

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.**

Debtor

-and-

KPMG INC.

Monitor/Proposed Receiver

**MOTION BY THE MONITOR/PROPOSED RECEIVER FOR A RECEIVERSHIP ORDER
(S. 11 of the Companies' Creditors Arrangement Act (the "CCAA") &
S. 243 of the Bankruptcy & Insolvency Act (the "BIA"))**

**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 MONITOR/PROPOSED RECEIVER RESPECTFULLY SUBMITS:**

I. Introduction

1. On July 31, 2020, the Debtor sought and obtained the protection of this Court under the CCAA pursuant to a First-Day Initial Order, which was continued in an Amended and Restated Initial Order on August 10, 2020, and extended again until October 30, 2020 by an order of this Court dated August 28, 2020 (the "**CCAA Proceedings**").
2. By way of the present Motion, KPMG Inc., in its capacity as court-appointed Monitor (the "**Monitor**") of the Debtor's CCAA Proceedings, is seeking, with the support of the Debtor, the issuance of a receivership order (the "**Receivership Order**") appointing itself as receiver (in such capacity, the "**Receiver**"), without security, over a certain limited pool of funds of the Debtor, in accordance with the draft receivership order communicated herewith as **Exhibit R-1**.

II. Grounds for the Order

3. As appears from the court applications filed by the Debtor as part of the CCAA Proceedings, the Debtor sought and obtained the protection of the Court pursuant to the CCAA because of the effect that the COVID-19 pandemic has had on the operations of its retail business.
4. Over the course of the past month, the Debtor has worked diligently to renegotiate its commercial leases with its landlords so that its rental obligations better reflect its current operations and projections going forward, and ultimately allow it to continue operating its business as a going concern.
5. While these negotiations remain on-going, it is important to note that the reduction in the Debtor's sales has forced the Debtor to terminate the employment of a portion of its employees whose services were no longer required due to its reduced revenues.
6. In fact, the Debtor recently made the difficult decision to permanently terminate the employment of approximately 33 of its head office employees in Montreal and 142 of its store employees across the country, and in addition, certain employees have decided to resign (collectively, the "**Terminated Employees**"). The majority of the Terminated Employees were already on temporary leave due to COVID-19 related store closures and had not yet been called back to work.
7. The *Wage Earner Protection Program Act*, S.C., 2005 c. 47, s. 1 ("**WEPPA**") entitles eligible individuals to receive certain payments in respect of eligible wages, which includes termination and severance pay, in certain circumstances where such individual's former employer is subject to bankruptcy or a receivership proceedings.
8. However, in the matter at-hand, the Terminated Employees of the Debtor are technically not eligible to receive payments under the WEPPA for the sole reason that the Debtor is not subject to bankruptcy or receivership proceedings.
9. In these circumstances, the Monitor believes that it would be just and equitable for this Court to appoint the Monitor to act as receiver pursuant to s. 243 BIA, without security, over a certain limited pool of funds of the Debtor (i.e. \$100) to be transferred to and held in trust by KPMG Inc. (if appointed as receiver), and no other property of the Debtor, solely for the purpose of allowing the Terminated Employees to receive some recovery pursuant to the WEPPA.
10. The Monitor submits that its appointment as receiver as requested herein would not result in any disruption to the CCAA Proceedings or cause any material prejudice to any stakeholder of the Debtor.
11. In fact, the Monitor notes that the concurrent appointment of a receiver in the context of restructuring proceedings, either under the CCAA or under BIA, has been approved in several previous files, including in the ones listed below:

- (a) Louis Garneau Sports inc. & Sugoi Global Inc. (2020);
 - (b) Céragrès Tiles Group Inc. (2020);
 - (c) David's Tea (2020);
 - (d) Cirque du Soleil (2020);
 - (e) Bouclair (2020);
 - (f) Fortress (2019);
 - (g) Groupe Capitales Media (2019);
 - (h) Groupe SM (2018); and
 - (i) Sears (2018).
12. Since KPMG Inc. is already acting as Monitor in the context of the CCAA Proceedings, and is subject to reporting obligations thereunder, the Monitor seeks the permission of this Court that the Receiver be relieved of compliance with sections 245 (1), 245 (2) and 246 of the BIA.
13. The Monitor understands that the Debtor supports this Motion.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present Motion;

ISSUE an order in the form of the draft Receivership Order communicated herewith as R-1;

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

Montreal, this 23rd day of September, 2020



Stikeman Elliot LLP

Attorneys for the Monitor/Proposed Receiver

Guy P. Martel /Danny Duy Vu

514-397-3163 / 514-206-1076

gmartel@stikeman.com / ddvu@stikeman.com

AFFIDAVIT

I, the undersigned, **DEV A. COOSSA**, domiciled for the purpose hereof at 600 de Maisonneuve West, Suite 1200, in the city of Montreal, Province of Quebec, do solemnly declare:

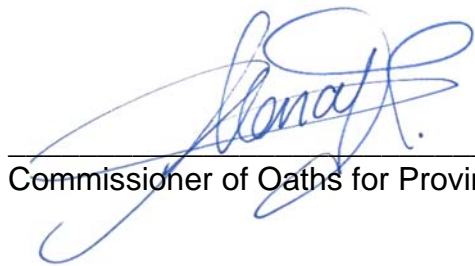
1. I am a partner of KPMG Inc., and a duly authorized representative for the purposes hereof;
2. I have taken cognizance of the attached Motion by the Monitor/ Proposed Receiver for a Receivership Order (the "**Motion**");
3. All of the facts alleged in the Motion of which I have personal knowledge of are true;
4. Where I have obtained facts alleged in the Motion from others, I believe them to be true.

