

Court File No. CV-10-9023-00CL
Estate File Nos. 31-456611, 31-456614, 31-456616, 31-456617

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)

MOTION RECORD
(RETURNABLE SEPTEMBER 25, 2014)

September 18, 2014

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Solicitor for Alvarez & Marsal Canada
Inc. in its capacity as Trustee of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC Canada)
and CH Sub LLC (Canada) and not in its
personal capacity

TO: SERVICE LIST

INDEX

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)

INDEX

Tab

1. Notice of Motion
- A. Draft Order
2. Fourth Report of the Trustee dated September 18, 2014
 - A. Exhibit "A" – Procedural Consolidation Orders
 - B. Exhibit "B" – December 10th Orders
 - C. Exhibit "C" – First Report of Trustee dated December 9, 2010
 - D. Exhibit "D" – Second Report of Trustee dated December 23, 2010
 - E. Exhibit "E" – Direct Bands Settlement Order
 - F. Exhibit "F" – October 31st Order
 - G. Exhibit "G" – Trustee's Third Report to the Court (without exhibits)
 - H. Exhibit "H" – Supplementary Statement of Receipts and Disbursements
 - I. Exhibit "I" – Office of the Superintendent of Bankruptcy Letters of Comment

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)**

**NOTICE OF MOTION
(Motion returnable September 25, 2014)**

ALVAREZ & MARSAL CANADA INC., in its capacity as Trustee in bankruptcy (the “**Trustee**”) of each of DB Media Distribution Inc. (“**DB Media**”), DB Media Distribution (Canada) (“**DB Media Canada**”), CH LLC and CH Sub LLC (collectively, the “**Companies**”) will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on September 25, 2014 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: The motion is to be heard orally.

THE MOTION IS FOR:

1. An order substantially in the form of the draft order attached to the Motion Record:
 - (a) abridging the time for service of the Notice of Motion and the Motion Record herein and declaring that the motion is properly returnable on the date it is heard by this Honourable Court;
 - (b) approving the Trustee’s Supplemental Statement of Receipts and Disbursements set out in Exhibit “H” to the Fourth Report dated September 18, 2014 (the “**Fourth Report**”);

- (c) authorizing and directing the Trustee to distribute \$26,045.86 to creditors of DB Media and \$62,316.18 to creditors of DB Media Canada (inclusive of the distribution from DB Media to DB Media Canada on account of the intracompany balance owing as of the date of bankruptcy) in accordance with their respective priorities set out in the *Bankruptcy and Insolvency Act* (Canada) (the “**Distribution**”);
 - (d) declaring that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee are approved and that Alvarez & Marsal Canada Inc. shall have no further liability in respect thereof;
 - (e) approving the Fourth Report and the activities of the Trustee described therein; and
 - (f) declaring that effective on the date that is 60 days following the date of the Distribution, the Trustee shall be discharged as Trustee in bankruptcy of the Companies.
2. Such further and other relief as counsel may request and this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

1. Pursuant to orders of the Court dated December 10, 2010 (the “**Procedural Consolidation Orders**”), the Trustee was authorized to administer the bankrupt estates of the Companies on a consolidated basis for the purpose of carrying out its administrative duties and responsibilities as Trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”);
2. Pursuant to two separate additional orders granted by the Court on December 10, 2010 (the “**December 10th Orders**”), the Trustee was, *inter alia*, relieved of certain notice obligations to creditors and directed to conduct a spot audit of the Companies’ inventory for the purpose of complying with s. 16(3) of the BIA;

3. The Trustee has nearly completed the administration of the Companies' estates in compliance with the Procedural Consolidation Orders, the December 10th Orders and the provisions of the BIA;

4. The Office of the Superintendent of Bankruptcy Canada has reviewed the Supplemental Statement of Receipts and Disbursements in accordance with the examination process set out in section 5(3)(g) of the BIA and has requested that the Trustee proceed to taxation (the "**Superintendent's Comments**") pursuant to section 60 of the *Bankruptcy and Insolvency General Rules*, C.R.C., c. 368, as amended (the "**General Rules**");

5. The Trustee is now seeking an order for all of the relief described in its Fourth Report in accordance with the Superintendent's Comments;

6. The provisions of the BIA, including without limitation sections 183 and 192, and the inherent and equitable jurisdiction of this Honourable Court;

7. The provisions of the General Rules, including without limitation section 60 thereof;

8. Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

9. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The Fourth Report; and

2. Such further and other material as counsel may advise and the Court may permit.

September 18, 2014

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Solicitor for Alvarez & Marsal Canada Inc., in its capacity as Trustee in bankruptcy of DB Media Distribution Inc., DB Media Distribution (Canada), CH LLC and CH Sub LLC and not in its personal capacity.

TAB A

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) THURSDAY, THE 25TH DAY
)
● JUSTICE ●) OF SEPTEMBER, 2014

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)**

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc. ("**A&M Canada**") in its capacity as Trustee in bankruptcy of each of DB Media Distribution Inc. ("**DB Media**"), DB Media Distribution (Canada) ("**DB Media Distribution**"), CH LLC (Canada) and CH Sub LLC (Canada) (collectively, the "**Companies**"), for relief contemplated in the Fourth Report of the Trustee dated September 18, 2014 together with all exhibits attached thereto, the "**Fourth Report**") and such further and other relief as counsel may advise and the Court deems just, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion dated September 18, 2014, the Fourth Report, and on hearing the submissions of counsel for the Trustee, no one else appearing although served as evidenced by the Affidavit of ● sworn ●, filed;

1. **THIS COURT ORDERS** that time for service of the Notice of Motion and Motion Record is hereby abridged so that the motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Trustee is authorized and directed to distribute \$25,720.29 to DB Media's creditors and \$61,537.23 (inclusive of the distribution from DB

Media on account of the intracompany balance owing at the date of bankruptcy) to DB Media Canada's creditors in each case in accordance with such creditors' priority pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**Distribution**").

3. **THIS COURT ORDERS** that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee are hereby approved and that A&M Canada shall have no further liability in respect thereof.

4. **THIS COURT ORDERS** that the Fourth Report be and is hereby accepted and approved and the activities of the Trustee as described in the Fourth Report be and are hereby approved.

5. **THIS COURT ORDERS** that the Trustee's Supplemental Dividend Sheets attached as Exhibit J to the Fourth Report and the Statement of Receipts and Disbursements as attached as Exhibit H to the Fourth Report are hereby approved.

6. **THIS COURT ORDERS** that effective on the date that is 60 days following the date of the Distribution, the Trustee shall be discharged as Trustee in bankruptcy of the Companies.

**IN THE MATTER OF THE BANKRUPTCY OF DB MEDIA DISTRIBUTION INC.,
DB MEDIA DISTRIBUTION (CANADA), CH LLC (CANADA) AND
CH SUB LLC (CANADA)**

Court File No. CV-10-9023-00CL
Estate File Nos. 31-456611, 31-456614,
31-456616, 31-456617

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

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Inc. in its capacity as Trustee of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada)
and CH Sub LLC (Canada) and not in its
personal capacity

TAB 2

Court File No. CV10-9023-00CL
Estate File Nos. 31-456611, 31-456614, 31-456616, 31-456617

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)

FOURTH REPORT OF THE TRUSTEE IN BANKRUPTCY

ALVAREZ & MARSAL CANADA INC.

September 18, 2014

Table of Contents

INTRODUCTION.....	3
PURPOSE OF THE FOURTH REPORT.....	5
BACKGROUND.....	6
UPDATE ON DB MEDIA DISTRIBUTION'S INSPECTORS.....	7
TRUSTEE'S ACTIVITIES SINCE THE DATE OF THE THIRD REPORT.....	7
SUPPLEMENTARY STATEMENT OF RECEIPTS AND DISBURSEMENTS	8
SCHEME OF DISTRIBUTION AND SUPPLEMENTARY DIVIDEND SHEETS.....	9
DISCHARGE OF THE TRUSTEE.....	9
RECOMMENDATION.....	10

EXHIBITS

- A - Procedural Consolidation Orders
- B - December 10th Orders
- C – Trustee's First Report to the Court
- D – Trustee's Second Report to the Court
- E – Direct Brands Settlement Order
- F – October 31st Order
- G – Trustee's Third Report to the Court (without exhibits)
- H - Supplementary Statement of Receipts and Disbursements
- I – Office of the Superintendent of Bankruptcy Letters of Comment
- J - Supplementary Dividend Sheets

INTRODUCTION

1. On December 9, 2010, DB Media Distribution Inc. (“**DB Media**”), DB Media Distribution (Canada) (“**DB Media Canada**”), CH LLC (Canada) (“**CH**”) and CH Sub LLC (Canada) (“**CH SUB**”) (collectively, “**DB Media Distribution**” or the “**Companies**”) filed assignments in bankruptcy. Alvarez & Marsal Canada Inc. (“**A&M Canada**”) was appointed as trustee in bankruptcy (the “**Trustee**”) of each of the Companies pursuant to certificates of appointment issued by the Office of the Superintendent of Bankruptcy Canada on December 9, 2010.

2. On December 10, 2010, this Honourable Court granted orders authorizing the Trustee to administer the bankrupt estates of the Companies on a consolidated basis for the purpose of carrying out its administrative duties and responsibilities as Trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) (the “**Procedural Consolidation Orders**”). The Procedural Consolidation Orders allowed the Trustee to reduce the cost of administration of the bankrupt entities by avoiding performing separate actions such as:
 - i. Convening and conducting meetings of creditors and inspectors;
 - ii. Making, filing, advertising and distributing all filings and notices required under the BIA; and
 - iii. Appointing separate groups of inspectors.

The Procedural Consolidation Orders are attached hereto as **Exhibit “A”**.

3. In addition to the Procedural Consolidation Orders, this Honourable Court granted two other separate Orders on December 10, 2010 (collectively, the “**December 10th Orders**”):
 - i. Relieving the Trustee of any obligation to send notice of the bankruptcy and of the first meeting of creditors to such creditors of the Companies whose claims in the aggregate do not exceed \$100;
 - ii. Relieving the Trustee of its obligation to include a full list of creditors in the notice of the bankruptcy and of the first meeting of creditors and authorizing the Trustee to instead make a one-line entry for the customers and employees and to direct creditors to a

website established by the Trustee (www.alvarezandmarsal.com/DBMD) which contains a complete list of creditors;

- iii. Directing the Trustee to post a complete list of creditors of the Companies, including customer names, to a dedicated webpage on the website set up by the Trustee;
- iv. Directing the Trustee to redirect the Companies' book and DVD club websites to a website hosted by the Trustee, which provides notice of the bankruptcies of the Companies and contains the statutory notice of the bankruptcies and documents for filing proofs of claim; and
- v. Directing the Trustee to conduct a spot audit of the inventory of the Companies for the purpose of complying with s. 16(3) of the BIA.

Copies of the December 10th Orders are attached hereto as **Exhibit "B"**.

4. The first report of the Trustee dated December 9, 2010 (the "**First Report**") was filed in support of the Trustee's motion for the Procedural Consolidation Orders and the December 10th Orders. A copy of the First Report is attached hereto as **Exhibit "C"**.
5. The second report of the Trustee dated December 23, 2010 (the "**Second Report**") was prepared for and presented at the First Meeting of Creditors held on December 23, 2010. A copy of the Second Report is attached hereto as **Exhibit "D"**.
6. On October 23, 2012, this Honourable Court granted an order approving the proposed settlement agreement between the Trustee and Direct Brands, Inc. ("**DBI**") regarding potential transfers at undervalue and other matters (the "**Direct Brands Settlement Order**"). A copy of the Direct Brands Settlement Order is attached hereto as **Exhibit "E"**.
7. On October 31, 2012, this Honourable Court granted an order (the "**October 31st Order**"):
 - i. Approving the Trustee's receipts and disbursements from the date of bankruptcy and the allocation of certain receipts and disbursements between DB Media and DB Media Canada;
 - ii. Approving the proof of claim process and dividend sheet;

- iii. Authorizing and directing the Trustee to distribute \$1,502,785.92 to DB Media's creditors and \$1,143,944.92 (inclusive of the distribution from DB Media on account of the intracompany balance owing at the date of bankruptcy) to DB Media Canada's creditors (the "**November 2012 Distribution**");
- iv. Declaring that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee were approved, and the A&M Canada shall have no further liability in respect thereof;
- v. Approving the activities of the Trustee from the date of bankruptcy to the date of the Third Report and the Third Report; and
- vi. Approving and taxing the fees and disbursements of the Trustee and its legal counsel, Osler, Hoskin & Harcourt LLP ("**Osler**") and authorizing the Trustee to pay its outstanding fees and disbursements and those of its counsel.

A copy of the October 31st Order is attached hereto as **Exhibit "F"**.

8. The third report of the Trustee dated October 16, 2012 (the "**Third Report**") was filed in support of the Trustee's motion for the Direct Brands Settlement Order and the October 31st Order. A copy of the Third Report (without exhibits) is attached hereto as **Exhibit "G"**.

PURPOSE OF THE FOURTH REPORT

9. This fourth report of the Trustee (the "**Fourth Report**") has been prepared to provide an update to this Honourable Court with respect to the Trustee's activities in the bankruptcy proceedings of DB Media Distribution since the date of the Third Report and the Trustee's supplementary receipts and disbursements since the November 2012 Distribution. In addition, this Fourth Report will provide this Honourable Court with additional information to support the Trustee's motion for an order with respect to the following:
 - i. Approving the Trustee's supplementary statement of receipts and disbursements (the "**Supplementary Statement of Receipts and Disbursements**");
 - ii. Approving supplementary dividend sheet for DB Media and DB Media Canada, respectively (collectively, the "**Supplementary Dividend Sheets**");

- iii. Authorizing and directing the Trustee to distribute \$26,045.86 to DB Media's creditors and \$62,316.18 (inclusive of the distribution from DB Media on account of the intracompany balance owing at the date of bankruptcy) to DB Media Canada's creditors;
 - iv. Declaring that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee are hereby approved, and the A&M Canada shall have no further liability in respect thereof;
 - v. Approving the activities of the Trustee from the date of the Third Report to the date of this Fourth Report; and
 - vi. Approving the discharge of the Trustee on the date that is 60 days from the date of the supplementary distribution.
10. All references to monetary amounts in this Fourth Report are in Canadian dollars unless otherwise noted.

BACKGROUND

11. DB Media Canada is a general partnership registered under the laws of the Province of Ontario with general partners CH and CH SUB, being two limited liability companies formed under the laws of the State of Delaware, U.S.A.
12. DB Media is a corporation organized under the laws of the Province of Ontario and is a sister corporation of CH.
13. DB Media was a direct-to-consumer distributor of books and DB Media Canada was a direct-to-consumer distributor of DVDs in Canada through their various specialty clubs. Prior to the date of bankruptcy, DB Media Canada also sold music compact discs, cassettes and albums to club members, but discontinued this line of business in 2008.
14. DB Media Canada and DB Media and their predecessors had been in business in Canada selling entertainment products for over fifty-five years, and books for over seventy years, respectively. At the date of bankruptcy, DB Media and DB Media Canada had active member bases of approximately 229,000 and 147,000 for the book and DVD clubs, respectively. The Companies operated from a warehouse and office premises located at 5900 Finch Avenue East, Scarborough, Ontario which was leased by DB Media Canada. DB Media Canada subleased part of the premises to two third-party entities.

15. Customers who were members of these specialty clubs were able to purchase books and DVDs by mail, telephone or on-line. Customers were also able to return books and DVDs to the Companies for credit notes. Credits were applied to the customers' accounts to be used against future purchases. At the date of bankruptcy of the Companies, over 72,000 members held unexpired credits ranging in the amounts from less than \$1 to \$2,500.
16. At the date of bankruptcy, DB Media employed approximately 100 full-time, non-unionized hourly warehouse and salaried office staff. The staff performed duties for both DB Media and DB Media Canada and the costs were allocated between the two entities through an intracompany account.
17. DB Media Distribution did not have any secured debt at the date of bankruptcy.
18. Summarized financial information for the Companies prior to the bankruptcy was provided in the Second Report.

UPDATE ON DB MEDIA DISTRIBUTION'S INSPECTORS

19. In December 2010, two Inspectors were appointed to the DB Media Distribution estates. The two Inspectors carried out their duties up to and including the date of the Third Report. However, more recently, the Trustee has been unable to contact one of the Inspectors to request that he attend the Sixth Meeting of Inspectors on April 8, 2014 and continue to carry out his duties as an Inspector. Despite multiple attempts over the course of several months, this Inspector has not responded to the Trustee. The Trustee discussed this matter with the Office of the Superintendent of Bankruptcy who verbally advised that the administration of the estates could continue with one Inspector.

TRUSTEE'S ACTIVITIES SINCE THE DATE OF THE THIRD REPORT

20. The main activities of the Trustee for the period September 15, 2012 to the date of this Fourth Report were as follows:
 - i. Collected the remaining GST/HST refunds owing to the estates and some small dollar accounts receivables;
 - ii. Attended Court hearings on October 23, 2012 and October 31, 2012;
 - iii. Distributed funds to DB Media Distribution's creditors in November 2012 as authorized and directed by the Court;

- iv. Updated the Inspectors on estate matters and held a meeting of Inspectors; and
 - v. Answered general inquiries made by the estates' creditors.
21. The interim period between November 2012, when the estate funds were distributed to the creditors, and the date of this report was to allow time for the GST/HST refunds owing to the estates to be collected by the Trustee.

SUPPLEMENTARY STATEMENT OF RECEIPTS AND DISBURSEMENTS

22. A copy of the Trustee's Supplementary Statement of Receipts and Disbursements for the period September 16, 2012 to March 31, 2014 is attached hereto as **Exhibit "H"**, showing the supplementary funds available for distribution by the Trustee, subject to this Honourable Court's approval of \$26,045.86 for DB Media and \$62,316.18 for DB Media Canada. The Supplementary Statement of Receipts and Disbursements does not include the funds previously distributed in the November 2012 Distribution. No further receipts have been received by the Trustee with respect to these estates to the date of this Fourth Report.
23. Total receipts in the Supplementary Statement of Receipts and Disbursements are made up of (i) the outstanding GST/HST refunds for the estates, being approximately \$25,000 for DB Media and \$47,000 for DB Media Canada, and (ii) collections of small dollar accounts receivable.
24. The October 31st Order approved a final cost allocation for the estates which took into consideration the value of the accounts receivable recoveries and the Trustee's assessment of the professional time spent by the Trustee and Osler on specific estate issues. The only cost to the Companies after the November 2012 Distribution was for the Inspector's fee which was allocated on an equal basis between DB Media and DB Media Canada.
25. At the Sixth Meeting of Inspectors, held on April 8, 2014, the Inspector approved the Supplementary Statement of Receipts and Disbursements. In addition, the Office of the Superintendent of Bankruptcy ("**OSB**") examined the Supplementary Statement of Receipts and Disbursements and provided their letters of comment. The OSB letters of comment are attached hereto as **Exhibit "I"**.
26. As previously reported to this Honourable Court in the Third Report, the Trustee stated that it would not be charging the estates for any fees incurred after September 15, 2012 to discharge. As

such, the Supplementary Statement of Receipts and Disbursements does not include any fees incurred by the Trustee or its counsel for the administration of the supplementary distribution.

SCHEME OF DISTRIBUTION AND SUPPLEMENTARY DIVIDEND SHEETS

27. Funds available for distribution will be distributed to the creditors in accordance with their priority pursuant to the BIA and the Orders of the Court made in the DB Media Distribution proceedings.
28. By s. 147(1) of the BIA, a levy is payable to the Superintendent of Bankruptcy on all payments made by the Trustee by way of a dividend or otherwise on account of the claims of creditors whether unsecured, preferred or secured. The levy is considered to be a preferred claim. Where the amount of payments exceeds \$1 million but is not more than \$2 million, the levy payable is five per cent of the first million dollars plus one and one quarter per cent of the amount in excess of \$1 million. Inclusive of the first distribution, the levy applicable for this supplementary distribution is one and one quarter per cent.
29. The Trustee is not aware of any priority claims.
30. Claim amounts for the former employees were reduced by any entitlements paid under the Wage Earner Protection Program.
31. Based on the Supplementary Dividend Sheets approved by the Inspector attached hereto as **Exhibit "J"**, unsecured creditors will have received total dividends, inclusive of the November 2012 Distribution, of approximately \$0.13 and \$0.24 on the dollar for DB Media and DB Media Canada, respectively.

DISCHARGE OF THE TRUSTEE

32. After the payment of the supplementary dividends to the Companies' creditors the administration of the bankrupt estates will be complete. Accordingly, the Trustee is seeking approval of its discharge on the date that is 60 days from the date that the supplementary distribution is made by the Trustee.

