

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE MR. ) WEDNESDAY, THE 8<sup>TH</sup>  
 )  
JUSTICE CAVANAGH ) DAY OF JUNE, 2022

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,  
IN THE CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO**

**ORDER**

**THIS MOTION**, made by The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens (the “**Company**”), for an order, *inter alia*: (a) extending the time for the Company to file a proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (the “**BIA**”); (b) approving an Administration Charge (as defined and described below); (c) approving the KERP and KERP Charge (as those terms are defined and described below); (d) approving the Term Sheet and Interim Lending Charge (as those terms are defined and described below); and (e) for certain other relief as described in the Company’s Notice of Motion, was heard this day virtually via videoconference as a result of the Covid-19 pandemic.

**ON READING** the Notice of Motion, the Affidavit of Larry Wolfman sworn on May 31, 2022 and the exhibits thereto (the “**Wolfman Affidavit**”) and the First Report of KSV Restructuring Inc. (“**KSV**”) in its capacity as proposal trustee of the Company (in such capacity, the “**Proposal Trustee**”) and the appendices thereto (the “**First Report**”) and the Supplement to

First Report of KSV (the “**Supplementary Report**”), and on hearing the submissions of counsel for the Proposal Trustee, for the Company, for Bank of Montreal (“**BMO**”), for Pillar Capital Corp. (“**Pillar**”), for U.B.C. Ontario Industrial Council; Carpenters Local 1072 (“**Carpenters Local**”) and such other counsel in attendance on the videoconference, as shown on the Participant Information Form, filed.

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Company’s Notice of Motion and Motion Record and of the First Report and Supplementary Report is hereby abridged and validated, and the manner of service thereof is hereby validated, so that this motion is properly returnable today, and hereby dispenses with further service thereof.

## **EXTENSION OF TIME TO FILE A PROPOSAL**

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal is hereby extended to August 15, 2022 (as that date may be extended by further order of the Court, the “**Proposal Extension Date**”).

## **NO INTERFERENCE WITH RIGHTS**

3. **THIS COURT ORDERS** that until the Proposal Extension Date, no individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Company, except with the written consent of the Company and the Proposal Trustee, or leave of this Court.

## **CONTINUATION OF SERVICES**

4. **THIS COURT ORDERS** that until the Proposal Extension Date, all Persons having oral or written agreements including purchase orders with the Company or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Company, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Company, and that the Company shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Company in accordance with normal payment practices of the Company or such other practices as may be agreed upon by the supplier or service provider and each of the Company and the Proposal Trustee, or as may be ordered by this Court.

## **ADMINISTRATION CHARGE**

5. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company (collectively, the “**Administrative Professionals**”) shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Company on a bi-weekly basis, or as they may otherwise agree.

6. **THIS COURT ORDERS** that the Proposal Trustee and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Proposal Trustee and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

7. **THIS COURT ORDERS** that the Administrative Professionals shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on all of the Company’s present and future assets, undertakings and property of every nature and kind whatsoever and wherever situate, including all proceeds thereof (collectively, the “**Property**”), which charge shall not exceed an aggregate amount of \$300,000 (before HST), as security for payment of their respective professional fees and disbursements incurred at their standard hourly rates, both before and after the making of this Order, in respect of this proceeding. The Administration Charge shall have the priority set out in paragraphs 16 and 18 hereof.

#### **INTERIM LENDING FACILITY AND CHARGE**

8. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility on the terms and subject to the conditions set out in the Term Sheet between the Company and BMO (in such capacity, the “**Interim Lender**”) attached to the First Report (the “**Term Sheet**”) in order to finance the Company's working capital requirements in accordance with the Cash Flow Forecast (as defined and attached to the Term Sheet) and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$450,000 unless permitted by further Order of this Court.

9. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security

documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Term Sheet or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

10. **THIS COURT ORDERS** that the Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Interim Lending Charge**”) on the Property, which charge shall not secure an obligation that exists before this Order is made. The Interim Lending Charge shall have the priority set out in paragraphs 16 and 18 hereof.

11. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lending Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lending Charge, the Interim Lender, upon 7 days notice to the Company and the Proposal Trustee, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the Term Sheet, Definitive Documents and the Interim Lending Charge, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by the Interim Lender to the Company against the obligations of the Company to the Interim Lender under the Term Sheet, the Definitive Documents or the Interim

Lending Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

- (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

12. **THIS COURT ORDERS AND DECLARES** that the Interim Lender shall be treated as unaffected in any proposal filed by the Company under the BIA with respect to any advances made under the Definitive Documents and in furtherance thereof the Interim Lender, in its capacity as pre-filing lender and Interim Lender under the Term Sheet, shall be unaffected by the stay of proceedings but subject to paragraph 11 hereof.

13. **THIS COURT ORDERS** that the Company is hereby authorized to pay the Interim Lender, in accordance with the terms of the Term Sheet and the Definitive Documents, amounts owing under the Term Sheet and any and all amounts owing by the Company on account of the Pre-Filing Obligations (as defined in the Term Sheet), from funds on hand or from funds generated by post-filing sales of inventory or otherwise, excluding proceeds of sale of the Lands (as that term is defined in the Priority Agreement between BMO and Pillar dated December 8, 2021), to the extent such proceeds are insufficient to repay all amounts owed to Pillar in full in respect of Pillar's security on the Lands ("**Pillar Security**").

**KERP**

14. **THIS COURT ORDERS** that the Company's key employee retention plan (the "**KERP**") described in First Report be and is hereby approved and the Company is authorized and directed to make the payments contemplated thereunder should the employees become entitled thereto in accordance with the terms and conditions of the KERP.

15. **THIS COURT ORDERS** that the beneficiaries of the KERP shall be entitled to the benefit of and are hereby granted a charge (the "**KERP Charge**") on the Property in the amount of \$120,000. The KERP Charge shall have the priority set out in paragraphs 16 and 18 hereof.

**VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

16. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Interim Lender's Charge and the KERP Charge (collectively, the "**Charges**"), as among them, shall be as follows with respect to the Property described below:

**The Lands**

First – Administration Charge

Second – Pillar Security

Third – KERP Charge

Fourth – Interim Lending Charge

**Property other than the Lands**

First – Administration Charge

Second – KERP Charge

Third – Interim Lending Charge

17. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

18. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person save and except for validly perfected purchase money security interests, liens and/or encumbrances in favour of each of (i) De Lage Landen Financial Services Canada Inc., (ii) Toyota Credit Canada Inc. and (iii) Carrier Truck Center Inc., granted in connection with certain equipment financing arrangements as at May 31, 2022 (being the date of filing of the Company’s notice of intention to file a proposal).

19. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Company also obtains the prior written consent of the Proposal Trustee, the Interim Finance Lender and the beneficiaries of the KERP Charge and the Administration Charge, or further Order of this Court.

20. **THIS COURT ORDERS** that the Charges, the Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) the bankruptcy of the Company; (c) the provisions of any federal or provincial



statutes; or (d) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering into the Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Company pursuant to this Order, the Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

## **SEALING ORDER**

21. **THIS COURT ORDERS** that, subject to further order of this Court, Confidential Appendix “1” to the First Report shall be sealed and kept confidential.

## **PROPOSAL TRUSTEE'S ACTIVITIES**

22. **THIS COURT ORDERS** that the activities of the Proposal Trustee as set out in the First Report and Supplementary Report are hereby approved.

## **SERVICE AND NOTICE**

23. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the “**Rules**”), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.ksvadvisory.com/experience/case/paris>.

24. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Company and the Proposal Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Company’s creditors or other interested parties at their respective addresses as last shown on the records of the Company and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received

on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

## **GENERAL**

25. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

26. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

27. **THIS COURT ORDERS** that each of the Company or the Proposal Trustee shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

28. **THIS COURT ORDERS** that any interested party (including the Company and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7)

days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

29. **THIS COURT ORDERS** that this Order is effective from today's date and it is made and enforceable without any need for entry or filing.

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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS**

Estate/Court File No.: 31-2835198

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**ORDER**

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