



**Supplement to the Fourth Report to
Court of KSV Restructuring Inc. as
Proposal Trustee of The Sanderson-
Harold Company Limited c.o.b. as
Paris Kitchens**

November 3, 2022

Contents		Page
1.0	Introduction.....	1
1.1	Purposes of this Report.....	1
1.2	Court Materials.....	1
2.0	Update.....	1

Appendices		
Appendix		Tab
	Protocol.....	A
	Revised Protocol.....	B

Court File No.: 31-2835198

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

COMMERCIAL LIST

**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**

**SUPPLEMENT TO THE FOURTH REPORT OF
KSV RESTRUCTURING INC., AS PROPOSAL TRUSTEE OF
THE SANDERSON-HAROLD COMPANY LIMITED**

November 3, 2022

1.0 Introduction

1. This supplemental report (the “Supplemental Report”) is filed by the Proposal Trustee appointed in the Company’s NOI proceedings.

1.1 Purposes of this Report

1. The purpose of this Supplemental Report is to provide an update on events since the case conference that was heard urgently by the Court on November 1, 2022 (the “Case Conference”).

1.2 Court Materials

1. Defined terms have the meaning provided to them in the Proposal Trustee’s Fourth Report dated November 1, 2022 (the “Fourth Report”), unless otherwise defined herein.
2. This Supplemental Report is subject to the restrictions and qualifications in the Fourth Report.

2.0 Update

1. The Proposal Trustee provides the following update concerning events since the Case Conference:
 - a. The power to the Railway Property was restored by the Purchaser at approximately 6:30 p.m. on November 1, 2022. The power disruption lasted over 24 hours. No business was conducted on November 1, 2022. Employees showed for work on the morning of November 1st but were sent home. The shutdown resulted in significant manufacturing and delivery delays. The extent of the economic loss caused by the power disruption is not yet fully known. The professional fees dealing with this matter have been significant.

- b. The Company's representatives have been advised to coordinate access to the Railway Property through the Proposal Trustee. As of the date of this Supplemental Report, one visit has been scheduled for November 3rd and possibly another for November 4th. Provided cooperation continues, and the Company's operations are not disrupted, and pending further order of the Court, the Company intends to continue to provide the Purchaser's representatives access via pre-approved site visits arranged through the Proposal Trustee.
- c. In the Fourth Report, the Proposal Trustee advised that the Purchaser removed property from the WBC head office. An orderly process is required to determine which of the removed property and the remaining property belongs to the Company and was therefore purchased by the Purchaser. The Company does not dispute that a large portion of the assets at WBC are property of the Company. Until ownership of the property at WBC can be resolved, including the removed property, the Proposal Trustee is of the view that the Purchaser should forthwith return all removed property to the WBC property. For ease of reference, the relevant extract from the Fourth Report concerning this issue is reproduced below.

Unlawful Removal of Property from WBC

On October 25, 2022, the day following closing, the Purchaser attended at WBC unannounced, and occupied one of the offices at WBC. Wolfman and Carolyn Iyer ("Iyer"), the Company's Chief Operating Officer, had a discussion with McGeachie shortly following his arrival. McGeachie told Wolfman and Iyer that, paraphrasing, "everything in this place is mine, including the coffee mug" on Wolfman's desk. Notwithstanding the conversation with Wolfman and Iyer, McGeachie did not advise them that he planned to have a team of people imminently start removing property from WBC. As that was happening, there was a heated phone discussion with McGeachie, his lawyer, Company management, Chaitons and the Proposal Trustee. McGeachie's team removed consigned appliances (subsequently returned), third-party owned customer property (still in the Purchaser's possession) and other furniture and fixtures for which there is no clear record reflecting ownership by the Company¹ (still in the Purchaser's possession). These events left the Company's staff agitated and concerned for their physical safety. A summary of these events is provided in an email from Iyer dated October 29, 2022 found in Appendix "H"².

