

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

MARSHALLZEHR GROUP INC.

Applicant

- and -

LA PUE INTERNATIONAL INC.

Respondent

AIDE MEMOIRE OF THE RECEIVER

October 29, 2025

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Lawyers for the Receiver

Background:

1. KSV Restructuring Inc. (“**KSV**”), was appointed receiver (the “**Receiver**”) of all of the assets, undertakings and properties of La Pue International Inc. (“**Respondent**”), including the real property municipally known as 5528 Ferry Street, Niagara Falls, Ontario (the “**Real Property**”).
2. The Receiver has sold the Real Property with the approval of this Court. Pursuant to an unopposed order dated January 7, 2025, this Court:
 - (a) approved a holdback reserve in the amount of \$1.4 million on account of the estimated maximum holdback amount in respect of any construction lien claims (the “**Holdback Reserve**”); and
 - (b) authorized the Receiver to distribute the sale proceeds from the Real Property to MarshallZehr Group Inc. (“**MarshallZehr**”), which held a first mortgage over the Real Property, net of the Holdback Reserve and the Receiver’s and its legal counsel’s fees and disbursements.
3. There are two main issues that need to be resolved before the Receiver can make a final distribution and bring these proceedings to a conclusion: (a) determining the validity and quantum of the construction lien claims; and (b) determining the priority as between the construction lien claims and the mortgage of MarshallZehr, the senior secured lender, with respect to the Holdback Reserve.
4. The Court approved a process to address the lien claimants. Pursuant to this process, the Receiver has issued notices to the lien claimants of the Receiver’s conclusions as to the

total quantum of the holdback (the “**Lien Notices**”). The Receiver has received notices of objections from these lien claimants.

5. Further to a case conference held on September 29, 2025, a further case conference was scheduled on October 31, 2025 to address next steps in the holdback process as well scheduling of the priority motion if the matters have not been resolved. A copy of this endorsement is attached as Tab A.

6. The senior secured lender, MarshallZehr, and the lien claimants have begun settlement discussions that may, if successful, resolve the need for a priority motion. The parties would need a few weeks to finalize the discussions, such that the scheduling of any further motions should be delayed.

7. Buttcon is in agreement with an adjournment, given the ongoing settlement discussions. The Receiver also agrees that any scheduling of the priority motion be delayed, and the parties can write to the court should a further case conference be required.

October 29, 2025

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Lawyers for the Receiver

TAB A



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

COURT FILE NO.: CV-23-00700695-00CL DATE: 26 September 2025

NO. ON LIST: 4

TITLE OF PROCEEDING: **MARSHALLZEHR GROUP INC. v LA PUE INTERNATIONAL
INC. et al**
BEFORE JUSTICE: **Justice J. Dietrich**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

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For Defendant, Respondent, Responding Party, Defence:

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ENDORSEMENT OF JUSTICE J. DIETRICH:

- 1) On April 15, 2025, Justice Steele granted an endorsement setting out a process for the determination of proper Holdback amounts and also scheduled a motion for today to determine the priority of the holdback amount with respect to the Applicant's mortgage.
- 2) The process for determination of holdback amounts was to start with the delivery of a cost-consultant report, following which lien claimants had 14 days to object to the determinations set out in that report.
- 3) That cost-consultant report was delayed and was just received by the Receiver on September 22, 2025. The Receiver filed its Ninth report to court date September 25, 2025 (the "**Ninth Report**") containing a copy of the report and lien claimants now have until October 9, 2025 to object pursuant to Justice Steele's prior endorsement.
- 4) Although counsel for Buttcon Limited submits the priority motion should go ahead independent of a determination of the holdback amounts, from a practical perspective, the size of the holdback will impact on a potential negotiated resolution of the priority motion.
- 5) A 30-minute case conference is now scheduled for **October 31, 2025 at 10:00 am** to address next steps in the holdback process as well scheduling of the priority motion if the matters have not been resolved by then.
- 6) Aide memoires are to be uploaded no later than end of day on October 29, 2025.
- 7) Counsel for Buttcon Limited indicated that there may be a sealing order request for portions of the Ninth Report. That request can be addressed at the upcoming October 31, 2025 case conference.

September 26, 2025

Justice J. Dietrich

MARSHALLZEHR GROUP INC

Applicant

- and LA PUE INTERNATIONAL INC.

Respondent

Court File No. CV-23-00700695-00CL

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Proceedings commenced at TORONTO

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