RECOMMENDATION

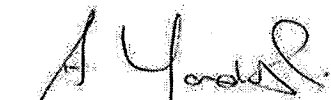
33. Based on the foregoing, the Trustee respectfully requests and recommends that an Order be made by this Honourable Court, *inter alia*:

- i. Approving the Trustee's Supplementary Statement of Receipts and Disbursements;
- ii. Approving the Supplementary Dividend Sheet;
- iii. Authorizing and directing the Trustee to distribute the funds available for distribution to the DB Media's and DB Media Canada's creditors;
- iv. Declaring that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee are hereby approved, and the A&M shall have no further liability in respect thereof;
- v. Approving the activities of the Trustee from the date of the Third Report to the date of this Fourth Report; and
- vi. Approving the discharge of the Trustee on the date that is 60 days from the date of the supplementary distribution.

ALL OF WHICH IS RESPECTFULLY SUBMITTED, at Toronto, Ontario this 18th day of September, 2014.

Alvarez & Marsal Canada Inc. in its capacity
as trustee in bankruptcy of DB Media
Distribution Inc., DB Media Distribution
(Canada), CH LLC (Canada) and
CH SUB LLC (Canada) and not in
its personal or corporate capacity

Per:



Andrea Yandreski, Vice President

TAB A

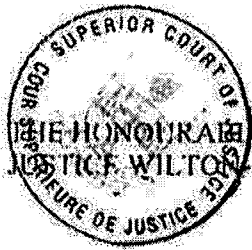
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Court File No.

31-456611

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC.**



THE HONOURABLE MR. JUSTICE WILTON SIEGEL

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FRIDAY, THE 10TH
DAY OF DECEMBER, 2010

ORDER

(Consolidation of Proceedings)

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as trustee in bankruptcy (the "Trustee") of the estates of DB Media Distribution Inc. ("DB Media"), DB Media Distribution (Canada) ("DB Media Canada"), CH LLC (Canada) ("CH") and CH SUB LLC (Canada) ("CH SUB") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Trustee dated December 9, 2010, and on hearing the submissions of counsel for the Trustee,

1. THIS COURT ORDERS that service of the Notice of Motion and the Motion Record herein upon any person is hereby dispensed with.
2. THIS COURT ORDERS that the Trustee may administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB on a consolidated basis, as follows:
 - (a) A single court file number and title of proceeding of "In the Matter of the Bankruptcy of DB Media Distribution Inc., DB Media Distribution (Canada), CH

LLC (Canada) and CH SUB LLC (Canada)” shall be assigned to the proceedings in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;

(b) The Trustee is authorized to administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB as if such estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) with respect to the administration of bankrupt estates generally, including without limitation as follows:

- (i) meetings of creditors and inspectors in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB may be convened through one combined advertisement and conducted jointly, provided that the results of any creditors’ vote shall be separately tabulated for each such bankrupt estate;
- (ii) the Trustee is authorized to use a consolidated form of proof of claim which directs creditors to identify the bankrupt estate in which a claim is made for voting and for distribution purposes;
- (iii) the Trustee is authorized to issue consolidated reports in respect of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;
- (iv) the Trustee is authorized to perform a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB required under the BIA; and

- (v) a single group of inspectors shall be the inspectors for the consolidated bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, unless an objection is raised at the first meeting of creditors in which case separate groups of inspectors shall be elected for the bankrupt estate(s) in which an objection was raised.

3. THIS COURT ORDERS that this procedural consolidation is not intended to be a substantive consolidation of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, and will automatically terminate if the Trustee is replaced as trustee of any but not all of the estates.

4. THIS COURT ORDERS that the costs of this motion be paid out of the assets of the estate forthwith after taxation thereof.

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

DEC 10 2010

PER / PAR:



**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC.**

6210-9023-006 L
Court File No.

31-456611

**Ontario
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

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Solicitors for Alvarez & Marsal Canada Inc.
in its capacity as trustee in bankruptcy of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada) and
CH SUB LLC (Canada)

02 10-9023-0000

Court File No.

31-456614

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION (CANADA)**



THE HONOURABLE MR.
JUSTICE WILTON-SIEGEL

)
)
)

FRIDAY, THE 10TH
DAY OF DECEMBER, 2010

ORDER

(Consolidation of Proceedings)

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as trustee in bankruptcy (the "Trustee") of the estates of DB Media Distribution Inc. ("DB Media"), DB Media Distribution (Canada) ("DB Media Canada"), CH LLC (Canada) ("CH") and CH SUB LLC (Canada) ("CH SUB") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Trustee dated December 9, 2010, and on hearing the submissions of counsel for the Trustee,

1. THIS COURT ORDERS that service of the Notice of Motion and the Motion Record herein upon any person is hereby dispensed with.

2. THIS COURT ORDERS that the Trustee may administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB on a consolidated basis, as follows:

- (a) A single court file number and title of proceeding of "In the Matter of the Bankruptcy of DB Media Distribution Inc., DB Media Distribution (Canada), CH

LLC (Canada) and CH SUB LLC (Canada)” shall be assigned to the proceedings in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;

- (b) The Trustee is authorized to administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB as if such estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) with respect to the administration of bankrupt estates generally, including without limitation as follows:
- (i) meetings of creditors and inspectors in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB may be convened through one combined advertisement and conducted jointly, provided that the results of any creditors’ vote shall be separately tabulated for each such bankrupt estate;
 - (ii) the Trustee is authorized to use a consolidated form of proof of claim which directs creditors to identify the bankrupt estate in which a claim is made for voting and for distribution purposes;
 - (iii) the Trustee is authorized to issue consolidated reports in respect of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;
 - (iv) the Trustee is authorized to perform a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB required under the BIA; and

- (v) a single group of inspectors shall be the inspectors for the consolidated bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, unless an objection is raised at the first meeting of creditors in which case separate groups of inspectors shall be elected for the bankrupt estate(s) in which an objection was raised.

3. THIS COURT ORDERS that this procedural consolidation is not intended to be a substantive consolidation of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, and will automatically terminate if the Trustee is replaced as trustee of any but not all of the estates.

4. THIS COURT ORDERS that the costs of this motion be paid out of the assets of the estate forthwith after taxation thereof.

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



DEC 10 2010

PER / PAR:



**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION (CANADA)**

Cv 10-9023-00CL

Court File No.

31-456614

Ontario
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

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Solicitors for Alvarez & Marsal Canada Inc.
in its capacity as trustee in bankruptcy of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada) and
CH SUB LLC (Canada)

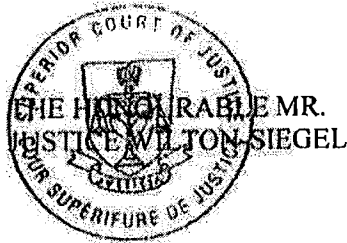
C210-9023-0002

Court File No.

31-456616

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY OF
CH LLC (CANADA)**



FRIDAY, THE 10TH
DAY OF DECEMBER, 2010

ORDER

(Consolidation of Proceedings)

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as trustee in bankruptcy (the "Trustee") of the estates of DB Media Distribution Inc. ("DB Media"), DB Media Distribution (Canada) ("DB Media Canada"), CH LLC (Canada) ("CH") and CH SUB LLC (Canada) ("CH SUB") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Trustee dated December 9, 2010, and on hearing the submissions of counsel for the Trustee,

1. THIS COURT ORDERS that service of the Notice of Motion and the Motion Record herein upon any person is hereby dispensed with.

2. THIS COURT ORDERS that the Trustee may administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB on a consolidated basis, as follows:

- (a) A single court file number and title of proceeding of "In the Matter of the Bankruptcy of DB Media Distribution Inc., DB Media Distribution (Canada), CH

LLC (Canada) and CH SUB LLC (Canada)" shall be assigned to the proceedings in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;

(b) The Trustee is authorized to administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB as if such estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") with respect to the administration of bankrupt estates generally, including without limitation as follows:

- (i) meetings of creditors and inspectors in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB may be convened through one combined advertisement and conducted jointly, provided that the results of any creditors' vote shall be separately tabulated for each such bankrupt estate;
- (ii) the Trustee is authorized to use a consolidated form of proof of claim which directs creditors to identify the bankrupt estate in which a claim is made for voting and for distribution purposes;
- (iii) the Trustee is authorized to issue consolidated reports in respect of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;
- (iv) the Trustee is authorized to perform a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB required under the BIA; and

- (v) a single group of inspectors shall be the inspectors for the consolidated bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, unless an objection is raised at the first meeting of creditors in which case separate groups of inspectors shall be elected for the bankrupt estate(s) in which an objection was raised.

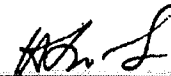
3. THIS COURT ORDERS that this procedural consolidation is not intended to be a substantive consolidation of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, and will automatically terminate if the Trustee is replaced as trustee of any but not all of the estates.

4. THIS COURT ORDERS that the costs of this motion be paid out of the assets of the estate forthwith after taxation thereof.

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

DEC 10 2010

PER / PAR:



IN THE MATTER OF THE BANKRUPTCY OF
CH LLC (CANADA)

C 10-9023-00CL

Court File No.

31-456616

Ontario
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

ORDER

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in its capacity as trustee in bankruptcy of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada) and
CH SUB LLC (Canada)

CV 10-9023-0004

Court File No.

31-456617

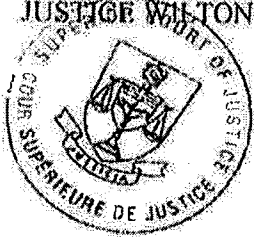
**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY OF
CH SUB LLC (CANADA)**

THE HONOURABLE MR.
JUSTICE WILTON-SIEGEL

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)

FRIDAY, THE 10TH
DAY OF DECEMBER, 2010



ORDER

(Consolidation of Proceedings)

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as trustee in bankruptcy (the "Trustee") of the estates of DB Media Distribution Inc. ("DB Media"), DB Media Distribution (Canada) ("DB Media Canada"), CH LLC (Canada) ("CH") and CH SUB LLC (Canada) ("CH SUB") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Trustee dated December 9, 2010, and on hearing the submissions of counsel for the Trustee,

1. THIS COURT ORDERS that service of the Notice of Motion and the Motion Record herein upon any person is hereby dispensed with.
2. THIS COURT ORDERS that the Trustee may administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB on a consolidated basis, as follows:
 - (a) A single court file number and title of proceeding of "In the Matter of the Bankruptcy of DB Media Distribution Inc., DB Media Distribution (Canada), CH

LLC (Canada) and CH SUB LLC (Canada)” shall be assigned to the proceedings in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;

- (b) The Trustee is authorized to administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB as if such estates were a single bankrupt estate for the purpose of carrying out its administrative duties and responsibilities as trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) with respect to the administration of bankrupt estates generally, including without limitation as follows:
- (i) meetings of creditors and inspectors in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB may be convened through one combined advertisement and conducted jointly, provided that the results of any creditors’ vote shall be separately tabulated for each such bankrupt estate;
 - (ii) the Trustee is authorized to use a consolidated form of proof of claim which directs creditors to identify the bankrupt estate in which a claim is made for voting and for distribution purposes;
 - (iii) the Trustee is authorized to issue consolidated reports in respect of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB;
 - (iv) the Trustee is authorized to perform a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB required under the BIA; and

- (v) a single group of inspectors shall be the inspectors for the consolidated bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, unless an objection is raised at the first meeting of creditors in which case separate groups of inspectors shall be elected for the bankrupt estate(s) in which an objection was raised.

3. THIS COURT ORDERS that this procedural consolidation is not intended to be a substantive consolidation of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB, and will automatically terminate if the Trustee is replaced as trustee of any but not all of the estates.

4. THIS COURT ORDERS that the costs of this motion be paid out of the assets of the estate forthwith after taxation thereof.

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

DEC 10 2010

PER / PAR:



IN THE MATTER OF THE BANKRUPTCY OF
CH SUB LLC (CANADA)

Cv 10-9023-COLL

Court File No.

31-456617

Ontario
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

ORDER

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Solicitors for Alvarez & Marsal Canada Inc.
in its capacity as trustee in bankruptcy of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada) and
CH SUB LLC (Canada)

TAB B

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)**



THE HONOURABLE MR.
JUSTICE WILTON SIEGEL

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)

FRIDAY, THE 10TH
DAY OF DECEMBER, 2010

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as trustee in bankruptcy (the "Trustee") of the consolidated estates of DB Media Distribution Inc., DB Media Distribution (Canada), CH LLC (Canada) and CH SUB LLC (Canada) (collectively, "DB Media Distribution") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Trustee dated December 9, 2010, and on hearing the submissions of counsel for the Trustee,

1. THIS COURT ORDERS that service of the Notice of Motion and the Motion Record herein upon any person is hereby dispensed with.

2. THIS COURT ORDERS that the Trustee is hereby relieved of any obligation to further inquire as to the names and addresses of the creditors of DB Media Distribution.

3. THIS COURT ORDERS that the Trustee is relieved of any obligation to send notice of the bankruptcy and of the first meeting of creditors to such creditors of DB Media

Distribution whose claims in the aggregate do not exceed \$100 in the manner prescribed under section 102 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA").

4. THIS COURT ORDERS that the Trustee is relieved of its obligation to include a full list of creditors in the notice of the bankruptcy and of the first meeting of creditors, which the Trustee will send to the creditors with the claims of \$100 or more in the manner prescribed in section 102 and the Trustee is authorized instead to make a one-line entry for the customers and employees and to direct creditors to a website which will contain a complete list of creditors;

5. THIS COURT ORDERS that the Trustee is directed to post a complete list of creditors of DB Media Distribution, including customer names, on a dedicated webpage to be set up by the Trustee on its website.

6. THIS COURT ORDERS that the Trustee is directed to redirect DB Media Distribution's book and DVD club websites to a website hosted by the Trustee, which will provide notice of the bankruptcy of DB Media Distribution and provide a link to the Trustee's website containing the statutory notice of the bankruptcy and documents for filing proofs of claim.

7. THIS COURT ORDERS that the costs of this motion be paid out of the assets of the estate forthwith after taxation thereof.

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

DEC 10 2010

PER / PAR:



A. ANDRÉOVS
S. J.

**IN THE MATTER OF THE BANKRUPTCY OF DB MEDIA DISTRIBUTION INC.,
DB MEDIA DISTRIBUTION (CANADA), CH LLC (CANADA) AND CH SUB LLC (CANADA)**

Court File No: CV10-9023-00CL

Ontario
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

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Solicitors for Alvarez & Marsal Canada Inc.
in its capacity as trustee in bankruptcy of DB Media
Distribution Inc., DB Media Distribution (Canada),
CH LLC (Canada) and CH SUB LLC (Canada)

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)**



THE HONOURABLE MR.
JUSTICE WILSON-SIEGEL

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FRIDAY, THE 10TH
DAY OF DECEMBER, 2010

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as trustee in bankruptcy (the "Trustee") of the consolidated estates of DB Media Distribution Inc., DB Media Distribution (Canada), CH LLC (Canada) and CH SUB LLC (Canada) (collectively, "DB Media Distribution") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Trustee dated December 9, 2010, and on hearing the submissions of counsel for the Trustee,

1. THIS COURT ORDERS that service of the Notice of Motion and the Motion Record herein upon any person is hereby dispensed with.

2. THIS COURT DIRECTS the Trustee to conduct a spot audit of the inventory of DB Media Distribution for the purpose of complying with section 16(3) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

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

DEC 10 2010

PER / PAR:

**IN THE MATTER OF THE BANKRUPTCY OF DB MEDIA DISTRIBUTION INC.,
DB MEDIA DISTRIBUTION (CANADA), CH LLC (CANADA) AND CH SUB LLC (CANADA)**

Court File No: CV10-9023-00CL

Ontario
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

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Solicitors for Alvarez & Marsal Canada Inc.
in its capacity as trustee in bankruptcy of DB Media
Distribution Inc., DB Media Distribution (Canada),
CH LLC (Canada) and CH SUB LLC (Canada)

TAB C

Estate File Nos. 31-456611
31-456614
31-456616
31-456617

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)

FIRST REPORT OF THE TRUSTEE IN BANKRUPTCY

INTRODUCTION

1. On December 9, 2010, DB Media Distribution Inc. ("DB Media"), DB Media Distribution (Canada) ("DB Media Canada"), CH LLC (Canada) ("CH") and CH Sub LLC (Canada) ("CH SUB") (collectively, "DB Media Distribution" or the "Companies") filed an assignment into bankruptcy. Alvarez & Marsal Canada Inc. ("A&M Canada") was appointed as trustee in bankruptcy (the "Trustee") of each of DB Media, DB Media Canada, CH and CH SUB pursuant to certificates of appointment issued by the Office of the Superintendent of Bankruptcy Canada on December 9, 2010.
2. This report of the Trustee is filed to provide this Honourable Court with additional information regarding the Companies and to support the Trustee's motion for an Order of this Honourable Court providing for a procedural consolidation of the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB (the "Procedural Consolidation Order"), and for a separate Order, *inter alia*:
 - a. relieving the Trustee of any obligation to send notice of the bankruptcy and of the first meeting of creditors to such creditors of DB Media Distribution whose claims in the aggregate do not exceed \$100 in the manner prescribed under section 102 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA");

- b. relieving the Trustee of its obligation to include a full list of creditors in the notice of the bankruptcy and of the first meeting of creditors, which the Trustee will send to the creditors with the claims of \$100 or more in the manner prescribed in section 102 of the BIA, and authorizing the Trustee to instead make a one-line entry for the customers and employees and to direct creditors to a website which will contain a complete list of creditors;
 - c. authorizing the Trustee to post a complete list of creditors of DB Media Distribution, including customer names with credit balances, on a dedicated webpage to be set up by the Trustee on its website;
 - d. authorizing the Trustee to redirect DB Media Distribution's book and DVD club websites to a website hosted by the Trustee, which will provide notice of the bankruptcy of DB Media Distribution and provide a link to the Trustee's website containing the statutory notice of the bankruptcy and documents for filing proofs of claim;
 - e. relieving the Trustee of any responsibility to perform any act or take any steps in respect of its obligations under subsections 102(1) and (2) of the BIA as such obligations relate to the creditors noted in paragraph a. above, other than supplying a form of proof of claim and proxy to those creditors upon their request of same; and
 - f. relieving the Trustee of any obligation to take full physical count of the inventory of DB Media Distribution and, otherwise, of any responsibility to perform any act or take any steps in respect of its obligations under subsection 16(3) of the BIA, other than to conduct a spot audit of the inventory.
3. In preparing this report, the Trustee has relied upon unaudited financial information, the books and records of DB Media Distribution, financial information, and analyses prepared by DB Media Distribution, and discussions with management of DB Media Distribution and its parent company, Direct Brands, Inc. (collectively, the "Information"). The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information,

and, accordingly the Trustee expresses no opinion or other form of assurance on the information contained in this report.

4. All references to monetary amounts in this report are in Canadian dollars unless otherwise noted.

BACKGROUND

5. DB Media Canada is a general partnership registered under the laws of the Province of Ontario with general partners CH and CH SUB, being two limited liability companies formed under the laws of the State of Delaware, U.S.A.
6. DB Media is a corporation organized under the laws of the Province of Ontario and is a sister corporation of CH.
7. DB Media Distribution is a direct-to-consumer distributor of books and DVDs in Canada through its various specialty clubs. Prior to the date of bankruptcy, DB Media Distribution sold music compact discs, cassettes and albums to club members, but discontinued this line of its business in December 2008.
8. DB Media Distribution and its predecessor companies have been in business in Canada selling DVDs and music products for over fifty-five years and books for over seventy years. The Companies have an active member base of 229,000 and 147,000 for the book and DVD clubs, respectively.
9. Customers of DB Media Distribution, who were members of its specialty clubs were able to purchase books and DVDs by mail, telephone or on-line. Customers were also able to return books and DVDs to the Companies for credit notes. Credits were applied to the customers' accounts to be used against future purchases. At the date of bankruptcy of the Companies over 72,000 members held unexpired credits ranging in the amounts from less than \$1 to \$2,500.

PROCEDURAL CONSOLIDATION OF PROCEEDINGS

10. The value of the assets in the bankrupt estates is insufficient to satisfy claims of the Companies' creditors in full and, to the extent possible, the Trustee is seeking to minimize the cost of administering the bankrupt estates.
11. In its efforts to reduce the expenses associated with the administration of the bankrupt estates, the Trustee is seeking procedural consolidation of the Companies' bankrupt estates to avoid performing, *inter alia*, the following separate actions in respect of each of the bankrupts:
 - a. convening and conducting meetings of creditors and inspectors;
 - b. making, filing, advertising and distributing all filings and notices required under the BIA; and
 - c. appointing separate groups of inspectors.
12. As noted above DB Media Canada is a general partnership with CH and CH SUB being its partners. The Trustee understands that all of the creditors of the partnership are the creditors of DB Media Canada and that there are no direct creditors of either CH or CH SUB. Subsection 43(16) of the BIA provides for possibility of consolidation of bankruptcy proceedings against different partners in the same partnership. While there is no a specific provision in the BIA dealing with procedural consolidation of other types of estates, the courts have done this in the past pursuant to their inherent equitable jurisdiction where there is no prejudice to creditors.
13. A procedural consolidation of the bankrupt estates of the Companies will enable the Trustee to administer the estates as one and to take the actions described in the above paragraph only once, significantly reducing the costs of administration.
14. The procedural consolidation will not result in prejudice to the Companies' creditors. The creditors will be asked to specify in their proofs of claim a particular company or companies against which their claim will be filed.

