

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.

Applicants

**FACTUM OF THE APPLICANTS
(Returnable June 27, 2025)**

June 24, 2025

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PART I: OVERVIEW

1. On May 15, 2025, Hakim Optical Laboratory Limited ("**HOLL**"), Lawrence Ophthalmic Lab Inc. ("**Lawrence Lab**") and Hakim Optical Worldwide Lenses Inc. (together with HOLL and Lawrence Lab, the "**Applicants**" or the "**Company**") sought and obtained an order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

2. The restructuring proceedings aim to enable the Applicants to address their liquidity crisis, restructure their affairs, and maximize the value of the Business (as defined below) for the benefit of their stakeholders. In furtherance of these purposes, the Applicants now seek an Amended and Restated Initial Order (the "**ARIO**"), to, among other things:

- (a) extend the Stay of Proceedings (as defined below) to and including July 14, 2025; and
- (b) approve the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**"), in its capacity as the proposed monitor of the Applicants (once appointed in such capacity, the "**Monitor**") dated May 9, 2025 (the "**Pre-Filing Report**"), the First Report of the Monitor, to be filed (the "**First Report**" and together with the Pre-Filing Report, the "**Reports**") and the activities of the Monitor described therein.

3. If granted, the relief proposed under the ARIO will maintain the *status quo* and ensure the Business' preservation for the benefit of the Applicants' stakeholders. In each case, the relief proposed is supported by the Monitor and 1001112855 Ontario Inc. ("**855 Ontario**"), in its capacities as the DIP Lender (as defined below) and the Applicants' pre-filing senior secured lender.

PART II: FACTS

4. The facts underlying this motion are more fully set out in the affidavits of Douglas Robertson sworn on May 8, 2025 and June 23, 2025 (together, the "**Robertson Affidavits**").¹ All capitalized terms used but not defined herein have the meanings ascribed to them in the Robertson Affidavits.

A. Background to and Developments in these CCAA Proceedings

5. The Company is a privately owned optical chain, offering a comprehensive selection of eyeglasses, contact lenses, prescription lenses and other optical services. The Applicants operate two complementary business segments: (i) a network of 70 optical retail stores across Ontario, Alberta, and Manitoba; and (ii) a Toronto-based optical laboratory business that manufactures lenses for the retail business at cost (together, the "**Business**"). To support its operations, the Company employs approximately 267 employees and has arrangements with 49 licensed optometrists, as independent contractors.²

6. Leading up to its filing for creditor protection, the Company experienced severe liquidity issues and was unable to meet its financial obligations as they became due. The Applicants undertook various restructuring measures to consolidate the business and reduce operating costs, such as closing a number of unprofitable retail locations, conducting an informal sales process and refinancing the business, which resulted in 855 Ontario becoming their senior secured lender.³

¹ Affidavit of Douglas Robertson sworn on May 8, 2025, Applicants' Motion Record dated June 23, 2025 at Tab 2A [Motion Record]; Affidavit of Douglas Robertson sworn on June 23, 2025 [Second Robertson Affidavit], Motion Record at Tab 2.

² Second Robertson Affidavit, *ibid* at para 7, Motion Record at Tab 2.

³ Second Robertson Affidavit, *ibid* at para 8, Motion Record at Tab 2.

7. Notwithstanding the Applicants' efforts to restructure the Business, enforcement actions were commenced and continued against the Applicants and their property (the "**Enforcement Actions**") by certain landlords of the closed retail locations. The Enforcement Actions accelerated the Company's financial decline and liquidity issues, leading HOLL and Lawrence Lab to file Notices of Intention to Make a Proposal on April 16, 2025 and April 22, 2025, respectively (together, the "**NOI Proceedings**"), in each case appointing KSV as proposal trustee.⁴ The NOI Proceedings provided the Applicants with the time and breathing room required to stabilize the Business, negotiate arrangements with certain suppliers and landlords, and focus on finalizing the terms of the DIP Facility (as defined below).⁵

8. On May 15, 2025, while those proceedings were ongoing, this Court issued the Initial Order, continuing the NOI Proceedings under the CCAA.⁶ Among other things, the Initial Order:

- (a) declared that the Applicants are parties to which the CCAA applies and added Hakim Optical Worldwide Lenses Inc. as an applicant within the CCAA proceedings;
- (b) authorized the continuation of the NOI Proceedings under the CCAA;
- (c) appointed KSV as the Monitor;
- (d) stayed, until June 30, 2025 (the "**Initial Stay Period**"), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or their respective employees, advisors, counsel and other representatives acting in such capacities, or affecting the Business or the Property (as defined in the Initial

⁴ Second Robertson Affidavit, *ibid* at para 9, Motion Record at Tab 2.

