

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF LONGUEUIL

SUPERIOR COURT
Commercial Division

No. : 505-11-014522-176

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

DENSI CORPORATION, a corporation incorporated under the *Canada Business Corporation Act*, having its principal place of business at 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, district of Longueuil, Québec, J3V 6L8;

Applicant

- and -

KPMG INC., a legal person under the laws of Canada, having a place of business at 600 De Maisonneuve Blvd. West, Suite 1500, in the city and district of Montréal, Province of Québec, H3A 0A3;

Trustee

<p>APPLICATION FOR THE ISSUANCE OF AN ORDER APPROVING A SALE PROCESS, PRIORITY CHARGES AND OTHER INTERIM RELIEFS</p>
--

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING
IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF
LONGUEUIL, THE APPLICANT RESPECTFULLY SUBMITS THE FOLLOWING:

1. INTRODUCTION

1. On March 6, 2017, the Applicant, Densi Corporation ("**Densi**") filed a *Notice of Intention to Make a Proposal* (the "**NOI**") pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**") with a view of initiating, under the supervision of this Court, a sale process (the "**Sale Process**") in respect of its assets (collectively, the "**Assets**") and potentially filing thereafter, a proposal to its creditors (a "**Proposal**"). A copy of the NOI is communicated as **Exhibit P-1**.

2. As will be further explained in greater details below, despite several cost-cutting measures implemented by Densi throughout the past years, Densi is no longer able to meet its obligations as they become due and has become insolvent.
3. Densi believes and submits that under the present circumstances, the orderly sale its Assets under the supervision of this Court constitutes the best option in order to maximize their value, for the benefit of its creditors and stakeholders.
4. Without the protection and supervision of this Court, it is anticipated that Densi's creditors will exercise their rights against the Assets and ultimately force Densi into bankruptcy, which would ultimately deplete any meaningful value which its Assets could have.
5. Densi, with the assistance of KPMG Inc., trustee to the NOI ("**KPMG**" or the "**Trustee**"), has elaborated a plan to canvass the market in order to maximize the chances of receiving one or several reasonable offer(s) in respect of its Assets. Densi has in fact already began setting the wheels in motion to initiate the Sale Process by identifying several parties potentially interested in purchasing the Assets.
6. Depending on the results of the Sale Process, Densi will consider, in due course, the possibility of filing a Proposal.

2. ORDER SOUGHT

7. For the reasons further described herein, Densi hereby seeks from this Court the issuance of an order ratifying or approving, as the case may be:
 - (a) the Sale Process;
 - (b) the Administration Charge (as defined in section 37 below);
 - (c) the KERP Charge (as defined in section 8.4.44 below); and
 - (d) the Director's Charge (as defined in section 8.5.52 below);

the whole as appears from the draft order communicated herewith, as **Exhibit P-2** (the "**Draft Order**").

3. THE COMPANY

3.1. Overview

8. Founded in 1979, Densi is a privately owned company and a wholesale manufacturer of imaging supplies and parts for business copiers, printers, multi-function printers and other imaging equipment.

9. Based in St-Bruno de Montarville, Densi acts as an intermediary between suppliers of imaging consumable products and active value resellers of imaging products, the majority of which are in Canada.
10. In recent years, a significant portion of Densi's revenues were generated through the sale of merchandise to such resellers via its online store, which allowed such resellers to search its entire inventory of products, see real-time pricing and availability and place orders 24 hours per day, seven days a week.
11. On average, Densi stocked several thousand types of imaging products which included, *inter alia*, a wide variety of ink and toner, cartridges, remanufacturing supplies, parts and peripherals, specialty items, as well as copiers and printers.

3.2. Employees

12. As of the date of this Application, Densi employs a total of twenty (20) non-unionized employees, of which eleven (11) are employed full time, three (3) are employed part time and six (6) are on temporary lay-off. This is in comparison with a total of forty-four (44) employees in May 2015 (full time and part time), and, a total of twenty-six (26) employees in May 2016 (full time and part time).
13. For the fiscal year 2016, Densi's gross payroll obligations amounted to approximately \$1,617,222.
14. Densi's employees are paid on a bi-weekly basis. Densi has been and will continue to remain current in the payment of salaries to its employees. Deductions from employee salaries are made, as required, and these deductions are remitted to the appropriate governmental authorities, where applicable, and are also current.

4. ASSETS

15. As at February 28, 2017, the principle tangible assets of Densi were as follows:

Nature	Estimated Value
Inventory	\$945,800
Trade Accounts Receivables	\$458,800
Government Receivables	\$144,000
Other Receivables ¹	\$200,000
Total:	\$1,748,600

¹ This amount includes other non-contingent short/medium term receivables of Densi.

16. In addition to the above, the Assets also include intangible property, and, more specifically, its goodwill, tradenames and trademark, which it also intends to sell as part of the Sale Process.