15. Direct Brands, Inc., one of the largest creditors of the Companies, has consented to the procedural consolidation being sought by the Trustee.

NOTICE OF BANKRUPTCY AND FIRST MEETING OF CREDITORS

16. At the date of the bankruptcy assignment, DB Media Distribution had amounts owing to unsecured creditors as follows:

Creditors	DB Media \$ Millions	DB Media # of Creditors	DB Media Canada \$ Millions	DB Media Canada # of Creditors
Third party trade and employee amounts	\$2.3	130	\$0.7	40
Intercompany	\$7.6	2	\$4.0	1
Customer credits	\$1.3	49,181	\$0.5	23,190
Total	\$11.2	49,313	\$5.2	23,231

17. The costs of mailing the notice of bankruptcy and first meeting of creditors to all of DB Media Distribution's creditors would be in excess of \$150,000 which is unduly expensive given the total realizable assets of the estates are estimated to be \$1.7 million, which are comprised largely of receivables.
18. The assets of the Companies are mostly comprised of a large inventory of books and DVDs, as well as certain accounts receivable. As more particularly described below, there are stringent licencing restrictions in relation to the inventory of books and DVDs, preventing the Trustee from realizing on such assets and leaving the accounts receivable to be the main stream of revenue for the estates.
19. In order to provide adequate notice of the bankruptcy and of the first meeting of creditors and to administer the estates in a cost effective manner, the Trustee proposes to:
- a. send a notice of the bankruptcy and of the first meeting of creditors to all known third party creditors, contingent claimants and employees of the Companies whose claims are \$100.00 or more. It is the Trustee's view that due to a large number of creditors, it

would be unduly expensive and extremely voluminous to include a complete list of creditors with each such notice. The Trustee will be seeking authority from this Honourable Court to instead make a one-line entry for the customers and employees on the notice and to direct creditors to a website which will contain a complete list of creditors;

- b. post a complete list of creditors of DB Media Distribution, including customer names with credit balances, on a dedicated webpage to be set up by the Trustee on its website;
- c. publish a notice of the first meeting of creditors in The Globe and Mail at least five (5) days prior to the meeting of creditors in accordance with the provisions of the BIA;
- d. redirect the Companies' book and DVD club websites to a website hosted by the Trustee, which will provide notice of the bankruptcy of the Companies and provide a link to the Trustee's creditor website containing the statutory notice of the bankruptcy and documents for filing proofs of claim; and
- e. If and as practicable, continue to operate the Companies' customer call centre until at least the conclusion of the first meeting of creditors. When customers call into the centre, the staff will be instructed to provide them with information on the bankruptcy;
- f. notify Canada Revenue Agency and other required governmental agencies of the bankruptcy of the Companies and of the first meeting of creditors.

20. If the statutory notice of the bankruptcy and of the first meeting of creditors is mailed to creditors with claims equal to or greater than \$100.00, then the vast majority of third party trade creditors and approximately 2,600 customers comprising an estimated 24% of credit amounts would receive notice.

INVENTORY COUNT

21. As noted above, a large portion the assets of the Companies is comprised of books and DVDs. There are approximately 465,000 DVDs and over 100,000 Health and Harmony items. The Trustee has been advised by the management of the Companies that that a full count of this inventory would take about 2 full days with about 100 employees counting. No shipping would occur in those two days. The Trustee has not yet had a chance to get an estimate from a third party inventory firm.
22. Such assets are subject to the terms of the licences between various recording studios/publishers and the Companies' parent, Direct Brands, Inc. (the "Head Licences"). Such licences contain express restrictions in terms of the scope of permitted distribution and sale of the licensed products. Notwithstanding that there is no written sublicense between Direct Brands, Inc. and the Companies, the Trustee's counsel's view is that there is an implied sublicense and, therefore, the Companies would be restricted from selling the inventory on the basis as set out in the Head Licences. Accordingly, any distribution or sale outside of the scope permitted under the Head Licences would constitute a breach of its terms. Given that the Trustee cannot acquire better rights than a bankrupt, the Trustee would not have the right to resell the inventory outside of the scope of the permitted distribution and sale terms contained in the Head Licences.
23. Given the above, during the first meeting of the inspectors of the Companies' estates, the Trustee expects to request authorization from the Inspectors to return the inventory to Direct Brands, Inc. in exchange for the reduction of its debt, which is approximately \$1.4 million owing from DB Media and \$3 million owing from DB Media Canada.
24. Given the massive volume of inventory units, the trustee expects that taking a physical count of the inventory will involve a substantial expense.
25. The Trustee is of a view that due to the nature of the inventory and given that there will be limited realization from such inventory, the cost of taking physical count of such inventory will be unduly expensive and not in the best interests of the Companies' estates and their stakeholders.

26. Nonetheless, the Trustee intends to conduct a spot audit of such inventory.

Recommendation

27. The Trustee respectfully requests and recommends that the Procedural Consolidation Order be made by this Honourable Court in the form attached to the within Notice of Motion.

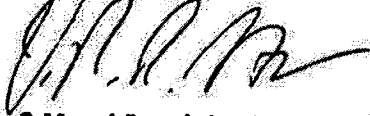
28. The Trustee also respectfully requests and recommends that a separate order be made by this Honourable Court, *inter alia*:

- a. relieving the Trustee of any obligation to send notice of the bankruptcy and of the first meeting of creditors to such creditors of DB Media Distribution whose claims in the aggregate do not exceed \$100 in the manner prescribed under section 102 of the BIA;
- b. relieving the Trustee of its obligation to include a full list of creditors in the notice of the bankruptcy and of the first meeting of creditors, which the Trustee will send to the creditors with the claims of \$100 or more in the manner prescribed in section 102 of the BIA, and authorizing the Trustee to instead make a one-line entry for the customers and employees and to direct creditors to a website which will contain a complete list of creditors;
- c. authorizing the Trustee to post a complete list of creditors of DB Media Distribution, including customer names with credit balances, on a dedicated webpage to be set up by the Trustee on its website;
- d. authorizing the Trustee to redirect DB Media Distribution's book and DVD club websites to a website hosted by the Trustee, which will provide notice of the bankruptcy of DB Media Distribution and provide a link to the Trustee's website containing the statutory notice of the bankruptcy and documents for filing proofs of claim;
- e. relieving the Trustee of any responsibility to perform any act or take any steps in respect of its obligations under subsections 102(1) and (2) of the BIA as such obligations relate

to the creditors noted in paragraph a. above, other than supplying a form of proof of claim and proxy to those creditors upon their request of same; and

- f. relieving the Trustee of any obligation to take full physical count of the inventory of DB Media Distribution and, otherwise, of any responsibility to perform any act or take any steps in respect of its obligations under subsection 16(3) of the BIA, other than to conduct a spot audit of the inventory.

All of which is respectfully submitted,



**Alvarez & Marsal Canada Inc. in its capacity
as trustee in bankruptcy of DB Media
Distribution Inc., DB Media Distribution
(Canada), CH LLC (Canada) and
CH SUB LLC (Canada) and not in
its personal or corporate capacity**

TAB D

District of Ontario
Division No. 09 - Toronto
Court No. CV10-9023-00CL
Estate Nos. 31-456611, 31-456614, 31-456616, 31-456617

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)
OF THE CITY OF SCARBOROUGH, IN THE PROVINCE OF ONTARIO**

**SECOND REPORT OF THE TRUSTEE IN BANKRUPTCY
December 23, 2010**

INTRODUCTION

1. On December 9, 2010, DB Media Distribution Inc. ("DB Media"), DB Media Distribution (Canada) ("DB Media Canada"), CH LLC (Canada) ("CH") and CH Sub LLC (Canada) ("CH Sub") (collectively, the "Companies") each filed assignments in bankruptcy pursuant to Section 49 of the *Bankruptcy and Insolvency Act* (the "BIA"). Alvarez & Marsal Canada Inc. ("A&M Canada") was appointed as trustee in bankruptcy (the "Trustee") of each of DB Media, DB Media Canada, CH and CH Sub pursuant to certificates of appointment issued by the Office of the Superintendent of Bankruptcy Canada on December 9, 2010, subject to affirmation by the creditors at the First Meeting of Creditors.

BACKGROUND

2. DB Media Canada is a general partnership (the "Partnership") registered under the laws of the Province of Ontario with general partners CH and CH Sub, being two limited liability companies formed under the laws of the State of Delaware, U.S.A.
3. DB Media is a corporation organized under the *Canadian Business Corporations Act* and is a sister corporation of CH.
4. The Companies were direct-to-consumer distributors of books and DVDs in Canada through its various specialty book and DVD clubs.

5. The Companies and their predecessors have been in business in Canada selling film and music products for over fifty-five years and books for over seventy years. The Companies have an active member base of 229,000 and 147,000 for the book and DVD clubs, respectively.
6. The Companies operated from their headquarters at a leased warehouse facility located at 5900 Finch Avenue East, Scarborough, Ontario (the "Premises").
7. DB Media employed 101 employees on a full-time basis. The workforce is not unionized.
8. Based on information available to the Trustee, the bankruptcy assignments were made in response to poor economic conditions which negatively impacted the operations and profitability of the Companies.

FINANCIAL INFORMATION

9. Summarized financial information for DB Media, DB Media Canada, CH and CH Sub extracted from the Companies' financial statements for the fiscal years (i) August 12, 2008 to December 31, 2008; (ii) January 1, 2009 to December 31, 2009; and (iii) January 1, 2010 to November 30, 2010 are attached as Appendix A.
10. Among other things, the financial statements indicate that DB Media incurred operating losses of approximately \$2.0 million and \$1.8 million for the fiscal year ended December 31, 2009 and for a post-acquisition stub period (August 12th to December 31st) in 2008, respectively. Further, according to DB Media's internal financial records for the 11 months ended November 30, 2010, it incurred losses of approximately \$1.0 million.
11. The financial statements of DB Media Canada indicate that DB Media Canada had operating profits of approximately \$2.5 million and \$3.0 million for fiscal 2009 and the 2008 stub period, respectively. However, for the 11 month period ended November 30, 2010, the internal financial statements indicate a loss of approximately \$1.5 million.

CONSERVATORY AND PROTECTIVE MEASURES

12. On December 9, 2010, the Trustee attended the Premises to take possession of the assets located at the Premises and to secure the books and records of the Companies. On the same date, the Trustee arranged for the locks to be changed at the Premises, informed the security company of the bankruptcy and had representatives of the Trustee added to the alarm code listing. In addition, remote computer access and employees' pass cards to the Premises were disabled.

COURT ORDERS

13. On December 10, 2010, the Trustee obtained an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") allowing for the procedural consolidation of the bankrupt estates of DB Media, DB Media Canada, CH and CH Sub. This Order allows the Trustee to reduce the cost of administration of the bankrupt entities by avoiding performing separate actions such as:

- a. Convening and conducting meetings of creditors and Inspectors;
- b. Making, filing, advertising and distributing all filings and notices required under the BIA; and
- c. Appointing separate groups of Inspectors.

14. Further, the Trustee obtained two other separate Orders of the Court on December 10, 2010:

- a. Relieving the Trustee of any obligation to send notice of the bankruptcy and of the first meeting of creditors to such creditors of the Companies whose claims in the aggregate do not exceed \$100;
- b. Relieving the Trustee of its obligation to include a full list of creditors in the notice of the bankruptcy and of the first meeting of creditors and authorizing the Trustee to instead make a one-line entry for customers and employees, respectively, and to direct creditors to a website which will contain a complete list of creditors;
- c. Directing the Trustee to post a complete list of creditors of the Companies, including customer names, on a dedicated webpage to be set up by the Trustee on its website;
- d. Directing the Trustee to redirect the Companies' book and DVD club websites to a website hosted by the Trustee which provides notice of the bankruptcies of the Companies and

provides a link to the Trustee's website containing the statutory notice of the bankruptcies and documents for filing proofs of claim; and

- e. Directing the Trustee to conduct a spot audit of the inventory of the Companies for the purpose of complying with section 16(3) of the BIA.

These Orders will allow the Trustee to reduce the cost of administration of the estates. This is important because the net realizable values of the assets (based on the Companies' books and records) are expected to be significantly less than the amount of the claims of the unsecured creditors and the number of prospective claims (in excess of 72,000) and units of inventory (approximately 479,000 items) would have required a significant expense to administer in accordance with the provisions of the BIA without such Orders.

GENERAL ADMINISTRATION

15. On December 9, 2010, the Trustee held a meeting with the employees of DB Media to inform them of the Companies' bankruptcies and notify them of the termination of their employment as a result of the DB Media bankruptcy. The Trustee has assisted the employees with the administration of severance and termination claims and the *Wage Earner Protection Program* ("WEPP"). In addition, the Trustee is working with DB Media's payroll service provider, ADP, to have the former employees' records of employment prepared in a timely manner.
16. With the assistance of the Companies' management, the Trustee has identified certain call centre, operations and finance employees needed to assist the Trustee with the wind down of the estate. Given their experience and the large volume of customers and accounts, the Trustee has determined that it would be more efficient and effective to have these former employees perform the required customer service and operations duties during the wind down process. These employees returned to work shortly after the date of bankruptcy.
17. The Trustee re-opened the call centre on December 13, 2010 to help facilitate the collection of outstanding accounts receivable on a timely basis and to respond to customer queries.
18. On December 21, 2010, the Trustee funded payroll of approximately \$58,000 to ADP.

STATUTORY NOTICES AND INVENTORY COUNT

19. On December 13, 2010, the Trustee, with the assistance of DB Media's staff, sent, by regular mail, over 2,800 notices of bankruptcy and the first meeting of creditors, along with a creditors' list, form of a proof of claim, proxy and completion instructions to the Companies' creditors who are owed \$100 or more. The affidavit of mailing and the list of creditors will be tabled at the first meeting of creditors and are available upon request.
20. The Trustee placed the notice of bankruptcy and first meeting of creditors in the December 15, 2010 edition of The Globe and Mail.
21. The Trustee has set up a website for the Companies' creditors at www.alvarezandmarsal.com/DBMD which includes the statutory notice of bankruptcy and proof of claim documents. In addition, the Trustee has redirected customers accessing the Companies' main book and DVD sites to a website hosted by the Trustee at www.alvarezandmarsal.com/DBMedia. This website provides notice of the bankruptcy and provides a link to the Trustee's creditors' website.
22. In accordance with the Order made on December 10, 2010, the Trustee performed a spot audit of the Companies' inventory during the week of December 13, 2010. No significant variances were found between the spot audit of the inventory counted and the Companies' books and records.

ASSETS OF THE BANKRUPT

23. Based on the Preliminary Statement of Affairs, the Companies' primary assets and their estimated gross realizable values as at the date of the bankruptcy assignment are as follows:

DB Media

24. Accounts receivable of approximately \$1.2 million, which is comprised primarily of amounts due from DB Media's customers.

25. Inventory of approximately \$25,000, which is comprised primarily of books.
26. Machinery and equipment of approximately \$10,000. The machinery and equipment is fully depreciated on DB Media's books and records.

DB Media Canada

27. Trade accounts receivable of approximately \$300,000, which is comprised primarily of amounts due from DB Media Canada's customers. In addition, DB Media Canada has an intracompany receivable from DB Media of approximately \$6.3 million.
27. Inventory with a net book value of approximately \$1.0 million, which is comprised primarily of DVDs. As reported by the Trustee in its First Report dated December 10, 2010 (the "Trustee's First Report") and as more particularly described below, there are stringent licensing restrictions in relation to the inventory of DVDs, limiting the Trustee's ability to realize on such inventory.

Realization of Assets

Cash

28. DB Media and DB Media Canada had operating accounts at the Bank of Nova Scotia ("BNS") as at December 9, 2010. The Trustee has notified BNS of the bankruptcy and ensured that the accounts can continue to receive customer account payments through financial institution transfers and through the Companies' credit card processing provider, Chase Paymentech. Cheques received at the Companies' Premises are being deposited directly into the Trustee's account. As of December 22, 2010, the balances in the BNS accounts are approximately \$375,000 for DB Media and \$55,000 for DB Media Canada. The Trustee has been in extensive discussions with BNS to facilitate the ability to transfer funds to the Companies' estates while maintaining the BNS accounts in order to receive the customer payments made through financial institutions transfers or by credit card.

Inventory

29. The Companies' inventory consists primarily of books and DVDs.
30. Substantially all of the DVD inventory that is owned by DB Media Canada is subject to the terms of licences (the "Head Licences") between various recording studios/publishers and the Companies' parent, Direct Brands, Inc. ("DBI"). Osler, Hoskin & Harcourt LLP ("Osler"), as independent counsel to the Trustee, has reviewed a significant number of the Head Licences and determined that such Head Licences contain express restrictions in terms of the scope of permitted distribution and sale of licenced products.
31. While there is no written sublicense between DBI and the Companies, Osler's view is that there are strong arguments that there is an implied sublicense which restricted the Companies from selling the inventory on a basis that is inconsistent with the terms of the Head Licence. Accordingly, any distribution or sale of the inventory outside of the scope permitted under the Head Licences could be interpreted to constitute a breach of its terms.
32. Given the argument that the Companies did not have the right to resell the inventory outside of the scope of the permitted distribution and sale terms contained in the Head Licences, any such sale may expose the Trustee to liability for a breach of the Head Licences and the implied sublicences. DBI has also indicated to the Trustee that, given that the sale of inventory outside of the scope of the Head Licences gives rights to the licensor to terminate the Head Licences, DBI will seek injunctive relief from the Court preventing such sale and will make a claim for any damages it may suffer. As a result, the Trustee intends to raise this issue with the Inspectors and seek instructions from the Inspectors with respect to the disposition of such inventory.
33. DB Media has a line of business called "Health & Harmony", which includes books, DVDs, and health and wellness items such as jewelry, candles, cosmetics, etc., that are not subject to the Head Licences discussed above. The Trustee is in the process of determining how to best realize on this inventory in a commercially reasonable manner and intends to discuss options with the Inspectors.

Accounts Receivable

34. Given the licensing restrictions in relation to most of the inventory of DVDs that prevent the Trustee from realizing on these assets, the Companies' accounts receivable are expected to be the primary source of proceeds for the estates.
35. As indicated above, the Trustee is currently operating the call centre to assist the Companies' customers to resolve account issues and pay outstanding balances owing by such customers to the Companies. In addition, the Trustee intends to issue updated account statements to the Companies' customers during the last week in December, 2010. Collections of accounts receivable that have been received in the form of cheque, cash or tax refund as of December 22, 2010, were approximately \$255,000 in respect of DB Media and \$104,000 in respect of DB Media Canada.

Furniture and Equipment

36. The Trustee has requested asset valuations from two third party appraisers each of whom conducted a walk-through of the Premises during the week of December 13, 2010. The Trustee is in the process of reviewing the reports they have provided, which includes an appraisal of non-licensed inventory and intends to discuss the results of those reports and alternatives relating to such assets with the Inspectors.

Other Assets

37. DB Media and DB Media Canada have an active member base of approximately 229,000 and 147,000 members, respectively. The Trustee is in the process of identifying potential parties who may be interested in purchasing the Companies' customer lists.
38. Prior to the bankruptcy, DB Media Canada entered into foreign exchange contracts for US dollars. The Trustee is in the process of having the funds in the amount of approximately \$225,000, held in these foreign exchange accounts, transferred to its trust account.

39. The Trustee intends to conduct a review to determine if there are any potential recoveries from tax refund filings initiated by the Companies or from tax losses accumulated prior to the bankruptcy of the Companies.

SECURITY INTERESTS

40. A search conducted on December 14, 2010 pursuant to the *Personal Property Security Act* (Ontario) ("PPSA") against each of the Companies showed only one PPSA registration against DB Media in favour of Dell Financial Services Canada Limited ("Dell") for computer equipment, which is subject to an equipment Lease agreement between Dell and DB Media.

41. Apart from security in favour of Dell indicated above, It appears that the Companies do not have any other secured creditors.

PROOFS OF CLAIM

42. As of December 22, 2010, the claims filed with the Trustee can be summarized as follows:

Name of Estate	\$ Claims Filed	# of Creditors
DB Media	\$4.092 million	68
DB Media Canada	\$5.013 million	6

43. Based on the proofs of claim received to date, with a few minor exceptions, there do not appear to be any substantial changes from the preliminary lists of creditors.

44. DBI is one of the largest creditors of the Companies. Based on the proofs of claim filed, DBI is owed approximately \$1.3 million by DB Media and approximately \$3.5 million by DB Media Canada.

