

APPENDIX “K”

159

IN THE MATTER OF THE RECEIVERSHIP OF
PEOPLEDDGE HR SERVICES INC., WINSTON PARK FINANCIAL SERVICES LTD., CMC FRASER LTD. AND
1624452 ONTARIO LTD.

SUMMARY OF INTERIM DISTRIBUTION SCENARIOS

SCENARIO ONE: Assumes Trust Claims for Customers over entirety of estates shared pro rata, and no payment to any other claimant (including no payment to any secured creditors or to preferred/ priority claimants).[□]

Distribution to Customer Deposit Claimants	<u>\$ 2,329,000</u>	40.8%
--	---------------------	-------

SCENARIO TWO: Assumes Trust Claims for Customers over entirety of estates and no payment to any other claimant (including no payment to any secured creditors or to preferred/priority claimants) but distinguishes between US and Canadian Trust Claims/Funds. US Claims share from US funds only and Canadian Claims share from Canadian Funds only, each on a pro rata basis.

Distribution to Canadian Customer Deposit Claimants	\$ 2,215,000	40.0%
Distribution to US Customer Deposit Claimants	114,000	63.3%
	<u>\$ 2,329,000</u>	

SCENARIO THREE: Assumes two distribution pools, each to be shared on a pro rata basis: first, recovery for Trust Claims for Customers limited to Consolidated Payroll Accounts (Canadian and US combined); second, recovery for secured claims, preferred/priority claims, and general claims (including deficiencies of Customer Trust Claims) from balance of estates.

Distribution to Customer Deposit Claimants	\$ 2,265,000	39.6%
Distribution to General Claimants	29,000	2.7%
	<u>\$ 2,294,000</u>	

SCENARIO FOUR: Assume two distribution pools, each to be shared on a pro rata basis: first, recovery for trust claims for customers limited to Consolidated Payroll Accounts but distinguished between US and Canadian Accounts (as in Scenario Two); second, recovery for secured claims, preferred/priority claims, and general claims (including deficiencies of Customer Trust Claims) from the balance of the estates.

Distribution to Canadian Customer Deposit Claimants	\$ 2,151,000	38.9%
Distribution to US Customer Deposit Claimants	114,000	63.3%
Distribution to General Claimants	29,000	2.7%
	<u>\$ 2,294,000</u>	

SCENARIO FIVE: Assumes no trust claims. Assumes all claims as filed (with no expected distribution for unquantified general claims) will recover from entirety of estates after payment of any secured claims and preferred/priority claims.[□]

Distribution to Customer Deposit Claimants	\$ 1,931,000	33.8%
Distribution to General Claimants	363,000	33.8%
	<u>\$ 2,294,000</u>	

IN THE MATTER OF THE RECEIVERSHIP OF
PEOPLEGE HR SERVICES INC., WINSTON PARK FINANCIAL SERVICES LTD., CMC FRASER LTD. AND 1624452
ONTARIO LTD.

SCENARIO ONE

FUNDS ON HAND WITH THE RECEIVER (rounded)		\$ 4,029,000
COSTS TO DATE		<u>1,115,000</u>
		2,914,000
 RESERVES		
Unbilled and future receivership costs	\$ 200,000	
Estimated cost of forensic review	85,000	
Canada Revenue Agency priority claims		
Harmonized Sales Tax		
Payroll source deductions		
Employee priority claims		
Secured claims (Bank of Montreal)		
Contingencies	<u>300,000</u>	<u>585,000</u>
 FUNDS AVAILABLE FOR AN INTERIM DIVIDEND DISTRIBUTION		 <u>\$ 2,329,000</u>
	<u>Claim</u>	<u>Dividend</u>
 ESTIMATED CLAIMS AND INTERIM DISTRIBUTION		
Customer Deposit Claims	<u>\$ 5,715,000</u>	<u>\$ 2,329,000</u>
 Recovery on Customer Deposit Claims		 <u>40.8%</u>

ASSUMPTIONS:

1. All estate funds are deemed to be subject to trust claims in favour of the former customers with priority over all other claims (including any secured claims and preferred/priority claims of Canada Revenue Agency and employees).
2. All customer claims are accepted as filed.
3. Unbilled and future receivership costs includes outstanding and unbilled WIP for the work completed by the Receiver and its counsel during the month of April 2013 and an estimate of fees to complete the receivership, and includes an additional \$50,000 plus HST for work associated with the review and confirmation of trust claims of former customers. Estimate assumes no significant litigation surrounding trust issues and no further detailed review and analysis required regarding trust claims and funds.
4. The estimated cost of forensic review includes cost of Phases 1 and 2. Currently, the Receiver has recommended only Phase 1 at an estimated cost of \$20,000 plus disbursements and HST.

IN THE MATTER OF THE RECEIVERSHIP OF
PEOPLEGE HR SERVICES INC., WINSTON PARK FINANCIAL SERVICES LTD., CMC FRASER LTD. AND 1624452
ONTARIO LTD.

SCENARIO TWO

	Customer funds		All other
	Canadian	US	
FUNDS ON HAND WITH THE RECEIVER (rounded)	\$ 2,752,000	\$ 149,000	\$ 279,000
ALLOCATION OF COSTS TO DATE	231,000	12,000	23,000
	<u>2,521,000</u>	<u>137,000</u>	<u>256,000</u>
RESERVES			
Unbilled and future receivership costs	173,000	9,000	18,000
Estimated cost of forensic review	74,000	4,000	7,000
Secured claims (Bank of Montreal)			
Contingencies	260,000	14,000	26,000
	<u>507,000</u>	<u>27,000</u>	<u>51,000</u>
FUNDS AVAILABLE FOR AN INTERIM DIVIDEND DISTRIBUTION	<u>\$ 2,014,000</u>	<u>\$ 110,000</u>	<u>\$ 205,000</u>
CLAIMS			
Canadian Customer Deposit Claims	<u>\$ 5,535,000</u>		<u>\$ 3,521,000</u>
US Customer Deposit Claims		<u>\$ 180,000</u>	<u>\$ 70,000</u>
ESTIMATED INTERIM DISTRIBUTION			
Canadian Customer Deposit Claims	<u>\$ 2,014,000</u>		<u>\$ 201,000</u>
US Customer Deposit Claims		<u>\$ 110,000</u>	<u>\$ 4,000</u>
Recovery on Customer Deposit Claims	<u>36.4%</u>	<u>61.1%</u>	<u>5.7%</u>

ASSUMPTIONS:

- All estate funds are deemed to be subject to trust claims in favour of the former customers with priority over all other claims (including any secured claims and preferred/priority claims of Canada Revenue Agency and employees).
- Costs to date and reserves will first be paid from Ceridian Referral Fees. Amounts in excess of the Ceridian Referral Fees will be allocated against all of the Debtors' property on a pro rata basis. As a result, funds on hand in the other estate assets (in the amount of \$279,000 excludes the amount of the Ceridian Referral Fee which is otherwise listed in the Receiver's Statement of Receipts and Disbursements).
- All customer claims are accepted as filed.
- US Claims share from US funds only and Canadian Claims share from Canadian funds only, each on a pro rata basis. Deficiencies on customer trust fund claims will be paid from any remaining general funds.
- Unbilled and future receivership costs includes outstanding and unbilled WIP for the work completed by the Receiver and its counsel during the month of April 2013 and an estimate of fees to complete the receivership, and includes \$50,000 for work associated with the review and confirmation of trust claims of former customers. Estimate assumes no significant litigation surrounding trust issues.
- The estimated cost of forensic review includes cost of Phases 1 and 2. Currently, the Receiver has recommended only Phase 1 at an estimated cost of \$20,000 plus disbursements and HST.

162

IN THE MATTER OF THE RECEIVERSHIP OF
PEOPLEGE HR SERVICES INC., WINSTON PARK FINANCIAL SERVICES LTD., CMC FRASER LTD. AND 1624452
ONTARIO LTD.

