

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

N°: 500-11-058602-208

SUPERIOR COURT
(Commercial Division)
(Sitting as a court designated pursuant to
the Companies' Creditors Arrangement
Act, R.S.C. 1995, c. 36, as amended)

**IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF:**

**MAGASIN LAURA (P.V.) INC. / LAURA'S
SHOPPE (P.V.) INC.**

Applicant

-and-

KPMG INC.

Monitor

**APPLICATION FOR AN EXTENSION OF THE STAY OF PROCEEDINGS
AND FOR OTHER RELIEF
(ss. 9, 10, 11 and 11.02 of the Companies' Creditors
Arrangement Act (the "CCAA"))**

**TO THE HONOURABLE JUSTICE MARIE-ANNE PAQUETTE, J.S.C., SITTING IN THE
COMMERCIAL DIVISION OF THE SUPERIOR COURT IN THE DISTRICT OF
MONTREAL, THE APPLICANT RESPECTFULLY SUBMITS:**

I. Introduction

1. By way of the present *Application for an Extension of the Stay of Proceedings and for Other Relief*, the Applicant Magasin Laura (P.V.) Inc./Laura's Shoppe (P.V.) Inc. seeks an extension of the stay of proceedings granted pursuant to the First-Day Initial Order, as thereafter amended (the "**Stay of Proceedings**") from October 30, 2020 until January 29, 2021.

II. Background

2. As a result of the detrimental impact that the COVID-19 pandemic (the "**Pandemic**") had on its retail business, on July 31, 2020, the Applicant sought and obtained the protection of this Court under the CCAA (the "**CCAA Proceedings**").

3. Pursuant to the First-Day Initial Order, KPMG Inc. was appointed as the Monitor of the Applicant, and a Stay of Proceedings was ordered until and including August 10, 2020.
4. On August 10, 2020, the Court issued an Amended and Restated Initial Order (collectively with the First-Day Initial Order referred to herein as the “**Initial Order**”), which, among other things, extended the Stay of Proceedings until September 25, 2020.
5. On August 28, 2020, the Court issued a Claims Procedure Order, and at the same time, extended the Stay of Proceedings from September 25, 2020 until October 30, 2020.
6. On September 25, 2020, the Court issued an Order appointing KPMG Inc. as Receiver over a limited pool of assets of the Applicant, namely \$100, for the sole purpose of enabling employees terminated by the Applicant, or resigning from their employment with the Applicant during the course of the CCAA Proceedings, to receive certain payments under the *Wage Earner Protection Program Act*, SC 2005 c47, s1 (the “**WEPPA**”).
7. The Applicant is hereby requesting that the Stay of Proceedings be further extended until January 29, 2021, during which extension period it currently anticipates that it should be in a position to file a Plan of Compromise or Arrangement (the “**Plan**”) and submit same to its creditors for approval, unless circumstances arise as a result of the Pandemic which make it impractical to do so within such time frame.

III. Activities Since the Commencement of the CCAA Proceedings

A. Operations and Restructuring Activities

8. Since the commencement of the CCAA Proceedings, the Applicant has continued to manage its operations in the normal course, while implementing various measures to reduce costs and improve its cash flow during these uncertain times.
9. One of the main goals of the Applicant’s restructuring process was to improve its lease terms with the landlords of its stores (the “**Stores**”), in order that such terms better reflect the new reality for retailers in the midst of the Pandemic, and to enable the Applicant to continue to carry on business in the current challenging retail environment.
10. Since the commencement of the CCAA Proceedings, the Applicant has renegotiated lease terms with landlords and has significantly reduced its rent obligations, while only disclaiming one Store lease.
11. Unfortunately, due to the reduction in the volume of its business due to the Pandemic and the social-distancing requirements that must be maintained in the Stores, the Applicant had to terminate a number of employees at the head office and Store levels.

12. In terms of ongoing sourcing and supply of merchandise, proactive measures taken prior to the commencement of the CCAA Proceedings, including arrangements made with Key Suppliers (as defined in the Initial Order), have enabled the Applicant to obtain a continuous supply of fresh goods to its Stores.
13. The supply of fresh and current merchandise is essential to the Applicant's success, and the Applicant is continuing to work diligently with its suppliers and Key Suppliers in this regard.
14. Due to a recent increase in cases of COVID-19 in many parts of the country, and new government measures and restrictions implemented in response thereto, the Applicant is currently experiencing a greater reduction to its sales volumes than previously anticipated.
15. The Applicant is in the process of concluding an agreement with its operating lender Bank of Montreal ("**BMO**") to extend the forbearance agreement currently in effect.