- d. The Proposal Trustee has requested that the Purchaser return the removed property to WBC, including in an email dated October 29, 2022 found in Appendix "N" of the Fourth Report. To date, such property has not been returned by the Purchaser.

¹ As stated above, there is no fixed asset listing for the Company's property at WBC.

² Of the Fourth Report.

- e. The Company is committed to continue to work with the Purchaser to transition the purchased assets to the Purchaser on an orderly basis. To date, the Company has, among other things, provided the Purchaser with information on the Company's customers and a complete vendor list with addresses and contact information, facilitated discussions with its employees (although the Purchaser has not hired any of the employees) and has provided the Purchaser with electronic files pertaining to products and pricing, including:
- Project Specific Upgrade Program - this includes files with all mark up to sell to clients, in both PDF and Excel formats.
 - Samples - sample tracking folder for various clients.
 - Sales - Showroom pictures (tool used to build upgrade booklets for clients).
 - pk_19 - link to install the 2020 catalogue (used for all quotes) and the USB keys to work with this catalogue. This enables pricing directly from a drawing.
 - Spec Book Global – the Company's overall catalogue, with various updates.
 - Specials - these are products used for orders outside the realm of the catalogue, organized into folders via product type.
- f. Prior to the Case Conference, the Proposal Trustee's counsel sent to the Purchaser's counsel a draft protocol to deal with the transfer of electronic records, the Company's website and a solution for email accounts, a copy of which is attached as Appendix "A". Counsel for the Purchaser responded today at 11:45 am with the document attached at Appendix "B". The Proposal Trustee and the Company are reviewing the Purchaser's comments, and remain ready and willing to continue to finalize the protocol and resolve such other transition issues as may arise together with the Purchaser and/or its counsel.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE IN THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

PROPOSED PROTOCOL FOR TRANSFER OF PARIS KITCHENS DATA TO Mi5

This document has been prepared for discussion purposes and is subject to further consultation among The Sanderson-Harold Company Limited (SHCL), Mi5, and KSV and/or their technical advisors

Accounting Information

- The accounting system used by SHCL is comprised of virtual machines running on a physical server (the "Accounting Server") at the Paris, Ontario location.
- The Accounting Server can be provided to Mi5 after SHCL makes a copy of the virtual machines onto an old desktop computer to be transferred to the Richmond Hill location (the "Copied Accounting Server").
 - The old desktop computer is currently stored at the Paris, Ontario location - it is outdated in terms of current computer performance and hardware.
 - If Mi5 objects to the use of the old desktop computer for this purpose, SHCL can purchase new hardware for this task.
- This solution would provide Mi5 with a fully working copy of the Accounting Server while still allowing SHCL to complete its wind-down operations using the Copied Accounting Server.

File Server Information

- SHCL hosts a company file server (the "File Server") at the Richmond Hill location with approximately 2 to 3 Terabytes of information on it.
- SHCL is prepared to provide a copy of the information stored on the File Server, excluding information related to individual employee payroll, benefits information, or anything else that can be considered personally identifiable information.
- SHCL will perform a review to identify such information ahead of time and exclude IT from the copy of the File Server that is to be sent to Mi5.

Paris Kitchens Domains and Email

- SHCL currently controls and pays for the "pariskitchens.ca" and "pariskitchens.com" domains.
- Email for "pariskitchens.ca" is hosted by Microsoft Office 365 and is used to service emails to mobile/remote employees.
- Email for "pariskitchens.com" is hosted by a third-party provider and is used to service emails to employees who work using on-site desktop computers at the Richmond Hill location.
 - This email uses the POP email protocol, meaning that email is not retained on any servers after they have been downloaded onto the on-site desktops.
 - The company website, "http://pariskitchens.com/" is also associated with this domain.
- Potential solutions include:
 1. Mi5 to set up a new "pariskitchenscanada.com" (or similar) domain. SHCL will retain control of the ".ca" and ".com" email accounts currently in use for the duration of the wind-down operations and can work to transfer the website to Mi5.
 2. SHCL can transfer control of the "pariskitchens.com" domain to Mi5 while retaining control of the "pariskitchens.ca" domain until its wind-down operations are

completed. This solution would allow Mi5 to move the “pariskitchen.com” emails to Microsoft O365 or any other email service of its preference. It would also give Mi5 control of the “http://pariskitchens.com/” website. Mi5 would be unable to get historical access to “pariskitchens.com” emails, as those are only stored locally on certain on-site desktops.