SCENARIO THREE

	Customer funds	All other
FUNDS ON HAND WITH THE RECEIVER (rounded)	\$ 2,901,000	\$ 279,000
ALLOCATION OF COSTS TO DATE	243,000	23,000
	<u>2,658,000</u>	<u>256,000</u>
RESERVES		
Unbilled and future receivership costs	137,000	13,000
Estimated cost of forensic review	78,000	7,000
Canada Revenue Agency priority claims		
Harmonized Sales Tax		23,000
Payroll source deductions		9,000
Employee priority claims		53,000
Secured claims (Bank of Montreal)	Unknown	Unknown
Contingencies	274,000	26,000
	<u>489,000</u>	<u>131,000</u>
FUNDS AVAILABLE FOR AN INTERIM DIVIDEND DISTRIBUTION	<u>\$ 2,169,000</u>	<u>\$ 125,000</u>
CLAIMS		
Customer Deposit Claims	<u>\$ 5,715,000</u>	<u>\$ 3,546,000</u>
General Claims	<u>-</u>	<u>1,075,000</u>
ESTIMATED INTERIM DISTRIBUTION		
Customer Deposit Claims	<u>\$ 2,169,000</u>	<u>\$ 96,000</u>
General Claims	<u>\$ -</u>	<u>\$ 29,000</u>
Recovery on Customer Deposit Claims and General Claims	<u>38.0%</u>	<u>2.7%</u>

ASSUMPTIONS:

- All payroll account funds are deemed to be subject to trust claims in favour of the former customers. Recovery for any secured, preferred/priority (including CRA and employees) and general claims (including deficiencies of customer trust claims) is payable from the balance of the estate.
- Costs to date and reserves will first be paid from Ceridian Referral Fees. Amounts in excess of the Ceridian Referral Fees will be allocated against all of the Debtors' property on a pro rata basis. As a result funds on hand in the other estate assets (in the amount of \$279,000 excludes the amount of the Ceridian Referral Fee which is otherwise listed in the Receiver's Statement of Receipts and Disbursements.
- All customer claims are accepted as filed. Assumed adjustments of general claims are estimated at \$275,000.
- Unbilled and future receivership costs includes outstanding and unbilled WIP for the work completed by the Receiver and its counsel during the month of April 2013 and an estimate of fees to complete the receivership. Unlike Scenarios 1 and 2, estimate does not include \$50,000 for work associated with the review and confirmation of trust claims of former customers. Estimate assumes no significant litigation surrounding trust issues and no further detailed review and analysis required regarding trust claims and funds.
- The estimated cost of forensic review includes cost of Phases 1 and 2. Currently, the Receiver has recommended only Phase 1 at an estimated cost of \$20,000 plus disbursements and HST.

163

IN THE MATTER OF THE RECEIVERSHIP OF
PEOPLEGE HR SERVICES INC., WINSTON PARK FINANCIAL SERVICES LTD., CMC FRASER LTD. AND 1624452
ONTARIO LTD.

SCENARIO FOUR

	Customer funds		All other
	Canadian	US	
FUNDS RECOVERED BY THE RECEIVER (rounded)	\$ 2,752,000	\$ 149,000	\$ 279,000
ALLOCATION OF COSTS TO DATE	231,000	12,000	23,000
	<u>2,521,000</u>	<u>137,000</u>	<u>256,000</u>
RESERVES			
Unbilled and future receivership costs	130,000	7,000	13,000
Estimated cost of forensic review	74,000	4,000	7,000
Canada Revenue Agency priority claims			
Harmonized Sales Tax			23,000
Payroll source deductions			9,000
Employee priority claims			53,000
Secured claims (Bank of Montreal)	Unknown	Unknown	Unknown
Contingencies	260,000	14,000	26,000
	<u>464,000</u>	<u>25,000</u>	<u>131,000</u>
FUNDS AVAILABLE FOR AN INTERIM DIVIDEND DISTRIBUTION	<u>\$ 2,057,000</u>	<u>\$ 112,000</u>	<u>\$ 125,000</u>
CLAIMS			
Canadian Customer Deposit Claims	<u>\$ 5,535,000</u>		<u>\$ 3,478,000</u>
US Customer Deposit Claims		<u>\$ 180,000</u>	<u>\$ 68,000</u>
General Claims			<u>\$ 1,075,000</u>
ESTIMATED INTERIM DISTRIBUTION			
Canadian Customer Deposit Claims	<u>\$ 2,057,000</u>		<u>\$ 94,000</u>
US Customer Deposit Claims		<u>\$ 112,000</u>	<u>\$ 2,000</u>
General Claims			<u>\$ 29,000</u>
Recovery on Customer Deposit Claims and General Claims	<u>37.2%</u>	<u>62.2%</u>	<u>2.7%</u>

