



No. S-254287  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

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

AND

IN THE MATTER OF OAK AND FORT CORP., 1282339 B.C. LTD., OAK AND FORT US  
GROUP, INC., OAK AND FORT ENTERPRISE (U.S.), INC., NYM MERGER HOLDINGS LLC  
and OAK AND FORT CALIFORNIA, LLC

PETITIONERS

**SUPPLEMENT TO THE SECOND REPORT OF KSV RESTRUCTURING INC.  
AS MONITOR**

**July 3, 2025**

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## 1.0 Introduction

1. This report (this "**Supplemental Report**") supplements the Second Report of the Monitor dated June 30, 2025 (the "**Second Report**").
2. Defined terms in this Supplemental Report have the meanings ascribed to them in the Second Report unless otherwise defined herein. This Supplemental Report is subject to the restrictions and qualifications in the Second Report.

### 1.1 Purposes of this Report

1. The purposes of this Supplemental Report are to:
  - a. provide the Monitor's recommendations in respect of the Company's application dated July 2, 2025 seeking approval of a Claims Procedure Order (the "**Claims Procedure Order**"), among other things, approving a claims procedure for soliciting and determining claims against the Petitioners and their directors and officers (the "**Claims Procedure**") and authorizing the Monitor and Petitioners to carry out the Claims Procedure on the terms set out therein; and
  - b. summarize ongoing discussions between the Monitor, the Petitioners and certain of its landlords concerning post-filing rent.

## 2.0 Claims Procedure<sup>1</sup>

1. The Petitioners, in consultation with the Monitor and the CRO, have developed the Claims Procedure to solicit and determine any and all Pre-Filing Claims, D&O Claims, Restructuring Claims, and/or Termination Claims of Terminated Employees, each as defined in the proposed Claims Procedure Order and described below.
2. The key terms and provisions of the Claims Procedure are summarized in the following sections of this Second Report. The proposed Claims Procedure Order is attached as Schedule B to the Petitioners' Notice of Application dated July 2, 2025 (the "**NOA**").

### 2.1 Notice to Creditors

1. The Monitor will post the Claims Process Instruction Letter, a blank Proof of Claim Form, a blank D&O Claim Form, a blank Notice of Dispute and the Claims Procedure Order on its Case Website (<https://www.ksvadvisory.com/experience/case/oakandfort>) as soon as possible, and in any event within 2 business days following the Order Date.

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<sup>1</sup> Capitalized terms in this section have the meaning provided to them in the Claims Procedure Order unless otherwise defined herein.

2. The Claims Procedure requires a notice (the “**Notice to Creditors**”) to be published in The Globe and Mail and the Wall Street Journal by the Monitor as soon as practicable after the date of the Claims Procedure Order. The version of the Claims Procedure Order that was attached to the NOA also provides that the Monitor will cause the Notice to Creditors to be published "in any event within 5 business days following the Order Date", but the Monitor recommends that reference to a specific timeline be removed because, in the Monitor's experience, the timing for publication is outside of its control. In any event, the Monitor will work expeditiously to have the Notice to Claimants published if the Claims Procedure Order is granted.
3. The Petitioners or the Monitor will send a Claims Package containing a copy of the Claims Procedure Order, the Claims Process Forms (including Claims Process Instruction Letter, Claims Notice (if applicable), Proof of Claim Form, D&O Claim Form, Notice of Revision or Disallowance, and Notice of Dispute of Revision or Disallowance) and such other materials as the Monitor deems appropriate to each known Claimant of the Petitioners within 5 Business Days following the granting of the Claims Procedure Order.
4. The Monitor will work with the Petitioners to ensure that the list of known Creditors includes:
  - a) all creditors according to the Petitioners' books and records;
  - b) any party that commenced a legal proceeding against the Petitioners, including their directors and officers, provided that the Monitor has notice of such legal proceeding; and
  - c) any party who has contacted the Monitor during these proceedings about amounts that may be owing to them by the Petitioners and/or the process in which they may file a claim.
5. The Claims Procedure Order permits, but does not obligate, the Petitioners, under the supervision of the Monitor, to administer a negative notice claims process for any known Creditors whose claims are quantifiable based on the Petitioners' books and records. In these instances, Creditors will receive a Claims Notice setting out the Petitioners' calculation of such Creditor's Claim. If the Creditor agrees with the assessment of the Claim as set out in the Claims Notice, it does not need to take any further action. Any Creditor wishing to dispute the Claim amount set out in the Claims Notice must file a Proof of Claim Form within the timeline prescribed in the Claims Procedure Order.
6. Where the Petitioners' books and records do not permit an accurate calculation of a Creditor's Claim, no Claim Amount Notice will be sent, and the Claimant must file a Proof of Claim by no later than the Claims Bar Date.