Appendix “B”

PROPOSED PROTOCOL FOR TRANSFER OF PURCHASED ASSETS (incl. DATA)

Accounting Information

- The accounting system used by SHCL is comprised of virtual machines running on a physical server (the "Accounting Server") at the Paris, Ontario location.
- The Accounting Server can be provided to Mi5 after SHCL makes a copy of the virtual machines onto an old desktop computer to be transferred to the Richmond Hill location (the "Copied Accounting Server").
 - The old desktop computer is currently stored at the Paris, Ontario location - it is outdated in terms of current computer performance and hardware.
 - If Mi5 objects to the use of the old desktop computer for this purpose, SHCL can purchase new hardware for this task.
- This solution would provide Mi5 with a fully working copy of the Accounting Server while still allowing SHCL to complete its wind-down operations using the Copied Accounting Server.

Mi5 Comments

- SHCL to purchase a new computer to create the copy of the accounting server.
- Once the wind-down is complete, SHCL to (A) return the copy of the accounting server to Mi5, or (B) allow Mi5 to back-up the copy of the accounting server, and observe the destruction of the copy of the accounting server.
- SHCL to provide Mi5 with Administrator rights and remote access to the physical server on which the virtual machines reside at the earlier of: (i) [end of day on Nov 4th]; and, (ii) when the copy of the accounting server has been created.
- To facilitate the wind-down of SHCL, Mi5 can provide role-based access to the physical server if/as required.
- SHCL to provide all existing reference material on the physical servers and their contents (incl. manuals, policies, procedures and any other relevant documentation) as part of the Purchased Assets.

File Server Information

- SHCL hosts a company file server (the "File Server") at the Richmond Hill location with approximately 2 to 3 Terabytes of information on it.
- SHCL is prepared to provide a copy of the information stored on the File Server, excluding information related to individual employee payroll, benefits information, or anything else that can be considered personally identifiable information ("PII").
- SHCL will perform a review to identify such information ahead of time and exclude IT from the copy of the File Server that is to be sent to Mi5.

Mi5 Comments

- Mi5 views the file server as part of the Purchased Assets. It is appropriate for SHCL to provide the file server to Mi5 as soon as possible.
- To facilitate the wind-down of SHCL, Mi5 proposes the following:
 - SHCL provides Mi5 with Administrator rights and remote access to the file server by [end of day on Nov 4th]. Once Administrator rights and remote access are in place

for Mi5, SHCL can retain the file server at the Richmond Hill location until the wind-down is complete.

- Mi5 has some concerns regarding the PII-related review, including:
 - It is important for Mi5 to access the Purchased Assets as soon as possible. Undertaking the PII-related review could result in unreasonable delays in the transfer of Purchased Assets.
 - Mi5 aspires to re-hire many of the past and current employees of SHCL. Having this information available for use by NewCo (i.e. the post-bankruptcy Paris Kitchens) would be helpful for all parties involved.
- SHCL to provide all existing reference material on the file servers and their contents (incl. manuals, policies, procedures and any other relevant documentation) as part of the Purchased Assets.