ASSUMPTIONS:

- All payroll account funds are deemed to be subject to trust claims in favour of the former customers. Recovery for any secured, preferred/priority (including CRA and employees) and general claims (including deficiencies of customer trust claims) is payable from the balance of the estate. However, US Claims share from US funds only and Canadian Claims share from Canadian funds only, each on a pro rata basis.
- Costs to date and reserves will first be paid from Ceridian Referral Fees. Amounts in excess of the Ceridian Referral Fees will be allocated against all of the Debtors' property on a pro rata basis. As a result, funds on hand in the other estate assets (in the amount of \$279,000 excludes the amount of the Ceridian Referral Fee which is otherwise listed in the Receiver's Statement of Receipts and Disbursements.
- All customer claims are accepted as filed. Assumed adjustments of general claims are estimated at \$275,000.
- Unbilled and future receivership costs includes outstanding and unbilled WIP for the work completed by the Receiver and its counsel during the month of April 2013 and an estimate of fees to complete the receivership. Unlike Scenarios 1 and 2, estimate does not include \$50,000 for work associated with the review and confirmation of trust claims of former customers. Estimate assumes no significant litigation surrounding trust issues and no further detailed review and analysis required regarding trust claims and funds.
- The estimated cost of forensic review includes cost of Phases 1 and 2. Currently, the Receiver has recommended only Phase 1 at an estimated cost of \$20,000 plus disbursements and HST.

IN THE MATTER OF THE RECEIVERSHIP OF
PEOPLEGE HR SERVICES INC., WINSTON PARK FINANCIAL SERVICES LTD., CMC FRASER LTD. AND 1624452
ONTARIO LTD.

SCENARIO FIVE

FUNDS ON HAND WITH THE RECEIVER (rounded)		\$ 4,029,000
COSTS TO DATE		<u>1,115,000</u>
		\$ 2,914,000
RESERVES		
Unbilled and future receivership costs	\$ 150,000	
Estimated cost of forensic review	85,000	
Canada Revenue Agency priority claims		
Harmonized Sales Tax	23,000	
Payroll source deductions	9,000	
Employee priority claims	53,000	
Secured claims (Bank of Montreal)	unknown	
Contingencies	<u>300,000</u>	<u>620,000</u>
FUNDS AVAILABLE FOR AN INTERIM DIVIDEND DISTRIBUTION		<u>\$ 2,294,000</u>
	<u>Claim</u>	<u>Dividend</u>
ESTIMATED CLAIMS AND INTERIM DISTRIBUTION		
Customer Deposit Claims	\$ 5,715,000	\$ 1,931,000
General Claims	<u>1,075,000</u>	<u>363,000</u>
	<u>\$6,790,000</u>	<u>\$2,294,000</u>
		<u>33.8%</u>

ASSUMPTIONS:

1. Assumes no trust claims.
2. All customer claims are accepted as filed. Assumed adjustments of general claims are estimated at \$275,000.
3. Unbilled and future receivership costs includes outstanding and unbilled WIP for the work completed by the Receiver and its counsel during the month of April 2013 and an estimate of fees to complete the receivership. Unlike Scenarios 1 and 2, estimate does not include \$50,000 for work associated with the review and confirmation of trust claims of former customers. Estimate assumes no significant litigation surrounding trust issues and no further detailed review and analysis required regarding trust claims and funds.
4. The estimated cost of forensic review includes cost of Phases 1 and 2. Currently, the Receiver has recommended only Phase 1 at an estimated cost of \$20,000 plus disbursements and HST.