5. **INDEBTEDNESS**

17. As at March 3, 2017, the principal and unsecured indebtedness of Densi amounted to approximately \$3,551,600, as appears from the table below.

Creditors	Amount of Indebtedness
Fonds de solidarité des Travailleurs du Québec ("FSTQ")	\$1,950,000
Trade Payables	\$524,000
Shareholder loan	\$527,600
Balance of sale purchase price	\$550,000
Total:	\$3,551,600

18. This excludes the following :
- (a) an authorized line of credit authorized by Caisse Populaire Desjardins Saint-Donat de Montréal of up to \$794,000 secured by a hypothec over the universality of Densi's assets; and
 - (b) accrued employee vacation of approximately \$71,000;
19. With respect to FSTQ, every quarter, an amount of \$100,000 in principal and \$30,000 in accrued interest is payable by Densi. Given its current financial situation, the payments owed as of February 1, 2017 were not made.
20. In addition to the foregoing, Densi is also party to various litigation proceedings (collectively, the "**Litigation Proceedings**") involving some of its former suppliers, including some who were involved in Densi's re-branding project initiated 2 years ago, as further discussed below.
21. As things currently stand, an aggregate amount of close to \$3 million is either currently being claimed or is expected be claimed by these suppliers as part of the Litigation Proceedings, which claims are contested by Densi who has, in fact, also filed claims of its own against some of these suppliers.
22. Given its insolvency however and the filing of the NOI, all claims against Densi have been automatically stayed pursuant to the BIA.

6. **FINANCIAL DIFFICULTIES**

23. The NOI was filed in a context where, *inter alia*:
- (a) For the past few years, the printer consumable product market and aftermarket has seen a downturn in Canada, as a result of, *inter alia*, more and more businesses changing their culture by going paperless;
 - (b) Such market trends, combined with increased competition, namely from foreign companies that have begun setting up shop in North America in order to by-pass intermediaries such as Densi, have forced wholesalers and manufacturers of imaging supply products such as Densi to offer even more competitive pricing on their products, thereby reducing their profit margins, and increasing the pressure on their cash-flows;
 - (c) Over the past three (3) years, the exchange rate between the Canadian dollar and the US dollar has varied by more than thirty percent (30%) which has had an immense impact on Densi's profitability, revenue stream and cash-flow given the fact that the majority if not all of its inventory is purchased in US dollars, whereas the majority of its sales and revenues are from customers are based in Canada; and
 - (d) In addition to the foregoing, Densi's delivery costs have also significantly increased over the past few years due to, *inter alia*, increase in fuel costs;
 - (e) In 2015, Densi proceeded with a re-branding by redesigning its product packaging with the objective of attracting more business from both new and existing customers. However, this project turned to be very costly and unprofitable, namely because of its principal suppliers' inability to deliver to Densi, in time, its product packaging as ordered, which forced the latter to incur significant time and money to repackage itself said products before they could be delivered to its customers. This resulted in, *inter alia*, loss of profit margins, loss of client business and, ultimately reputational damages;
 - (f) Despite Densi's efforts to minimize its costs and right-size its business in order to maintain profitability, including by streamlining its operations and reducing its workforce, it ultimately came to the realization that it was no longer able to compete as an intermediary in the printer consumable product and imaging supply aftermarket;
24. For the fiscal year ended December 31, 2016, Densi recorded a total net loss of approximately \$947,000.
25. Today, Densi is no longer able to meet its obligations as they become due, has become insolvent and is left with no viable option other than to file these proceedings.

26. As previously mentioned, on March 6, 2017, Densi filed an NOI with a view of initiating, under the supervision of this Court, the Sale Process further described below, and potentially filing, thereafter, a Proposal to its creditors.

7. **PROPOSED SALE PROCESS**

27. In view of selling the Assets for the best price possible in order to maximize the recovery of its creditors, Densi, with the assistance of the Trustee, intends to initiate the Sale Process and expects to achieve the following milestones as follows:

<u>Milestones</u>	<u>Expected Timing</u>
A. Finalization of a list of prospective purchasers:	Week of March 6, 2017
B. Communication of a "teaser" and a confidential information memorandum to prospective purchasers :	Week of March 13, 2017
C. Establishment of an electronic data room, if necessary:	Starting Week of March 13, 2017
D. Discussion and meetings with potential purchasers	Week of March 20, 2017 to Week of April 24, 2017
E. Due Diligence Period	Week of March 20, 2017 to Week of April 24, 2017
F. Deadline for the filing of a letter of intent:	Week of April 24, 2017
G. Determination of successful offer(s) (if any), and negotiation with potential purchaser(s)	Week of May 1, 2017 to Week of May 8, 2017
H. Filing and presentation of a motion seeking the approval of the sale of the Assets to one or more purchaser(s):	Week of May 15, 2017
I. Closing of the sale of the Assets to one or more purchaser(s):	Week of May 22, 2017

28. During the Sale Process, Densi intends to maintain its ongoing operations in order to continue generating revenues and maximizing the value of its Assets and business, while, at the same time, minimizing, to the extent possible, its costs.