## 2.2 Filing a Proof of Claim Form

1. Any Claimant that intends to file a Pre-Filing Claim or D&O Claim relating to the period prior to the Filing Date is required to deliver to the Monitor a Proof of Claim Form or a D&O Claim Form, as applicable, prior to 4:00 p.m. (Vancouver time) on August 15, 2025 (the “**Claims Bar Date**”), being approximately 42 days from the granting of the proposed Claims Procedure Order.
2. Any Creditor that intends to file a Restructuring Claim or a D&O Claim relating to the period following the Filing Date shall file a Proof of Claim Form or a D&O Claim Form, as applicable, prior to the Restructuring Claims Bar Date, being the later of the Claims Bar Date and the date that is 30 business days after the Petitioners or the Monitor sends a Claims Package with respect to a Restructuring Claim.
3. Any Creditor that does not file a Proof of Claim Form prior to the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, shall not be entitled to attend or vote at a Meeting in respect of such Claim, shall not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise and shall be forever extinguished and barred from making or enforcing any Claim.

## 2.3 Claims Process for Terminated Employees

1. As indicated in Fourth Affidavit, the Petitioners are in the process of assessing store closures and anticipate the termination of some employees as part of their restructuring process. The Claims Process is intended to identify and quantify the Claims of any Terminated Employees throughout the CCAA proceedings.
2. The Company is proposing to employ a negative notice claims process for any terminated employees that will occur in tandem with the other Claims in order to make the process for resolving terminated employee claims as efficient and fair as possible. Any employees who are terminated during the course of these CCAA Proceedings will receive the Employee Claims Package which will include, among other things, a Termination Claim Statement setting out the Petitioners' calculation of the Termination Claim of such Terminated Employee, as well as a Terminated Employee Notice of Dispute. Following receipt of the Employee Claims Package, the proposed Claims Procedure Order provides that:
  - a) if a Terminated Employee wishes to dispute the amount and/or nature of the Termination Claim set forth in the Termination Claim Statement or to assert an additional Claim in relation to the Termination Claim, the Terminated Employee will deliver a Terminated Employee Notice of Dispute to the Monitor by the Terminated Employee Claims Bar Date (which date is 35 days after the Terminated Employee is sent an Employee Claims Package);
  - b) if a Terminated Employee does not deliver to the Monitor a completed Terminated Employee Notice of Dispute by the Terminated Employee Claims Bar Date, then that Terminated Employee is deemed to have accepted the valuation and/or nature of the Termination Claim as set out in the Termination Claim Statement;

- c) the Monitor may issue an Amended Termination Claim Statement to any such Terminated Employee if, in consultation with the Petitioners, the Monitor determines that it is appropriate to change the amount or nature of the Termination Claim;
- d) the Terminated Employee may dispute the amount and/or nature of the Termination Claim set forth in the Amended Termination Claim Statement by delivering a Terminated Employee Notice of Dispute to the Monitor on or before the later of: (i) the Terminated Employee Claims Bar Date; and (ii) 30 days after the date on which the Amended Termination Claim Statement was deemed to be delivered; and
- e) any Terminated Employee that does not deliver a Terminated Employee Notice of Dispute in respect of a Termination Claim Statement or Amended Termination Claim Statement will be forever barred from disputing the amount and/or nature of the Termination Claim.

## 2.4 Determination of Claims

1. The proposed Claims Procedure Order provides that:
  - a) the Monitor, in consultation with the Petitioners and the CRO, shall review all Proofs of Claim and D&O Proofs of Claim received on or before the Claims Bar Date, or Restructuring Claims Bar Date, as applicable, and shall accept, revise or reject each Claim set out therein for voting and/or distribution purposes; and
  - b) in the case of D&O Claims, the Monitor shall, in consultation with the Petitioners and the CRO and applicable Directors and Officers named in respect of such D&O Claim, accept, revise or reject such D&O Claim, provided the Monitor shall not accept or revise any portion of the D&O Claim absent consent of the applicable Directors and Officers or further Order of the Court.
2. If the Monitor intends to revise or reject a Proof of Claim or D&O Proof of Claim filed in accordance with the Claims Procedure Order, the Monitor shall send a Notice of Revision or Disallowance ("**NORD**") of the Claim to the Creditor.
3. Any Creditor (other than a Terminated Employee) who disputes the NORD must:
  - a) deliver a Notice of Dispute to the Monitor within 10 days after the date on which the creditor is deemed to have received the NORD; and
  - b) file with the Court and deliver to the Monitor and the Petitioners a Notice of Application and any affidavits in support to resolve the Disputed Claim within 15 days after the date of the Notice of Dispute (or such other date as may be agreed to in writing by the Monitor).

Should the Creditor fail to do either of (a) or (b) above, the Creditor shall be deemed to accept the nature and amount of its Claim as such Claim is set out in the NORD. The process for disputing employee Termination Claims is summarized in section 2.3 above.

