



No. S080752

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, as amended**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.B.C 2002 c. 57

AND

**IN THE MATTER OF BACKBAY RETAILING CORPORATION, and
GRAY'S APPAREL COMPANY LTD.**

SEVENTH REPORT OF DELOITTE & TOUCHE INC., MONITOR

DECEMBER 16, 2008

● **Deloitte.**

Mariposa Stores Limited Partnership

● Seventh report of Deloitte & Touche Inc., Monitor

December 16, 2008

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1. Introduction

1.1 Procedural Order dated May 31, 2008 and the results of the Creditors' Meeting

On May 29, 2008, Backbay Retailing Corporation and Gray's Apparel Company Ltd., both corporate entities that together own Mariposa Stores Limited Partnership ("Mariposa" or the "Company") (collectively, the "Petitioners") filed a Notice of Motion to seek the Court's approval of the Company's Procedural Order under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended ("CCAA"). The Procedural Order was to allow the Petitioners to file its Plan of Arrangement with its creditors and to obtain the Court's consent to the Asset Purchase Agreement which was entered into by the Petitioners and 656750 Ontario Limited ("656") on May 1, 2008, but which was subject to Court approval (the "Agreement").

On May 31, 2008 this Honourable Court granted the Procedural Order which was sought by the Petitioners.

On August 29, 2008 Mariposa made an assignment in Bankruptcy and MacKay & Company Ltd ("MacKay") was appointed as Trustee in Bankruptcy ("Trustee"). On September 2, 2008 the Monitor filed its Sixth Report to Court which notified the Court that the creditors did not vote on the Petitioners' Plan as the Petitioners were unable to reach agreements with their creditors which would have resulted in a better return to the creditors than would occur in a bankruptcy.

As a result of Mariposa's assignment in Bankruptcy, the Monitor has substantially completed its administration under the CCAA proceedings. The Monitor has forwarded all funds which it was holding in trust to the Trustee with the exception of \$100,000. Deloitte & Touche Inc. as Monitor is required to hold the remaining \$100,000 in trust for professional fees associated with the United States Chapter 11 proceeding, pursuant to the terms of the agreement under which COC Stiftung II originally advanced the Debtor in Possession funds. The Monitor intends to discuss with both the Trustee and the Petitioners United States Chapter 11 counsel whether it is possible to pay this money to the Trustee to hold in trust as security for the payment of the United States professional fees.

MacKay has reviewed copies of the Monitor and its legal counsels, Fasken Martineau DuMoulin's, billings and have advised that with the consent of the Inspectors of the Estate of Mariposa the fees and disbursements of the Monitor and its legal counsel have been approved. This approval is conditional on the bankruptcy estate receiving \$45,000 or more from the retainers held by the Monitor and its counsel. Attached as **Appendix A** is a Statement of Receipts and Disbursements showing the fees available to be paid to the Bankruptcy Estate.

Schedules showing the Monitor's fees and expenses and the Monitor's legal counsel's fees and expenses are attached as **Appendix B and C** respectively.

The following table summarizes the Monitor's fees and its legal counsel's fees incurred to October 31, 2008:

	<u>Gross Fees</u>	<u>Billed Fees</u>	<u>Hours</u>	<u>Average Rate</u>
Monitors Fees	\$ 558,415.00	\$ 397,086.64	1,217.9	\$ 326.04
Monitors Counsels Fees	n/a	\$ 57,792.00	165.2	\$ 349.83

The Monitor and its counsel estimate the additional fees required to conclude this matter, since the last billings, will not exceed \$9,000. These fees will be drawn from the funds on hand prior to remitting the remaining funds to the Trustee.

2. Conclusion

Pursuant to section 37 of the Initial Order, dated February 1, 2008, the Monitor and its legal counsel are required to pass their accounts from time to time. Given that the assets of Mariposa now vest with the Trustee we have sought the consent of the Trustee to our accounts. We have received notification from the Trustee, with the consent of the Inspectors, that our accounts are approved as presented.

In the Monitor's view, given the nature and complexity of the administration of the Petitioners' CCAA proceedings, the Monitor's fees and those of its legal counsel are reasonable. Accordingly, the Monitor asks that this Honourable Court tax the fees as presented on a summary application.

All of which is respectfully submitted this 16th day of December, 2008.

Deloitte & Touche Inc.

In its capacity as court-appointed Monitor of
Mariposa Stores Limited Partnership
and not in its personal capacity.



