

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL  
NO.: 500-11-057691-194  
ESTATE NO.: 41-2597413

SUPERIOR COURT  
(Commercial Division)

(*Bankruptcy and Insolvency Act*, R.S.C.  
1985, c. B-3)

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IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF:

8318085 CANADA INC.;

Debtor/Petitioner

-and-

KPMG INC.;

Trustee

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**MOTION TO EXTEND THE DELAY TO MAKE A PROPOSAL**  
(Section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3)

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN  
THE COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL, OR TO  
ONE OF ITS REGISTRARS, THE PETITIONER RESPECTFULLY SUBMITS AS  
FOLLOWS:

**I. INTRODUCTION**

1. On December 17, 2019, 8318085 Canada Inc. (the "**Debtor**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to the relevant provisions of the *Bankruptcy and Insolvency Act*, Canada (the "**BIA**"), and named KPMG Inc. (the "**Trustee**") as trustee thereto.
2. On December 19, 2019, this Honourable Court issued an "Order for a Sale and Solicitation Process" authorizing a sale and solicitation process to be conducted by the Debtor together with the Trustee in order to market the Debtor's business and related assets (the "**Sale Process**"), the whole as appears of record herein.
3. On January 16, 2020, this Honourable Court extended the delay under the NOI for the Debtor to make a proposal until February 28, 2020, the whole as appears of record herein.
4. On January 31, 2020, following the conclusion of the Sale Process, this Honourable Court issued an order approving the sale of certain of the Debtor's property (mainly select inventory and the intellectual property related thereto) to an

unrelated party pursuant to s. 65.13 *BIA*, the whole as appears of record herein (the “**Sale Transaction**”). The Sale Transaction was concluded immediately thereafter.

5. On February 27, 2020, this Honourable Court extended the delay under the NOI for the Debtor to make a proposal until April 10, 2020 (the “**NOI Delay**”), the whole as appears of record herein (the “**NOI Extension**”).
6. The Debtor is a Montreal based business which designs, imports and distributes women’s outerwear garments, its main focus being coats (the “**Business**”). The Business’ main customers are large Canadian and American retailers (collectively the “**Customers**”).

## II. **THE DEBTOR SINCE THE PREVIOUS EXTENSION AND THE EXTENSION SOUGHT**

7. From the time of the NOI Extension until the COVID-19 pandemic caused a Province-wide shutdown of commercial activities, the Debtor was operating the Business on a going concern basis and had seven (7) employees. In particular, the Business continued to sell existing inventory, receive and sell current inventory and was aggressively pursuing the collection of considerable accounts receivable.
8. Also of note is that, since the NOI Extension, two (2) of the Debtor’s three (3) secured lenders have been fully repaid (Investissement Québec and Royal Bank of Canada) while the remaining secured lender, 172893 Canada Inc. (a related party), continues to support the Debtor through its NOI filing.
9. Additionally, the Debtor had been pursuing the solicitation of inventory and intellectual property that were not the object of the Sale Transaction. As an alternative, the Debtor had entered into negotiations with a retail service provider in order explore the option of selling this remaining inventory through one or more retail channels, the whole with a view to maximizing the value of the Debtor’s remaining assets.
10. However, since the Québec government declared a public health emergency due to the COVID-19 pandemic, the Debtor has been faced with a situation where the Customers closed their stores and scaled down their own operations, therefore creating a further challenge in the Debtor’s collection of accounts receivable and a stop in business activity. The Debtor currently has two (2) employees, its President and a staff member pursuing the collection of accounts receivable.
11. In addition, until the current pandemic situation ameliorates, there will be no worthwhile interest in the purchase of the Debtor’s inventory or intellectual property and the retail channels previously explored will be unavailable.
12. Accordingly, given:

- (a) the Debtor's progress with respect to reducing its indebtedness toward certain of its secured lenders;
- (b) that there is considerable value remaining with respect to the Debtor's remaining accounts receivable and inventory and that any bankruptcy would greatly reduce such values;
- (c) the current global economic situation with respect to COVID-19 and Québec's declaration of a public health emergency causing the Debtor to be unable to pursue the measures it had taken prior to March 14 to successfully collect accounts receivable and maximize the value of its remaining assets, the whole to the benefit of its creditors generally; and
- (d) that an extension of the NOI Delay would increase the possibility for creditors of the Debtor to be repaid,

it is appropriate for this Honourable Court to extend the NOI Delay.

- 13. No creditor of the Debtor will be materially prejudiced if the extension of the NOI Delay requested herein is granted by this Honourable Court. To the contrary, denying the Debtor an extension of the NOI Delay will further challenge the Debtor's collection of accounts receivable and decrease the value of the Debtor's remaining assets, ultimately eliminating any potential for a proposal.
- 14. The Debtor has acted, is acting and will continue to act in good faith and with due diligence.
- 15. In light of the foregoing, the Debtor is well founded to seek the extension of its delay to make a proposal until May 25, 2020.
- 16. The Trustee's report in support of the present Motion is produced herewith as **Exhibit P-1**.
- 17. The present Motion is well founded in fact and in law.

**WHEREFORE, PETITIONER PRAYS FOR JUDGMENT OF THIS HONOURABLE COURT:**

- (A) **SHORTENING** the delays to notify/serve and present the present Motion;
- (B) **GRANTING** the present Motion;
- (C) **EXTENDING** the delay for Debtor/Petitioner 8318085 Canada Inc. to make its proposal until May 25, 2020;

**THE WHOLE WITHOUT COSTS**, save in the event of contestation.

Montreal, April 3, 2020

*Kugler Kandestin LLP*

**KUGLER KANDESTIN LLP**

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**REVISED NOTICE OF PRESENTATION**

**TO:**

**KPMG INC.**  
600 Maisonneuve Blvd West  
Suite 1500  
Montréal, Québec H3A 0A3  
Att: Stéphane De Broux  
([sdebroux@kpmg.ca](mailto:sdebroux@kpmg.ca))  
Patrick Ifergan  
([pifergan@kpmg.ca](mailto:pifergan@kpmg.ca))

**THE SUPERINTENDENT OF  
BANKRUPTCY**  
Sun Life Building  
1155 Metcalfe Street  
Suite 950  
Montréal, Québec  
Fax: 514-283-9795

**TAKE NOTICE** that the *Motion to Extend the Delay to Make a Proposal* (the “**Motion**”) will be presented for adjudication before the Honourable Justice Gouin of the Superior Court of Québec, sitting in the Commercial Division, in and for the judicial district of Montréal, on Thursday April 9, 2020 at 10:00 am.

Any contestation to the Motion must be received by no later than 5pm on April 8, 2020 and be sent to Justice Gouin at [louis-joseph.gouin@judex.qc.ca](mailto:louis-joseph.gouin@judex.qc.ca) and the undersigned attorneys at [jcuttler@kklex.com](mailto:jcuttler@kklex.com).

Should there be no contestation, judgment will be rendered on the Motion without a hearing.

**DO GOVERN YOURSELVES ACCORDINGLY.**

**MONTREAL**, April 6, 2020

*Kugler Kandestin LLP*

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