B. Claims Process & WEPPA Claims

16. Pursuant to the Claims Procedure Order, the Claims Bar Date was set at October 5, 2020 for all claims other than Renegotiated Lease Claims and Disclaimed Lease Claims (as defined in the Claims Procedure Order), for which the Claims Bar Date was set at the later of October 5, 2020 and either (a) the date of an agreement between the Applicant and the landlord in respect of a Renegotiated Lease Claim, or (b) the effective date of a notice of disclaimer from the Applicant giving rise to the Disclaimed Lease Claim.
17. KPMG Inc., in its role as Monitor, is presently reviewing the proofs of claims filed in accordance with the Claims Procedure Order and, in its role as Receiver pursuant to the Receivership Order, is in the process of performing statutory requirements under the WEPPA.
18. Because not all proofs of claims of employees were received by the Monitor prior to the Claims Bar Date (in certain cases, due to reasons that cannot be ascribed to the fault of the employee), the Applicant seeks an Order that will permit the Monitor, if it considers it fair and appropriate to do so in its discretion, to accept and consider any proofs of claims submitted by employees after the Claims Bar Date but before any meeting of creditors is convened to vote on the Applicant's Plan.
19. In addition, the Applicant is aware of at least one creditor of the Applicant which did not receive notice of the claims procedure that has filed a proof of claim after the Claims Bar Date. Consequently, the Applicant seeks an Order that will permit the Monitor, if it considers it fair and appropriate to do so in its discretion, to accept and consider any proofs of claims submitted by creditors which did not receive timely notice of the claims procedure after the Claims Bar Date but before any meeting of creditors is convened to vote on the Applicant's Plan.

IV. Grounds for the Order Sought

20. The Applicant has acted in good faith and with due diligence since the issuance of the Initial Order and continues to do so.
21. The Stay of Proceedings currently expires on October 30, 2020 and the Applicant is seeking an extension of the Stay of Proceedings until January 29, 2021.
22. The extension sought will allow the Applicant, *inter alia*, to:
 - a. review and analyse, together with the Monitor, the proofs of claims received, and assist in the resolution of any disputes which may arise relating thereto;
 - b. continue the implementation of measures to reduce expenses and increase sales in response to the latest challenges posed by the Pandemic; and
 - c. continue working with the Monitor and BMO to bring forward a Plan that will be satisfactory to its creditors;
23. The extension sought will not negatively affect the Applicant's creditors.

V. Conclusions

24. The Applicant respectfully submits that the Stay of Proceedings be extended until January 29, 2021, the whole in accordance with the draft *Order Extending the Stay of Proceedings* communicated herewith as **Exhibit P-1**.
25. The Applicant has been informed that the Monitor supports the relief sought in the present Application, and will be filing a report confirming same, together with updated cash flows (under seal), prior to the hearing of the present Application
26. The present Application is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Application for an Extension of the Stay of Proceedings and for Other Relief*;

EXTEND the Stay of Proceedings from October 30, 2020 to January 29, 2021, in accordance with the draft *Order Extending the Stay of Proceedings*, Exhibit P-1.

AUTHORIZE the Monitor to accept and consider any proofs of claims filed by employees of the Applicant after the Claims Bar Date but before any meeting of creditors is convened to vote on the Applicant's Plan, if the Monitor determines it fair and appropriate to do so, the whole subject to further orders of this Court if disputes arise in connection therewith.

AUTHORIZE the Monitor to accept and consider any proofs of claims filed by creditors who did not receive timely notice of the claims procedure, after the Claims Bar Date but before any meeting of creditors is convened to vote on the Applicant's Plan if the Monitor determines it fair and appropriate to do so, the whole subject to further orders of this Court if disputes arise in connection therewith.

ORDER the provisional execution of the Order to be rendered, notwithstanding appeal.

THE WHOLE without costs, save and except in the event of contestation;

Montreal, this 20th day of October, 2020

Fishman Flanz Meland Paquin LLP
FISHMAN FLANZ MELAND PAQUIN LLP
Attorneys for Applicant

AFFIDAVIT

I, the undersigned, **KALMAN FISHER**, businessman, having a place of business at 3000 Le Corbusier boulevard, Laval, Québec, solemnly affirm that:

1. I am the President of the Applicant; and
2. All of the facts alleged by the Applicant in the present *Application for an Extension to the Stay of Proceedings and for Other Relief*, which do not appear of record in this Court file, are true and correct.