45. The Trustee understands that all of the creditors of the Partnership are the creditors of DB Media Canada and that there are no direct creditors (or assets, other than their partnership interests) of either of the partners, CH or CH Sub.

Employee Claims

46. The Trustee is in the process of carrying out a claims process pursuant to the *Wage Earner Protection Program Act* ("WEPPA") in respect of the Companies' former employees.
47. The Trustee has been providing the Companies' former employees with the estimated amount of their claims, if any, for outstanding severance and/or termination pay based on the Companies' records.
48. The Trustee was advised, and subsequently confirmed, that prior to filing the bankruptcy assignment, DB Media paid employee wages and vacation pay in full.

Retirement Plans

49. DB Media is the sponsor and administrator of the Employee Retirement Plan of Doubleday Canada Limited (the "DB Media Plan") and DB Media Canada is the sponsor and administrator of the Retirement Plan for Employees of The Columbia House Company (Canada) (the "DB Media Canada Plan") (collectively referred to as the "Retirement Plans"). The Retirement Plans are defined benefit plans. The DB Media Plan and the DB Media Canada Plan have wind-up deficiencies of approximately \$1.5 million and \$1.7 million, respectively, based on the most recent actuarial valuations. There are 110 members of the DB Media Plan and 167 members of the DB Media Canada Plan.
50. The Trustee will not be administering the Retirement Plans nor taking any other steps in connection with them. On December 10, 2010, the Trustee notified the Financial Services Commission of Ontario ("FSCO") of the Companies' bankruptcies and its position regarding the Retirement Plans. The Trustee has been advised that FSCO has appointed PricewaterhouseCoopers as the statutory administrator for the Retirement Plans.

LEGAL PROCEEDINGS, PREFERENCES, TRANSFERS AT UNDER VALUE

51. The Trustee has not initiated any legal proceedings to date. The Trustee is in the process of conducting its review of potential preference payments and transfers at undervalue pursuant to the BIA and the provincial Ontario preference legislation and shall report on its findings upon the completion of its review.

ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION

52. As discussed above, the Trustee is of the view that the most significant asset of the Companies is their accounts receivable. Given the nature of the Companies' accounts receivable – a very large number of small dollar amount accounts – it is uncertain at this time what the recovery of these accounts receivable will be. Accordingly, the Trustee is not able to determine at this time the amount of funds, if any, that may be available for distribution to unsecured creditors of the Companies.

53. Given that the estates have been procedurally consolidated and there are significant common costs and shared services between the estates, the Trustee will be seeking input from the Inspectors on a fair and reasonable allocation of costs between the estates.

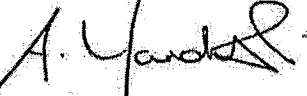
DEPOSIT AND FEE GUARANTEE

54. Alvarez & Marsal Canada ULC received a deposit of \$75,000 from DB Media Canada as a retainer to be applied against its fees and expenses in connection with work undertaken prior to its appointment as Trustee. As these funds constitute an asset of the estate, the Trustee has made arrangements to have such funds deposited in the Trustee's DB Media Canada estate bank account.

55. DBI has provided the Trustee with a guarantee of the Trustee's fees and expenses incurred or to be incurred in connection with the administration of the Companies' estates.

DATED at Toronto, Ontario, the 23rd day of December, 2010.

**Alvarez and Marsal Canada Inc. in its capacity
as trustee in bankruptcy of DB Media
Distribution Inc., DB Media Distribution (Canada),
CH LLC (Canada) and CH Sub LLC (Canada) and not in
its personal or corporate capacity**

A handwritten signature in black ink, appearing to read "A. Yandreski", is written over the text of the signature block.

Per: Andrea Yandreski
Vice-President

Appendix A

DB Media Distribution Inc.	30-Nov-10 (11 months) (unaudited)	31-Dec-09 (12 months) (unaudited)	31-Dec-08 (Aug 12 - Dec 31) (unaudited)
Summarized Balance Sheet			
Cash	519,469	993,989	-
Net Accounts Receivable	1,393,620	631,333	2,102,972
Prepaid expenses and other assets	45,112	51,394	70,952
Inventory	22,650	49,819	196,147
Property, plant and equipment	-	-	-
Total Assets	1,980,851	1,726,535	2,370,071
Bank indebtedness			
Accounts payable and accrued liabilities	3,467,173	2,636,695	2,796,323
Due to affiliated companies	7,171,150	6,772,077	5,108,390
Pension liability	930,840	914,700	885,800
Capital stock	665,790	665,790	665,790
Deficit	(10,254,102)	(9,262,727)	(7,086,232)
Total liabilities and shareholders' deficiency	1,980,851	1,726,535	2,370,071

DB Media Distribution Inc.	30-Nov-10 (11 months)	31-Dec-09 (12 months)	31-Dec-08 (Aug 12 - Dec 31)
Summarized Statement of Operations			
Net sales	11,215,401	19,452,192	10,446,452
Cost of goods sold	5,694,777	10,765,772	5,291,873
Gross profit on sales	5,520,624	8,686,420	5,154,579
Operating expenses	5,901,999	10,660,982	6,970,229
Loss before undernoted	(381,375)	(1,974,562)	(1,815,650)
Gain on sale of capital assets	-	-	-
Interest and other income, net	(610,000)	367	23,414
Loss for the period	(991,375)	(1,974,195)	(1,792,236)
Deficit, beginning of period	(9,262,727)	(7,086,232)	(5,293,996)
Loss for the period	(991,375)	(1,974,195)	(1,792,236)
Other Items affecting retained earnings	-	(202,300)	-
Deficit, end of period	(10,254,102)	(9,262,727)	(7,086,232)

Appendix A

DB Media Distribution (Canada)	30-Nov-10 (11 months)	31-Dec-09 (12 months)	31-Dec-08 (Aug 12 - Dec 31)
	(unaudited)	(unaudited)	(unaudited)
Summarized Balance Sheet			
Cash	10,997	300,132	4,841,790
Net Accounts Receivable	253,074	1,040,858	1,877,924
Prepaid expenses and other assets	89,526	141,513	325,059
Inventory	28,981	33,644	374,145
Property, plant and equipment	23,112	30,046	37,557
Total Assets	405,690	1,546,193	7,456,475
Bank indebtedness			
Accounts payable and accrued liabilities	8,621,125	9,462,230	12,411,382
Due to affiliated companies	(2,725,808)	(3,980,667)	1,343,925
Pension liability	(47,723)	31,000	(54,000)
Capital stock			
Deficit	(5,441,904)	(3,966,370)	(6,244,832)
Total liabilities and shareholders' deficiency	405,690	1,546,193	7,456,475

DB Media Distribution (Canada)	30-Nov-10 (11 months)	31-Dec-09 (12 months)	31-Dec-08 (Aug 12 - Dec 31)
Summarized Statement of Operations			
Net sales	5,129,957	13,626,359	10,666,052
Cost of goods sold	2,193,016	5,010,375	4,245,254
Gross profit on sales	2,936,941	8,615,984	6,420,798
Operating expenses	4,126,202	6,134,976	2,845,896
Income/ (loss) before undernoted	(1,189,261)	2,481,008	3,574,902
Gain on sale of capital assets			
Interest and other Income, net	(286,273)	(2,546)	(593,543)
Income/(loss) for the period	(1,475,534)	2,478,462	2,981,359
Deficit, beginning of period	(3,966,370)	(6,244,832)	(9,265,191)
Income/(loss) for the period	(1,475,534)	2,478,462	2,981,359
Other items affecting retained earnings		(200,000)	39,000
Deficit, end of period	(5,441,904)	(3,966,370)	(6,244,832)

Appendix A

CH LLC	31-Dec-09 (12 months) (unaudited)	31-Dec-08 (Aug 12 - Dec 31) (unaudited)
Summarized Balance Sheet		
Cash	0	0
Investment in CHC Canada Partnership	17,372,027	14,918,561
Investment in CH Sub LLC	11,894	11,894
Deferred income taxes	261,160	261,160
Total Assets	17,645,081	15,191,615
Income taxes payable	1,070,953	187,705
Contributed surplus- CH operating LLC contribution	39,702,630	39,702,630
APIC	687,060	687,060
Purchase adjustment	212,211	212,211
Return of equity	(26,523,532)	(26,523,532)
Retained earnings	2,495,758	925,540
Total liabilities and equity	17,645,081	15,191,615

CH LLC	31-Dec-09 (12 months)	31-Dec-08 (Aug 12 - Dec 31)
Summarized Statement of Operations		
Earnings from Investment in CHC - Canada Partnership	2,453,465	2,951,545
Operating costs and expenses	-	-
Other operating expense/(income)	-	-
Income tax expense/(benefit)	883,248	1,062,556
Net Income/(loss)	1,570,218	1,888,989

Appendix A

CH Sub LLC	31-Dec-09 (12 months)	31-Dec-08 (Aug 12 - Dec 31)
Summarized Balance Sheet		
Cash	-	-
Investment in CHC Canada Partnership	175,043	150,261
Deferred income taxes	2,638	2,638
Total Assets	177,682	152,899
Income taxes payable	9,314	393
Contributed surplus- CH operating LLC contribution	402,213	402,213
APIC	6,940	6,940
Purchase adjustment	2,144	2,144
Return of equity	(264,422)	(264,422)
Retained earnings	21,494	5,632
Total liabilities and equity	177,683	152,899

CH Sub LLC	31-Dec-09 (12 months)	31-Dec-08 (Aug 12 - Dec 31)
Summarized Statement of Operations		
Earnings from investment in CHC - Canada Partnership	24,782	29,814
Operatings costs and expenses	-	-
Other operating expense/(income)	-	-
- Income tax expense/(benefit)	8,922	10,733
Net income/(loss)	15,861	19,081

TAB E

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)
MR. JUSTICE PATTILLO)
TUESDAY, THE 23rd DAY
OF OCTOBER, 2012

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)**

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc. ("**A&M Canada**") in its capacity as Trustee in bankruptcy of each of DB Media Distribution Inc. ("**DB Media**"), DB Media Distribution (Canada) ("**DB Media Distribution**"), CH LLC (Canada) and CH Sub LLC (Canada), for relief contemplated in the Third Report of the Trustee dated October 16, 2012 (together with all exhibits attached thereto, the "**Third Report**") and such further and other relief as counsel may advise and the Court deems just, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion dated October 17, 2012, the Third Report, and on hearing the submissions of counsel for the Trustee, no one else appearing although served as evidenced by the Affidavit of Andrea Lockhart sworn October 17, 2012, filed;

1. **THIS COURT ORDERS** that time for service of the Notice of Motion and Motion Record dated October 17, 2012 is hereby abridged so that the motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Direct Brands Settlement and the Mutual Release (each as defined and described in the Third Report) be and are hereby approved and that

the Trustee is authorized and directed to take such steps and execute such documents as may be necessary or desirable to give effect to the Direct Brands Settlement, including without limitation the Mutual Release.

A handwritten signature in black ink, appearing to read "A. Spillo J.", is written over a horizontal line.

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

A handwritten scribble or mark, possibly initials, in black ink.

OCT 23 2012

**IN THE MATTER OF THE BANKRUPTCY OF DB MEDIA DISTRIBUTION INC.,
DB MEDIA DISTRIBUTION (CANADA), CH LLC (CANADA) AND
CH SUB LLC (CANADA)**

Court File No. CV-10-9023-00CL
Estate File Nos. 31-456611, 31-456614,
31-456616, 31-456617

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, First Canadian Place
Toronto, ON M5X 1B8

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Tel: (416) 862-4908
Fax: (416) 862-6666

Andrea M. Lockhart (LSUC #55444K)
Tel: (416) 862-6829
Fax: (416) 862-6666

Solicitors for Alvarez & Marsal Canada
Inc. in its capacity as Trustee of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada)
and CH Sub LLC (Canada) and not in its
personal capacity

IN THE MATTER OF THE BANKRUPTCY OF DB MEDIA DISTRIBUTION INC.,
DB MEDIA DISTRIBUTION (CANADA), CH LLC (CANADA) AND
CH SUB LLC (CANADA)

Oct 23/12
Court File No. CV-10-9023-00CL
Estate File Nos. 31-456611, 31-456614,
31-456616, 31-456617

Oct 23/12

M. Wasserman } Trustee
A. Lockhart }

N. MacFarland - for DBI

Based on the information in the Trustee's Third Report concerning the settlement, as further explained by counsel, I am satisfied that the settlement reached with DBI is reasonable and should be approved.

Order to be signed by me.

The balance of the relief referred to in the Third Report is adjourned to 9:30 am on October 31, 2012, to enable the Trustee to provide notice of the relief sought to the creditors.

[Handwritten signature]

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

MOTION RECORD
(Returnable October 23, 2012)

OSLER, HOSKIN & HARVEY
P.O. Box 50, First Canadian Place
Toronto, ON M5X 1E3

Marc S. Wasserman (ESUC #44066M)
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Andrea M. Lockhart (LSUC #84428K)
Tel: (416) 862-6829
Fax: (416) 862-6666

Solicitors for Alvarez & Marsal Canada Inc. in its capacity as Trustee of DB Media Distribution Inc., DB Media Distribution (Canada), CH LLC (Canada) and CH Sub LLC (Canada) and not in its personal capacity



TAB F

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)
MR. JUSTICE PATTILLO)
WEDNESDAY, THE 31st DAY
OF OCTOBER, 2012

**IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)**

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc. ("**A&M Canada**") in its capacity as Trustee in bankruptcy of each of DB Media Distribution Inc. ("**DB Media**"), DB Media Distribution (Canada) ("**DB Media Distribution**"), CH LLC (Canada) and CH Sub LLC (Canada), for relief contemplated in the Third Report of the Trustee dated October 16, 2012 (together with all exhibits attached thereto, the "**Third Report**") and such further and other relief as counsel may advise and the Court deems just, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion dated October 23, 2012, the Third Report, and on hearing the submissions of counsel for the Trustee, no one else appearing although served as evidenced by the Affidavit of Andrea Lockhart sworn October 23, 2012 and the Affidavit Andrea Yandreski sworn October 30, 2012, filed;

1. **THIS COURT ORDERS** that time for service of the Notice of Motion and Motion Record dated October 23, 2012 is hereby abridged so that the motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Trustee's Final Statement of Receipts and Disbursements set out in Exhibit "H" to the Third Report, the Final Cost Allocation (as defined

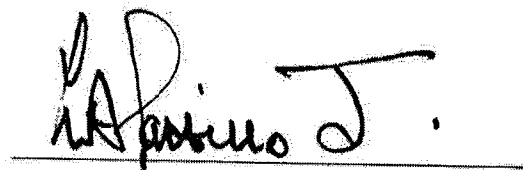
in the Third Report) and the Dividend Sheet set out in Exhibit "I" to the Third Report be and are hereby approved.

3. **THIS COURT ORDERS** that the proof of claims process as described in the Third Report be and is hereby approved.
4. **THIS COURT ORDERS** that the Trustee is authorized and directed to distribute \$1,502,785.92 to creditors of DB Media and \$1,143,944.92 to creditors of DB Media Canada (inclusive of the distribution from DB Media to DB Media Canada on account of the intracompany balance owing as of the date of bankruptcy), in each case in accordance with such creditors' priority pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and the orders of the Court made in these proceedings.
5. **THIS COURT ORDERS** that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee are hereby approved and that A&M Canada shall have no further liability in respect thereof.
6. **THIS COURT ORDERS** that the Third Report be and is hereby accepted and approved and the activities of the Trustee as described in the Third Report be and are hereby approved.
7. **THIS COURT ORDERS** that the Trustee's fees and disbursements (excluding HST) for the period from December 9, 2010 to and including September 15, 2012 in the amount of \$921,482.26 and the fees and disbursements (excluding HST) of its counsel, Osler, Hoskin & Harcourt LLP, for the period from December 9, 2010 to and including September 15, 2012 in the amount of \$165,122.94 as detailed in the Third Report be and are hereby approved and taxed at \$921,482.26 and \$165,122.94, respectively.
8. **THIS COURT ORDERS** that the estimate of Final Fees and Disbursements (as defined in the Third Report) to conclude the bankrupt estates be and is hereby approved and taxed in an amount not to exceed \$13,500 (excluding HST).

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



OCT 3 1 2012



**IN THE MATTER OF THE BANKRUPTCY OF DB MEDIA DISTRIBUTION INC.,
DB MEDIA DISTRIBUTION (CANADA), CH LLC (CANADA) AND
CH SUB LLC (CANADA)**

Court File No. CV-10-9023-00CL
Estate File Nos. 31-456611, 31-456614,
31-456616, 31-456617

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

ORDER

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Solicitors for Alvarez & Marsal Canada
Inc. in its capacity as Trustee of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada)
and CH Sub LLC (Canada) and not in its
personal capacity

TAB G

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF
DB MEDIA DISTRIBUTION INC., DB MEDIA DISTRIBUTION (CANADA),
CH LLC (CANADA) AND CH SUB LLC (CANADA)

THIRD REPORT OF THE TRUSTEE IN BANKRUPTCY
ALVAREZ & MARSAL CANADA INC.
October 16, 2012

INTRODUCTION

1. On December 9, 2010, DB Media Distribution Inc. (“DB Media”), DB Media Distribution (Canada) (“DB Media Canada”), CH LLC (Canada) (“CH”) and CH Sub LLC (Canada) (“CH SUB”) (collectively, “DB Media Distribution” or the “Companies”) filed assignments in bankruptcy. Alvarez & Marsal Canada Inc. (“A&M Canada”) was appointed as trustee in bankruptcy (the “Trustee”) of each of DB Media, DB Media Canada, CH and CH SUB pursuant to certificates of appointment issued by the Office of the Superintendent of Bankruptcy Canada on December 9, 2010.
2. On December 10, 2010, this Honourable Court granted orders authorizing the Trustee to administer the bankrupt estates of DB Media, DB Media Canada, CH and CH SUB on a consolidated basis for the purpose of carrying out its administrative duties and responsibilities as Trustee under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) (the “Procedural Consolidation Orders”). The Procedural Consolidation Orders allowed the Trustee to reduce the cost of administration of the bankrupt entities by avoiding performing separate actions such as:
 - i. Convening and conducting meetings of creditors and inspectors;
 - ii. Making, filing, advertising and distributing all filings and notices required under the BIA;
and
 - iii. Appointing separate groups of inspectors.

The Procedural Consolidation Orders are attached hereto as **Exhibit "A"**.

3. In addition to the Procedural Consolidation Orders, this Honourable Court granted two other separate Orders on December 10, 2010 (collectively, the "**December 10th Orders**"):
 - i. Relieving the Trustee of any obligation to send notice of the bankruptcy and of the first meeting of creditors to such creditors of the Companies whose claims in the aggregate do not exceed \$100;
 - ii. Relieving the Trustee of its obligation to include a full list of creditors in the notice of the bankruptcy and of the first meeting of creditors and authorizing the Trustee to instead make a one-line entry for the customers and employees and to direct creditors to a website established by the Trustee (www.alvarezandmarsal.com/DBMD) (website was subsequently moved to www.amcanadadocs.com/DBMD) which contains a complete list of creditors;
 - iii. Directing the Trustee to post a complete list of creditors of the Companies, including customer names, to a dedicated webpage on the website set up by the Trustee;
 - iv. Directing the Trustee to redirect the Companies' book and DVD club websites to a website hosted by the Trustee, which provides notice of the bankruptcies of the Companies and contains the statutory notice of the bankruptcies and documents for filing proofs of claim; and
 - v. Directing the Trustee to conduct a spot audit of the inventory of the Companies for the purpose of complying with s. 16(3) of the BIA.

Copies of the December 10th Orders are attached hereto as **Exhibit "B"**.

4. The first report of the Trustee dated December 9, 2010 (the "**First Report**") was filed in support of the Trustee's motion for the Procedural Consolidation Orders and the December 10th Orders. A copy of the First Report is attached hereto as **Exhibit "C"**.

5. The second report of the Trustee dated December 23, 2010 (the "**Second Report**") was prepared for and presented at the First Meeting of Creditors held on December 23, 2010. A copy of the Second Report is attached hereto as **Exhibit "D"**.