AND I HAVE SIGNED



DEV A. COOSSA

Solemnly declared before me at Montreal
This 22nd day of September 2020



Commissioner of Oaths for Province of Quebec



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.**

Debtor

-and-

KPMG INC.

Monitor/Proposed Receiver

NOTICE OF PRESENTATION

TO: The Service List

TAKE NOTICE that the *Motion by the Monitor/Proposed Receiver for a Receivership Order* 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 **September 25, 2020 • at 9:30 AM**, in the manner to be determined by the Court and announced to the service list.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 23rd day of September, 2020



Stikeman Elliot LLP

Attorneys for the Monitor/Proposed Receiver

Guy P. Martel / Danny Duy Vu

514-397-3163 / 514-397-6495

gmartel@stikeman.com / ddvu@stikeman.com

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.**

Debtor

-and-

KPMG INC.

Monitor/Proposed Receiver

LIST OF EXHIBITS

R-1. Draft Receivership Order

Montreal, this 23rd day of September, 2020

Stikeman Elliott

Stikeman Elliot LLP

Attorneys for the Monitor/Propose Receiver

Guy P. Martel /Danny Duy Vu

514-397-3163 / 514-307-3163

gmartel@stikeman.com / ddvu@stikeman.com

Exhibit R-1

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

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

DATE: September 25, 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.**

Debtor

-and-

KPMG INC.

Monitor/Proposed Receiver

ORDER APPOINTING A RECEIVER
**(Section 11 of the *Companies' Creditors Arrangement Act* &
Section 243 of the *Bankruptcy and Insolvency Act*)**

- [1] **ON READING** the *Motion by the Monitor/Proposed Receiver for a Receivership Order* (the "**Motion**") made by KPMG Inc. ("**KPMG**") in its capacity as Monitor in the CCAA proceedings of Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc. (the "**Debtor**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), the affidavit and the exhibit in support thereof;
- [2] **SEEING** the service of the Motion;
- [3] **SEEING** the submissions of the Monitor's attorneys and of other counsel present at the hearing on the Motion;
- [4] **GIVEN** the (i) First-Day Initial Order rendered by this Court on July 31, 2020, and (ii) the Amended and Restated Initial Order rendered by this Court on August 10, 2020 (collectively, the "**Initial Order**");

[5] **SEEING** that it is appropriate to appoint KPMG as receiver to the Receivership Property (as defined herein) of the Debtor (in such capacity, the “**Receiver**”);

WHEREFORE THE COURT:

[6] **GRANTS** the Motion;

SERVICE

[7] **ORDERS** that the time for service of the Motion is hereby abridged and validated so that the Motion is properly returnable today and hereby **DISPENSES** with further service thereof.

LIFTING OF THE STAY

[8] **ORDERS** that the stay of proceedings granted by this Court under the Initial Order is hereby lifted with respect to the Debtor and the Receivership Property solely to allow (i) the appointment of the Receiver over the Receivership Property, and (ii) the Receiver to act in respect of the Receivership Property, each in accordance with the provisions of this order (the “**Receivership Order**”).

RECEIVERSHIP PROPERTY AND APPOINTMENT

[9] **AUTHORIZES** the Debtor to transfer to the Receiver the amount of \$100.00 to constitute the receivership property (the “**Receivership Property**”).

[10] **APPOINTS** KPMG (Dev Coossa, CIRP, LIT) to act as Receiver over the Receivership Property until the issuance of any order by the Court terminating the mandate of the Receiver.

[11] **DECLARES** that the Receiver is a receiver within the meaning of section 243(1) of the BIA.

[12] **DECLARES** that this Receivership Order and its effects shall survive the filing by the Debtor of a Plan of Arrangement, unless the Court orders otherwise.

RECEIVER’S POWERS

[13] **ORDERS** that the Receiver will be empowered and authorized, but not obligated, to act at once in respect of the Receivership Property and the Receiver will be expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and exercise control over the Receivership Property;
- (b) to perform its statutory obligations under the *Wage Earner Protection Program Act*, SC 2005, c 47, s 1 (the “**WEPPA**”);
- (c) to take any action reasonably incidental to the exercise of these powers under

this Receivership Order or the fulfillment of any statutory obligations; and

- (d) to retain the services of any lawyer, or of any person or business in order to appropriately fulfill the Receiver's power conferred by this Receivership Order;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, and without interference from any other person.

