

CANADA

**SUPERIOR COURT**  
(Commercial Division)

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

(Sitting as a court designated pursuant to the  
*Companies' Creditors Arrangement Act*,  
R.S.C. c. C-36)

N°: 500-11-049256-155

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

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

Debtor

-and-

**KPMG INC.**

Monitor – Petitioner

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**MOTION FOR ORDERS IN RESPECT OF SUPPLIER AGREEMENTS**

(s. 11 and following of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36)

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**TO THE HONOURABLE JUSTICE MARIE-ANNE PAQUETTE OR TO ONE OF THE  
OTHER HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE  
COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL, THE  
PETITIONER RESPECTFULLY SUBMITS AS FOLLOWS:**

**Introduction**

1. The Debtor, Magasin Laura (P.V.) Inc. / Laura's Shoppe (P.V.) Inc., is one of Canada's oldest and most well-known women's wear retailers which operates and owns approximately 162 separate stores across Canada under the trade names "Laura", "Laura Petites", "Laura Outlet", "Laura Plus", "Melanie Lyne" and "Melanie Lyne Liquidation" (the "**Business**").
2. On August 12, 2015, this Court rendered an initial order (the "**Initial Order**") in respect of the Debtor pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. c. C-36 ("**CCAA**") and the Petitioner, KPMG Inc., was appointed as Monitor.
3. The Debtor is in the process of restructuring its Business, with a view to filing a plan of compromise or arrangement.
4. The Monitor, with the assistance of its counsel, Fishman Flanz Meland Paquin LLP ("**FFMP**"), has been monitoring and overseeing the restructuring of the Business in accordance with the Initial Order.

## **Supply Procurement Agreements**

5. The Debtor's reorganization depends on its ability to continue to receive a regular supply of fresh merchandise necessary for the carrying on of its Business.
6. Paragraph 15 of the Initial Order restrains suppliers from discontinuing, altering, interfering with or terminating the supply of such goods, provided that the normal prices for such goods received after the date of the Initial Order are paid by the Debtor, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier and the Debtor, with the consent of the Monitor, or as may be ordered by this Court.
7. Paragraph 16 of the Initial Order permits suppliers to require immediate payment for goods provided to the Debtor on or after the date of the Initial Order.
8. Paragraph 39(b) of the Initial Order provides that the Monitor, in controlling the receipts and disbursements of the Debtor, acts under the supervision, monitoring and with the approval of PricewaterhouseCoopers Inc. ("**PWC**"), the financial advisor to the interim lender.
9. Before consenting to sell goods to the Debtor after the Initial Order, suppliers have required assurances that, in each case, the purchase price will be set aside for the account of the supplier before delivery of the goods and that immediate payment will be made to the supplier upon delivery of the goods or the original bill(s) of lading and other customary documentation and authorizations relating thereto.
10. To facilitate this process and provide comfort to suppliers, the Debtor, under the control and supervision of the Monitor, has negotiated and continues to negotiate and execute agreements with suppliers (the "**Supply Procurement Agreements**") that substantially involve the following steps in the following order:
  - a. approval by the Monitor of the payment requested in connection with specific orders or invoices related to the supply of goods ("**Approval**");
  - b. payment by the Debtor to the supplier by remittance of the payment (the "**Payment**") to a third party, such as the Monitor or the Monitor's counsel, FFMP (the recipient of the funds in trust being referred to as the "**Escrow Agent**"); such Payment to be held in trust for the supplier and to no longer form part of the property of the Debtor;
  - c. delivery of the goods by the supplier to the Debtor, either by delivery of the original bill(s) of lading and other customary documentation and authorizations relating thereto or by physical delivery of the goods themselves ("**Delivery**"); and
  - d. release of the Payment from trust and remittance of the Payment by the Escrow Agent to the supplier ("**Remittance of Payment**").

11. It is critical to the Debtor's restructuring that the suppliers, the Debtor, the Monitor, FFMP or any other named Escrow Agent be able to rely on the finality of the above-mentioned Supply Procurement Agreements, including particularly the Approval, Payment, Delivery and Remittance of Payment, without which the Debtor would be unable to ensure a sufficient supply of goods to continue its Business.
12. It is therefore in the interests of justice that this Court order that:
  - a. Approval by the Monitor shall constitute sufficient evidence for all other parties that the Payment has been approved by both the Monitor and PWC in accordance with the Initial Order;
  - b. all Payments, as defined in paragraph 10.b and including funds held in trust by the Escrow Agent, shall cease to form part of the property of the Debtor immediately upon remittance by the Debtor of the payment instrument or wire transfer confirmation, notwithstanding any additional delays that may otherwise be applicable for clearing and settlement;
  - c. if the Monitor and Escrow Agent are notified by the Debtor that Delivery has not been made or has been refused by the Debtor in whole or in part, the Escrow Agent shall continue to hold the disputed portion of the Payment in trust until the dispute has been resolved to the satisfaction of the Debtor or until further order of this Court in connection therewith;
  - d. if the Monitor and Escrow Agent are notified by the Debtor that Delivery has been made, such notification shall constitute sufficient evidence for the Remittance of Payment, without the Monitor or Escrow Agent having to make any further verifications;
  - e. all persons shall be barred from seeking to reverse any Payment or Remittance of Payment or from seeking to recover the amount thereof from the Debtor, Monitor, Escrow Agent or supplier; and
  - f. the Monitor and the Escrow Agent shall incur no liability of any nature whatsoever to any person arising from or related to the performance of their duties or the exercise of their rights or powers in respect of the Supply Procurement Agreements and any matters ancillary thereto.
13. The present motion is well founded in fact and in law.

**FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:**

**GRANT** the present motion;

**ABRIDGE** the delays for service, filing and presentation of this motion and **DECLARE** that the Petitioner is relieved of any other requirements for service of the motion;

**ORDER** that:

- a. approval by the Monitor (“**Approval**”) of a payment requested in connection with specific orders or invoices of a supplier of the Debtor shall constitute sufficient evidence for all other parties that the payment has been approved by both the Monitor and PricewaterhouseCoopers Inc., in accordance with the Initial Order;
- b. all funds paid to suppliers by the Debtor with Approval, for goods provided to the Debtor on or after the date of the Initial Order, whether such funds are remitted directly to the supplier or to the Monitor or to another third party in trust (the recipient of the funds in trust being referred to as the “**Escrow Agent**”) or otherwise (each a “**Payment**”), cease to form part of the property of the Debtor immediately upon remittance by the Debtor of the payment instrument or wire transfer confirmation, notwithstanding any additional delays that may otherwise be applicable for clearing and settlement;
- c. if the Monitor and Escrow Agent are notified by the Debtor that delivery of the goods has not been made or has been refused by the Debtor in whole or in part, the Escrow Agent shall continue to hold the disputed portion of the Payment in trust until the dispute has been resolved to the satisfaction of the Debtor or until further order of this Court in connection therewith;
- d. if the Monitor and Escrow Agent are notified by the Debtor that delivery of the goods has been made, either by delivery of the original bill(s) of lading and other customary documentation and authorizations relating thereto or by physical delivery of the goods themselves, such notification shall constitute sufficient evidence for the release of the Payment from trust and its remittance by the Escrow Agent to the supplier, without the Monitor or Escrow Agent having to make any further verifications;
- e. all persons are barred from seeking to reverse any Payment by the Debtor or any remittance of Payment by the Escrow Agent to a supplier or from seeking to recover the amount thereof from the Debtor, Monitor, Escrow Agent or supplier; and
- f. the Monitor and the Escrow Agent shall incur no liability of any nature whatsoever to any person arising from or related to the performance of their duties or the exercise of any of their rights or powers in respect of the Supply Procurement Agreements and any matters ancillary thereto.

**THE WHOLE** without costs save and except in the event of contestation.

MONTREAL, September 3, 2015

(s) Fishman Flanz Meland Paquin LLP  
**FISHMAN FLANZ MELAND PAQUIN LLP**  
Attorneys for the Monitor

CANADA

**SUPERIOR COURT**  
(Commercial Division)

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

(Sitting as a court designated pursuant to the  
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-and-

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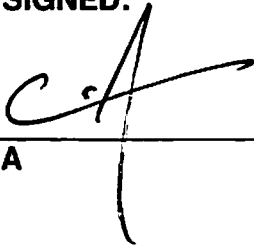
**AFFIDAVIT**

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I, Dev Coossa, Chartered Insolvency and Restructuring Professional, exercising my profession at 1500-600 de Maisonneuve Boulevard West, Montreal, Quebec, H3A 0A3, do hereby solemnly affirm:

1. I am a partner of KPMG Inc., the court-appointed Monitor in Superior Court of Quebec (Commercial Division) file 500-11-049256-155; and
2. All of the facts alleged by the Monitor in the present *Motion for Orders in Respect of Supplier Agreements* which do not appear of record in this Court file are true and correct.

**AND I HAVE SIGNED:**



\_\_\_\_\_  
**DEV COOSSA**

Solemnly affirmed before me in  
Montreal, Quebec on September 3,  
2015



\_\_\_\_\_  
Commissioner for Oaths for Québec



CANADA

**SUPERIOR COURT**  
(Commercial Division)

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

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**NOTICE OF PRESENTATION**

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**TO: SERVICE LIST**

**TAKE NOTICE** that the present *Motion for Orders in Respect of Supplier Agreements* will be presented for adjudication before the Honourable Marie-Anne Paquette, J.S.C., sitting in the Commercial Division of the Superior Court of Quebec, in and for the district of Montreal, on **September 11, 2015** in a room and at a time to be announced.

**DO GOVERN YOURSELVES ACCORDINGLY**

MONTREAL, September 3, 2015

(s) Fishman Flanz Meland Paquin LLP  
**FISHMAN FLANZ MELAND PAQUIN LLP**  
Attorneys for the Monitor

**No: 500-11-049256-155**

**SUPERIOR COURT**

**District of Montreal**

(Sitting as a court designated pursuant to the  
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**MOTION FOR ORDERS IN RESPECT OF  
SUPPLIER AGREEMENTS**

(s. 11 and following of the *Companies'*  
*Creditors Arrangement Act*, R.S.C. 1985, C. C-  
36)

**ORIGINAL**

File: LAURAS-1

Mtre. Mark E. Meland  
**FISHMAN FLANZ MELAND PAQUIN L.L.P.**  
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Montreal, Quebec H3B 4W8  
Tel: 514 / 932-4100

**CODE: BM-0309**