Paris Kitchens Domains and Email

- SHCL currently controls and pays for the “pariskitchens.ca” and “pariskitchens.com” domains.
- Email for “pariskitchens.ca” is hosted by Microsoft Office 365 and is used to service emails to mobile/remote employees.
- Email for “pariskitchens.com” is hosted by a third-party provider and is used to service emails to employees who work using on-site desktop computers at the Richmond Hill location.
 - This email uses the POP email protocol, meaning that email is not retained on any servers after they have been downloaded onto the on-site desktops.
 - The company website, “http://pariskitchens.com/” is also associated with this domain.
- Potential solutions include:
 1. Mi5 to set up a new “pariskitchenscanada.com” (or similar) domain. SHCL will retain control of the “.ca” and “.com” email accounts currently in use for the duration of the wind-down operations and can work to transfer the website to Mi5.
 2. SHCL can transfer control of the “pariskitchens.com” domain to Mi5 while retaining control of the “pariskitchens.ca” domain until its wind-down operations are completed. This solution would allow Mi5 to move the “pariskitchen.com” emails to Microsoft O365 or any other email service of its preference. It would also give Mi5 control of the “http://pariskitchens.com/” website. Mi5 would be unable to get historical access to “pariskitchens.com” emails, as those are only stored locally on certain on-site desktops.

Mi5 Comments

- The domains are part of the Purchased Assets. Mi5 does not agree to set up different domains.
- SHCL to transfer Administrator rights to all domains, websites and associated servers, including but not limited to pariskitchens.com and pariskitchens.ca by [end of day on Nov 4th].
- To facilitate the wind-down of SHCL, Mi5 can provide role-based access to SHCL to these domains and servers.

General Comments from Mi5

- To facilitate the transfer of the data and Purchased Assets referenced in this document (e.g., physical server in Paris, ON, virtual machines, accounting server, file server in Richmond Hill, ON, the software and systems included on the servers, etc.), Mi5 is seeking access to the relevant SHCL employees with knowledge of these Purchased Assets. Mi5 would like to be able to speak with, meet and direct these employees for an average of [one hour] per day during a [three week period] following the transfer of the Purchased Assets.
- The Purchased Assets are well defined in the Asset Purchase Agreement (APA). Mi5 wants to abide by the APA and receive all the Purchased Assets in a timely manner, including:
 - Acquired Contracts
 - Acquired Personal Property Leases
 - Books and Records
 - Intellectual Property
 - Personal Property
 - Real Property
- In terms of Purchased Assets at the Paris, ON location, Mi5 assumes this constitutes everything at the 23 Railway Street property as of closing. Mi5 is seeking assurances that no Purchased Assets have been, or will be, removed from the property without prior knowledge and written consent from Mi5.
- Overall, Mi5 wants to ensure that it receives all the Purchased Assets currently at the Richmond Hill, ON location, including but not limited to:
 - Books, records, files and papers
 - Computer programs (incl. source and object code) – incl. manuals and data
 - Software programs (incl. source and object code) – incl. manuals and data
 - Sales and advertising materials
 - Lists of present and former customers and suppliers
 - All of the intellectual property as defined in the APA
 - Furniture
 - Computer hardware
- With regards to the Purchased Assets at the Richmond Hill, ON location:
 - Mi5 requests dialogue with SHCL on these items and a walk through of the building to establish a common understanding of what does and does not constitute the Purchased Assets.
 - With certain exclusions, Mi5 agrees to remove the Purchased Assets in an orderly manner once the wind-down of SHCL is complete, assuming all parties agree that these Purchased Assets are not part of any bankruptcy proceedings, processes or claims.
 - Mi5 requests that this walk through occur by [end of day on Nov 9th]. If there is disagreement on what constitutes a Purchased Asset Mi5 is willing to discuss a resolution with SHCL. The Purchased Assets are to be agreed and documented by all parties in a mutually satisfactory manner by [end of day on Nov 14th].
 - Until the Purchased Assets are documented, Mi5 is seeking assurances that no Purchased Assets have been, or will be, removed from the building without prior knowledge and written consent from Mi5.
- If there are Purchased Assets, at either location, that are of interest to employees of SHCL for personal, sentimental or other reasons, Mi5 is willing to discuss arrangements for these items.