IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990, c. P.8, as amended (the “ *PBA*”);

AND IN THE MATTER OF a Proposal of the Superintendent of Financial Services to consent, under section 78(1) of the *PBA*, to a payment out of the **Pension Plan for Group "B" Employees of 2231604 Ontario Inc.,** Registration Number 0448662**.**

TO: 2231604 Ontario Inc.
14756 Heritage Road
Terra Cotta ON L0P 1N0

Attention: Chris Sayers
President

Applicant and Employer

NOTICE OF PROPOSAL

I PROPOSE TO CONSENT, under section 78(1) of the *PBA*, to the payment out of the Pension Plan For Group "B" Employees of 2231604 Ontario Inc., Registration Number 0448662 (the “Plan”), to **2231604 Ontario Inc.**, in the lump sum amount of $150,000.

REASONS:

1. **2231604 Ontario Inc.** is the employer as defined in the Plan, previously known as Chriscot Holdings Limited and subsequently changed by amendment No. 5 effective and dated February 1, 2010.

2. As at October 1, 2009 the surplus in the Plan was estimated at $1,205,308.

3. The Plan was amended to provide for payment of $150,000 of surplus to the Employer while the Plan continues.

4. The application discloses that by written agreement made by the Employer and the sole former member, the surplus assets of $150,000 in the Plan at the date of payment is to be distributed to the Employer in a lump sum payment, with the member having full entitlement to the remaining surplus assets of the plan as defined in the Surplus Distribution Agreement.

5. The Employer has applied, pursuant to section 78 of the *PBA*, and section 10 of Regulation 909, R.R.O. 1990 (Regulation), for consent of the Superintendent of Financial Services to the payment of $150,000 of the surplus to be distributed from the Plan.

Section 79(1)(b) of the *PBA* provides: "Subject to section 89 (hearing and appe al), the Superintendent shall not consent to payment of money that is surplus to the employer out of a continuing pension plan unless, the pension plan provides for the withdrawal of surplus by the employer while the pension plan continues in existence, or the applicant satisfies the Superintendent that the applicant is otherwise entitled to withdraw the surplus."

Section 10 of the Regulation provides:

" **10.**C(1)The criteria described in this section must be met before the Superintendent may consent to the payment of money that is surplus out of a continuing pension plan to the employer.

(2) All persons who are entitled to receive benefits under the pension plan and all members must consent to the terms upon which the surplus is to be paid out of the plan.

(3) All persons in respect of whom the administrator has purchased a pension, deferred pension or ancillary benefit, other than those persons who requested that the administrator do so, must consent to the terms upon which the surplus is to be paid out of the pension plan.

(4) The pension plan must provide that a former member's contributions to the plan and the interest on the contributions shall not be used to provide more than 50 per cent of the commuted value of a pension or deferred pension in respect of contributory benefits to which the member is entitled under the plan on termination of membership or employment.

(5) The pension plan must provide that a former member who is entitled to a pension or deferred pension on termination of employment or membership is entitled to payment from the pension fund of a lump sum payment equal to the amount by which the former member's contributions under the plan and the interest on the contributions exceed one-half of the commuted value of the former member's pension or deferred pension in respect of the contributory benefits.
(6&7)REVOKED

(8) If surplus is allocated to a person to increase the person's benefits, the person must be offered the choice of receiving the surplus in the form of inflation adjustments to the existing benefits.

(9) The inflation adjustments that are provided must be made,

(a)by indexing the benefits in accordance with a formula based upon increases in the annual Consumer Price Index;

(b)by providing an annual percentage increase in the amount of the benefits or an annual increase of a specified dollar amount; or

(c)by a combination of the methods described in clauses (a) and (b).

(10)For the purpose of subsection (9), the employer may select the method for providing the inflation adjustments.

(11)The pension plan must state who is entitled, or must provide a mechanism for determining who is entitled, to any surplus in the plan after the payment of surplus to which the Superintendent is being asked to consent

(12)Subsection (11) applies with respect to applications under section 78 of the Act made after the 31st day of October, 1990."

6. The application appears to comply with sections 78 and 79(1) of the *PBA* and with sections 10, 25(1), 25(2) and 25(4) of the Regulation.

7. Such further and other reasons as come to my attention.

YOU ARE ENTITLED TO A HEARING by the Financial Services Tribunal (the "Tribunal") pursuant to section 89(6) of the PBA. **To request a hearing, you must deliver to the Tribunal a written notice that you require a hearing, within thirty (30) days after this Notice of Proposal is served on you.**[1]

YOUR WRITTEN NOTICE must be delivered to:

Financial Services Tribunal
5160 Yonge Street
14th Floor
Toronto, Ontario
M2N 6L9

Attention: The Registrar

FOR FURTHER INFORMATION on a Form for the written notice, please see the Tribunal website at www.fstontario.ca **or** contact the Registrar of the Tribunal by phone at 416-590-7294, toll free at 1-800-668-0128, ext. 7294, or by fax at 416-226-7750.

IF YOU FAIL TO REQUEST A HEARING WITHIN THIRTY (30) DAYS, I MAY CARRY OUT THE PROPOSAL AS DESCRIBED IN THIS NOTICE.

DATED at Toronto, Ontario, this **27th** day of **April, 2010**.

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K. David Gordon
Deputy Superintendent, Pensions

[1] NOTE - Pursuant to section 112 of the *PBA* any Notice, Order or other document is sufficiently given, served or delivered if delivered personally or sent by regular mail and any document sent by regular mail shall be deemed to be given, served or delivered on the seventh day after the date of mailing.