29. Densi expects to report back to the Court on the progress accomplished in respect with the foregoing on its first stay extension request.

8. **RELIEF SOUGHT**

8.1. **General**

30. The present proceedings have been filed because Densi currently finds itself in dire financial circumstances, is insolvent, is not able to meet its obligations and requires a stay of proceedings (the "**Stay**") in order to protect its assets while it conducts the Sale Process.
31. Indeed, the filing of the NOI was necessary to preserve the value of Densi's business and assets as a whole by minimizing any disruption while completing the Sale Process.
32. The Stay will preserve the status quo during the completion of the Sale Process and prevent creditors and others from taking any steps to try and better their positions in comparison to other creditors. All stakeholders generally, including creditors, will benefit from these proceedings.
33. In the event of a liquidation under a bankruptcy scenario where all operations would be terminated, the value of the Assets would be substantially reduced. It is expected that the Sale Process in the context of the present proceedings will yield better results than any conceivable "*go-dark*" scenario.

8.2. **The Sale Process**

34. The Sale Process and milestones described in paragraph 27 above are the result of extensive discussions between Densi, its advisors and the Trustee, the purpose of which was to find a way to maximize the value of its Assets under the present circumstances.
35. Although the BIA does not require an insolvent debtor to have a sale process approved by the Court, Densi wishes nevertheless to be transparent with this Court, as well as with its creditors and stakeholders, so that the path going forward is made clear to interested or potentially interested party.
36. Given the nature of its assets, its limited amount of liquidities, Densi believes and submits that the proposed Sale Process is reasonable under the circumstances, and should therefore be approved by this Court.

8.3. **Administration Charges**

37. Densi respectfully submits that a \$100,000 administration charge should be granted in accordance with the Draft Order (the "**Administration Charge**").
38. During these proceedings, including the Sale Process, Densi will require the continued assistance of the following professionals:

- a) Densi's legal counsels: the undersigned counsels have been retained to assist Densi in the conduct of these proceedings, including the Sale Process;
 - b) The Trustee and its legal counsels (if necessary): KPMG has agreed to act as Trustee to Densi's NOI and to assist Densi in the context of the Sale Process. KPMG has valuable insights into Densi's business and is in a position to perform its monitoring duties as well as to assist Densi in its Sale Process without further delay;
39. In this context, Densi respectfully submits that the Administration Charge sought is necessary and appropriate, as well as reasonable, under the circumstances and that, accordingly, it should be granted in accordance with the Draft Order.

8.4. Key Employee Retention Plan

40. Concurrently with the filing of the NOI, Densi entered into an employment contract (the "**Key Employment Contract**") with one of its key employees (the "**Key Employee**"), to provide this Key Employee with an incentive to work toward certain strategic objectives in connection with the successful completion of the Sale Process and, potentially, the filing of a Proposal. A copy of the Key Employee Contract is communicated herewith, *under seal*, as **Exhibit P-3**.
41. Given this Key Employee's position, experience, in-depth knowledge of Densi's business and financial situation, and Densi's now limited workforce, especially on a management level, Densi submits that the retention of the Key Employee, as well as the Key Employee's focus and undivided attention will be key to complete a successful Sale Process.
42. The Key Employee's implication during this challenging period will be especially critical to assist Densi and the Trustee in, *inter alia*, preparing cash-flow forecasts, managing employee payrolls, responding to creditors and potential purchasers' enquiries and ensuring that Densi continues to maintain a certain level of operations to generate the necessary revenues during Sale Process.
43. Absent the ratification by this Court of the Key Employee Contract and an order granting a priority charge securing the Company's obligations thereunder, the Key Employee is likely to resign in order to find employment elsewhere, which would likely jeopardize any reasonable chances of completing the Sale Process and the implementation of any proposal, the whole to the detriment of Densi's creditors and stakeholders.
44. Accordingly, Densi hereby seeks the ratification by this Court of the Key Employee Contract for the Key Employee, and, in order to secure the full and complete payment of Densi's obligations thereunder, the Company also seeks a \$75,000 charge over its assets, property and undertaking (the "**KERP Charge**").

45. As part of the Key Employee Contract, the Key Employee has agreed, provided that this contract and the KERP Charge are approved by this Court, to waive and renounce to any severance payment which could be owed to her either at law or under her employment contract.
46. Also, the KERP Charge is only meant to cover the shortfall (if any) between the amounts owed by Densi to the Key Employee under the Key Employee Contract and any payment or distribution made or expected to be made under a Proposal to be filed by Densi (if any) in the context of these proceedings.