- [14] **ORDERS** that the Receiver be and is hereby relieved from compliance with the provision of sections 245(1), 245(2) and 246 of the BIA, provided that the Receiver shall provide notice of its appointment in the prescribed form and manner to the Superintendent of Bankruptcy, accompanied by the prescribed fee.

INITIAL ORDER

- [15] **ORDERS** that, except as expressly stated in the Receivership Order with respect of the Receivership Property, nothing herein amends the terms of the Initial Order, including the powers, authorizations, obligations and protections for the Monitor.

DEBTOR'S DUTIES

- [16] **ORDERS** the Debtor, its directors, officers, employees, agents and representatives to forthwith provide the Receiver with access to the Receivership Property and to cooperate with the Receiver in the exercise of the powers that are granted pursuant to the terms of this Receivership Order;

LIMITATION OF LIABILITY

- [17] **ORDERS** that the Receiver shall not be liable for any employee related liabilities, including, without limitation, any successor-employer liabilities as provided for in sections 14.06(1.2) of the BIA, or in respect of its obligations under sections 81.4(5) and 81.6(3) of the BIA or under the WEPPA.
- [18] **DECLARES** that subject to the powers granted to the Receiver pursuant to the terms of paragraph [13] of this Receivership Order, nothing herein contained shall require the Receiver to occupy or to take control, or to otherwise manage all or any part of the Receivership Property.
- [19] **DECLARES** that the powers of the Receiver shall be exercised pursuant to its sole discretion and judgment.
- [20] **DECLARES** that sections 14.06 and 215 of the BIA apply *mutatis mutandis*, and hence that no action lies against the Receiver by reason of its appointment or the execution of the powers granted by the Court, except by leave of the Court. The entities related to the Receiver or belonging to the same group as the Receiver shall benefit from the protection arising under the present paragraph.
- [21] **ORDERS** that no proceeding or enforcement process in any court or tribunal, shall be commenced or continued against the Receiver or the Receivership Property, except with the written consent of the Receiver or with leave of this Court.

FEES

- [22] **AUTHORIZES** the Receiver to collect the payment of its fees and disbursements and those of its attorneys.
- [23] **ORDERS** that the reasonable fees and disbursements of the Receiver and those of its attorneys incurred in relation to these proceedings are secured by the Administration Charge granted by the Initial Order.

GENERAL

- [24] **DECLARES** that this Receivership Order, the Motion and the affidavit filed in support thereof do not, in and of themselves, constitute a default or failure to comply by the Debtor under any statute, regulation, license, permit, contract, permission, covenant, agreement, undertaking or any other written document or requirement.
- [25] **DECLARES** that the Receiver is at liberty to serve any notice, circular or any other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to persons or other appropriate parties at their respective given address as last shown in the Debtor's records; the documents served in this manner shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three (3) business days after mailing if delivered by ordinary mail.
- [26] **DECLARES** that the Receiver may serve any court materials in these proceedings on all represented parties, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Receiver shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
- [27] **DECLARES** that any party interested in these proceedings may serve any court material in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that such party shall deliver a "hard copy" on paper of such PDF or electronic materials to the Debtor's counsel or the Receiver's counsel and to any other party who may request such delivery.
- [28] **DECLARES** that unless otherwise provided herein, ordered by this Court, or provided by the BIA, no document, order or other material need be served on any person in respect of these proceedings, unless such person has served a notice of appearance on the solicitors for the Debtor and the Receiver.
- [29] **DECLARES** that any interested person may apply to this Court to vary or rescind this Receivership Order or seek other relief upon five (5) days' notice to the Receiver, the Debtor and any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
- [30] **DECLARES** that this Receivership Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.

- [31] **REQUESTS** the aid and recognition of any court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.
- [32] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.
- [33] **WITHOUT COSTS.**

Montreal, September 25, 2020

**SUPERIOR COURT
(Commercial Division)**

Nº. 500-11-058602-208

**CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL**

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

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

Debtor

-and-

KPMG INC.

Monitor/Proposed Receiver

BS0350

**MOTION BY THE MONITOR/PROPOSED RECEIVER FOR A
RECEIVERSHIP ORDER, AFFIDAVIT, NOTICE OF PRESENTATION,
LIST OF EXHIBITS AND EXHIBIT R-1**

**(S. 11 of the Companies' Creditors Arrangement Act (the "CCAA") &
S. 243 of the Bankruptcy & Insolvency Act (the "BIA"))**

ORIGINAL

Me. Guy P. Martel

(514)397-3163

gmartel@stikeman.com

Me. Danny Duy Vu

(514)397-6495

ddvu@stikeman.com

STIKEMAN ELLIOTT
Stikeman Elliott LLP Barristers & Solicitors
41th FLOOR
1155, René-Lévesque Blvd. West, Montréal, Canada H3B 3V2