

Court File No. CV-11-9514-00CL

HARTFORD COMPUTER HARDWARE INC.

**THIRD REPORT TO THE COURT SUBMITTED BY
FTI CONSULTING CANADA INC., IN ITS CAPACITY AS
INFORMATION OFFICER**

April 17, 2012

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE
UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN
DISTRICT OF ILLINOIS EASTERN DIVISION WITH RESPECT TO THE
COMPANY LISTED ON SCHEDULE "A" HERETO ("HARTFORD" OR THE
"CHAPTER 11 DEBTORS")**

APPLICATION OF HARTFORD COMPUTER HARDWARE, INC.

**UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**THIRD REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.
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INTRODUCTION

1. On December 12, 2011, (the "**Filing Date**") the Chapter 11 Debtors filed voluntary petitions under Chapter 11 of Title 11 of the United States Code (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the Northern District of Illinois Eastern Division (the "**US Bankruptcy Court**").

2. On December 13, 2011, Hartford Computer Hardware, Inc. (“**HCH**”) pending formal appointment by the US Bankruptcy Court as a foreign representative of the Chapter 11 Debtors (the “**Foreign Representative**”), commenced proceedings (the “**Recognition Proceedings**”) before this Honourable Court. As part of the Recognition Proceedings, the Foreign Representative sought and obtained an Order (the “**Interim Initial Order**”) granting certain limited interim relief including an interim stay of proceedings until a request for an Initial Recognition Order and a Supplemental Order (each as defined herein) could be heard.
3. On December 15, 2011, the US Bankruptcy Court made an Order authorizing HCH to act as the Foreign Representative of the Chapter 11 Debtors.
4. On December 21, 2011, the Foreign Representative’s motion for the relief set out in the Initial Recognition Order (the “**Initial Recognition Order**”) and the Supplemental Order (the “**Supplemental Order**”) under Part IV of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) was heard and the Initial Recognition Order and the Supplemental Order were granted by this Honourable Court.
5. In accordance with the terms of the Supplemental Order, FTI Consulting Canada Inc. (“**FTI Consulting**” or the “**Information Officer**”) was appointed as Information Officer. In its capacity as Information Officer, FTI Consulting is maintaining a website where documents relating to the Recognition Proceedings are being made available <http://cfcanada.fticonsulting.com/hartford>.
6. On December 21, 2011, the Court granted a recognition order in respect of the following orders: Joint Administration Order; Foreign Representative Order; Prepetition Wages Order; Customer Obligation Order; Prepetition Shipping Order; Insurance Order; Prepetition Taxes Order; Utilities Order; Cash Management Order; Claims Agent Order; and Interim DIP Facility Order.

7. On February 1, 2012, the Court granted a recognition order in respect of the following orders: the Final Post Petition Financing Order; the Utilities Order; and the Bidding Procedures Order as described herein.
8. On March 9, 2012, the Court granted a recognition order in respect of the order for the sale of property of the estates under U.S. Bankruptcy Code § 363 and the assumption and assignment of executory contracts and leases under U.S. Bankruptcy Code § 365 made by the U.S. Bankruptcy Court on February 28, 2012. This transaction closed on April 2, 2012 (the “**Closing**”).
9. On April 10, 2012, an order extending the exclusivity period was made by the US Bankruptcy Court during which the Chapter 11 Debtors may file a plan and solicit acceptance thereto to June 29, 2012 and August 31, 2012, respectively.
10. In April 12, 2012, the following orders were made by the US Bankruptcy Court:
 - (a) An Order authorizing the rejection of certain executor contracts and unexpired leases;
 - (b) An Order fixing the deadline and establishing procedures for filing proofs of claim and approving the form, manner and sufficiency of notice;
 - (c) An Order authorizing the employment and retention of Silverman Consulting and Mr. Steven Nerger (collectively, “**Silverman**”) as Chief Restructuring Officer nunc pro tunc to April 3, 2012;
 - (d) An agreed Order to extend the investigation period; and
 - (e) An Order authorizing a corporate name change for Nexicore Services , LLC, one of the Chapter 11 Debtors.
11. The purpose of this, the Third Report of the Information Officer, is to inform the Court on:

- (a) The Foreign Representative's request for recognition of the order setting the deadline for the filing of proofs of claim, approving the proposed form of proof of claim and the procedures for filing of a proof of claim and approving the form and manner of notice filed with the US Bankruptcy Court in the Chapter 11 Proceedings on April 12, 2012 (the "**Proof of Claims Order**"); and
 - (b) The Foreign Representative's request for recognition of the order authorizing the retention of Silverman as Chief Restructuring Officer ("**CRO**") nunc pro tunc to April 3, 2012 (the "**CRO Order**").
12. In preparing this report, FTI Consulting has relied solely on information and documents provided by the Foreign Representative, the Chapter 11 Debtors and their counsel. FTI Consulting has not audited, reviewed or otherwise attempted to independently verify the accuracy of completeness of this information. Accordingly, FTI Consulting expresses no opinion or other form of assurance on the information contained herein.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

THE PROOF OF CLAIMS ORDER

14. The Proof of Claims Order provides for the following with respect to a proof of claims procedure and a claims bar date:
- (a) That the bar date (the "**Bar Date**") for all claims ("**Claims**") excluding claims for compensation and reimbursement awarded under section 330(a), ("**Professional Compensation Claims**") be set for 5:00 pm Central time on June 12, 2012 (which is 60 days following the granting of the Proof of Claims Order); and
 - (b) That any person who fails to file a proof of claim in accordance with the terms of the Proof of Claims Order:

- (i) be forever barred from asserting such Claim against the Chapter 11 Debtors, their successors, or their property;
 - (ii) not be treated as a Creditor (as defined in 11 U.S.C. § 101(10)) for purposes of voting on, and distribution under, any plan in the Chapter 11 Proceedings with respect to such Claim; and
 - (iii) not be entitled to receive further notices regarding such Claim.
- 15. Professional Compensation Claims have been excluded from the Bar Date requirement as it may not be possible to assess the quantum of the claim prior to the Bar Date in the case of the professionals providing services beyond the Bar Date.
- 16. Pursuant to paragraph 8 of the Proof of Claims Order, certain creditors are deemed to have filed their Claims prior to the Bar Date, if the Claims come under one or more of the following categories:
 - (a) Any person or entity that has already filed a proof of claim against any of the Debtors with the Clerk of the Bankruptcy Court for the Northern District of Illinois in a form substantially similar to Official Bankruptcy Form No. 10;
 - (b) Any person or entity whose Claim is listed on the Debtors' Schedules, provided that (i) the claim is not scheduled as "disputed," "contingent" or "unliquidated" and (ii) the claimant does not disagree with the amount, nature and priority of the Claim as set forth in the Schedules;
 - (c) Any holder of a Claim that heretofore has previously been allowed by order of the Court;
 - (d) Any person or entity whose Claim has been paid in full; or

- (e) Any holder of a Claim for which a specific deadline has previously been fixed by the Court.
17. Pursuant to paragraph 4 of the Proof of Claims Order, any Claim arising from the rejection of executory contract or unexpired lease is required to be filed by the later of:
- (a) The date set by any order of the Court related to the rejection of that executory contract or unexpired lease;
 - (b) The applicable Bar Date; or
 - (c) Thirty days after the effective date of any order authorizing the rejection of any executory contract or unexpired lease.
18. The claims process includes provisions for the Chapter 11 Debtors to reject or dispute any proof of claims and imposes a time limit of 30 days on any claimant to assert their reasons or defences in respect of their proof of claim.
19. The Proof of Claims Order also sets out the noticing requirements and form of notice that will be provided to the creditors of the Chapter 11 Debtors. As part of these notice requirements, all known creditors will receive notice of the Proof of Claims Order.
20. The Information Officer has confirmed with the Applicants that, in accordance with the Proof of Claims Order, a copy of Proof of Claims Order, the claim form and instructions on how to fill it out and submit it was sent to every person who was a Canadian employee who:
- (a) As of the Closing:
 - (i) was employed by Hartford Computer Group, Inc (“**Hartford**”) the only Chapter 11 Debtor with operations in Canada; or

- (ii) was on temporary layoff, permanently terminated, or had quit;
or
 - (b) As of the Filing Date:
 - (i) was employed by Hartford; or
 - (ii) was on temporary layoff or was permanently terminated, or had quit.
- 21. The Information Officer notes that there is no provision in the noticing requirements to publish a notice in a Canadian newspaper. Pursuant to the Proof of Claims Order, the Chapter 11 Debtors will publish notice of the Bar Date once in each of the national editions of the Chicago Tribune and the Los Angeles Times.
- 22. The Information Officer is of the view that notwithstanding the lack of publication of notice of the Bar Date in Canada, the interests of the Canadian creditors are adequately protected. As set out above, the Information Officer has confirmed that all persons that may have employee related claims received notice of the process. All other known creditors that are Canadian creditors will receive a proof of claim form, in accordance with paragraph 11 of the Proof of Claims Order. In addition, the Information Officer will publish notice of the Bar Date on the Information Officer's website together with a proof of claim form and link to the Chapter 11 Debtors' restructuring site.
- 23. The procedure for filing a proof of claim:
 - (a) Proof of claims must conform substantially to Form No. 10 of the Official Bankruptcy Forms;
 - (b) Proofs of claim must be filed either by mailing, by hand delivery or by courier to Hartford Computer Claims Processing, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245 ("**Kurtzman**");

- (c) Proofs of claim will be deemed filed only when received by Kurtzman on or before the Bar Date;
- (d) Proofs of claim must (i) be signed; (ii) include supporting documentation; (iii) be in the English language; and (iv) be denominated in United States currency; and
- (e) Proofs of claim will be treated as public documents as if filed with the Office of the Clerk of the Bankruptcy Court.

THE CRO ORDER

- 24. As part of the Closing, nearly all of the Chapter 11 Debtors employees, including all of the Chapter 11 Debtors' officers ceased working for the Debtors and were hired by the purchaser. Consequently, following the Closing the Chapter 11 Debtors required a chief restructuring officer to assist them as an estate representative in the filing of a plan for the liquidation of their remaining assets and the winding down of the bankruptcy estates.
- 25. The Chapter 11 Debtors entered into an agreement with Silverman to provide CRO services to the Debtors following the Closing.
- 26. The CRO Order appoints Silverman as CRO effective April 3, 2012.

SUMMARY

- 27. In considering the information that has been made available to the Information Officer, the Information Officer is of the view that it is fair and appropriate for this Honourable Court to grant an Order recognizing the Proof of Claims Order and the CRO Order described herein and issued in the Chapter 11 Proceeding.
- 28. The Information Officer respectfully submits to the Court this Third Report.

Dated this 17th day of April, 2012.

FTI Consulting Canada Inc.
The Information Officer of
Hartford Computer Hardware, Inc.



Greg Watson
Senior Managing Director



Toni Vanderlaan
Managing Director