⁵ Second Robertson Affidavit, *ibid*, Motion Record at Tab 2.

⁶ Second Robertson Affidavit, *ibid* at para 10, Motion Record at Tab 2.

Order), except with the prior written consent of the Applicants and the Monitor, or with leave of this Court (the "**Stay of Proceedings**");

- (e) approved the Applicants' ability to borrow under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**"), up to a principal amount of \$2,800,000, pursuant to a binding commitment letter dated May 8, 2025 (the "**DIP Term Sheet**"), among HOLL and Lawrence Lab, as borrowers, certain affiliates of the Applicants, as guarantors, and 855 Ontario, as lender (in such capacity, the "**DIP Lender**"), to finance the Company's working capital requirements and other general corporate purposes, post-filing expenses and the costs incurred during these CCAA proceedings; and
- (f) granted the Administration Charge and the DIP Lender's Charge over the Property.⁷

9. The relief sought under the Initial Order was intended to provide the stability and breathing room required to continue operations in the ordinary course during the Initial Stay Period while the Applicants continued discussions with 855 Ontario and its affiliates to develop a potential stalking horse bid in support of a court-supervised sale and investment solicitation process. Although the parties have made progress in advancing the stalking horse bid, a final agreement has not yet been completed.⁸

10. The Applicants also seek to expand certain of the relief granted under the Initial Order pursuant to the proposed ARIO to provide the Applicants with the authority to undertake various activities to support their restructuring efforts, all in a manner consistent with the CCAA and the form of Ontario model CCAA initial order. Such relief is in the best interests of the Applicants

⁷ Second Robertson Affidavit, *ibid*, Motion Record at Tab 2.

⁸ Second Robertson Affidavit, *ibid* at para 11, Motion Record at Tab 2.

and their stakeholders, consistent with relief granted in comparable CCAA proceedings, and supported by the Monitor and DIP Lender.⁹

B. The Stay of Proceedings

11. The Stay of Proceedings under the Initial Order will expire on June 30, 2025. Pursuant to the proposed ARIO, the Applicants are seeking to extend the Stay of Proceedings to and including July 14, 2025 (the "**Stay Period**").¹⁰ Principally, the proposed Stay Period will enable the Applicants, in consultation with the Monitor, to finalize the Stalking Horse Agreement and the SISP (each as defined below) and present it to this Court on notice to the service list for these CCAA proceedings.¹¹

12. Since granting the Initial Order, the Applicants and an interested party (an affiliate of 855 Ontario that intends to put forward a stalking horse bid) have made significant progress, with the assistance and oversight of the Monitor, in advancing a sale and investment solicitation process (the "**SISP**") and finalizing the terms of a stalking horse asset purchase agreement (the "**Stalking Horse Agreement**").¹² The Applicants believe that implementing the SISP, with the Stalking Horse Agreement serving as the "stalking horse bid", will provide the Applicants and their stakeholders, with greater certainty that the sales process will result in a going-concern transaction, while also affording the Monitor the flexibility and time needed to canvass the market for superior offers.¹³ The Applicants intend to bring a motion seeking approval of the SISP, along with the

⁹ Second Robertson Affidavit, *ibid* at para 14, Motion Record at Tab 2.

¹⁰ Second Robertson Affidavit, *ibid* at para 16, Motion Record at Tab 2.

¹¹ Second Robertson Affidavit, *ibid*, Motion Record at Tab 2.

¹² Second Robertson Affidavit, *ibid* at para 11, Motion Record at Tab 2.

¹³ Second Robertson Affidavit, *ibid* at para 17, Motion Record at Tab 2.