PURPOSE OF THIS THIRD REPORT

6. This third report of the Trustee in these proceedings (the "**Third Report**") has been filed to provide an update to this Honourable Court with respect to:
- i. The Trustee's activities in DB Media Distribution's bankruptcy proceedings since the date of bankruptcy;
 - ii. The Trustee's receipts and disbursements from the date of bankruptcy; and to provide this Honourable Court with additional information to support the Trustee's motion for orders regarding the following:
 - (a) Approving a proposed settlement agreement between the Trustee and Direct Brands, Inc. ("**DBI**") regarding potential transfers at undervalue and other matters (the "**Direct Brands Settlement**");
 - (b) Approving the Trustee's final statement of receipts and disbursements and the allocation of certain receipts and disbursements between DB Media and DB Media Canada;
 - (c) Approving the proof of claim process and dividend sheet;
 - (d) Authorizing and directing the Trustee to distribute \$1,501,876.82 to DB Media's creditors and \$1,176,791.41 (inclusive of the distribution from DB Media on account of the intracompany balance owing at the date of bankruptcy) to DB Media Canada's creditors;
 - (e) Declaring that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee are hereby approved, and the A&M Canada shall have no further liability in respect thereof;
 - (f) Approving the activities of the Trustee from the date of bankruptcy to the date of this Third Report;
 - (g) Approving the fees and disbursements of the Trustee and its legal counsel, Osler, Hoskin & Harcourt LLP ("**Osler**") from the date of bankruptcy to the date of the Trustee's discharge, as set out in the affidavits of Douglas R. McIntosh sworn October 11, 2012 (the "**McIntosh Affidavit**") and Marc S. Wasserman sworn October 16, 2012 (the "**Wasserman Affidavit**") and authorizing the Trustee to pay its outstanding fees and disbursements and those of its counsel (the "**Final Fees**"); and
 - (h) Providing other relief related and ancillary to the foregoing.

DISCLAIMER

7. In preparing this Third Report, the Trustee has relied upon the Companies' books and records, unaudited financial information and statements prepared by the Companies, as well as information supplied by former management of DB Media Distribution and its parent company, DBI, former employees and advisors to the Companies (collectively, the "Information"). The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information provided to it, and, accordingly the Trustee expresses no opinion or other form of assurance on the Information contained in this Third Report. Specifically, the Trustee's procedures and enquiries are not intended to, did not and do not constitute an audit or review engagement in any form. A&M Canada assumes no responsibility or liability for loss or damage occasioned by any person or party as a result of the circulation, publication, re-production or use of this Third Report. Any use which any person or party, other than this Court, makes of this Third Report or any reliance upon or decision made based upon it is the sole responsibility of such person or party.

8. All references to monetary amounts in this Third Report are in Canadian dollars unless otherwise noted.

BACKGROUND

9. DB Media Canada is a general partnership registered under the laws of the Province of Ontario with general partners CH and CH SUB, being two limited liability companies formed under the laws of the State of Delaware, U.S.A.

10. DB Media is a corporation organized under the laws of the Province of Ontario and is a sister corporation of CH.

11. DB Media was a direct-to-consumer distributor of books and DB Media Canada was a direct-to-consumer distributor of DVDs in Canada through their various specialty clubs. Prior to the date of bankruptcy, DB Media Canada also sold music compact discs, cassettes and albums to club members, but discontinued this line of business in 2008.

12. DB Media Canada and DB Media and their predecessors had been in business in Canada selling entertainment products for over fifty-five years, and books for over seventy years, respectively. At the date of bankruptcy, DB Media and DB Media Canada had active member bases of

approximately 229,000 and 147,000 for the book and DVD clubs, respectively. The Companies operated from a warehouse and office premises located at 5900 Finch Avenue East, Scarborough, Ontario which was leased by DB Media Canada. DB Media Canada subleased part of the premises to two third-party entities.

13. Customers who were members of these specialty clubs were able to purchase books and DVDs by mail, telephone or on-line. Customers were also able to return books and DVDs to the Companies for credit notes. Credits were applied to the customers' accounts to be used against future purchases. At the date of bankruptcy of the Companies, over 72,000 members held unexpired credits ranging in the amounts from less than \$1 to \$2,500.
14. At the date of bankruptcy, DB Media employed approximately 100 full-time, non-unionized hourly warehouse and salaried office staff. The staff performed duties for both DB Media and DB Media Canada and the costs were allocated between the two entities through an intracompany account.
15. DB Media Distribution did not have any secured debt at the date of bankruptcy.
16. Summarized financial information for the Companies prior to the bankruptcy was provided in the Second Report.

TRUSTEE'S ACTIVITIES TO DATE

17. The main activities of the Trustee for the period December 9, 2010 to September 15, 2012 can be summarized in the following categories:
 - i. Taking possession of the assets and initial activities;
 - ii. Administration of the wind-down of the estates;
 - iii. Liquidation of the assets of the estates;
 - iv. Vacating the leased premises;
 - v. Review of potential preferences and potential transfers at undervalue;
 - vi. Administering the proof of claims process; and
 - vii. Reporting and communications.

i. Taking Possession of the Assets and Initial Activities

18. The Trustee undertook the following primary activities:

- Attended at DB Media Distribution's office at 5900 Finch Avenue East in Scarborough, ON on December 9, 2010 (the "**Date of Bankruptcy**"); attended an initial meeting with the former general manager, controller and operations manager regarding the bankruptcy assignment; advised the former employees of the bankruptcy assignments and discontinuation of the Companies' operations;
- Secured the leased premises and assets; obtained back-up of electronic records;
- Mailed the notice of bankruptcy and first meeting of creditors to known creditors, Canada Revenue Agency and other governmental agencies; coordinated the publication of a notice regarding same in *The Globe & Mail* (National Edition);
- Developed and maintained a website for creditors to access information about the bankruptcy proceedings as well as the proof of claim form and instructions regarding same;
- Prepared and posted a complete list of creditors of the bankrupt estates based on the Companies' books and records, including former customers with credit balances, on the Trustee's website;
- Redirected the Companies' book and DVD club websites to the Trustee's website;
- Developed a wind-down plan with DB Media Distribution's former senior management team and identified key resources;
- Developed a cash flow forecast and determined liquidity requirements for the wind-down period;
- Developed a media strategy and responded to press enquiries;
- Arranged for bank accounts to be opened in the name of the Trustee;
- Obtained insurance coverage from its broker for the period the Trustee was occupying the leased premises;
- Retained Osler as legal counsel to the Trustee;
- Performed a spot audit of inventory pursuant to the inventory Order; and
- Performed various other activities necessary to preserve the assets of the bankrupt estates.

ii. Administration of the Wind-down of the Estates

19. The Trustee performed the following primary activities:

- Oversaw the continued operation of DB Media Distribution's customer call centre (with a reduced level of staff) as a vehicle to inform customers of the bankruptcy and to collect outstanding accounts receivable;
- Managed a wind-down team of former employees; coordinated the preparation and payment of payroll for same;
- Processed records of employment and WEPP information for over 100 employees;
- Had various discussions with and prepared correspondence to DB Media's former employees regarding the status of completion of the 2010 T4s, the WEPP program, and other employment and/or estate issues;
- Oversaw the preparation and issuance of the 2010 and 2011 T4s for DB Media's former employees, including the preparation of a schedule of source information required by DB Media's and DB Media Canada's actuaries for the calculation of the pension adjustment for the T4s;
- Had various discussions with Desjardins Financial Security ("Desjardins") regarding DB Media's benefits plans, post-employment benefits for the retirees and the unrestricted deposit account held at Desjardins;
- Prepared for and attended at the first meeting of creditors on December 23, 2010;
- Prepared correspondence and had discussions with pre- and post-bankruptcy creditors of DB Media Distribution regarding the filing of proofs of claims and/or payments on account, the closing of DB Media Distribution's accounts related to same, and the status of the bankruptcy proceedings;
- Prepared and maintained a schedule of receipts and disbursements for the estates; processed cheques for post-bankruptcy creditors;
- Reviewed mail received by DB Media Distribution;
- Prepared HST returns and provincial tax returns as required; followed up with Canada Revenue Agency regarding same;
- Oversaw the preparation of DB Media Distribution's financial statements as at the Date of Bankruptcy;
- Reviewed pre-bankruptcy tax returns; prepared tax returns for the stub period to December 31, 2010 as required for the four entities, including an incorporated entity and partnership;

- Oversaw the preparation of pre-bankruptcy NR4 and T5 forms; and
- Prepared government filings for WSIB, EHT and QST as required.

iii. Liquidation of the Assets of the Estates

20. The Trustee performed the following primary activities:

- Oversaw the collection of outstanding accounts receivable from customers, including processing of payments from customers by cheque, bank transfer and credit card; held numerous discussions with individual customers regarding their outstanding accounts; engaged a collection agency to assist with collections;
- Recovered funds held in foreign exchange accounts with MF Global Canada Co. and a deposit account with Desjardins;
- Arranged for the transfer of funds in the Companies' bank accounts at the Date of Bankruptcy to the Trustee's bank accounts; had numerous discussions with the Companies' bank regarding the administration of the post-bankruptcy collection of customer payments made by direct deposit into the Companies' pre-bankruptcy bank accounts and issues related to potential customer charge backs; negotiated arrangements for the transfer of same to the Trustee's bank accounts;
- Arranged for the collection and transfer of credit card payments made by customers after the bankruptcy to the Companies' the third party processing agency, Chase Paymentech, to the Trustee's bank accounts;
- Negotiated with the landlord of the leased premises for the transfer of DB Media Distribution's on-site fixed assets in lieu of January's lease payment;
- Determined (with counsel) the extent of book and DVD inventory that were not subject to license agreements, and that, accordingly, could be realized on by the Trustee; met with potential purchasers for the sale of non-licensed inventory; negotiated a number of separate purchase and sale agreements;
- Negotiated a settlement with the Ontario Ministry of Finance regarding a provincial sales tax recovery claim;
- Negotiated the sale of information technology related assets to a third party;
- Negotiated the sale and disposal of miscellaneous assets for scrap value; and
- Realized on remaining assets, including additional receipts from miscellaneous asset sales, proceeds from the pre-bankruptcy rental of DB Media Distribution's customer lists, and various deposits.

iv. Vacating the Leased Premises

21. The Trustee performed the following primary activities:

- Oversaw the necessary destruction of DVDs and books held in inventory that the Trustee's counsel determined were subject to restrictive license agreements and could not be sold; negotiated the reimbursement of Trustee fees and payroll costs related to the inventory destruction from DBI;
- Oversaw records retention, including various discussions with Iron Mountain regarding the destruction of information technology storage media and records held as at the Date of Bankruptcy;
- Had various discussions and correspondence with Canada Post regarding the re-direction of DB Media Distribution's mail and related issues regarding mail delivery;
- Oversaw the return of third party owned assets to Canada Post and Quebecor;
- Finalized the issues related to vacating the premises, including termination of the Trustee's insurance coverage, transition of security, maintenance, office cleaning and waste removal accounts to the property manager and other issues;
- Oversaw clean-up of warehouse and the orderly transition of the leased premises to the property manager. and
- Oversaw the disposal of customer records on a confidential basis.

v. Review of Potential Preferences and Potential Transfers at Undervalue

22. As part of its administration, the Trustee reviewed the Companies' transactions prior to the Date of Bankruptcy for potential preferences and transfers at undervalue pursuant to s. 95 and 96 of the BIA.

23. Based on its review, the Trustee did not find any evidence of a preference being given in favour of one creditor over another creditor for either arm's length or non-arm's length creditors. Further information on the Trustee's review of potential transfers at undervalue is provided later in this report.

vi. Administering the Proof of Claim Process

24. The Trustee performed the following key activities:

- Mailed the notice of bankruptcy and first meeting of creditors to over 2,800 creditors;
- Reviewed proofs of claim received and prepared a schedule for same;

- Held various discussions with DB Media's former employees regarding their proofs of claim and the calculation of their severance and termination entitlements; discussions with the Ontario Ministry of Labour regarding same;
- Prepared correspondence to and had discussions with certain DB Media retirees regarding post-employment health, dental and insurance benefits and proofs of claim for same;
- Held ongoing discussions with PricewaterhouseCoopers ("PwC"), the administrator appointed by the Financial Services Commission of Ontario ("FSCO") concerning DB Media Distribution's defined benefit pension plans, including information requirements, the status of their claims, and potential dividends from the Companies;
- Held various discussions with the Canadian Musical Reproduction Rights Agency ("CMRRA") regarding CMRRA's claim and supporting documentation for same;
- Held numerous discussions with creditors regarding the status of their claims;
- Reviewed proofs of claim with the inspectors; and
- Considered whether substantive consolidation of the four estates was applicable in the circumstances.

vii. Reporting and Communications

25. The Trustee performed the following primary activities:

- Prepared the First Report in support of the Procedural Consolidation Orders and December 10th Orders;
- Prepared the Second Report summarizing the Trustee's preliminary administration; presented same to creditors at the First Meeting of Creditors on December 23, 2010;
- Prepared for and conducted five meetings of DB Media Distribution's inspectors, and conducted numerous calls and meetings with Mr. Lewis Lau, as an independent Inspector concerning potential transfers at undervalue;
- Numerous discussions with DBI and its counsel regarding estate issues;
- Established communications with creditors and other interested parties through a special website at www.alvarezandmarsal.com/DBMD (later changed to www.amcanadadocs.com/DBMD) and through individual responses to telephone and email inquiries. Copies of the Trustee's Reports, Orders made by this Honourable Court and other relevant documents in the DB Media Distribution proceedings are posted on the Trustee's website;

- Had various discussions with the Office of the Superintendent of Bankruptcy regarding estate issues; and
- Prepared correspondence to government agencies including Statistics Canada and Service Canada regarding their information requests.

SIGNIFICANT ESTATE ISSUES

26. The Trustee encountered numerous extraordinary issues and complexities throughout the course of the bankruptcy proceedings. These matters added significant time and requirements to the proceedings, as described below.

State of Books and Records of the Estates

27. The Companies' accounting and other records as well as their information technology systems were poorly maintained and incomplete. This was a significant impediment to the administration of many aspects of the estate, and ultimately resulted in material additional time and costs being incurred.

28. Available financial and accounting records were unreliable:

- i. Financial statement information was inconsistent (particularly accounts receivable and inventory balances and related reserves) and had not been properly maintained;
- ii. Financial information from prior years had not been retained or was not readily accessible;
- iii. Bank reconciliations had not been completed;
- iv. Detailed records supporting intracompany and intercompany transactions had not been maintained; operational records did not match accounting records (i.e. inventory);
- v. Supporting documentation for certain asset balances was either not available or inaccurate (e.g. MF Global Canada Co. account balances, Desjardins deposit account, outstanding rent payments from subtenants, etc.); and
- vi. Certain royalties payable had not been reconciled and paid.

29. As a result of the Companies' inadequate information technology systems, the Trustee experienced increased costs with obtaining information and winding down the systems:

- i. The IT equipment was old and the infrastructure was not streamlined;
- ii. The Companies' financial records and customer files were stored on several servers and the volume of information was significant; in order for the Trustee to continue collecting

accounts receivable and to be able to access certain financial information to carry out its statutory duties after vacating the premises, the financial records and customer account information had to be transferred onto equipment that could be used independently of the Companies' existing IT infrastructure; developing a solution to this issue was time consuming and required the services of an IT consultant;

- iii. There was a large volume of used computer hardware that had been mothballed but not decommissioned properly (i.e. scrubbed of confidential information) that the Trustee had to address; and
 - iv. The Companies' information technology systems were partially integrated with the subtenant's systems, requiring the development of a plan to wind-down the Companies' systems without disrupting the on-going operations of the subtenants.
30. Further, individual customer account information had not been kept current, making it very difficult to manage collection of outstanding receivables, primarily given that there were over 35,000 outstanding customer accounts to deal with. Records were also not maintained regarding the status of thousands of individual accounts previously turned over to collection agencies.
31. Payroll records were incomplete and inaccurate and certain information needed to issue T4 slips had not been prepared.
32. Corporate records had not been properly managed. The Companies retained accounting, human resources, operations and other records in their warehouse dating from the mid-1990's to the Date of Bankruptcy. The records, primarily stored in filing cabinets and bankers' boxes, had not been indexed. As a result, and given the gaps in readily available financial information, the Trustee was required to review the contents of approximately 2,000 boxes of records, ultimately disposing of over 1,000 and cataloguing 940 boxes that needed to be retained. In addition, the Trustee reviewed several skid loads of electronic storage devices which were ultimately disposed of based on the confidential customer information stored within.
33. Post-employment benefits and entitlements data was not maintained, which made it more difficult to properly adjudicate proofs of claims submitted by the Companies' retirees.

Nature of the Companies' Accounts Receivable

34. As indicated, due to the nature of the book club and DVD club businesses, the Companies had an extraordinarily high number of individual customer accounts receivable balances (approximately 35,000), but with a very low average value (approximately \$30.00). Along with the deficiencies with the Companies' books and records, this made the cost of oversight and administration of collections exceedingly high. It was essential that a call centre be maintained in order to respond to hundreds of customer inquiries that were received, in order to facilitate payment. Given the high cost associated with collections, the ongoing cost/benefit of maintaining the call centre was frequently reviewed by the Trustee in consultation with the Inspectors in order to ensure that the call centre was not maintained beyond an optimal point.

Large Number of Inventory Units and Restrictions on Sale

35. As at the Date of Bankruptcy, DB Media Canada had approximately 448,000 DVDs in inventory. Further, an additional 15,000 pieces of other inventory units owned by the Companies were also located at the Finch Avenue East premises. The inventory needed to be identified, sorted and disposed of, including the destruction of approximately 460,000 DVDs and books that the Trustee was unable to realize upon due to strict licensing restrictions.

36. The Trustee's counsel reviewed the Head Licence Agreements between various recording studios or publishers and DBI and determined that on the basis of restrictions contained in their agreements that it could not recommend to the Trustee or the Inspectors that the Trustee attempt to sell related DVD and book inventory. Further, DBI required such inventory to be destroyed in order to comply with its obligations; however, the Trustee did not consider it appropriate for the cost of destruction to be borne by the estates. Accordingly, the Inspectors instructed the Trustee to enter into an agreement with DBI whereby:

- i. DBI would be responsible for the fees, expenses and costs associated with the destruction and removal of the licenced inventory;
- ii. DBI would agree to reduce their intercompany claims (being Bookspan's claim in the DB Media estate and DBI's claim in the DB Media Canada estate) in an amount equivalent to the book value of the licensed inventory; and
- iii. The Trustee would not pursue the distribution and sale of the licenced inventory.

37. DBI reimbursed the estates approximately \$27,000 and \$25,000 for payroll costs and Trustee fees, respectively, related to the DVD and book destruction. DBI and Bookspan reduced their

intercompany claims by \$884,443 and \$27,876 for DB Media Canada and DB Media, respectively, to reflect the book value of the licenced inventory that was destroyed.

Investigation of Pre-bankruptcy Matters

38. At the first meeting of creditors held on December 23, 2010, several allegations were made by creditors concerning the conduct of the Companies' pre-bankruptcy, including that:

- i. Cash was transferred from DB Media Distribution to its parent company in 2008 in excess of the intercompany balances owing for book and DVD inventory;
- ii. Approximately 550,000 units of DVD inventory were destroyed during the week immediately prior to the Date of Bankruptcy;
- iii. There was a change in the transfer pricing between Bookspan and DB Media, resulting in Bookspan overcharging DB Media for book inventory in 2009 and 2010;
- iv. Several skids of computer hardware and related items were disposed of on December 8, 2010 (the day prior to the Date of Bankruptcy);
- v. The Companies sent \$2.5 million to the parent company of DBI in January 2010 which was not related to any intercompany balances owing; and
- vi. Customer returns of books and DVDs were not processed during the period October 2009 to January 2010.

39. The Trustee conducted a thorough investigation of each of the matters raised. While a number of these concerns ultimately proved to be unsubstantiated, the Trustee pursued two of the matters further based on the evidence available: (i) the destruction of certain DVD inventory immediately prior to the Date of Bankruptcy; and (ii) certain non-arm's length transactions as potential transfers at undervalue.

i. Pre-bankruptcy Destruction of DB Media Canada Inventory

40. As requested by the creditors of the estates at the First Meeting of Creditors, the Trustee conducted an investigation of an allegation that DVD inventory had been destroyed immediately prior to the Date of Bankruptcy.

41. Based on discussions with former management and a review of DB Media Distribution's records, the Trustee determined that 553,330 units of DVD inventory with a book value of approximately \$634,000 had been destroyed during the week prior to the Date of Bankruptcy with no notification to the Trustee.

42. In explaining this action, former management of the Companies and management of DBI indicated that:

- i. In the normal course of business, certain DVD titles would be disposed of, provided that DB Media Canada, among other things: (i) no longer had the rights to sell the titles; (ii) held excess stock based on the current level of sales; and/or (iii) determined the titles were no longer selling due to the length of time since their release date (collectively, the “**Obsolete DVD Inventory**”);
- ii. Obsolete DVD Inventory had to be destroyed as there was no right of return of the inventory to the recording studios or publishers and restrictions in the licence agreements (the “**Head Licences**”) between various publishers or recording studios and DBI prohibited sales to third parties; and
- iii. Former employees had been compiling the list of Obsolete DVD Inventory for several months prior to the date it was destroyed; that is, the destruction of the Obsolete DVD Inventory had been planned over time and for some time, consistent with past practices.