AND I HAVE SIGNED:



KALMAN FISHER

SOLEMNLY AFFIRMED before me,
by videoconference, at the City of
Montreal, Province of Quebec, this
20th day of October, 2020





Commissioner of Oaths for Quebec

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Applicant

-and-

KPMG INC.

Monitor

NOTICE OF PRESENTATION

TO: The Service List

TAKE NOTICE that the *Application for an Extension of the Stay of Proceedings and for Other Relief* will be presented for adjudication before the Honourable Justice Marie-Anne Paquette, J.S.C., sitting in the Commercial Division of the Superior Court of Quebec for the district of Montréal on **October 23, 2020** by video conference **at 11:45 AM** at the following Microsoft Teams link:

teams@teams.justice.gouv.qc.ca ID de la conférence VTC : 1173094864

Please refer to the attached letter from Justice Paquette for further instructions regarding the hearing.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 20th day of October, 2020

Fishman Flanz Meland Paquin LLP
FISHMAN FLANZ MELAND PAQUIN LLP
Attorneys for Applicant

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LIST OF EXHIBITS

P-1. Order Extending the Stay of Proceedings and Granting Other Relief

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: **500-11-058602-208**

DATE: OCTOBER 23, 2020

PRESIDING: THE HONOURABLE MARIE-ANNE PAQUETTE, J.S.C.

**IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:
MAGASIN LAURA (P.V.) INC. / LAURA'S SHOPPE (P.V.) INC.**

Applicant

-and-

KPMG INC.

Monitor

**ORDER EXTENDING THE STAY OF PROCEEDINGS AND GRANTING
OTHER RELIEF**

- [1] **ON READING** the *Application for an Extension of the Stay of Proceedings and for Other Relief* (the "**Application**") made by Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. (the "**Applicant**"), the affidavit and the exhibit in support thereof;
- [2] **SEEING** the service of the Application;
- [3] **SEEING** the submissions of the Applicant's attorneys and of other counsel present at the hearing on the Application;
- [4] **GIVEN** the:
- a. First-Day Initial Order rendered by this Court on July 31, 2020 ordering a stay of proceedings (the "**Stay of Proceedings**") until and including August 10, 2020,

- b. the Amended and Restated Initial Order rendered by this Court on August 10, 2020, *inter alia*, extending the Stay of Proceedings until September 25, 2020; and
- c. the Claims Procedure Order on August 28, 2020, *inter alia*, extending the Stay of Proceedings from September 25, 2020 until October 30, 2020;

[5] **SEEING** that it is appropriate to extend the Stay of Proceedings until January 29, 2021.

WHEREFORE THE COURT:

- [6] **GRANTS** the Application;
- [7] **ORDERS** that the time for service of the Application is hereby abridged and validated so that the Application is properly returnable today and hereby **DISPENSES** with further service thereof;
- [8] **EXTENDS** the Stay of Proceedings from October 30, 2020 to January 29, 2021;
- [9] **AUTHORIZES** the Monitor to accept and consider any proofs of claims filed by employees of the Applicant after the Claims Bar Date but before any meeting of creditors is convened to vote on the Applicant's Plan, if the Monitor determines it fair and appropriate to do so, the whole subject to further orders of this Court if disputes arise in connection therewith;
- [10] **AUTHORIZES** the Monitor to accept and consider any proofs of claims filed by creditors who did not receive timely notice of the claims procedure, after the Claims Bar Date but before any meeting of creditors is convened to vote on the Applicant's Plan if the Monitor determines it fair and appropriate to do so, the whole subject to further orders of this Court if disputes arise in connection therewith.
- [11] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.
- [12] **WITHOUT COSTS.**

Montreal, October 23, 2020

NO: 500-11-058602-208

**SUPERIOR COURT
(Commercial Division)
District de Montréal**

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ARRANGEMENT OF:***

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OF THE STAY OF PROCEEDINGS AND
FOR OTHER RELIEF
(ss. 9, 10, 11 and 11.02 of the
Companies' Creditors Arrangement Act)
And Exhibit P-1**

ORIGINAL

File: LAURAS-4
Nature:

Me Mark E. Meland
Me Tina Silverstein
mmeland@ffmp.ca / tsilverstein@ffmp.ca
notifications@ffmp.ca
FISHMAN FLANZ MELAND PAQUIN LLP
1250 René-Lévesque Blvd. West, Suite 4100
Montréal, Québec H3B 4W8
Tel: 514 / 932-4100

CODE: BM-0309