8.5. Director's Charge

47. In order to continue to carry on business during these proceedings and in order to complete the Sale Process, Densi requires the active and committed involvement and continued participation of its President, Chief Executive Officer and sole director, who manages the business, commercial activities and internal affairs of Densi (the "**Director**").
48. The Director does not require to be compensated through a Key Employee Contract for his involvement throughout the Sale Process - which may very well only benefit Densi's creditors - but the Director is mindful, nevertheless of the risks associated with acting in such capacity during these proceedings.
49. Indeed, although Densi intends to comply with all applicable laws and regulations, including the timely remittance of deductions at source and federal and provincial sales taxes, the Director is nevertheless concerned about the possibility for its personal liability in the context of the present proceedings given the Sale Process.
50. Although Densi currently maintains directors' and officers' liability insurance (the "**D&O Insurance**"), which is expected to provide the Director with some level of protection, there can be no guarantee to that effect, especially in the context of insolvency proceedings, where Densi's insurer cannot be expected to readily agree to be bound to insure hypothetical claims before they are brought and where some exclusions and/or deductibles may apply.
51. Therefore, Densi submits that there may be a risk of a gap in the coverage otherwise provided by the D&O Insurance, which ultimately creates a degree of uncertainty for the Director.
52. Densi therefore requests a Court-ordered charge (the "**D&O Charge**") in the amount of \$50,000 over its assets, property and undertaking to indemnify him in respect of any liability which he may incur from and after the commencement of these proceedings - to the extent only that the D&O Insurance is inadequate.
53. Densi submits that the requested D&O Charge is reasonable and adequate given, notably, the nature of its business and operations, its current workforce and the corresponding potential exposure of the Director, especially under a scenario

where Densi would not be able to secure satisfactory offers in respect of its business and assets.

54. Absent the protections sought in the conclusions of the present Motion, Densi is concerned that the Director will be forced to resign, which would, in all likelihood, jeopardize the continuation of Densi's operations, as well as the completion of the Sale Process, the whole to the detriment of Densi's creditors and stakeholders.
55. In addition, Densi further submits that the D&O Charge will provide assurances to Densi's employees that its obligations towards them for accrued wages, termination and severance pay shall be satisfied.
56. Indeed, while the insolvency of Densi and its non-payment of various employee obligations may trigger the personal liability of Densi's directors and officers, any recourse initiated by Densi's employees does not guarantee them any recovery. Therefore, the creation of a security in favour of Densi's Director for sums for which he may be held liable to employees (but for which Densi is ultimately liable given its obligation to indemnify the Director) enhances such employees' chances of recovery by, in effect, creating a security for their claims.

9. CONCLUSIONS

57. For the reasons set forth above, Densi believes it is both appropriate and necessary that the relief being sought be granted.
58. The Trustee has advised that it is supportive of the charges requested herein, including the amount thereof. In fact, Densi understands that the Trustee shall be filing, in advance of the hearing on the present Application, a report confirming his support of the reliefs sought herein.
59. With such reliefs, Densi will be able to proceed with the Sale Process with a view of maximizing the value of its business and assets for the benefit of its stakeholders.
60. Densi's only secured creditors, Desjardins, along with the governmental authorities who could potentially assert a secured claim against Densi have been served with the present Application.
61. Considering the urgency of the situation, Densi respectfully submits that the notices given for the presentation of this Application are proper and sufficient.
62. Densi respectfully submit that this Application should be granted in accordance with its conclusions, as it is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

63. **GRANT** this Motion for the Issuance of an Order Approving a Sale Process, Priority Charges and Other Interim Relief (the "**Motion**").
64. **ISSUE** an initial order substantially in the form of the Draft Order communicated as Exhibit P-2 in support of the Motion;

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

Montreal, **March 6, 2017**

[S] STIKEMAN ELLIOTT LLP

STIKEMAN ELLIOTT LLP

Me Danny Duy Vu - ddvu@stikeman.com
1155, René-Lévesque West, Suite 4100
Montréal QC H3B 3V2
Phone: (514) 397-6495
Attorneys for the Applicant
File number: 136521-1006

TRUE COPY

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP

AFFIDAVIT

I, the undersigned, Eric Melka, having my principal place of business at 1100 Parent street, in the city of Saint-Bruno-de-Montarville, Québec, J3V 6L8, solemnly declare the following:

1. I am the President and Chief Executive Officer of Densi Corporation;
2. All the facts alleged in the *Application for the Issuance of an Order Approving a Sale Process, Priority Charges and Other Interim Relief* are true.

AND I HAVE SIGNED

(s) Eric Melka

Eric Melka

**Solemnly declared before me at Montreal,
on the 6th day of March, 2017**

(s) Caroline Benoit #107 145

**Commissioner of Oaths for the Province
of Quebec**

TRUE COPY

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP

NOTICE OF PRESENTATION

TO: the Service List

TAKE NOTICE that the *Motion for the Issuance of an Order Approving a Sale Process, Priority Charges and Other Interim Relief* will be presented for adjudication before one of the Honourable Judges of Superior Court, sitting in practice in and for the District of Longueuil, in the Longueuil Courthouse, 1111, blvd. Jacques-Cartier East, on **March 8, 2017 at 9 a.m. in Room 1.17** of the Longueuil Courthouse.

