



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-19-00630241-00CL

DATE: January 17, 2024

NO. ON LIST: 2

TITLE OF PROCEEDING: IN THE MATTER OF NORTH AMERICAN FUR PRODUCERS INC. et al
BEFORE: JUSTICE CONWAY

PARTICIPANT INFORMATION

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ENDORSEMENT OF JUSTICE CONWAY:

- [1] **All defined terms used in this Endorsement shall, unless otherwise defined, have the meanings ascribed to them in the Factum of the Applicants dated January 15, 2024.**
- [2] The Applicants seek two orders today: (i) the Amended Claims Process Order and (ii) the Meeting Order, Stay Extension and Sealing Order (the “**Plan Order**”). Both orders are unopposed and the relief sought is supported by the Monitor in its Sixteenth Report and at the hearing today.
- [3] The Applicants have developed, in conjunction with several key stakeholders, the Proposed Plan to put to Affected Creditors for approval at a hybrid meeting on February 21, 2024. At this stage, the court is not considering the fairness or reasonableness of the Plan – only whether there are any legal impediments to putting it before the Affected Creditors.
- [4] When the Claims Process Order was granted, it was not clear whether a plan would be put forward. Now that the landscape has changed, that order needs to be amended to provide for the review and adjudication of claims, both for purposes of the meeting and eventual distribution, and to address the Late Claims. The provisions of the Amended Claims Process Order are satisfactory to me. I note, in particular, that all claims are to be accepted for voting purposes, except for Duplicative Claims. Further, Late Claims are to be accepted and the order deems them to have been filed by the Claims Bar Date. I am satisfied that the test in *Blue Range Resources Corp., Re, 2000*, as set out in *Enron Canada Corp. v. National Oil-Well Canada Ltd, 2000 ABCA 285*, at para 26, has been met. There is no evidence that any such claims were filed in bad faith and there is no prejudice to Affected Creditors given that Claims have not been adjudicated yet and the Late Claims were received before the Plan was filed or voted on by Affected Creditors. I therefore approve the Amended Claims Process Order.
- [5] Counsel to Sheila Anne Cooper and certain other terminated employees, Koskie Minsky LLP (“**KM**”), advised the Court that it intends to file an Amended Proof of Claim today in compliance with paragraph 18 of the Amended Claims Process Order. KM reserves the right to revise the Amended Employee Proof of Claim as additional employee data is

provided to KM in the future. Counsel to the Applicants and the Monitor do not object to this approach.

- [6] With respect to the Plan Order, it is the product of extensive consultation among key stakeholders, as noted above. The details of the Plan are summarized in the materials and I reviewed them with counsel at the hearing. If approved, the Plan would see certain secured creditors converting part of their secured debt into unsecured debt and participating with other unsecured creditors on a pro rata basis. The Plan is a consolidated one, which meets the test in *Redstone Investment Corp. (Receiver of), Re*, 2016 ONSC 4453 at para. 7 given the interrelationship among the NAFA entities, all of which ran through North American Fur Auctions Inc. as the centralized corporate division. Further, only 5 creditors have filed claims against any company other than North American Fur Auctions Inc. The Monitor states that no creditor will be prejudiced as a result of the consolidation.
- [7] I noted at the hearing that any releases contained in the Plan would have to be reviewed by the Court in all respects at the Sanction Hearing, regardless of whether they are approved at the February 21, 2024 meeting.
- [8] The Plan Order extends the Stay Period to April 1, 2024. I am satisfied that the Applicants are acting in good faith and with due diligence, and that no creditor will be materially prejudiced by the extension.
- [9] The Plan Order contains a sealing order for the Cash Flow Forecast appended as Confidential Appendix “1” to the Sixteenth Report. Consistent with previous orders that I have granted on this CCAA matter, I am granting an order sealing the Cash Flow Forecast of the Applicants contained in that report. As I previously stated: “I am satisfied that it applies only to the Cash Flow Forecast, the disclosure of which (according to the Monitor) could negatively affect the litigation efforts being undertaken by the Applicants, if obtained by the counterparties to that litigation. I am satisfied that the sealing order meets the requirements of s. 10(3) of the CCAA and the test in *Sierra Club/Sherman Estates* and that disclosure of this information would pose a risk to the public interest in enabling stakeholders of an insolvent company to maximize the realization of assets. **I direct counsel for the Monitor or the Applicants to file a hard copy of the Confidential Appendix 1 with the Commercial List office in a sealed envelope with a copy of the Order and this Endorsement.**” The same reasoning and direction apply with respect to the Cash Flow Forecast contained in Confidential Appendix “1” to the Monitor’s Sixteenth Report.
- [10] I approve the Sixteenth Report and the Monitor’s activities described therein.
- [11] I have scheduled the **Sanction Hearing before me on March 1, 2024 at 10 a.m. for one hour (confirmed with the CL office).**

[12] Orders to go as signed by me and attached to this Endorsement. These orders are effective from today's date and are enforceable without the need for entry and filing.

Conway J.