

At the District Court
In Tel-Aviv

Company Liquidation Case 44348-04-16
Request no. 13
Before the Honorable Justice
Justice Eitan Orenstein

On the matter of:	The Companies Act, 5759-1999	<u>The Law</u>
	The Companies Regulations (Request for Compromise or Arrangement), 5762-2002	<u>Regulations of Settlement or Arrangement</u>
And on the matter of:	Urbancorp Inc., Canadian company no. 2471774	<u>The Company</u>
And on the matter of:	Adv. Guy Gissin – Temporary Officeholder of URBANCORP INC. COMPANY. By his representative Attorney Inbar Hakmian-Nahari and/or Yevgenia Gluchman et al. Of Gissin & Co. Law Firm Of 38B HaBarzel Street, Tel-Aviv 69710 Telephone: 03-7467777, fax: 03-7467700	<u>The Officeholder</u>
And on the matter of:	The Official Receiver Of 2 HaShlosa Street, Tel-Aviv Telephone: 03-6899695, fax: 02-6462502	<u>OR</u>

Request for Granting an Order for Stay of Proceeding against the Company

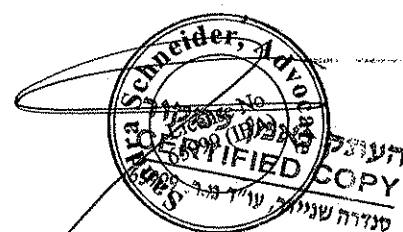
Following the decision of the Court, Gissin, who is the temporary Officeholder” and an order for stay of the proceedings in Class Action 1746. Alongside submitting this application herein, and the matter is as follows:

06/19/2016	Ruling
Application no. 13 case no 44348 – 04 – 16	
Judge Eitan Orenstein	
On the grounds of the submitted application, I hereby order a stay of proceedings that shall remain in full force until another decision.	

1), Attorney Guy Gissin, respectively: “the requesting to grant a stay of proceeding in the case at this point). No. 10 in the case

Following are the

1. On 25/04/2016 the Honorable Court has instructed the appointment of Attorney Guy Gissin as temporary Officeholder in the Company (hereinafter: “the Order of Appointment”). In the framework of the Order of Appointment, the Officeholder was



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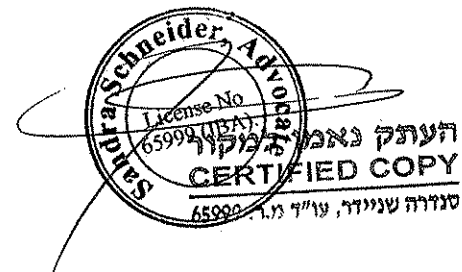
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Request for Granting an Order for Stay of Proceeding against the Company

Following the decision of the Honorable Court dated 22/05/2016 (Request no. 1), Attorney Guy Gissin, who is the Officeholder in Urbancorp Inc. (hereinafter and respectively: “**the Officeholder**” and “**the Company**”), hereby approaches the Honorable Court requesting to grant an order for stay of proceedings against the Company, and especially for stay of proceeding in Class Action 1746-04-16 (the only proceeding known to the Functionary at this point). Alongside submitting this request, a response is also submitted in Request no. 10 in the case herein, and the matter are intertwined.

Following are the reasons for the request:

1. On 25/04/2016 the Honorable Court has instructed the appointment of Attorney Guy Gissin as temporary Officeholder in the Company (hereinafter: “**the Order of Appointment**”). In the framework of the Order of Appointment, the Officeholder was



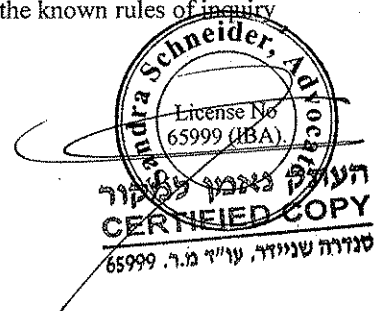
granted various authorities, including the authority to examine the events which have led to the Company's collapse.

2. Even prior to granting the Order of Appointment, and naturally thereafter, no functionaries whatsoever have remained in the Company, who have the power to bind the Company, thus the Officeholder is the only factor acting in the name of the Company.
3. As previously reported to the Honorable Court, the Officeholder is the midst of intensive international processes in order to attempt to formulate a composition of creditors for the Company (in collaboration with the factors in Canada). In this framework, among others, an automatic order for complete stay of proceeding for all proceedings against the Company was given in Canada¹.
4. However, and **to the best of the Officeholder's knowledge, and from examinations he has made**, only one legal proceeding has been initiated against the Company (request to approve a class action in Class Action 1746-04-16, hereinafter: "**the Class Action**"), no similar order of stay of proceedings has been requested in Israel thus far. On the other hand, the Officeholder has been given the authorities and tools as stated, for formulating a composition of creditors and for conducting investigations regarding the circumstances of the collapse, and as has already been reported to this Honorable Court – the Officeholder has even approached the public requesting to bring forward the filing of debt claims for inquiring the number of creditors (see Request no. 9 in the case herein).
5. It is therefore understood, that under these circumstances, **there is no room to continue inquiring the Class Action inasmuch as it regards the Company** and in any case, inasmuch as at the end of the day, a ruling shall be made in the Class Action, the only way the applicant could claim his debt from the Company shall be by filing a debt claim to the Functionary (which shall be discussed in accordance with the provisions of the law and the composition of creditors, inasmuch as it shall be formulated)².

On this matter, see the decision of the Honorable President on the matter of Suny Electronics (Company Liquidation Case 18018-08-14 Gissin, Functionary on behalf of the Court et al. vs. Bank Mizrahi Tefahot Ltd. et al. (given on 15/08/2014, hereinafter: "**the Suny Electronics Case**"), where it was ruled, under similar circumstances, in which a functionary was appointed to the Company prior to granting an order of liquidation or stay of proceedings in accordance with Article 350 of the Companies Act:

¹ See the Order of Recognition in the proceeding, Appendix 2 to Request no. 7, dated 20/05/2016 in clause 7 of the order.

² For the Honorable Court's attention, in any case, even assuming a ruling would have been given in the action prior to granting the Order of Appointment, or had a ruling been given by default – the only option which would have been available to the applicant, at this point, would be the filing of a debt claim, to which the known rules of inquiry apply.



“... Without the stated being final, it seems that there is an advantage to formulating a composition of creditors compared with the alternative of liquidating the company. Thus, the functionary should be enabled to exhaust a proceeding of composition of creditors, even if it is not approved eventually. Therefore, I hereby instruct that any creditor of the company, apart from the guaranteed creditor, who shall believe that there is room to take proceedings against the company, shall be required to submit a request to this court prior to taking any proceeding. A request as stated, inasmuch as it shall be submitted to this court, shall be discussed individually and after obtaining the position of the required involved parties.”

And here, in our case, the opening of the ruling by the Honorable Court already exists, thus the Officeholder believes that it shall also be right to instruct the stated in the ending, particularly under the circumstances where the matters discussed in the Class Action are identical (allegedly, and *prima facie*) to the matters investigated by the Functionary.

6. Therefore, and in order to avoid harming the Officeholder's actions for formulating an applicable composition of creditors for the Company, both in Israel and in Canada, the Honorable Court is requested to instruct stay of proceedings against the Company, particularly with regards to Class Action 1746-04-16.
7. The Court should accede the Officeholder request by law and by justice.

Inbar Hakimian-Nahari, Adv.

Yevgenia Gluchman, Adv.

Representatives of the Functionary of Urbancorp Inc.

Today, 19 June 2016, Tel-Aviv