DO GOVERN YOURSELVES ACCORDINGLY.

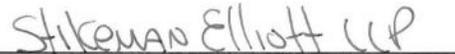
Montreal, **March 6, 2017**

[S] STIKEMAN ELLIOTT LLP

STIKEMAN ELLIOTT LLP

Me Danny Duy Vu - ddvu@stikeman.com
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Montréal QC H3B 3V2
Phone: (514) 397-6495
Attorneys for the Applicant
File number: 136521-1006

TRUE COPY



STIKEMAN ELLIOTT LLP

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF LONGUEUIL

SUPERIOR COURT
Commercial Division

No. : 505-11-014522-176

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

DENSI CORPORATION, a corporation incorporated under the *Canada Business Corporation Act*, having its principal place of business at 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, district of Longueuil, Québec, J3V 6L8;

Applicant

- and -

KPMG INC., a legal person under the laws of Canada, having a place of business at 600 De Maisonneuve Blvd. West, Suite 1500, in the city and district of Montréal, Province of Québec, H3A 0A3;

Trustee

LIST OF EXHIBITS

<u>EXHIBITS</u>	<u>DESCRIPTION</u>
Exhibits R-1:	Copy of the <i>Notice of Intention to Make a Proposal</i> (the "NOI");
Exhibits R-2:	Copy of the Draft Order;
Exhibits R-3: <i>under seal</i>	Copy of the Key Employee Contract .

Montreal, **March 6, 2017**

[S] STIKEMAN ELLIOTT LLP

STIKEMAN ELLIOTT LLP

Me Danny Duy Vu - ddvu@stikeman.com
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Stikeman Elliott LLP
STIKEMAN ELLIOTT LLP

Montréal QC H3B 3V2
Phone: (514) 397-6495
Attorneys for the Applicant
File number: 136521-1006

EXHIBIT P-1

District de: Québec
No division: 01- Longueuil
No cour:
No dossier:

- FORMULAIRE 33 -
Avis de l'intention de faire une proposition
(paragraphe 50.4(1) de la Loi)

DANS L'AFFAIRE DE LA PROPOSITION DE :
DENSI CORPORATION
Corps politique légalement constitué selon la Loi, ayant son siège social et sa principale place d'affaires au
1100 rue Parent, en la ville de Saint-Bruno-de-Montarville, province de Québec, J3V 6L8.

Avis est donné de ce qui suit :

1. Je, DENSI CORPORATION, personne insolvable signifie mon intention de faire une proposition à mes créanciers conformément au paragraphe 50.4(1) de la Loi.
2. KPMG Inc. de 600, boul de Maisonneuve Ouest, Bur 1500, Montréal, QC, H3A 0A3, syndic autorisé, a accepté d'exercer les fonctions de syndic dans le cadre de la proposition. Une copie de son acceptation est annexée au présent avis.
3. Une liste portant les noms des créanciers connus ayant des réclamations d'une valeur de 250 \$ ou plus ainsi que le montant de ces réclamations, est également annexée.
4. Conformément à l'article 69 de la Loi, les procédures engagées contre moi sont suspendues à compter de la date du dépôt du présent avis auprès du séquestre officiel de ma localité.

Daté le 6 mars 2017, à Montréal en la province de Québec.

for Densi
PEL

DENSI CORPORATION
Personne Insolvable

À remplir par le séquestre officiel:

Date du dépôt

Séquestre officiel

District of: Quebec
Division No. 01 - Longueuil
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

IN THE MATTER OF THE PROPOSAL OF :
DENSI CORPORATION

Body politic and corporate, duly incorporated according to Law, and having its head office and principal place of business at 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, province of Quebec, J3V 6L8.

Take notice that:

1. I, DENSI CORPORATION, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. KPMG Inc. of 600, boul de Maisonneuve Ouest, Bur 1500, Montréal, QC, H3A 0A3, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the city of Montréal in the Province of Quebec, this 6th day of March 2017.

FOR DENSI.


DENSI CORPORATION
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: Quebec
 Division No. 01- Longueuil
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

IN THE MATTER OF THE PROPOSAL OF :
 DENSI CORPORATION

Body politic and corporate, duly incorporated according to Law, and having its head office and principal place of business at
 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, province of Quebec, J3V 6L8.