Stalking Horse Agreement, as soon as practicable once the Stalking Horse Agreement has been finalized.¹⁴

13. The Applicants' revised cash flow forecast, prepared in consultation with the Monitor, demonstrates that the Applicants will have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings throughout the Stay Period.¹⁵

C. Approval of the Reports and Activities

14. The Monitor and its counsel have provided valuable assistance to the Applicants and their stakeholders both prior to and throughout these CCAA proceedings, including in connection with the negotiations surrounding the DIP Term Sheet, the SISP and the Stalking Horse Agreement.¹⁶ Pursuant to the proposed ARIO, the Monitor is now seeking approval of such activities, as described in the Reports.¹⁷

PART III: ISSUES

15. The issues to be considered on this motion are whether this Court should:

- (a) extend the Stay of Proceedings to and including July 14, 2025; and
- (b) approve the Reports and the conduct and activities of the Monitor described therein.

¹⁴ Second Robertson Affidavit, *ibid* at para 12, Motion Record at Tab 2.

¹⁵ Second Robertson Affidavit, *ibid* at paras 19-20, Motion Record at Tab 2; First Report of KSV Restructuring Inc. dated June 24, 2025 [First Report], s 6.0 at para 2(b).

¹⁶ Second Robertson Affidavit, *ibid* at para 24, Motion Record at Tab 2.

¹⁷ Second Robertson Affidavit, *ibid* at para 23, Motion Record at Tab 2.

PART IV: LAW AND ANALYSIS

A. The Stay of Proceedings Should be Extended

16. Subsection 11.02(2) of the CCAA expressly authorizes this Court to grant an extension of the Stay of Proceedings for "any period that the court considers necessary."¹⁸ To grant such an extension, this Court must be satisfied that circumstances exist that make the order appropriate and that the Applicants have acted, and are acting, in good faith and with due diligence.¹⁹

17. The jurisdiction vested in courts to stay proceedings under section 11.02 "should be construed broadly to accomplish the legislative purposes of the CCAA".²⁰ These purposes include, among others, enabling the continuation of the debtors' business, avoiding the social and economic costs of a liquidation, preserving the value of the debtors' business and facilitating a value-maximizing restructuring.²¹ Accordingly, a stay of proceedings will be appropriate where it maintains the *status quo* and provides debtors with breathing room while they seek to restore solvency and arrange a "sale of assets in order to maximize recovery for stakeholders."²²

18. Having regard to the foregoing, the Applicants submit that the proposed extension of the Stay Period is appropriate in the circumstances given that:

- (a) since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to stabilize and continue their ordinary course operations, and

¹⁸ *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, [11.02\(2\)](#); [CCAA]; [Nordstrom Canada Retail, Inc., 2023 ONSC 1631](#) at para [7](#) [Nordstrom]; [Laurentian University of Sudbury, 2021 ONSC 1098](#) at para [56](#).

¹⁹ CCAA, *ibid*, s [11.02\(3\)](#); [Nordstrom](#), *ibid*.

²⁰ [Canwest Global Communications Corp., 2011 ONSC 2215](#) at para [24](#) [Canwest].

²¹ [Canwest](#), *ibid*; [9354-9186 Québec inc. v. Callidus Capital Corp., 2020 SCC 10](#) at para [40](#); [Century Services Inc v Attorney General \(Canada\), 2010 SCC 60](#) at para [15](#) [Century Services]; [Target Canada Co. \(Re\), 2015 ONSC 303](#) at para [8](#) [Target]; [Re Timminco Limited, 2012 ONSC 2515](#) at para [15](#) [Timminco].

²² [Timminco](#), *ibid*; [Century Services](#), *ibid* at para [14](#); [Target](#), *ibid*; [Canwest](#), *ibid* at paras [24-25](#).

advance their restructuring objectives, including by, among other things, liaising with their stakeholders, and negotiating the SISP, the Stalking Horse Agreement and various consensual resolutions with the landlords of certain closed store locations;

- (b) the Stay of Proceedings is necessary to prevent disruption to the Business by the continuation and/or initiation of additional Enforcement Actions by former landlords and other contractual counterparties;
- (c) the Applicants are forecasted to have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings throughout the Stay Period;
- (d) the Monitor is supportive of the proposed extension of the Stay of Proceedings;
- (e) the Applicants do not believe that any creditor will be materially prejudiced by the proposed extension of the Stay Period; and
- (f) the DIP Lender is supportive of the proposed extension of the Stay of Proceedings.²³

19. Taken together, the Applicants submit that the proposed extension of the Stay of Proceedings is in the best interests of the Applicants and their stakeholders, is consistent with the purposes of the CCAA, and is appropriate in the circumstances.²⁴

B. The Monitor's Reports and Activities Should be Approved

20. This Court routinely approves the reports and activities of Court-appointed monitors in CCAA proceedings pursuant to its jurisdiction under section 11 of the CCAA to make any order

²³ Second Robertson Affidavit, *supra* note 1 at paras 18-22, Motion Record at Tab 2; First Report, *supra* note 15 at s 6.0 at para 2.