43. While it may indeed have been an event undertaken on past occasions by the Companies in the ordinary course, the destruction of the Obsolete DVD Inventory took place immediately before the Date of Bankruptcy and involved approximately 42% of total dollar value of DVD inventory on hand at the time. While the Trustee’s counsel ultimately ascertained that the Trustee had no ability to realize on the DVD inventory (including the obsolete DVD inventory) in any event due to strict licensing restrictions, the Trustee’s position had not been determined at the time that the inventory was destroyed.

ii. Investigation of Potential Transfers at Undervalue

44. As part of its administration of the Companies, the Trustee reviewed transactions entered into by the Companies.

45. Although plagued by inadequate accounting records, the Trustee conducted a thorough review of payment to creditors covering the 3 month period prior to the Date of Bankruptcy and the 12 month period prior to the Date of Bankruptcy for related parties. Based on its review, the Trustee did not find any preference payments.

46. However, the Trustee did identify (through a series of intercompany transactions) significant cash transfers from the Companies in July and August 2008 that were in excess of the recorded intercompany balances owed to related companies (the "2008 Transfers"). The 2008 Transfers took place immediately before the sale of the shares of the Companies' ultimate parent company, Direct Group North American Inc., ("DGNA," which later changed its name to DBI) to JMCK Corp. on August 11, 2008. The related parties who were the recipients of the 2008 Transfers remain in place and continue to be active operating entities carrying on business in the United States.
47. Based on the Companies' accounting records, the 2008 Transfers exceeded the intercompany amounts due at the time with the net result that approximately US\$2.7 million was effectively transferred by DB Media to Bookspan and DGNA, and US\$6.8 million was effectively transferred by DB Media Canada to DGNA, in excess of the respective intercompany accounts. At the time, DGNA and Bookspan were wholly owned subsidiaries of Bertelsmann, Inc.
48. DGNA transferred US\$2.0 million back to DB Media Canada on August 11, 2008 in exchange for a promissory note, adding US\$2.0 million in liabilities to DB Media Canada's balance sheet. Accordingly, the net cash transfers made by the Canadian entities were approximately US\$2.7 million from DB Media and approximately US\$4.8 million from DB Media Canada for a total of US\$7.5 million.
49. The Trustee reviewed the 2008 Transfers as potential transfers at undervalue ("TUVs"). According to s. 96 of the BIA, a TUV is a disposition of property for which no consideration is received by the debtor or for which the consideration received is conspicuously less than the fair market value of the consideration given by the debtor. For parties not at arm's length, the look back period is five years prior to the date of bankruptcy if the debtor was insolvent at the time of the transfer or rendered insolvent by the transfer.
50. One of the two estate inspectors was an employee of the Companies' ultimate parent company (DBI), and, as such, was determined to have a conflict of interest with respect to this matter. Accordingly, the Trustee consulted with and sought instructions only from the second Inspector of the estate, Mr. Lewis Lau, the independent Inspector with respect to the TUV investigation (the "Independent Inspector").

51. The Trustee conducted numerous telephone calls and in-person meetings with the Independent Inspector during the course of the investigation to: (i) update the Independent Inspector as to the Trustee's findings and status of the process; and (ii) seek instructions from the Independent Inspector on an on-going basis.
52. With the concurrence of the Independent Inspector, the Trustee spent a significant amount of time investigating the TUVs and, in particular, the solvency issue, since the Trustee had concluded that the parties involved in the transaction were not at arm's length. Considerable dialogue took place during the investigation between the Trustee and representatives of DBI and its counsel in an attempt to address certain alleged deficiencies in the books and records of the Companies, and to provide an opportunity for DBI to respond to the findings of the Trustee. DBI retained a financial advisor to provide assistance with such matters. The issues were complex and considerable time was taken to ensure that all relevant information to the issue at hand was available for consideration.
53. After considering the Trustee's findings and DBI's submissions, the Independent Inspector, based on a number of considerations, instructed the Trustee to attempt to negotiate a settlement with DBI in order to avoid a costly and drawn out litigation process.
54. After protracted discussions over several months, the Companies' ultimate parent company, DBI, proposed a settlement of CAD\$200,000 cash, the withdrawal of its claims against the Companies totaling approximately US\$3.9 million and mutual releases in a form to be negotiated as an alternative solution to litigation. Further, DBI agreed to reimburse a further CAD\$22,000 to the estate in respect of joint third party services that had been paid by DB Media Canada pre-bankruptcy. In aggregate, the value of the settlement of such matters with DBI to the estates (the "Direct Brands Settlement") was as follows:

Cash	<u>\$222,000</u>
Claims withdrawn by DBI and its affiliates ¹	<u>509,806</u>
	<u>\$731,806</u>

¹ Increased value of estate available to non-DBI creditors

55. Further, as set out in paragraph 36, DBI had previously agreed to reduce its outstanding claims against DB Media and DB Media Canada by the book value of the licensed inventory that had

been destroyed after the Date of Bankruptcy, being \$27,876 and \$884,443 for DB Media and DB Media Canada, respectively.

56. After careful consideration, the Independent Inspector instructed the Trustee to accept the Direct Brands Settlement.
57. With the concurrence of the Independent Inspector, the Trustee subsequently reviewed the settlement terms and TUV review process with representatives of PwC, who as administrator of both the DB Media and DB Media Canada defined benefit pension plans represent the largest third-party creditors in both estates. The administrator has informed the Trustee that they are satisfied with the TUV review process undertaken by the Trustee and Independent Inspector and are supportive of the proposed Direct Brands Settlement.
58. As a condition to the Direct Brands Settlement, DBI has indicated that they require a mutual release substantially in the form attached hereto as “**Exhibit “E”** (the “**Mutual Release**”). The key terms of the Mutual Release are as follows:
- i. The Trustee, on behalf of the Companies, releases DBI and all related or affiliated companies, including their respective directors, officers, servants, agents, employees, successors and assigns from any and all claims arising out of or in connection with their affiliation as a direct or indirect parent company and subsidiary (“**Claims**”);
 - ii. DBI, on its own behalf and on behalf of all related or affiliated companies, including their respective directors, officers, servants, agents, employees, successors and assigns (the “**DBI Releasers**”) release the Trustee, the Companies and all related or affiliated companies, including their respective directors, officers, servants, agents, employees, successors and assigns from any and all Claims; and
 - iii. The DBI Releasers agree to withdraw all proofs of claim filed against the Companies and agree not to file any further proofs of claim against any of the Companies.
59. The Trustee supports the view of the Independent Inspector that the Direct Brands Settlement is, on balance, in the best interest of the Companies’ creditors and recommends that this Honourable Court approve the settlement. In addition, the Trustee is of the view that the Mutual Release is necessary to the successful implementation of the Direct Brands Settlement. Accordingly, the Trustee requests that this Honourable Court authorize and direct the Trustee to execute the Mutual Release with such minor amendments as the Trustee may deem necessary or appropriate.

TAXATION OF FEES

60. The fees and disbursements of the Trustee and its legal counsel are summarized in the following affidavits:
- i. The McIntosh Affidavit, which details fees and disbursements of the Trustee for the period December 9, 2010 to September 15, 2012 in the total amount of \$960,450.95. A copy of the McIntosh Affidavit with Appendices is attached hereto as **Exhibit "F"**; and
 - ii. The Wasserman Affidavit, which details the fees and disbursements of the Trustee's legal counsel for the period December 9, 2010 to September 15, 2012 in the total amount of \$188,441.84. A copy of the Wasserman Affidavit with Appendices is attached hereto as **Exhibit "G"**.
61. An interim draw for the Trustee and its legal counsel's fees for the period December 9, 2010 to January 31, 2011 was approved by the Inspectors at the Third Meeting of Inspectors on February 16, 2011. The Trustee and its legal counsel's fees and out-of-pocket disbursements (excluding HST) for this period were \$619,507.00 and \$90,054.55, respectively. The fees were paid on February 28, 2011. As indicated previously, DBI reimbursed the estates for the professional fees of \$25,000 incurred by the Trustee and its counsel relating to the destruction of the licensed inventory (which were included in the above amounts).
62. Accrued professional fees and out-of-pocket disbursements for the period February 1, 2011 to September 15, 2012 are \$340,943.95 and \$98,387.29 for the Trustee and for Osler, respectively.
63. The vast majority of the fees of the Trustee and its legal counsel were incurred during the four month period after the Date of the Bankruptcy, primarily while the Trustee remained in possession of, and needed to conduct asset realizations out of, the Companies' premises and wind down operations.
64. This is the only fee approval application in these proceedings.
65. As described above, the Trustee encountered numerous, extraordinary issues and complications throughout the course of the bankruptcy proceedings. These matters significantly increased the complexity of the proceedings resulting in increased costs of the bankruptcy, including professional costs. The Trustee and the Inspectors were aware of the challenges and corresponding cost issues related to the estate and, accordingly, the Trustee kept the Inspectors informed as to the ongoing costs of the estates. As a result of the Trustee not being able to realize

on the Companies' inventory due to strict licensing restrictions, the Trustee and the Inspectors recognized that generating a positive return to the estates was going to be challenging, particularly in view of:

- a) the significant costs associated with winding down and vacating the Company's premises wherein it was essential that:
 - i. from a logistical perspective, the IT system and call centre had to continue to be maintained for a period of time onsite in order to provide a reasonable opportunity to collect accounts receivable owed by the Companies' customer base of over 35,000 accounts;
 - ii. an enormous number of records had to be reviewed, catalogued and either shipped out or destroyed;
 - iii. a large number of returns from Canada Post had to be reviewed and processed through individual customer accounts and a significant amount of inventory had to be destroyed;
 - iv. numerous assets marked to be identified and ownership confirmed as between the estates; and
 - v. sufficient time was required to conduct investigations relating to the numerous allegations against the Companies that were made at the First Meeting of Creditors.

 - b) The costs associated with investigating the numerous allegations made in connection with the conduct of the Companies, including the investigation of potential TUVs. The Trustee worked closely with, and sought ongoing instructions from, the Independent Inspector with respect to the latter matter in particular, which was hindered by poor financial records.
66. As indicated, the Inspectors were kept informed of the ongoing costs of the estates and were diligent in providing the Trustee with instructions concerning numerous matters where the cost/benefit of pursuing a certain course of action was a key consideration.
67. The Trustee has reviewed the detailed accounts and is of the view that the fees and disbursements of the Trustee and its legal counsel are reasonable and appropriate in the circumstances of this matter, recognizing that the costs of administering the estates has been significant.

68. At the Fifth Meeting of Inspectors, held on September 17, 2012, the Inspectors approved the Final Statement of Receipts and Disbursements. The Inspectors also approved the fees and disbursements of the Trustee and of its counsel.
69. Given the difficult nature of this bankruptcy proceeding, the complexity of the issues addressed by the Trustee and its counsel, the numerous stakeholder issues and other related challenges, the Trustee submits that the hours and rates of the professionals were both necessary and consistent with remuneration of other insolvency professionals in the city of Toronto in respect of such matters.
70. Assuming no unforeseen expenses, the Trustee estimates that there are approximately \$13,500 (excluding HST) in total disbursements to conclude the bankrupt estates, including the fees and disbursements of Osler (approximately \$12,000) from the date of this Third Report to the date of discharge, bank charges and other miscellaneous other costs (“**Final Fees and Disbursements**”). Assuming the administration of the estates is finalized in the ordinary course, and in recognition of the costs incurred to date, and with the concurrence of the Inspectors, the Trustee will not be charging the estates for any fees incurred after September 15, 2012 to discharge.
71. The Trustee therefore seeks an order of this Court approving the fees and disbursements of the Trustee and Osler and the Final Fees and Disbursements.

FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

72. A copy of the Trustee’s Final Statement of Receipts and Disbursements for the period December 9, 2010 to September 15, 2012 is attached hereto as **Exhibit “H”**, showing funds available for distribution by the Trustee, including amounts in respect of the proposed settlement with DBI concerning the TUV issue, subject to this Honourable Court’s approval, and the settlement with the Ontario Ministry of Finance regarding the retail sales tax issue, of \$1,502,785.92 for DB Media and \$308,108.22 for DB Media Canada.
73. Both DB Media and DB Media Canada operated out of the same premises and shared certain costs and realization-related issues, including the procedural consolidation of the estates. As a result, a cost allocation arrangement was needed in connection with certain shared expenditures, including, among others, payroll costs for the former employees who assisted the Trustee with the wind-down of the estates, insurance costs, security costs, and professional fees. At the first meeting of Inspectors held on December 23, 2010, the Inspectors approved an interim cost

allocation of 72% to DB Media and 28% to DB Media Canada, based on a preliminary assessment of relative gross realizable proceeds. The Trustee indicated that on conclusion of the administration of the estates, the Trustee would provide a final cost allocation formula to the Inspectors for their consideration.

74. At the Fifth Meeting of Inspectors held on September 17, 2012, the Inspectors approved a final cost allocation regime as follows:

- i. 76% to DB Media and 24% to DB Media Canada for shared general and administrative costs; costs specific to each estate were allocated 100%;
- ii. 60% to DB Media and 40% to DB Canada for the fees of the Trustee and its counsel, and for salaries and wages for the operating wind-down employee team for the period December 9, 2010 to January 31, 2011; and
- iii. 50% to DB Media and 50% to DB Canada for the fees of the Trustee and its counsel for the period February 1, 2011 to September 15, 2012.

75. The Final Cost Allocation (collectively, the “Final Cost Allocation”) took into consideration the value of the accounts receivable recoveries and the Trustee’s assessment of the professional time spent by the Trustee and Osler on specific estate issues.

76. Gross estate proceeds, before and after including the cash proceeds from the proposed DBI settlement, are as follows:

	DB Media	DB Media Canada	Total
A/R collections	\$1,142,698	\$360,234	\$1,502,932
Other asset realizations	952,781	560,460	1,513,241
Input tax credit refunds	94,684	14,040	108,724
Subtotal	\$2,190,163	\$934,734	\$3,124,897
DBI Settlement (net)	216,805	5,195	222,000
Total	\$2,406,968	\$939,929	\$3,346,897

77. Based on the Final Cost Allocation, the Trustee incurred disbursements, prior to and including accrued and projected professional fees and expenses, as follows:

	DB Media	DB Media Canada	Total
Trustee and legal fees	\$426,367	\$284,245	\$710,612
Payroll and consulting	133,447	88,965	222,412
Other disbursements (1)	123,952	38,195	162,148
Subtotal	\$683,766	\$411,405	\$1,095,172
Accrued and projected Trustee and legal fees	220,416	220,416	440,832
Total	\$904,182	\$631,821	\$1,536,004

(1) Consists of expenses related to the wind-down of the estates including Canada Post, insurance, utilities, maintenance and administrative fees.

78. Accordingly, provided the proposed Direct Brands Settlement is approved, and subject to receiving Ontario PST settlement proceeds of \$108,852, the Trustee expecting to have approximately \$1,502,786 and \$308,108 in net funds available for distribution for DB Media and DB Media Canada, respectively.

PROOF OF CLAIMS PROCESS

79. Pursuant to the Order granted on December 10, 2010, the Trustee sent notice of the DB Media Distribution bankruptcy and first meeting of creditors to all known creditors of the Companies who were owed \$100 or more, which amounted to approximately 2,850 creditors.

80. In addition, the Trustee established a website for DB Media Distribution's creditors at www.alvarezandmarsal.com/DBMD (the website was subsequently moved to www.amcanadadocs.com/DBMD) which contains a complete list of creditors, a proof of claim form, instructions for completing the proof of claim form as well as other information related to the bankruptcy proceedings.

81. The following provides a summary of the proofs of claim received:

(i) Secured Claims

82. The Trustee has not received any secured claims and is not aware of any secured creditors.

(ii) Claims to Property in Possession of the Bankrupt

83. Prior to vacating the leased premises in January 2011, Canada Post and Quebecor submitted Reclamation of Property claims pursuant to s. 81(4) of the BIA for storage containers in possession of the Companies at the date of bankruptcy. The Trustee and its counsel reviewed the Reclamation of Property claims and determined that they were valid. Upon approval of the Inspectors, the storage containers were returned to Canada Post and Quebecor.

(iii) Claims from DBI

84. Bookspan submitted a proof of claim in DB Media and DBI submitted a proof of claim in DB Media Canada, with the two claims totaling approximately \$3.9 million. As indicated, these claims were subsequently withdrawn by DBI as part of the proposed Direct Brands Settlement.

(iv) Direct Brands Settlement

85. As indicated, the Independent Inspector instructed the Trustee to attempt to negotiate a settlement with DBI with respect to potential TUVs. The settlement terms included:

- i. the withdrawal of Bookspan's claim against DB Media and DBI's claim against DB Media Canada of CAD \$1,315,772 and CAD \$2,661,676, respectively, both claims net of the value of licensed inventory that was destroyed after the Date of Bankruptcy;
- ii. \$200,000 cash; and
- iii. reimbursement of \$22,000 from DBI in respect of professional fees paid to its counsel that related to services provided to DBI after the Date of Bankruptcy.

86. Based on the Final Statement of Receipts and Disbursements, the value provided to the other creditors of DB Media and DB Media Canada estates by the withdrawal of Bookspan / DBI's claims was approximately \$138,098 and \$371,708, respectively. The Trustee and the Independent Inspector have considered how the value of the settlement with DBI should be allocated as between the estates, given the circumstances of each potential case. The Trustee has recommended, and the Independent Inspector has approved, an allocation of 50/50 between the two estates. In order to equalize the value received by each estate, the entire \$200,000 cash consideration has been allocated to DB Media and the Trustee would transfer \$16,805 from DB Media Canada to DB Media.

(v) Intracompany Claim

87. The Trustee was advised that prior to the Date of Bankruptcy, DB Media and DB Media Canada each paid operational and administrative costs that were subsequently reallocated on a monthly basis through an intracompany account between the two entities. At the Date of Bankruptcy, the Companies' books and records showed an outstanding balance owed by DB Media to DB Media Canada of approximately \$6.3 million. Based on the Trustee's review of the intracompany account, discussions with former management of the Companies and approval of the Inspectors, the Trustee has admitted the claim.

(vi) Claims from Unsecured Creditors

88. The Trustee has received proof of claims from various unsecured creditors in the DB Media and DB Media Canada estates, including former employees and PwC in its capacity as the pension plan administrator of the two defined benefit retirement plans.

89. As of the date of this report, a summary of the claims approved by the Inspectors and admitted by the Trustee is as follows:

Claim Filed by	DB Media		DB Media Canada	
	# of Claims	\$ Value	# of Claims	\$ Value
Trade creditors/customers	46	\$819,065	32	\$1,801,625
Pension Plan Administrator	1	1,832,028	1	2,618,338
Former employees	94	1,379,862	-	-
DB Media retirees	35	594,403	-	-
Intracompany claim	1	6,330,883	-	-
Totals	177	\$10,956,241	33	\$4,419,963

90. The Ontario Ministry of Labour (the "MOL") reviewed the severance and termination benefit entitlements for DB Media Distribution's former employees. Except in the case of two former employees who were terminated prior to the date of bankruptcy but still receiving salary continuance pay at the Date of Bankruptcy, the Trustee admitted the amounts determined by the MOL for the former employees who filed proofs of claim with the Trustee. For the two terminated employees, the Trustee admitted their proofs of claim as filed.

SCHEME OF DISTRIBUTION AND DIVIDEND SHEET

91. Funds available for distribution will be distributed to the creditors in accordance with their priority pursuant to the BIA and the Orders of the Court made in the DB Media Distribution proceedings.
92. By s. 147(1) of the BIA, a levy is payable to the Superintendent of Bankruptcy on all payments made by the Trustee by way of a dividend or otherwise on account of the claims of creditors whether unsecured, preferred or secured. The levy is considered to be a preferred claim. Where the amount of payments exceeds \$1 million but is not more than \$2 million, the levy payable is five per cent of the first million dollars plus one and one quarter per cent of the amount in excess of \$1 million.
93. The Trustee is not aware of any priority claims.
94. Claim amounts for the former employees were reduced by any entitlements paid under the Wage Earner Protection Program.
95. Based on the dividend sheet (the "**Dividend Sheet**") approved by the Inspectors attached hereto as **Exhibit "I"**, unsecured creditors will receive dividends of approximately \$0.13 and \$0.24 on the dollar for DB Media and DB Media Canada, respectively.

RECOMMENDATION

96. Based on the foregoing, the Trustee respectfully requests and recommends that an Order be made by this Honourable Court approving, *inter alia*:
 - i. Approving the Direct Brands Settlement between the Trustee and DBI regarding potential TUVs and the Mutual Release;
 - ii. Approving the Trustee's final statement of receipts and disbursements and the allocation of disbursements between DB Media and DB Media Canada;
 - iii. Approving the proof of claim process and dividend sheet;
 - iv. Authorizing and directing the Trustee to distribute the funds available for distribution to the DB Media's and DB Media Canada's creditors;
 - v. Declaring that all steps taken by and activities of the Trustee and all amounts distributed by the Trustee are hereby approved, and the A&M shall have no further liability in respect thereof;

- vi. Approving the activities of the Trustee from the Date of Bankruptcy to the date of this Third Report; and
- vii. Approving the Final Fees of the Trustee and its legal counsel, Osler, and authorizing the Trustee to pay its fees and disbursements and those of its counsel.