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
ABF FREIGHT SYSTEM, INC.	10325, RYAN AVENUE, SUITE 200 DORVAL QC H9P 1A2 CAN		256.91
ACCO BRANDS (GBC)	300 QUARTET AVE., ORDER ENTRY BOONEVILLE MS 38829 USA		10,938.90
ASALCO INC	44, CH. DES URSULINES STANSTEAD QC J0B 3E0 CAN		11,707.30
ATRIX INTERNATIONAL INC.	1350 LARC INDUSTRIAL BOULEVARD BURNSVILLE MN 55337 USA		3,042.70
BELFOR PROPERTY RESTORATION	4040, BOUL. POIRIER St-Laurent QC H4R 2A5		5,336.53
BERRY PLASTICS	P.O. BOX 56351, POSTAL STATION A TORONTO ON M5W 4L1 CAN		2,451.07
BEST OFFIC SYSTEMS	1890 NW 97th AVE DORAL FL 33172 USA		797.59
C. COTRAN HOLDING INC.	1, D'ESTORIL Candiac QC J5R 6J9		550,000.00
CHICOPEE INC.	P.O. BOX 56351, POSTAL STATION A TORONTO ON M5W 4L1 CAN		4,655.83
CHINA ETERNAL COPIERS TECH USA	425 PARAMOUNT DRIVE RAYNHAM MA 02767 USA		17,981.86
CLOVER TECHNOLOGIES GR. LLC	4200 COLUMBUS STREET OTTAWA IL 61350 USA		91,535.80
CLOVER TECHNOLOGIES GR. LLC	3-2340 WINSTON PARK DR. OAKVILLE ON L6H 7T7 CAN		31,880.98

For Densi

 DENSI CORPORATION
 Insolvent Person

District of: Quebec
 Division No. 01- Longueuil
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

IN THE MATTER OF THE PROPOSAL OF :
 DENSI CORPORATION

Body politic and corporate, duly incorporated according to Law, and having its head office and principal place of business at
 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, province of Quebec, J3V 6L8.

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
CONSTRUCTION JRP	55, RUE DES MEANDRES ST-ROCH-DE-L'ACHIGAN QC J0K 3H0 CAN		4,632.49
DELL FINANCIAL SERVICES CANADA	PO BOX 8751, STATION A TORONTO ON M5W 3C2 CAN		16,400.00
DENSI HOLDING INC.	680, ROSLYN Westmount QC H3Y 2T9		527,594.00
DIVERSIFIED COMPUTER SUP. INC	4435 CONCOURSE DRIVE ANN ARBOR MI 48108 USA		15,524.70
EMBALLAGES JEAN CARTIER	2325, BOUL. INDUSTRIEL ST-CÉSAIRE QC J0L 1T0 CAN		906.84
ENTREPRISES (LES) DAIGNEAULT	790, GRAND BOUL. OUEST ST-BRUNO QC J3V 4P6 CAN		2,644.43
FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC	545, BOUL. CRÉMAZIE EST, BUREAU 200 Montréal QC H2M 2W4		1,950,000.00
FUGITEK	7653, CORDNER LASALLE QC H8N 2W9 CAN		1,281.97
FUJI ELECTRIC CORP. OF AMERICA	50 NORTHFIELD AVENUE EDISON NJ 08837 USA		8,160.59
FUTURE GRAPHICS	655 NORTH CENTRAL AVENUE, STE.1550 GLENDALE CA 91203 USA		35,000.00
G P I (California)	ATTN: BETTY TSAI 2537D PACIFIC COAST HWY, SUITE 150 TORRANCE CA 90505 USA		495.51

For Densi.

 DENSI CORPORATION
 Insolvent Person

District of: Quebec
 Division No. 01- Longueuil
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

IN THE MATTER OF THE PROPOSAL OF :
 DENSI CORPORATION

Body politic and corporate, duly incorporated according to Law, and having its head office and principal place of business at
 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, province of Quebec, J3V 6L8.

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
G P I (TAIWAN)	50, TZU-CHIANG ROAD, WU-CHI TOWN TAICHUNG COUNTY TAIWAN		52,356.58
GAZ METRO	C.P. 6115 SUCC. CENTRE-VILLE MONTRÉAL QC H3C 4N7 CAN		2,721.10
HYDRO QUEBEC	C.P. 11022, SUCC CENTRE-VILLE MONTRÉAL QC H3C 4V6 CAN		4,134.52
IMPRESSION GESTION CREATON GESTIONINC	2850, RUE CODERRE ST-HUBERT QC J3Y 4N5 CAN		644.35
INTERNATIONAL BUSINESS PRODUCTS INC.	7336 EAST DEER VALLEY ROAD, SUITE 110 SCOTTSDALE AZ 85255 USA		391.77
ITN LOGISTICS	10500, COTE DE LIESSE, SUITE 160 LACHINE QC H8T 1A4 CAN		717.39
K_B AMERICA INC	1565 JEFFERSON RD, BLDG 100, STE 160 ROCHESTER NY 14623 USA		1,675.73
LES AVOCATS LECORRE & ASSOCIES	2550, BOUL DANIEL JOHNSON, BUREAU 650 LAVAL QC H7T 2L1 CAN		11,898.24
LES ENTREPRISES J PICCIONI INC	1250, SAINT-AMOUR SAINT-LAURENT QC H4S 1J2 CAN		23,167.46
MANTORIA INC.	4492, RUE STE-CATHERINE OUEST WESTMOUNT QC H3Z 1R7 CAN		6,467.87
MANTORIA INC.	4492, RUE STE-CATHERINE OUEST WESTMOUNT QC H3Z 1R7 CAN		1,695.18

for Densi


 DENSI CORPORATION
 Insolvent Person

District of: Quebec
 Division No. 01- Longueuil
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

IN THE MATTER OF THE PROPOSAL OF :
 DENSI CORPORATION

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 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, province of Quebec, J3V 6L8.