Jervis Rodrigues, CA-CIRP
Senior Vice-President

Appendix A –
Statement of Receipts and Disbursements,
December 10, 2008

Mariposa Stores Limited Partnership
Statement of Receipts and Disbursements
December 10, 2008
(Canadian Funds)

Receipts

Debtor In Possession Financing (DIP)	\$ 2,499,990.00	
Interest earned	<u>12,185.64</u>	
		\$ 2,512,175.64

Disbursements

Debtor in Possession Loan - Advances		
Charles F. Berg, Inc	\$ 599,254.00	
Mariposa Stores Limited Partnership	<u>1,120,253.96</u>	
		\$ 1,719,507.96
Retainer		
Monitor - Deloitte & Touche Inc.	\$ 38,991.98	
Monitor's Legal Counsel - Fasken Martineau DuMoulin	<u>14,289.78</u>	
		53,281.76
Legal Fees for Charles F. Berg, Inc. - Miller Nash LLP	35,295.50	
Legal Fees for Mariposa - Borden Ladner Gervais	125,944.62	
Legal Fees for Monitor - Fasken Martineau DuMoulin	22,965.93	
Monitors Fees for Mariposa - Deloitte & Touche Inc.	217,101.83	
GST Paid	13,846.20	
Bank Charges	427.94	
Funds forwarded to the Trustee of Mariposa Stores Limited Partnership	<u>222,418.13</u>	
		<u>2,410,789.87</u>
Funds net of disbursements		\$ 101,385.77
Funds retained under a Demand Loan Agreement (Miller Nash LLP fee guarantee)		<u>100,000.00</u>
Net funds		\$ 1,385.77
Retainers held as at December 10, 2008		
Monitor - Deloitte & Touche Inc.	\$ 38,991.98	
Monitor's Legal Counsel - Fasken Martineau DuMoulin	<u>14,289.78</u>	
		<u>53,281.76</u>
Total funds held		\$ 54,667.53
Estimated costs to complete		<u>9,000.00</u>
Net funds available for Trustee		<u>\$ 45,667.53</u>

Appendix B –
Schedule of the Monitor’s fees and expenses

**Mariposa Stores Limited Partnership - CCAA Monitor
Deloitte & Touche Inc. - Monitors Billings**

Bill #	Date	Standard Fees	Discounted Fees	Disbursements	GST	Total	Hours
2109446	2/22/2008	\$ 51,687.50	\$ 39,005.32	\$ -	\$ 1,950.27	\$ 40,955.59	120.0
2116792	3/5/2008	46,397.50	32,630.00	-	1,631.50	34,261.50	100.4
2126081	3/20/2008	55,442.50	43,491.58	-	2,174.58	45,666.16	131.8
2134787	4/3/2008	24,665.00	19,792.50	-	989.63	20,782.13	60.9
2147504	4/17/2008	44,425.00	36,367.50	-	1,818.38	38,185.88	111.9
2157290	4/29/2008	40,747.50	27,885.00	-	1,394.25	29,279.25	85.8
2178961	5/15/2008	35,705.00	27,648.26	-	1,382.41	29,030.67	84.4
2200727	5/29/2008	42,557.50	30,210.06	-	1,510.51	31,720.57	92.9
2208661	6/16/2008	62,662.50	42,485.92	-	2,124.30	44,610.22	130.1
2212425	6/24/2008	29,975.00	20,042.98	-	1,002.15	21,045.13	61.6
2220014	7/10/2008	24,552.50	16,861.79	-	843.09	17,704.88	51.5
2240753	8/21/2008	28,520.00	16,152.50	-	807.63	16,960.13	49.7
2241319	8/22/2008	11,422.50	7,377.50	-	368.88	7,746.38	22.7
2241364	8/22/2008	26,797.50	16,705.00	-	835.25	17,540.25	51.4
2241647	8/22/2008	14,842.50	9,977.50	-	498.88	10,476.38	30.7
2253755	9/19/2008	7,830.00	3,335.73	-	166.79	3,502.52	10.2
2259399	10/9/2008	6,675.00	4,745.00	24.47	238.47	5,007.94	14.6
	11/4/2008	3,510.00	2,372.50	6.13	118.93	2,497.56	7.3
		\$ 558,415.00	\$ 397,086.64	\$ 30.60	\$ 19,855.90	\$ 416,973.14	1,217.9

Appendix C –
Schedule of the Monitor’s legal counsel’s fees and
expenses

**Mariposa Stores Limited Partnership - CCAA Monitor
Fasken Martineau DuMoulin - Legal Billings**

Bill #	Date	Fees	Disbursements	Taxes	Total	Hours
300170	3/7/2008	\$ 13,666.00	\$ 1,856.89	\$ 1,732.82	\$ 17,255.71	33.8
311166	4/22/2008	5,806.00	83.50	700.92	6,590.42	13.4
318031	5/16/2008	4,193.50	60.87	506.32	4,760.69	13.1
324470	6/12/2008	6,419.50	245.37	782.69	7,447.56	24.1
328805	6/26/2008	3,612.00	194.18	443.18	4,249.36	8.5
330724	7/9/2008	6,133.50	136.55	742.93	7,012.98	12.2
337856	8/11/2008	8,695.00	415.85	1,064.22	10,175.07	28.9
341157	8/22/2008	8,039.50	28.56	966.20	9,034.26	27.3
348403	9/23/2008	1,227.00	82.46	151.40	1,460.86	3.9
		<u>\$ 57,792.00</u>	<u>\$ 3,104.23</u>	<u>\$ 7,090.68</u>	<u>\$ 67,986.91</u>	<u>165.2</u>

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