4. The Monitor, in consultation with the Petitioners, may at any time: (a) attempt to consensually resolve disputed Claims, or (b) refer the dispute to the Court in these CCAA proceedings, which may include to determine the nature and/or amount of the Claim for voting and/or distribution purposes under the Plan. Depending on the volume of disputed claims, the Petitioners may consider the appointment of a claims officer on a subsequent application, in order to assist with the resolution of dispute claims and avoid the need for multiple Court attendances to facilitate this process.

## **2.5 Excluded Claims**

1. Unaffected Claims under the proposed Claims Procedure Order are limited to:
  - a) Claims secured by the Charges;
  - b) Post-filing claims (other than those that are Restructuring Claims or D&O Claims);
  - c) Claims which cannot be compromised under sections 5.1(2) and 19(2) of the CCAA;
  - d) any Claims in respect of payments referred to in sections 6(3), 6(5) and 6(6) of the CCAA; and
  - e) any claim for wrongful or oppressive conduct by the Petitioners or any of the Directors and Officers.

## **2.6 Recommendation regarding the Claims Procedure Order**

1. The Monitor believes the Claims Procedure is reasonable and appropriate for the following reasons:
  - a) the administration of a Claims Procedure is necessary for the Petitioners to develop a plan of compromise or arrangement within the CCAA proceedings that can be presented to creditors, with a view to eventually having the Petitioners emerge from creditor protection as a going concern;
  - b) the proposed Claims Process was developed in consultation with the Monitor and the CRO to provide an efficient and transparent process to identify and determine the reasonably anticipated body of Claims that may be asserted against the Petitioners and their Directors and Officers;
  - c) the proposed notices, dispute resolution provisions and timelines set out in the Claims Procedure Order are consistent with those typically approved in CCAA processes and, in the Monitor's view, allow a reasonable time and process for the identification of Claims;
  - d) by using a negative notice claims process for Terminated Employees and an optional negative notice claims process for certain known Creditors, the Claims Procedure seeks procedural efficiencies while providing creditors an opportunity to dispute the treatment of their claim should they disagree with the Petitioners' books and records;

- e) in the Monitor's view, the Claims Bar Date, being approximately 42 days following the return of this motion, is sufficient for creditors to file a Proof of Claim and D&O Proof of Claim (as applicable) with the Monitor; and
  - f) in the Monitor's view, the basis on which the Claims Procedure proposes to determine the Claims of Terminated Employees is fair and reasonable, treats these Termination Claims consistently and should assist to minimize the number of disputed employee claims and streamline the Claims Procedure generally.
2. The Petitioners and the Monitor intend to seek recognition of the Claims Process Order from the US Bankruptcy Court forthwith after issuance of the Claims Process Order by this Honourable Court.

### **3.0 Post-Filing Rent Paid to Landlords**

1. The Monitor understands that on Friday, May 30, 2025, the Company made a rent payment in the aggregate amount of \$1,444,107 to 29 landlords, with the intention that those amounts were being paid in respect of June rent, which was due on Saturday, June 1, 2025. The Monitor understands from the Company that it was generally consistent with the Company's historical practices to pay the rent on the business day prior to the rent due date since the due date was on a weekend. The Company made those rent payments following the demands of several landlords who threatened to lock the Company out of its locations if rent was not paid.
2. As a result of the increasing demands from landlords, the Company then filed Notices of Intention to Make a Proposal ("**NOI**") on June 2 and 3, 2025, and those Proposal Proceedings were subsequently taken up and continued into these CCAA Proceedings pursuant to the Initial Order of this Court dated June 6, 2025. After the Initial Order was granted, the Monitor sent out the Notice to Creditors of these CCAA Proceedings to the landlords on June 13, 2025.
3. Counsel for certain of the 17 landlords which had pre-filing arrears as per the Company's books and records, and who received payments totalling \$778,113 on May 30, 2025, have since reached out to counsel for the Company and the Monitor to inquire about the Company's payment of rent for June. The Company's position is that the May 30, 2025 payment was intended to be applied to June rent and were not intended to be applied to any arrears which may have then been owing for prior months. The Monitor and its counsel, and the Petitioners' counsel, are currently corresponding with counsel for certain of the impacted landlords. If the Company and those landlords are unable to reach a resolution, then the Monitor anticipates reporting back to this Court at the next hearing with a recommendation.



## 4.0 Conclusion and Recommendation

1. Based on the Second Report and this Supplemental Report, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Petitioners detailed in Section 1.1 of the Second Report and Section 1.1 of this Supplemental Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.**

**IN ITS CAPACITY AS MONITOR OF OAK AND FORT CORP., 1282339 B.C. LTD., OAK AND FORT US GROUP, INC., OAK AND FORT ENTERPRISE (U.S.), INC., NYM MERGER HOLDINGS LLC, AND OAK AND FORT CALIFORNIA, LLC  
AND NOT IN ITS PERSONAL CAPACITY**