

CITATION: Paladin Labs Canadian Holding Inc., 2022 ONSC 6716
COURT FILE NO.: CV-22-00685631-00CL
DATE: 2022-11-29

SUPERIOR COURT OF JUSTICE - ONTARIO

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

AND IN THE MATTER OF PALADIN LABS CANADIAN INC. AND PALADIN LABS INC.

BEFORE: Chief Justice G.B. Morawetz

COUNSEL: *Robert J. Chadwick, Bradley Wiffen, Andrew Harmes and Erik Axell*, for Paladin Labs Inc.

Josh Foster and Sean Zweig, for KSV Restructuring Inc., Information Officer

Guy P. Martel and Danny Duy Vu, for Ad Hoc First Lien Group

HEARD: November 29, 2022

ENDORSEMENT

[1] Paladin Labs Inc. (“Paladin”), in its capacity as the Foreign Representative (the “Foreign Representative”) in respect of the proceedings commenced by Endo International plc and certain of its affiliates (the “Debtors”), including Paladin and Paladin Labs Canadian Holding Inc. (the “Canadian Debtors”), under Chapter 11 of the United States Code (the “Chapter 11 Cases”) brought this motion for an order (the “Third Supplemental Order”) to recognize and enforce certain Orders entered by the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”).

[2] The background to this matter is set out in two previous endorsements – 2022 ONSC 4748 and 2022 ONSC 5810 and is not repeated in this endorsement.

[3] As noted in the Second Report of KSV Restructuring Inc. as Information Officer, since the Second Day Hearing, the Bankruptcy Court has entered certain additional orders, including the:

- (a) Errata Order Regarding Memorandum Decision and Order Granting in Part the Motion of the Debtors for an Order (I) Waiving the Requirement That Each Debtor Files a Separate List of its 20 Largest Unsecured Creditors; (II) Authorizing the Debtors to File a Single Consolidated List of Their 50 Largest Unsecured, Non-Insider Creditors; (III) Authorizing the Debtors and the Claims and Noticing Agent to Redact Personally Identifiable Information for Individuals; (IV) Authorizing the Claims and Noticing Agent to Withhold Publication of Claims Filed by Individuals Until Further Order of the Court; (V) Establishing Procedures for Notifying Creditors of the Commencement of

- the Debtors' Chapter 11 Cases; and (VI) Granting Related Relief (the "Creditor Listing Order"), a copy of which is attached as Schedule A hereto;
- (b) Amended Final Order (I) Authorizing Debtors to Use Cash Collateral; (II) Granting Adequate Protection to Prepetition Secured Parties; (III) Modifying Automatic Stay; and (IV) Granting Related Relief (the "Final Cash Collateral Order"), a copy of which is attached as Schedule B hereto;
- (c) Combined Third and Final Order (I) Authorizing Debtors to (A) Pay Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (B) Continue Employee Benefit Programs and Pay Related Administrative Obligations; (II) Authorizing Financial Institutions to Honour and Process Related Checks and Transfers; and (III) Granting Related Relief (the "Combined Wages Order"), a copy of which is attached as Schedule C hereto hereto;
- (d) Final Order (I) Authorizing Debtors to (A) Pay Prepetition Wages, Salaries, Employee Benefits and Other Compensation and (B) Continue Employee Benefit Programs and Pay Related Administrative Obligations; (II) Authorizing Financial Institutions to Honour and Process Related Checks and Transfers; and (III) Granting Related Relief (the "Final Wages Order"), a copy of which is attached as Schedule D hereto; and
- (e) An Order (I) Authorizing and Approving Procedures For (A) The Use, Sale, Transfer, or Abandonment of De Minimis Assets Free and Clear of Liens, Claims, Interests, and Encumbrances Without Further Order of Court, and (B) The Acquisition of De Minimis Assets; (II) Authorizing Payment of Related Fees and Expenses; and (III) Granting Related Relief (the "De Minimis Assets Order") of the Bankruptcy Court made in the Foreign Proceeding, a copy of which is attached as Schedule E hereto, is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 49 of the CCAA.

(collectively, the "Additional Orders")

[4] The Foreign Representative is now seeking to have the court recognize and enforce the Additional Orders pursuant to an order under s.49 of the *Companies' Creditors Arrangement Act* ("CCAA").

[5] The Information Officer is of the view that the Foreign Representative's motion for the proposed Third Supplemental Order recognizing and enforcing the Additional Orders is reasonable and appropriate for a number of reasons, including:

- (a) the Additional Orders are consistent with the integrated nature of the Debtor's operations in the United States and Canada;
- (b) Canadian stakeholders are treated in the same manner as US stakeholders in each of the Additional Orders;

- (c) the Additional Orders have the objective of enhancing the prospect that the Debtors can continue to operate in the normal course during the Chapter 11 Cases;
- (d) the proposed recognition of the de minimis Assets Order and the corresponding authorization to permit the Canadian Debtors to deal with their property in accordance therewith, notwithstanding the terms of the Initial Recognition Order, will allow the Canadian Debtors to efficiently deal with assets having de minimis value;
- (e) the proposed recognition of the Creditor Listing Order is administrative in nature;
- (f) the Final Cash Collateral Order was entered by the Bankruptcy Court on unopposed basis and will provide the Debtors with ongoing liquidity required to continue to operate during the Chapter 11 Cases;
- (g) the proposed recognition of the Combined Wages Order and the Final Wages Order will provide a higher likelihood of workforce continuity in a highly competitive industry; and
- (h) the Information Officer is not aware of any objection having been filed in the Chapter 11 Cases by Canadian stakeholders in respect of the Additional Orders.

[6] Section 49 of the CCAA provides that the court may make any order that it considers appropriate if it is satisfied that it is necessary for the protection of the Debtor company's property or the interests of a creditor or creditors.

[7] Having reviewed the record, including the Affidavit of Andrew Harnes sworn November 23, 2022 and the Second Report of the Information Officer dated November 24, 2022 and hearing submissions of counsel to the Foreign Representative and the Information Officer, I am satisfied that recognition of the Additional Orders is appropriate to preserve the value of the Canadian Debtors, and to enable the continued operation of the Canadian business in the ordinary course and to ensure judicial cooperation and comity while the Endo Group pursues a global restructuring in the Chapter 11 Cases.

[8] The motion is granted and an order giving effect to the foregoing has been signed.



Chief Justice G.B. Morawetz

Date: November 29, 2022