ALL OF WHICH IS RESPECTFULLY SUBMITTED, at Toronto, Ontario this 16th day of October, 2012.

**Alvarez & Marsal Canada Inc. in its capacity
as trustee in bankruptcy of DB Media
Distribution Inc., DB Media Distribution
(Canada), CH LLC (Canada) and
CH SUB LLC (Canada) and not in
its personal or corporate capacity**

Per:



Douglas R. McIntosh

TAB H

Estate Numbers:

- 31 456611 - DB Media Distribution Inc.
- 31 456614 - DB Media Distribution (Canada)
- 31 456616 - CH LLC (Canada)
- 31 456617 - CH Sub LLC (Canada)

**In the Matter of the Bankruptcy of
DB Media Distribution Inc., DB Media Distribution (Canada),
CH LLC (Canada) and CH Sub LLC (Canada)**

**Consolidated Trustee's Supplementary Statement of Receipts and Disbursements
for the period September 16, 2012 to March 31, 2014**

	DB Media Distribution Inc. ("DD")	DB Media Distribution (Canada) ("CHC")	TOTAL
<u>RECEIPTS:</u>			
1. Tax refunds from Canada Revenue Agency	\$25,248.72	47,187.09	\$72,435.81
2. Accounts receivable collections	817.14	300.75	1,117.89
3. Dividend Distribution from DD		14,848.34	14,848.34
	<u>\$26,065.86</u>	<u>\$62,336.18</u>	<u>\$88,402.04</u>
TOTAL RECEIPTS	\$26,065.86	\$62,336.18	\$88,402.04
<u>DISBURSEMENTS:</u>			
4. Miscellaneous: Inspectors' Meeting Fees	20.00	20.00	40.00
	<u>20.00</u>	<u>20.00</u>	<u>40.00</u>
TOTAL DISBURSEMENTS	\$20.00	\$20.00	\$40.00
5. Amount available for distribution (Note 1)	<u>\$26,045.86</u>	<u>\$62,316.18</u>	<u>\$88,362.04</u>
6. Levy payable under section 147 of the Act	<u>\$325.57</u>	<u>\$778.95</u>	<u>\$1,104.52</u>
7. Secured creditors: Dividend less levy		N/A	
8. Preferred creditors: Dividend less levy		N/A	
9. Unsecured creditors:			
Proven claims of DD	\$ 10,966,357.30		\$ 10,966,357.30
Proven claims of CHC (Note 1)		\$ 4,419,962.72	\$ 4,419,962.72
Supplementary Dividend less levy	\$ 25,720.29	\$ 61,537.23	

Note:

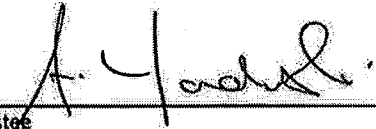
(1) The total funds available for distribution for DB Media Distribution (Canada) are \$62,316.18 which includes an intracompany distribution from DB Media Distribution Inc. to DB Media Distribution (Canada) of \$14,848.34.

Estate Numbers:

- 31 456611 - DB Media Distribution Inc.
- 31 456614 - DB Media Distribution (Canada)
- 31 456616 - CH LLC (Canada)
- 31 456617 - CH Sub LLC (Canada)

**In the Matter of the Bankruptcy of
DB Media Distribution Inc., DB Media Distribution (Canada),
CH LLC (Canada) and CH Sub LLC (Canada)**

**Consolidated Trustee's Supplementary Statement of Receipts and Disbursements
for the period September 16, 2012 to March 31, 2014**



Trustee

May 5, 2014
Date

Approved by the following inspector:

Mr. Lewis Lau

Date

Taxed at the sum of \$ _____ this _____ day of _____

Registrar

Estate Numbers:

- 31 456611 - DB Media Distribution Inc.
- 31 456614 - DB Media Distribution (Canada)
- 31 456616 - CH LLC (Canada)
- 31 456617 - CH Sub LLC (Canada)

In the Matter of the Bankruptcy of
DB Media Distribution Inc., DB Media Distribution (Canada),
CH LLC (Canada) and CH Sub LLC (Canada)

Consolidated Trustee's Supplementary Statement of Receipts and Disbursements
for the period September 16, 2012 to March 31, 2014

Approved by the following inspector:


Mr. Lewis Lau

Apr. 28, 2014
Date

Taxed at the sum of \$ _____ this _____ day of _____

Registrar

TAB I



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

May 28, 2014

Ms. ANDREA YANDRESKI
ROYAL BANK PLAZA, SOUTH TOWER
2900 - 200 BAY STREET PO BOX 22
TORONTO, ONTARIO
M5J 2J1

In the Matter of the Bankruptcy of:

DB MEDIA DISTRIBUTION INC.

Debtor

ALVAREZ & MARSAL CANADA INC.

Trustee

ORDINARY ADMINISTRATION

Re: Superintendent's Comments - Subsection 152(4)
Statement of Receipts and Disbursements
Dated: May 5, 2014 - Supplementary
Total Receipts: \$ 2,433,033.87
Total Disbursements: \$ 904,202.09
Estate Number: 31-456611

The Statement of Receipts and Disbursements was subjected to the Office of the Superintendent of Bankruptcy (the "OSB") examination process pursuant to paragraph 5(3)(g) of the Bankruptcy and Insolvency Act (the "Act"). We request that you proceed to taxation pursuant to section 60 of the Bankruptcy and Insolvency General Rules.

This letter does not preclude the Superintendent of Bankruptcy from exercising any of his powers under the Act if the OSB becomes aware of facts that raise compliance issues relating to your administration and the requirements of the Act, the General Rules and the Directives of the Superintendent.

The Superintendent of Bankruptcy

25 St. Clair Avenue East, 6th floor, Toronto, ONTARIO, M4T 1M2, 877/376-9902

Canada



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

May 28, 2014

Ms. ANDREA YANDRESKI
ROYAL BANK PLAZA, SOUTH TOWER
2900 - 200 BAY STREET PO BOX 22
TORONTO, ONTARIO
M5J 2J1

In the Matter of the Bankruptcy of:

DB MEDIA DISTRIBUTION (CANADA)

Debtor

ALVAREZ & MARSAL CANADA INC.

Trustee

ORDINARY ADMINISTRATION

Re: Superintendent's Comments - Subsection 152(4)
Statement of Receipts and Disbursements
Dated: May 5, 2014 - Supplementary
Total Receipts: \$ 1,854,906.55
Total Disbursements: \$ 648,645.44
Estate Number: 31-456614

The Statement of Receipts and Disbursements was subjected to the Office of the Superintendent of Bankruptcy (the "OSB") examination process pursuant to paragraph 5(3)(g) of the Bankruptcy and Insolvency Act (the "Act"). We request that you proceed to taxation pursuant to section 60 of the Bankruptcy and Insolvency General Rules.

This letter does not preclude the Superintendent of Bankruptcy from exercising any of his powers under the Act if the OSB becomes aware of facts that raise compliance issues relating to your administration and the requirements of the Act, the General Rules and the Directives of the Superintendent.

The Superintendent of Bankruptcy

25 St. Clair Avenue East, 6th floor, Toronto, ONTARIO, M4T 1M2, 877/376-9902

Canada



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

May 28, 2014

Ms. ANDREA YANDRESKI
ROYAL BANK PLAZA, SOUTH TOWER
2900 - 200 BAY STREET PO BOX 22
TORONTO, ONTARIO
M5J 2J1

In the Matter of the Bankruptcy of:

CH LLC (CANADA)

Debtor

ALVAREZ & MARSAL CANADA INC.

Trustee

ORDINARY ADMINISTRATION

Re: Superintendent's Comments - Subsection 152(4)
Statement of Receipts and Disbursements
Dated: May 5, 2014 - Supplementary
Total Receipts: \$ 0.00
Total Disbursements: \$ 0.00
Estate Number: 31-456616

The Statement of Receipts and Disbursements was subjected to the Office of the Superintendent of Bankruptcy (the "OSB") examination process pursuant to paragraph 5(3)(g) of the Bankruptcy and Insolvency Act (the "Act"). We request that you proceed to taxation pursuant to section 60 of the Bankruptcy and Insolvency General Rules.

This letter does not preclude the Superintendent of Bankruptcy from exercising any of his powers under the Act if the OSB becomes aware of facts that raise compliance issues relating to your administration and the requirements of the Act, the General Rules and the Directives of the Superintendent.

The Superintendent of Bankruptcy

25 St. Clair Avenue East, 6th floor, Toronto, ONTARIO, M4T 1M2, 877/376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

May 28, 2014

Ms. ANDREA YANDRESKI
ROYAL BANK PLAZA, SOUTH TOWER
2900 - 200 BAY STREET PO BOX 22
TORONTO, ONTARIO
M5J 2J1

In the Matter of the Bankruptcy of:

CH SUB LLC (CANADA)

Debtor

ALVAREZ & MARSAL CANADA INC.

Trustee

ORDINARY ADMINISTRATION

Re: Superintendent's Comments - Subsection 152(4)
Statement of Receipts and Disbursements
Dated: May 5, 2014 - Supplementary
Total Receipts: \$ 0.00
Total Disbursements: \$ 0.00
Estate Number: 31-456617

The Statement of Receipts and Disbursements was subjected to the Office of the Superintendent of Bankruptcy (the "OSB") examination process pursuant to paragraph 5(3)(g) of the Bankruptcy and Insolvency Act (the "Act"). We request that you proceed to taxation pursuant to section 60 of the Bankruptcy and Insolvency General Rules.

This letter does not preclude the Superintendent of Bankruptcy from exercising any of his powers under the Act if the OSB becomes aware of facts that raise compliance issues relating to your administration and the requirements of the Act, the General Rules and the Directives of the Superintendent.

The Superintendent of Bankruptcy

25 St. Clair Avenue East, 6th floor, Toronto, ONTARIO, M4T 1M2, 877/376-9902

Canada

TAB J

Court File No. CV10-9023-00CL
Estate No. 31-456611

**Supplementary Dividend Sheet
In the matter of the bankruptcy of
DB Media Distribution Inc.
Ordinary Administration**

Date declared: April 8, 2014

Creditor Name	Claim \$	Total		
		Dividend \$	Levy \$	Payment \$
Shirley Adams 218-777 Terrace Oshawa, ON L1G 2Z3	45.66	0.11	0.00	0.11
Autherene SC Adamson 14 Crow Trail Scarborough, ON M1B 1X3	9,079.50	21.56	0.27	21.29
Dawn Albas 30 Kingfisher Crescent Kemptville, ON K0G 1J0	85.55	0.20	0.00	0.20
Irene Algar 416 - 700 Rutland Rd N Kelowna, BC V1X 7W8	10,810.00	25.67	0.32	25.35
Amina Ali 1704-735 Don Mills Rd. Don Mills, ON M3C 1T1	8,739.43	20.76	0.26	20.50
Nazirali Alibhai 82 Song Bird Dr Markham, ON L3S 3T8	36,251.00	86.10	1.08	85.02
Laura Barta 59 Kennedy Bay Rd. Dunsford, ON K0M 1L0	19.94	0.05	0.00	0.05
David Beaumont 513 Willow St Quesnel, BC V2J 3S9	332.74	0.79	0.01	0.78
Patricia Beckett 50 Exeter Rd Apt. 1166 Ajax, ON L1S 2K1	13,178.00	31.30	0.39	30.91
Shirley Bell PO BOX 125 Wawanese, MB R0K 2G0	102.45	0.24	0.00	0.24
Ajmer Benipal 17 Allangrove Drive Brampton, ON L7A 2M4	11,429.07	27.14	0.34	26.80
Shirley Benwick 43-4202-45 St Wetaskiwin, AB T9A 2L3	144.73	0.34	0.00	0.34

Creditor Name	Claim \$	Total		Payment \$
		Dividend \$	Levy \$	
Jeffrey J Betts 52 Atlee Ave. Scarborough, ON M1N 3X2	10,711.48	25.44	0.32	25.12
Sylvie Bhola 12 Maravista Dr Ottawa, ON K2J 2Z5	58.78	0.14	0.00	0.14
Roberta Blackwood 5 Harman Drive Ajax, ON L1S 5H4	8,246.31	19.59	0.24	19.35
Tammy Blanchard 145 Arnold St, Kitchener, ON N2H 6E4	40.00	0.10	0.00	0.10
Philippe Boissonneault 71 Rue Principale Est C.P. 31 Verner, ON P0H 2M0	113.00	0.27	0.00	0.27
Evis Brame 1506-1276 Maple Crossing Blvd Burlington, ON L7S 2J9	100.34	0.24	0.00	0.24
Cynthia-Denise Brenton 1629 Northfield Avenue Oshawa, ON L1K 0K8	14,916.46	35.43	0.44	34.99
Kathleen Brown 1111-36 Blue Jays Way Toronto, ON M5V 3T3	34,811.00	82.68	1.03	81.65
Troy C Buchanan 10 Deseronto St Brampton, ON L6X 2Y8	11,136.99	26.45	0.33	26.12
Carmelina Bulgaretti 195 Major Wm Sharpe Drive, Unit 30 Brampton, ON L6X 4J8	28.86	0.07	0.00	0.07
Susan C Burgess 1340 Foxglove Ave Pickering, ON L1W 1E9	5,205.83	12.36	0.15	12.21
Jennifer Butt 42 Canoe Crescent Scarborough, ON M1X 1X8	1,329.88	3.16	0.04	3.12
Lucita Calpito 111 Rich Crescent Whitby, ON L1P 1V6	25,256.00	59.98	0.75	59.23
Canada Customs - East Central Ontario Tax Servi 31 Hyperion Court, P.O. Box 2600 Kingston, ON K7L 5P3	6,834.99	16.23	0.20	16.03

Creditor Name	Claim \$	Total		Payment \$
		Dividend \$	Levy \$	
Canada Post Corporation 2701 Riverside Drive, Suite No. C0155 Ottawa, ON K1A 0B1	334,937.10	795.50	9.94	785.56
Canada Revenue Agency Toronto East TSO, 200 Town Centre Court Scarborough, ON M1P 4YE	40,618.02	96.47	1.21	95.26
Amy Chan 54 Finchley Circle Markham, ON L3R 8S3	15,097.66	35.86	0.45	35.41
Jane C. Chan 7080 Copenhagen Rd Unit #56 Mississauga, ON L5N 2C9	18,810.00	44.68	0.56	44.12
Vaneeta Chandra 80 Littleleaf Cres. Markham, ON L3S 4G1	15,028.92	35.69	0.45	35.24
Yasmine Chang 23 Enderly Street Ajax, ON L1S 0E4	9,424.71	22.38	0.28	22.10
June Charlton 611 Lake Shore Dr. Cold Lake, AB	67.14	0.16	0.00	0.16
Chase Paymentech LLC 14221 Dallas Parkway Bldg II Dallas, TX 75254-2942	21,871.24	51.95	0.65	51.30
Jan Mee Chen 12 Kentland St. Markham, ON L6E 2A5	9,373.60	22.26	0.28	21.98
Edward Chock 33 Ralph Court Markham, ON L3S 3X5	12,222.85	29.03	0.36	28.67
George Cholack C/O Norfolk Manor 128 Norfolk St Guelph, ON N1H 4J8	7,230.00	17.17	0.21	16.96
May Chong 909-123 Eglinton Ave E Toronto, ON M4P 1J2	13,257.85	31.49	0.39	31.10
Dorothy Christopher 612 - 2575 Danforth Ave Toronto, ON M4C 1L5	6,482.00	15.40	0.19	15.21
Ireneusz Chwalek 83 Dewar Crt Milton, ON L9T 5N8	19,240.33	45.70	0.57	45.13

Creditor Name	Claim \$	Dividend \$	Total Levy \$	Payment \$
David Cleland 123-1210 Don Mills Road North York, ON M3B 3N9	4,444.88	10.56	0.13	10.43
Lorna Cole 50 Blackwell Ave, Unit #33 Scarborough, ON M1B 1K2	14,254.95	33.86	0.42	33.44
Maureen Cousins 1011 Ridgemount Blvd Oshawa, ON L1K 2K7	9,369.04	22.25	0.28	21.97
Gary J Cowie Po Box 174 Buckhorn, ON K0L 1J0	22,345.84	53.07	0.66	52.41
Carol Crawford 741 Cobbler's Crt Pickering, ON L1V 2Z4	17,721.21	42.09	0.53	41.56
Data Services, Inc. US 31516 Winterplace Parkway Salisbury, MD 21804-1883	4,503.71	10.70	0.13	10.57
Elinor Day 101 Alder Crescent Etobicoke, ON M8V 2H7	15,564.00	36.97	0.46	36.51
DB Media Distribution Canada c/o Alvarez & Marsal Canada Inc., Toronto, ON M5J 2J1	6,330,882.57	15,036.29	187.95	14,848.34
Esperanza Dela Fuente 117 Wilkes Crescent Scarborough, ON M1L 0B2	5,368.91	12.75	0.16	12.59
Dell Financial Services Canada Inc. 5035 South Service Road Burlington, ON L7R 3Y8	17,239.28	40.94	0.51	40.43
Jodi Dixon 5 McLeod Crescent Olds, AB T4H 1E9	60.60	0.14	0.00	0.14
RBC Investor Services Trust, In trust for the Empl c/o PricewaterhouseCoopers 1100 - 1 Robert Speck Parkway Mississauga, ON L4Z 3M3	1,832,028.00	4,351.19	54.39	4,296.80
Dorothy Doucette 73 Malpeque RD Charlottetown, PE C1E 1S3	12,098.00	28.73	0.36	28.37
Due North Communications Inc. 35 The Esplanade Toronto, ON M5E 1Z4	352.96	0.84	0.01	0.83

Creditor Name	Claim \$	Total		Payment \$
		Dividend \$	Levy \$	
Dundurn Press Limited 500-3 Church Street Toronto, ON M5E 1M2	12,009.06	28.52	0.36	28.16
Johanne Edgar 5-3 Rankin Ct Charlottetown, PE C1A 8T2	18,014.00	42.78	0.53	42.25
Naomi Edwards 18 Elmpark Crt Brampton, ON L6P 1A8	13,178.00	31.30	0.39	30.91
Elliot Custom Brokers 34 Armstrong Ave Georgetown, ON L7G 4R9	925.81	2.20	0.03	2.17
Bruce Ewart 893 Royal York Rd Toronto, ON M8Y 2V5	12,300.00	29.21	0.37	28.84
Ruth Ann Fauser Site 4, Box 15, RR2 Barrhead, AB T7N 1N3	50.00	0.12	0.00	0.12
Marthese Fenech 32 Ostend Ave Toronto, ON M6S 1L4	30,035.00	71.34	0.89	70.45
Ana L Fernandez 17 Wilcox Creek Ptwy Scarborough, ON M1B 5K8	6,276.65	14.91	0.19	14.72
Firefly Books 66 Leck Crescent Richmond Hill, ON L4B 1H1	2,359.88	5.60	0.07	5.53
Herbert Ford 26 Farmcote Rd Don Mills, ON M3B 2Z4	18,914.00	44.92	0.56	44.36
Carolyn Fortune 8 Knowles Cres. Aurora, ON L4G 1Z7	13,965.49	33.17	0.41	32.76
Danielle Fraser 12 Willcocks Cres. Ajax, ON L1T 3L9	8,417.40	19.99	0.25	19.74
Helen Fraser 2736 Traverse Drive Ottawa, ON K1V 8B1	61.92	0.15	0.00	0.15
G.N. Johnston Equipment 5990 Avebury Road Mississauga, ON L5R 3R2	1,068.01	2.54	0.03	2.51

Creditor Name	Claim \$	Total		Payment \$
		Dividend \$	Levy \$	
Morag Gale 401-806 Kennedy Road Scarborough, ON M1K 2E1	9,950.64	23.63	0.30	23.33
Anne Gallagher c/o Wendy Hustedt 234 McCraney St. W. Oakville, ON L6H 1A7	19,116.00	45.40	0.57	44.83
Shyda Ghezal-Ayagh 36 Corkory Way Thornhill, ON L3T 4Z9	8,308.28	19.73	0.25	19.48
Janice Gordon 808 Philip Murray Ave Oshawa, ON L1J 1J4	11,372.03	27.01	0.34	26.67
William Greer 266 Donlands Ave., Apt. #213 Toronto, ON M4J 5B Y	7,571.00	17.98	0.22	17.76
Debra Hack 8225 McCowan Rd. Markham, ON L3P 3J3	20,430.70	48.52	0.61	47.91
Scott A Hackett 1878 Pinecreek Court Pickering, ON L1V 3R4	18,163.37	43.14	0.54	42.60
Harper Collins Canada Ltd. 1995 Markham Road Scarborough, ON M1B 5M8	18,988.05	45.10	0.56	44.54
Brenda Hefferon 242 Springdale Blvd East York, ON M4C 1Z9	15,756.83	37.42	0.47	36.95
Ella C. Heraldo 236 Elson Street Markham, ON L3S 3B9	25,722.00	61.09	0.76	60.33
Carol Ann Heuman 26025 72nd Avenue Langley, BC V4W 1V5	200.00	0.48	0.01	0.47
Human Resources and Skills Development Canada Payment Office PO Box 7777 Matane, QC G4W 4S4	274,042.53	650.87	8.14	642.73
J.F. Moore Lithographers Inc. 124 Milner Ave Unit #3 Scarborough, ON M1S 3R2	19,626.89	46.62	0.58	46.04
Eva Jackson 27 St. Mary's Avenue Sault Ste Marie, ON P6B 3R6	57.69	0.14	0.00	0.14