²⁴ Second Robertson Affidavit, *ibid* at para 22, Motion Record at Tab 2.

considered "appropriate in the circumstances".²⁵ This Court has also previously recognized that there are policy and practical reasons for a court to approve a monitor's activities. Specifically, Court approval:

- (a) allows the monitor to move forward with the next steps in the CCAA proceedings;
- (b) brings the monitor's activities before the Court;
- (c) allows an opportunity for the concerns of the stakeholders to be addressed, and any problems to be rectified;
- (d) enables the Court to satisfy itself that the monitor's activities have been conducted in a prudent and diligent manner;
- (e) provides protection for the monitor not otherwise provided by the CCAA; and
- (f) protects the creditors from the delay and disruption that would be caused by (i) the re-litigation of steps taken to date, and (ii) potential indemnity claims by the monitor.²⁶

21. Given the aforementioned benefits, the customary limitations imposed upon reliance on such approval under the proposed ARIO and the Monitor's diligent and good faith performance of its activities in compliance with the CCAA and the Initial Order, the Applicants submit that it is appropriate for this Court to approve the Reports and the activities described therein.²⁷

²⁵ CCAA, *supra* note 18, s 11; *Re Target Canada Co.*, 2015 ONSC 7574 at paras 1-2 [*Re Target*]; *Laurentian University of Sudbury*, 2022 ONSC 5850 at para 17 [*Laurentian*]; *Laurentian University of Sudbury*, 2022 ONSC 2927 at para 13 [*Laurentian University*].

²⁶ *Re Target*, *ibid* at paras 22-23; *Laurentian*, *ibid* at para 17; *Laurentian University*, *ibid* at paras 13-14.

²⁷ First Report, *supra* note 15 at s 6.0 at para 2(b).

PART V: RELIEF REQUESTED

22. The Applicants submit that the relief sought on the within motion is appropriate in the circumstances and respectfully request that the proposed form of the ARIO be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 24TH DAY OF JUNE, 2025

Bennett Jones LLP

BENNETT JONES LLP

SCHEDULE A – LIST OF AUTHORITIES

Cases Cited

1. 9354-9186 *Québec inc. v. Callidus Capital Corp.*, [2020 SCC 10](#).
2. *Canwest Global Communications Corp.*, [2011 ONSC 2215](#).
3. *Century Services Inc v Attorney General (Canada)*, [2010 SCC 60](#).
4. *Laurentian University of Sudbury*, [2021 ONSC 1098](#).
5. *Laurentian University of Sudbury*, [2022 ONSC 2927](#).
6. *Laurentian University of Sudbury*, [2022 ONSC 5850](#).
7. *Nordstrom Canada Retail, Inc.*, [2023 ONSC 1631](#).
8. *Target Canada Co. (Re)*, [2015 ONSC 7574](#).
9. *Target Canada Co. (Re)*, [2015 ONSC 303](#).
10. *Timminco Limited (Re)*, [2012 ONSC 2515](#).

I certify that I am satisfied as to the authenticity of every authority.

Dated: June 24, 2025



Signature

SCHEDULE B – STATUTES AND REGULATIONS RELIED ON

Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36

Section 11

General Power of Court

Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

R.S., 1985, c. C-36, s. 111992, c. 27, s. 901996, c. 6, s. 1671997, c. 12, s. 1242005, c. 47, s. 128.

Section 11.02

Stays, etc. – initial application

(1) A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 10 days,

(a) staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*;

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Stays, etc. — other than initial application

(2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

(a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

(3) The court shall not make the order unless

(a) the applicant satisfies the court that circumstances exist that make the order appropriate; and

(b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Restriction

(4) Orders doing anything referred to in subsection (1) or (2) may only be made under this section.

2005, c. 47, s. 128, 2007, c. 36, s. 62(F)2019, c. 29, s. 137

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LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.**

Court File No. CV-25-00743383-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced in Toronto

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