

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

MARSHALLZEHR GROUP INC.

Applicant

- and -

LA PUE INTERNATIONAL INC.

Respondent

AIDE MEMOIRE OF THE RECEIVER

September 25, 2025

AIRD & BERLIS LLP

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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 the following process to address the lien claims:

- (a) After finalizing its review, the Receiver will issue notices to the lien claimants of the Receiver's conclusions as to the total quantum of the holdback (the "**Lien Notices**").
 - (b) Each lien claimant shall have 14 days from the issuance of the Lien Notices to advise the Receiver if it accepts the Receiver's assessment, or objects to it, giving the factual and legal basis for such objection;
 - (c) if a lien claimant delivers an objection, the lien claimant(s) and the Receiver can schedule a 9:30 appointment to determine the manner in which these issues will be resolved.
 - (d) If the sole issue to be determined is the allocation of the holdback among the lien claimants, that issue may be referred to an Associate Judge.
5. Now that the Receiver has received and reviewed the cost consultant's report, the Receiver will issue notices to the lien claimants as to the total quantum of the holdback.
6. Depending on the outcome of this process, if the parties are unable to fully resolve the issues between them, the Receiver will reconvene a further case conference or scheduling appointment to address next steps, which may include rescheduling the Priority Motion.

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

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Proceedings commenced at TORONTO

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