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
NORAMPAC -DIV.CASCADES CA INC	2755, RUE VIAU MONTRÉAL QC H1V 3J4 CAN		21,767.26
PROD DE PALSTIQUE BEN PAK INC	11, RUE BLOUIN COPAK ST-ANSELME QC G0R 2N0 CAN		15,827.55
RAVEN INDUSTRIES INC	5049 CENTER DRIVE LATROBE PA 15650 USA		7,318.09
RICHARD TAWFIK &ASSOCIATES INC	1321-4998, DE MAISONNEUVE BLVD MONTRÉAL QC H3Z 1N2 CAN		4,828.95
STIKEMAN ELLIOTT LLP	1155, RENE-LEVESQUE WEST, 40TH FLOOR MONTRÉAL QC H3B 3V2 CAN		12,445.61
SYCHEM INC.	10, PLANCHET ROAD, UNIT 5 CONCORD ON L4K 2C8 CAN		1,520.53
TECH TRADING	500 WEST MAIN ST., SUITE 11 WYCKOFF NJ 07481 USA		27,173.37
TOMOEGAWA USA INC	742 GLENN AVE WHEELING IL 60090 USA		31,005.20
TRANSPORT BOURASSA	800, RUE DE DIJON SAINT-JEAN-SUR-RICHELIEU QC J3B 8G3 CAN		560.60
ULINE CANADA CORPORATION	PO BOX 3500, RPO STREERSVILLE MISSISSAUGA ON L5M 0S8 CAN		875.67
UPS CANADA (4900)	P.O. BOX 4900, STATION A TORONTO ON M5W 0A7 CAN		22,002.67
UPS FREIGHT (28013)	1000 SEMMES AVENUE, P.O. BOX 1216 RICHMOND VA 23218-1216 USA		767.67

PC DENSI

 DENSI CORPORATION
 Insolvent Person

District of: Quebec
Division No. 01- Longueuil
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

IN THE MATTER OF THE PROPOSAL OF :
DENSI CORPORATION

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1100 Parent Street, in the city of Saint-Bruno-de-Montarville, province of Quebec, J3V 6L8.

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
VIDEOTRON LTEE	CP 11422 SUCC. CENTRE-VILLE MONTRÉAL QC H3C 5H6 CAN		4,462.26
VISION ENVIRO PROGRESSIVE	4141, BOUL GRANDE ALLEE BOISBRIAND QC J7H 1M7 CAN		261.07
Total			3,549,912.69

For Densi 

DENSI CORPORATION
Insolvent Person

EXHIBIT P-2

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF LONGUEUIL
No.
DATE: March ___, 2017

PRESIDING :

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

DENSI CORPORATION

Debtor/Applicant

-and-

KPMG INC.

TRUSTEE

ORDER

ON READING Densi Corporation (the "**Applicant**")'s *Application for the Issuance of an Order Approving a Sale Process, Priority Charges and Other Interim Reliefs*, pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**") and the exhibits, the affidavit of Mr. Erik Melka filed in support thereof (the "**Application**"), relying upon the submissions of the counsels to the Applicant and being advised that the secured creditors who are likely to be affected by the charges sought in the Application were given prior notice of the presentation of the Application;

GIVEN the filing by the Applicant of a *Notice of Intention to Make a Proposal* pursuant to section 50.4 of the BIA (the "**NOI**");

GIVEN the provisions of the BIA;

WHEREFORE, THE COURT:

1. **GRANTS** the Application.

Service

2. **DECLARES** that sufficient prior notice of the presentation of this Application has been given by the Applicant to interested parties who are likely to be affected by the charges created herein.

The Sale Process

3. **ORDERS AND DECLARES** that the the Applicant is authorized to sell part or portion(s) of its assets (collectively, the "**Assets**"), substantially in accordance with the sale process and described in paragraph 27 of the Application (the "**Sale Process**");
4. **ORDERS** and **DECLARES** that upon accepting an offer in respects of all or portion(s) of the Assets in accordance with the Sale Process, the Applicant shall petition the Court in order to seek its authorization to sell all of such portion(s) of the Assets.

