZED	ISSUED	CONSIDERATION
A	COMMON	UNLTD		VOTING
A	COMMON	UNLTD		NONVOT
Y	CLASSA	UNLTD		
Z	CLASSB	UNLTD		
{	CLASSC	UNLTD		
1	CLASSD	UNLTD		

INDEX NAME 0000315 0000066 COMFORT

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB08 CHRONOLOGY COMPANIES OFFICE 2014/12/09 10:22:01
ADD ONLY SCREEN BN15 844218255MC0001 FILE NO 5948763 OTHER SELECTION CB 10

NAME AMERICAN COMFORT DISTRIBUTION INC.

TYPE 02 MB SHARE NONDIST

FNC MC	DATE	SEQ	TRAN	DESCRIPTION	ADDITIONAL DESCRIPTION
	2014/03/25	001	ARF	ANNUAL RETURN	2013
	2013/11/30	001	DFL	DEFAULT	
	2013/01/04	001	ARF	ANNUAL RETURN	2012
	2012/11/30	001	DFL	DEFAULT	
	2011/12/06	002	CRO	CHG REG OFFICE	EFF NOV 15/11
	2011/12/06	001	ARF	ANNUAL RETURN	2011
	2010/11/24	001	ARF	ANNUAL RETURN	2010
	2009/11/04	001	CDR	CHG DIRECTORS	EFF OCT 5/09
	2009/10/05	001	INC	INCORPORATED	

178 NO MORE CHRONOLOGY DATA FOUND.

CB10 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:22:04
FUNCTION I BN15 844218255MC0001 FILE NO 5948763 OTHER SELECTION CB 10
NAME AMERICAN COMFORT DISTRIBUTION INC.

TYPE 02 MB SHARE NONDIST

CODE AND DESCRIPTION

A DIRECTOR NAME BEN COHEN

FILE NO

ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

B PRESIDENT NAME BEN COHEN

FILE NO

ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

C SECRETARY NAME BEN COHEN

FILE NO

ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

MORE ADDS? Y

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB10 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:22:05
FUNCTION I BN15 844218255MC0001 FILE NO 5948763 OTHER SELECTION CB 12
NAME AMERICAN COMFORT DISTRIBUTION INC.

TYPE 02 MB SHARE NONDIST

CODE AND DESCRIPTION

E SHAREHOLDER NAME ARBACO LTD.

FILE NO

ADDR -
CITY PROV POSTAL CD 000-000
SHARE CODE A # OF SHARES 100 SHARE CODE # OF SHARES
NAME

FILE NO

ADDR -
CITY PROV POSTAL CD
SHARE CODE # OF SHARES
SHARE CODE # OF SHARES
NAME

FILE NO

ADDR -
CITY PROV POSTAL CD
SHARE CODE # OF SHARES
SHARE CODE # OF SHARES

MORE ADDS? N

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB12 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:22:08
FUNCTION I BN15 844218255MC0001 FILE NO 5948763 OTHER SELECTION CB 12
NAME AMERICAN COMFORT DISTRIBUTION INC.

TYPE 02 MB SHARE NONDIS'T
FNC IDENT CD & DESC ENTER EITHER ENTITY OR INDIVIDUAL NAME BELOW
A DIRECTOR ENTITY NAME

FILE NO OR FIRST NAME BEN
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

B PRESIDENT ENTITY NAME

FILE NO OR FIRST NAME BEN
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

MORE ADDS? Y

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.

CB12 OTHER NAMES COMPANIES OFFICE 2014/12/09 10:22:09
FUNCTION I BN15 844218255MC0001 FILE NO 5948763 OTHER SELECTION CB 81
NAME AMERICAN COMFORT DISTRIBUTION INC.

TYPE 02 MB SHARE NONDIST
FNC IDENT CD & DESC ENTER EITHER ENTITY OR INDIVIDUAL NAME BELOW
C SECRETARY ENTITY NAME

FILE NO OR FIRST NAME BEN
MIDDLE SURNAME COHEN
ADDR 944 QUEENSTON BAY -
CITY WINNIPEG PROV MB POSTAL CD R3N-0Y2
SHARE CODE # OF SHARES SHARE CODE # OF SHARES

E SHAREHOLDER ENTITY NAME ARBACO LTD.

FILE NO OR FIRST NAME
MIDDLE SURNAME
ADDR -
CITY PROV POSTAL CD 000-000
SHARE CODE A # OF SHARES 100 SHARE CODE # OF SHARES

MORE ADDS? N

054 LOGON ID NOT AUTHORIZED TO ADD/UPDATE.