Creditor Name	Claim \$	Total		Payment \$
		Dividend \$	Levy \$	
Nurbanu Jaffer 3800 Yonge St, Apt 105 North York, ON M4N 3P7	10,116.00	24.03	0.30	23.73
Jafferali Jaffer 3800 Yonge St, Apt 105 North York, ON M4N 3P7	7,927.00	18.83	0.24	18.59
John Wiley + Sons Inc 1 Wiley Drive Somerset, NJ 08873	7,965.35	18.92	0.24	18.68
Gloria S Joyette 101 Prudential Drive Scarborough, ON M1P 4S5	6,556.40	15.57	0.19	15.38
Balbir Judgey 45 Darby Court Scarborough, ON M1B 5H6	16,102.73	38.25	0.48	37.77
Bernard Julott L354 2075 Bayview Ave Toronto, ON M4N 3M5	6,724.00	15.97	0.20	15.77
Jim Kelly 2-140 Kingston Rd. Toronto, ON M4L 1S9	13,683.68	32.50	0.41	32.09
Kevin Kerr 18 Millstone Cres Whitby, ON L1R 1T4	10,714.09	25.45	0.32	25.13
Nadira Khan 116 Rylander Blvd Scarborough, ON M1B 4X2	14,567.63	34.60	0.43	34.17
Lilowtie Khasow 629 Old Harwood Ave Ajax, ON L1Z 1E4	16,729.01	39.73	0.50	39.23
Christopher Klink 319 Elite Court Oshawa, ON L1J 7V4	35,084.34	83.33	1.04	82.29
Debby Klink 319 Elite Court Oshawa, ON L1J 7V4	43,980.43	104.46	1.31	103.15
Mary Konelsky P.O. Box 490 Rocky Mountain House, AB T4T 1A4	119.26	0.28	0.00	0.28
Krzysztof Kuczynski 205-25 Deverill Court Markham, ON L6G 0C7	14,320.21	34.01	0.43	33.58

Creditor Name	Claim \$	Total		
		Dividend \$	Levy \$	Payment \$
Tammy Lapointe 7A Brantwood Park Rd Brantford, ON N3P 1Y3	100.00	0.24	0.00	0.24
Sophie Laserna 16 Etienne St. Scarborough, ON M1L 0A2	16,636.82	39.51	0.49	39.02
Margaret Latchana 116 Hillcroft Dr Markham, ON L3S 1G5	17,249.29	40.97	0.51	40.46
Lewis Kim S Lau 721-80 Harrison Garden Blvd. Toronto, ON M2N 7E3	48,198.98	114.48	1.43	113.05
Sylvie Legare 35 Marine View Drive, Collingwood, ON L9Y 5A2	27,357.54	64.98	0.81	64.17
Leon Letto 178 Reiner Road North York, ON M3H 2L9	3,955.00	9.39	0.12	9.27
Celia Leyson 57 Trafford Crescent Markham, ON L3R 7H9	7,069.86	16.79	0.21	16.58
Aino Lund 6 D'Albret Crescent Toronto, ON M1T 2X3	10,810.00	25.67	0.32	25.35
Jeffery Macdonald 1041 Copperfield Drive Oshawa, ON L1K 3C4	14,836.23	35.24	0.44	34.80
Doris MacDonald 1041 Copperfield Drive Oshawa, ON L1K 3C4	34,447.00	81.81	1.02	80.79
Marja L Macphee 84 Hewitt Cres Ajax, ON L1S 7B4	9,368.96	22.25	0.28	21.97
Mabel Maloney 63 Fieldwood Dr Scarborough, ON M1V 3G3	20,276.54	48.16	0.60	47.56
Iren Mangalino 20 Little Angel Road Markham, ON L3R 4X1	15,028.92	35.69	0.45	35.24
Melba T Manzanares 2015-335 Rathburn Road West Mississauga, ON L5B 0C8	26,335.00	62.55	0.78	61.77

Creditor Name	Claim \$	Dividend \$	Total	
			Levy \$	Payment \$
Sheilley McCarthy 80 Blake Street Toronto, ON M4J 3E1	2,401.17	5.70	0.07	5.63
Karen McIsaac 2290 MacIntyre Pl Kamloops, BC V1S 1H7	160.74	0.38	0.00	0.38
Margaret McKenzie 406 - 156 Floyd Ave East York, ON M4K 2B7	6,482.00	15.40	0.19	15.21
Laura S McNeil 148 Raleigh Ave Scarborough, ON M1K 1A4	6,099.67	14.49	0.18	14.31
William McQueen 505-171 Collier St Barrie, ON L4M 1H6	16,462.00	39.10	0.49	38.61
Grace Mendoza 8 Nabob Crescent Scarborough, ON M1B 2Z2	11,127.82	26.43	0.33	26.10
Catharine Mills 199 Wilson Ave. # 111 Toronto, ON M5M 3A9	5,553.16	13.19	0.16	13.03
Maureen Motchan 507 - 845 Trillium Park Sarnia, ON N7T 7C2	1,446.00	3.43	0.04	3.39
Danielle Mulhall 510 Cliffview Road Pickering, ON L1W 2N9	8,284.74	19.68	0.25	19.43
Vaughn (Gerald) Munroe 7 Roanoke Rd. North York, ON M3A 1E3	39,732.45	94.37	1.18	93.19
Kenneth Nagorsen 5312 Crane Crt Mississauga, ON L5V 2C4	42,599.02	101.18	1.26	99.92
Lelowitz Naraine 79 Morningview Trail Scarborough, ON M1B 5B2	22,835.15	54.24	0.68	53.56
Karen Olson P.O. Box 207 La Ronge, SK S0J 1L0	42.76	0.10	0.00	0.10
Jasna Orlic 155 Marlee Avenue, Apt 1007 Toronto, ON M6B 4B5	19,269.00	45.77	0.57	45.20


Creditor Name	Claim \$	Dividend \$	Total	
			Levy \$	Payment \$
Gloria B. Osborne 5 Massey Square, Apt 2815 Toronto, ON M4C 5L6	10,549.00	25.05	0.31	24.74
Rob Page 154 Lynbrook Dr Scarborough, ON M1H 2N3	27,097.88	64.36	0.80	63.56
Jetun Patel 2702 Lawrence Ave East Scarborough, ON M1P 2S6	14,178.96	33.68	0.42	33.26
Manoj Patel 29 Benstrow Avenue Etobicoke, ON M9V 2Z7	7,449.43	17.69	0.22	17.47
Shelagh M M Paul 1011-18 Lee Centre Drive Toronto, ON M1H 3H5	9,115.05	21.65	0.27	21.38
Brahma Persaud 163 Whamsby Drive Scarborough, ON M1X 1Z5	12,866.14	30.56	0.38	30.18
Carmela Porco 20 Mulholland Ave North York, ON M6A 2S2	30,078.00	71.44	0.89	70.55
Chellaturai Prince 222 Sloane Ave Toronto, ON M4A 2C7	12,202.48	28.98	0.36	28.62
Claude Proulx 262 rue Bernier Est Quebec, QC G2M 1K7	9,070.72	21.54	0.27	21.27
Vidhushani Rajasingham 81 Montezuma Trail Toronto, ON M1V 1K4	7,815.68	18.56	0.23	18.33
Dheivamala Rajkumar 32 Elson St. Markham, ON L3S 2J4	10,800.18	25.65	0.32	25.33
Random House Of Canada Limited 2775 Matheson Blvd E. PO BOX 1902 Stn A Mississauga, ON L4W 4P7	27,587.74	65.52	0.82	64.70
Vijayakumar Ratnam 72 William Honey Cres Markham, ON L3S 2L1	10,602.92	25.18	0.31	24.87
Jeyakala Ravindran 54 John Tabor Trail Scarborough, ON M1B 3C8	13,480.99	32.02	0.40	31.62

Creditor Name	Claim \$	Total		
		Dividend \$	Levy \$	Payment \$
Diosmary Restua 1930 Parkside Dr. Pickering, ON L1V 3N5	11,104.85	26.37	0.33	26.04
Richard Riley 3960 Park Street Saint Hubert, QC J3Y 4Z2	53.26	0.13	0.00	0.13
Karen Roberts 220 Lake Rosalind Road #2A RR#3 Hanover, ON N4N 3B9	39.36	0.09	0.00	0.09
Betty Jane Rozell Apt 4, 270 Glebemount Ave' East York, ON M4C 3T8	14,030.00	33.32	0.42	32.90
Brenda Rudrud 13 Maligne Drive Devon, AB T9G 1P7	57.74	0.14	0.00	0.14
Ken Rumohr 39 Westacott Cres. Ajax, ON L1T 4H7	67.50	0.16	0.00	0.16
Judy Santacroe 18 Sandbanks Drive Richmond Hill, ON L4E 3J5	20,416.11	48.49	0.61	47.88
Madeliene Santos #305 -1757 Victoria Park Avenue Scarborough, ON M1R 1S3	5,458.30	12.96	0.16	12.80
Silvana Scalzo 66 Bridlewood Blvd. Whitby, ON L1R 3C9	29,063.47	69.03	0.86	68.17
Rizalina L Serrano 192 Andona Crescent Scarborough, ON M1C 5J7	11,917.25	28.30	0.35	27.95
Sexy Living #404-1485 Coast Meridian Rd Port Coquitlam, BC V3C 5P1	2,295.26	5.45	0.07	5.38
V N Sgro-Carpenter 1587 Major Oaks Road Pickering, ON L1X 2J8	28,711.68	68.19	0.85	67.34
Annie Shurtliffe 722 Irish Settlement Rd Pearsonville, NB E5P 1Y2	23,596.00	56.04	0.70	55.34
Mary Simonsen 21 Bush Dr Scarborough, ON M1C 1G7	6,139.00	14.58	0.18	14.40

Creditor Name	Claim \$	Dividend \$	Total	
			Levy \$	Payment \$
Taramattie Singh 6 Gorsey Square Scarborough, ON M1B 1A7	8,889.09	21.11	0.26	20.85
Peggy Spencer PO BOX 6819 Stn Main Fort St John, BC V1J 4J3	117.23	0.28	0.00	0.28
Christine E. Sue-Chuck 162 Old Sheppard Ave North York, ON M2J 3L9	32,454.19	77.08	0.96	76.12
Nirvanie Sukhdeo 58 Dalmatian Cres Scarborough, ON M1C 4W3	27,391.54	65.06	0.81	64.25
Margaret Szabo 100 Raglan Avenue, Apt 1001 Toronto, ON M6C 2L3	11,427.00	27.14	0.34	26.80
Francesco Tata 107 Park St. East Halton Hills, ON L7G 3M6	5,843.39	13.88	0.17	13.71
Iren Telemi 1 Greenland Rd. Don Mills, ON M3C 1N1	33.58	0.08	0.00	0.08
Andrew Thompson 3 Sealstone Terrace Scarborough, ON M1E 4J6	6,723.85	15.97	0.20	15.77
Avis Thompson 112 McClure Cres Scarborough, ON M1B 1J6	17,792.42	42.26	0.53	41.73
Gail A Thompson 110 Painted Post Dr Toronto, ON M1H 1T5	16,338.89	38.81	0.49	38.32
Ethela Tobin 6 Anne Street P.O. BOX 102 Bobcaygeon, ON K0M 1A0	10,984.00	26.09	0.33	25.76
Mary Torchia 170 Twyn Rivers Drive Pickering, ON L1V 1E4	12,343.58	29.32	0.37	28.95
Subramaniam Vaithilingam 14 Halfmoon Square Toronto, ON M1C 3V3	5,505.83	13.08	0.16	12.92
Angele Valentine 20 Greencrest Circ, Apt #714 Scarborough, ON M1G 1B8	16,707.11	39.68	0.50	39.18

Creditor Name	Claim \$	Dividend \$	Total	
			Levy \$	Payment \$
Vimalanayaki Vijayaratham 227 Epsom Downs Drive Toronto, ON M3M 1T3	32,358.00	76.85	0.96	75.89
Jennifer Villanueva 23 Glory Cres Scarborough, ON M1E 2B9	11,870.17	28.19	0.35	27.84
Rob Weatherall 75 Mill St. Ajax, ON L1S 6B2	21,934.61	52.10	0.65	51.45
Remy Weir 7 Woolen Mill Rd Markham, ON L3P 6X4	21,003.65	49.89	0.62	49.27
Lana Whiskeyjack P.O. Box 1986 St. Paul, AB T0A 3A0	85.22	0.20	0.00	0.20
Clarence Wong 41 Lilac Ave Thornhill, ON L3T 5K1	10,022.55	23.80	0.30	23.50
Corinne Wong #902 - 8 McKee Avenue Toronto, ON M2N 7E5	6,195.98	14.72	0.18	14.54
Leonie AM Wood 57 Salt Drive Ajax, ON L1S 7T5	19,817.22	47.07	0.59	46.48
Workplace Safety & Insurance Board 200 Front Street West Toronto, ON M5V 3J1	19,438.80	46.17	0.58	45.59
James Wu #14 - 175 Alexmuir Blvd. Scarborough, ON M1V 1R8	6,635.60	15.76	0.20	15.56
Flora Yampezagiye 41 Castlethorpe Dr. Scarborough, ON M1M 3X1	8,133.51	19.32	0.24	19.08
Bibi Yussuff 127 Zaph Ave. Scarborough, ON M1C 1M9	18,726.46	44.48	0.56	43.92
Nevenka Zakula 43 Farrell Ave North York, ON M2R 1C7	17,198.34	40.85	0.51	40.34
Total	10,966,357.30	26,045.86	325.57	25,720.29

Contributor Name	Chim \$	Dividend \$	Total Levy \$	Payment \$
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Approved by the following inspector  Apr. 28, 2014
 Mr. Lewis Lau Date

Court File No. CV10-9023-00CL
Estate No. 31-456614

Supplementary Dividend Sheet
In the matter of the bankruptcy of
DB Media Distribution (Canada)
Ordinary Administration

Date declared: April 8, 2014


Creditor Name	Claim \$	Dividend \$	Total Levy \$	Payment \$
Aaron Borkowsky 34 Cavendish Street Regina, SK S4N 1P2	65.00	0.92	0.01	0.91
Canada Post Corporation 2701 Riverside Drive, Suite #C0155 Ottawa, ON K1A 0B1	183,724.99	2,590.30	32.38	2,557.92
Canada Revenue Agency (for CH LLC (Canada)) Northern Ontario Regional Collections/Compliance Centre 333 Laurier Ave. W Ottawa, ON K1A 0L9	23,246.00	327.74	4.10	323.64
CMRRA Ltd. 56 Wellesley Street, Suite 32C Toronto, ON M5S 2S3	1,424,044.54	20,077.32	250.97	19,826.35
RBC Investor Services Trust, In trust for the Retirement Plan for I c/o PricewaterhouseCoopers 1 Robert Speck Parkway Suite 110C Mississauga, ON L4Z 3M3	2,618,338.00	36,915.43	461.44	36,453.99
Cheryl Dahl PO BOX 334 Swan River, MB R0L 1Z0	264.44	3.73	0.05	3.68
Kim Dettling Box 410 Grovedale, AB T0H 1X0	41.96	0.59	0.01	0.58
DGA North American Inc. 80 Travail Road Suite 1 and 2 Markham, ON L3S 3J1	8,524.61	120.19	1.50	118.69
Emex Systems Inc 1220 Sheppard Ave. East #410 North York, ON M2K 2S5	25,522.47	359.84	4.50	355.34
Euler Hermes ACI (Solutions 2 Go Inc.) CIBC Tower 1155 Rene-Levesque Blvd. West Suite 1702 Montreal, QC H3B 3Z7	16,897.52	238.23	2.98	235.25

Creditor Name	Claim \$	Dividend \$	Total	
			Levy \$	Payment \$
Joan Gale 42-15677 24th Ave Surrey, BC V4A 2J6	133.70	1.89	0.02	1.87
Shelly Jardine 109-4225 Grange Street Burnaby, BC V6H 1N8	220.00	3.10	0.04	3.06
Kyla Johnson 9 Alabama Drive Apt #11 Stephenville, NL A2N 2X2	88.68	1.25	0.02	1.23
Tracy Kapashesit P.O. Box 171 Moosonee, ON P0L 1Y0	227.00	3.20	0.04	3.16
Paul Kilgour 197 Acadia Dr. Hamilton, ON L8W 3V4	135.01	1.90	0.02	1.88
Calvin Kuan 47 Golden Oak Avenue Richmond Hill, ON L4S 1Y5	59.76	0.84	0.01	0.83
Sharon Lackey 166 Briceland Street Kingston, ON K7K 7L2	119.53	1.69	0.02	1.67
Tinisha Lewis 68-3190 Kingston Road Scarborough, ON M1M 1P5	102.40	1.44	0.02	1.42
Marketinghits.com 119 15th St. NW Drumheller, AB T0J 0Y1	997.50	14.06	0.18	13.88
Yolanda Mars 139 Zaph Avenue Toronto, ON M1C 1M9	40.00	0.56	0.01	0.55
Miller Thomson LLP 600-60 Columbia Way Markham, ON L3R 0C9	9,283.52	130.89	1.64	129.25
North Central Office Technologies Inc. 1167B Ringwell Drive Newmarket, ON L3Y 8T8	2,749.77	38.77	0.48	38.29

Creditor Name	Claim \$	Total		Payment \$
		Dividend \$	Levy \$	
Pitney Bowes Global Credit Services c/o Asset/Bankruptcyhighway.com PO Box 5710C Toronto, ON M8Y 3Y2	2,119.48	29.88	0.37	29.51
Rogers Communication Inc. PO Box 2514 Station B Toronto, ON N6A 4G9	1,079.21	15.22	0.19	15.03
Rogers Communication Inc. PO Box 2514 Station B Toronto, ON N6A 4G9	1,102.04	15.54	0.19	15.35
Angela Smith P.O. Box 498 Stavely, AB T0L 1Z0	76.41	1.08	0.01	1.07
Blaine Stotz 119-7435 Moffat Rd. Richmond, BC V6Y 1X9	61.72	0.87	0.01	0.86
Universal Studios Home Entertainment Canada Inc. 2450 Victoria Park Avenue Toronto, ON M5J 4A2	363.55	5.13	0.06	5.07
Valassis Canada Inc. 47 Jutland Road Toronto, ON M8Z 2G6	15,865.20	223.68	2.80	220.88
Norma Wells 2305 Wuthering Heights Way Oakville, ON L6M 0E7	128.21	1.81	0.02	1.79
Joy Wilson 86 Hammond Drive P.O. Box 152 Rainy River, ON P0W 1L0	125.05	1.76	0.02	1.74
Kristen Wilson 30020 - 51 King William St. Huntsville, ON P1H 0B4	152.71	2.15	0.03	2.12
World Color Press Inc. N63W23075 Main Stret Sussex, WI 53089	84,062.74	1,185.18	14.81	1,170.37
Total	\$ 4,419,962.72	\$ 62,316.18	\$ 778.95	\$ 61,537.23

Creditor Name	Claim \$	Dividend \$	Total Levy \$	Payment \$
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Approved by the following inspector


 Mr. Lewis Lau

Apr. 28, 2014
 Date

**IN THE MATTER OF THE BANKRUPTCY OF DB MEDIA DISTRIBUTION INC.,
DB MEDIA DISTRIBUTION (CANADA), CH LLC (CANADA) AND
CH SUB LLC (CANADA)**

Court File No. CV-10-9023-00CL
Estate File Nos. 31-456611, 31-456614,
31-456616, 31-456617

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**MOTION RECORD
(Returnable September 25, 2014)**

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, First Canadian Place
Toronto, ON M5X 1B8

Caitlin Fell LSUC# 60091H
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Email: cfell@osler.com

Solicitor for Alvarez & Marsal Canada
Inc. in its capacity as Trustee of DB
Media Distribution Inc., DB Media
Distribution (Canada), CH LLC (Canada)
and CH Sub LLC (Canada) and not in its
personal capacity