Administration Charge

5. **ORDERS** that the Applicant shall pay the reasonable fees and disbursements of KPMG Inc., trustee to NOI (the "**Trustee**"), the Trustee's legal counsel, if any, and Stikeman Elliott LLP, the Applicant's legal counsel (collectively, the "**Professionals**"), which are directly related to these proceedings and the Sale Process, whether incurred before or after the Order (collectively, the "**Professional Fees**"), and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
6. **DECLARES** that the Professionals shall be entitled to the benefit of and are hereby granted a charge and security in the Applicant's present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively, the "**Property**") to the extent of the aggregate amount of \$100,000 (the "**Administration Charge**"), as a security for the payment of the Professional Fees. The Administration Charge shall have the priority set out in paragraphs 12 and 13 of this Order.

Key Employee Contract

7. **ORDERS** that the terms and conditions of the Key Employee Contract, filed as Exhibit P-5 to the Application, are hereby ratified and that the Applicant is authorized to perform its obligation thereunder, including making all payments required in accordance with the terms thereof and **DECLARES** that the Key Employee Contract contains sensitive and confidential information and shall be sealed in the court file in this proceedings and segregated from, and not form part of, the public record.
8. **ORDERS** that the employee eligible under the Key Employee Contract shall be entitled to the benefit of and is hereby granted a charge and security in the Property to the extent of the aggregate amount of \$75,000 (the "**KERP Charge**"), as security for the payment of the shortfall between the amounts owed to such employee under the Key Employee Contract and any payment or distribution made or expected to be made under a proposal to be filed in the context of these proceedings or any other insolvency or liquidation proceedings filed by the Applicant. The KERP Charge shall have the priority set out in paragraphs 12 and 13 of this Order.

Directors' Indemnification and Charge

9. **ORDERS** that the Applicant shall indemnify its director (the "**Director**") from all claims relating to any obligations or liabilities the Director may incur and which have accrued by reason of or in relation with its capacities as director or officer of the Applicant after the filing of the NOI, except where such obligations or liabilities were incurred as a result of

such Director's gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 64.1(4) BIA.

10. **ORDERS** that the Director shall be entitled to the benefit of and is hereby granted a charge and security in the Property to the extent of the aggregate amount of \$50,000 (the "**Director's Charge**"), as security for the indemnity provided in paragraph 9 of this Order as it relates to obligations and liabilities that the Director may incur in such capacity after the filing of the NOI. The Director's Charge shall have the priority set out in paragraphs 12 and 13 of this Order.
11. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary (if any), (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Director's Charge, and (b) the Director shall only be entitled to the benefit of the Director's Charge to the extent that he does not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Director is entitled to be indemnified in accordance with paragraph 9 of this Order.

Priorities and General Provisions Relating to Charges

12. **DECLARES** that the priorities of the Administration Charge, the KERP Charge and the Director's Charge (collectively, the "**Charges**"), as between them with respect to any Property to which they apply, shall be as follows:
 - (a) first, Administration Charge;
 - (b) second, the KERP Charge; and
 - (c) third, the Directors' Charge.
13. **DECLARES** that each of the Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property charged by such Encumbrances.
14. **ORDERS** that, except as otherwise expressly provided for herein, the Applicant shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant obtains the prior written consent of the Trustee and the prior approval of the Court.
15. **DECLARES** that each of the Charges shall attach, as of the date hereof, to all present and future Property of the Applicant, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
16. **DECLARES** that the Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Applicant or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of the Applicant; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Applicant (a "**Third Party**

Agreement"), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) the creation of any of the Charges shall not create or be deemed to constitute a breach by the Applicant of any Third Party Agreement to which it is a party; and
 - (b) any of the beneficiaries of the Charges shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the Charges.
17. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Applicant and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Applicant, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Applicant pursuant to the Order and the granting of the Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.
18. **DECLARES** that the Charges shall be valid and enforceable as against all Property of the Applicant and against all persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Applicant, for all purposes.

General

19. **DECLARES** that the Applicant and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Applicant shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
20. **DECLARES** that, unless otherwise provided herein, under the BIA, or ordered by this Court, 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 Applicant and the Trustee and has filed such notice with this Court, or appears on the service list prepared by the Trustee or its attorneys, save and except when an order is sought against a person not previously involved in these proceedings;
21. **DECLARES** that the Applicant or the Trustee may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
22. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
23. **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 the Order.

24. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

EXHIBIT P-3
(Under seal)

SUPERIOR COURT
(Commercial Division)

N°.: 505-11-014522-176

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF LONGUEUIL

IN THE MATTER OF THE NOTICE OF
INTENTION OT MAKE A PROPOSAL OF

DENSI CORPORATION

Applicant

- and -

KPMG INC.

Trustee

BS0350

File: 136521-1006

APPLICATION FOR THE ISSUANCE OF AN
ORDER APPROVING A SALE PROCESS,
PRIORITY CHARGES AND OTHER INTERIM
RELIEFS, Affidavit, Notice of Presentation, List
of Exhibits and Exhibits P-1 to P-3

COPY

Mtre. Danny Duy Vu

514-397-6495

ddvu@stikeman.com

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Montréal, Canada H3B 3V2