File No. CI 08-01-59365

THE QUEEN'S BENCH
Winnipeg Centre

BETWEEN:

HSBC BANK CANADA,

Applicant,

– and –

NEFCO FURNITURE LTD.,

Respondent.

ORDER

HILL SOKALSKI VINCENT WALSH TRIPPIER
Litigation Counsel
2670 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z3

Faron J. Trippier/Karen R. Wittman

Telephone: (204) 943-6740
Fax: (204) 943-3934
File No. **08266**

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THE QUEEN'S BENCH
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THE HONOURABLE [redacted]. CHIEF JUSTICE MONNIN	)))	Friday, the 8th day of January, 2010

BETWEEN:

HSBC BANK CANADA,

Applicant,

– and –

NEFCO FURNITURE LTD.,

Respondent.

ORDER

THIS MOTION made by Deloitte & Touche Inc. as Interim Receiver of all of the assets, undertaking and property of the Respondent for an Order seeking *inter alia* Court approval of the distribution of funds available for distribution to secured creditors was heard this day, the 8th day of January , 2010 at the Law Courts complex, Broadway and Kennedy, Winnipeg, Manitoba.

ON READING the first report of the Interim Receiver dated January 26, 2009 (the "first report"), the Affidavit of Steven Peleck sworn January 27, 2009, the Affidavit of Steven Peleck, sworn December 4th, 2009, the second report of the Interim Receiver dated December 2, 2009 (the "second report") and on hearing the submissions of counsel for the Interim Receiver, the applicant HSBC Bank Canada, and for Jose Rodrigues, no one appearing for the following parties although all duly served with notice of this motion: Thomasville Furniture Industries Inc.; CRA Bankruptcy; H. Adelman; Plum Retail Marketing Group;

Government of Manitoba, Department of Finance Tax Division; Nefco Furniture Ltd.; Ramo Samari; Kim Gallant; Noreen Swanarchuk; and Beverley and Gerald Orr; the Attorney General not having been duly served with notice of this motion and no one appearing on his behalf; and on noting the consent hereto of the Attorney General of Canada on behalf of the Canada Revenue Agency and Labour Canada/Service Canada (WEPP):

1. **THIS COURT ORDERS THAT** the prescribed time for service of the within motion be abridged.

2. **THIS COURT ORDERS THAT** Deloitte & Touche Inc. as Interim Receiver of the Assets, Undertaking and Property of the Respondent, distribute to secured creditors the following:

(a) the sum of $1,667.69 to Canada Revenue Agency ("CRA") for unpaid source deductions; and

(b) the sum of $834,708.90 to HSBC Bank Canada.

3. **THIS COURT ORDERS THAT** the Interim Receiver hold back funds for the following purpose:

(a) the sum of $22,629.27 for the ongoing costs of the Receivership;

(b) the sum of $132,000.00 for wage priority in favour of Service Canada pursuant to section 81.3 of the *Bankruptcy and Insolvency Act* and *The Wage Earner Protection Program Act*; and

(c) the sum of $10,000.00 for the unsettled claims of Kim Gallant and Jose Rodrigues.

4. **THIS COURT ORDERS THAT** the Interim Receiver is hereby authorized and directed to distribute all remaining funds available for distribution, including those funds collected as accounts receivables from or after the date of the second report of the Interim Receiver, as follows:

(a) first, the wage priority pursuant to section 81.3 of the *Bankruptcy and Insolvency Act* and *The Wage Earner Protection Program Act*, upon receiving proof of all claims of wage earners pursuant to the *Bankruptcy and Insolvency Act*, and upon receiving the consent of HSBC Bank Canada and Service Canada to a maximum of $132,000.00; and

(b) all remaining funds available for distribution, including funds and receivables collected, to HSBC Bank Canada without further order of the Court.

5. **THIS COURT ORDERS THAT** the activities of the Interim Receiver, all described in the first report and second report, be and the same are hereby approved.

March 11, 2010

MARC M. MONNIN

C.J.Q.B.

APPROVED AS TO FORM AND CONTENT:

THOMPSON, DORFMAN, SWEATMAN LLP

Per: _____

Jeffrey B. Hirsch
Solicitors for HSBC Canada ~~Bank~~

CONSENTED AS TO CONTENT:

ATTORNEY GENERAL OF CANADA
on behalf of Labour Canada/Service Canada (WEPP)

Per: _____
John Faulhammer

ATTORNEY GENERAL OF CANADA
on behalf of Canada Revenue Agency

Per: _____
Cameron G. Regehr