

Court File No. CV-12-9545-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 3113736 CANADA LTD., 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.**

**APPLICANTS**

**TWELFTH REPORT OF THE MONITOR  
DATED SEPTEMBER 24, 2015**

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## **EXHIBITS**

- EXHIBIT A: Initial Order dated January 12, 2012
- EXHIBIT B: U.S. Recognition Order dated February 24, 2012
- EXHIBIT C: Claims Solicitation Procedure Order dated June 15, 2012
- EXHIBIT D: Statement of Receipts and Disbursements for Valle Foam for the period March 29, 2012 to September 17, 2015
- EXHIBIT E: Statement of Receipts and Disbursements for Domfoam for the period March 29, 2012 to September 17, 2015
- EXHIBIT F: Statement of Receipts and Disbursements for A-Z Foam for the period March 29, 2012 to September 17, 2015
- EXHIBIT G: Affidavit of Catherine Hristow of Deloitte Restructuring Inc., sworn September 22, 2015
- EXHIBIT H: Affidavit of Grant Moffat of Thornton Grout Finnigan LLP, sworn September 18, 2015

## INTRODUCTION

1. By Order of the Court dated January 12, 2012 (the “**Initial Order**”), Valle Foam Industries (1995) Inc. (“**Valle Foam**”), Domfoam International Inc. (“**Domfoam**”) and A-Z Sponge & Foam Products Ltd. (“**A-Z Foam**”) (collectively, the “**Applicants**” or the “**Companies**”), obtained protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The CCAA proceeding with respect to the Applicants is referred to herein as the “**CCAA Proceeding**”.
2. Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed monitor of the Applicants as part of the CCAA Proceeding (the “**Monitor**”). Pursuant to the Initial Order, all proceedings against the Applicants were stayed until February 10, 2012, or until such later date as this Court would order (the “**Stay Period**”). A copy of the Initial Order is attached hereto as Exhibit “**A**”.
3. On July 1, 2013, Deloitte & Touche Inc. changed its name to Deloitte Restructuring Inc. (hereafter, “**Deloitte**”).
4. As noted in the Monitor’s Fourth Report to the Court dated June 12, 2012, Valle Foam changed its name to 3113736 Canada Ltd. and Domfoam changed its name to 4362063 Canada Ltd. Throughout this Report, references to Valle Foam mean 3113736 Canada Ltd. and references to Domfoam mean 4362063 Canada Ltd.
5. By Order of the United States Bankruptcy Court, Northern District of Ohio (Western Division) (the “**U.S. Bankruptcy Court**”) dated February 24, 2012 (the “**U.S. Recognition Order**”), the CCAA Proceeding was recognized as a foreign main proceeding. A copy of the U.S. Recognition Order is attached hereto as Exhibit “**B**”.
6. By Orders of the Court dated February 8, March 16, June 15, October 25, 2012, February 28, July 17, 2013, December 17, 2013, April 29, 2014, October 28, 2014 and April 22,

2015 (collectively, the “**Extension Orders**”), the Court has periodically extended the Stay Period, with the most recent extension expiring on September 30, 2015.

7. All of the assets of the Companies have been sold and the proceeds of sale, as well as certain accounts receivable collected by the Companies, are held by the Monitor (collectively, the “**Proceeds**”). Pursuant to the Order of the Court dated June 15, 2012 (the “**Claims Solicitation Procedure Order**”), the Monitor has conducted and completed a claims process with respect to the Companies (the “**Claims Solicitation Procedure**”). The claims bar date under the Claims Solicitation Procedure was August 31, 2012 (the “**Claims Bar Date**”). A copy of the Claims Solicitation Procedure Order is attached as Exhibit “C”.
8. The Initial Order together with related Court documents, the Notice to Creditors dated January 17, 2012 and the Monitor’s First through Eleventh Reports to the Court (collectively, the “**Prior Reports**”) have been posted on the Monitor’s website at [www.deloitte.com/ca/vallefoam](http://www.deloitte.com/ca/vallefoam) (the “**Monitor’s Website**”). The Monitor has also established a toll free number at 1-855-601-6415 and a dedicated e-mail address at [vallefoam@deloitte.ca](mailto:vallefoam@deloitte.ca) for creditors and other interested parties to contact the Monitor with questions or concerns regarding the CCAA Proceeding.
9. The purpose of this report (the “**Twelfth Report**”) is to recommend a proposed interim distribution to the Companies’ creditors and to update the court on the steps remaining to complete the administration of the Companies’ estates.

## **TERMS OF REFERENCE**

10. In preparing the Twelfth Report, the Monitor has relied upon unaudited financial information, the Companies’ books and records, the financial information prepared by the Companies, and discussions with management (“**Management**”) and legal counsel for the Companies.

11. Unless otherwise stated, all dollar amounts contained in this Twelfth Report are expressed in Canadian dollars.
12. Capitalized terms not otherwise defined in this Twelfth Report are as defined in the Initial Order or the Claims Solicitation Procedure Order.

## **BACKGROUND**

13. The Companies operated together as one of Canada's leading and largest manufacturers and distributors of flexible polyurethane foam products from facilities located in Ontario, Quebec and British Columbia. The operations of Valle Foam and Domfoam historically comprised substantially all of the Companies' operations. A-Z Foam and Valle Foam are wholly owned subsidiaries of Domfoam.
14. Mr. Anthony Vallecoccia is the President and Chief Executive Officer of Domfoam, President of Valle Foam, and the sole officer and director of A-Z Foam.
15. Other than security interests which may have been claimed by certain equipment lessors, the Monitor is not aware of any secured creditors of the Companies.

## **STATUS OF CLASS ACTION SETTLEMENT**

16. The Monitor has been advised by the Applicants that some or all of the Applicants have been named as defendants in six class action lawsuits in Canada, and over two dozen class action lawsuits in the United States (together, the "**Class Actions**"), based upon allegations of price fixing by certain of the Applicants and other manufacturers in the slab foam industry.
17. The Canadian Class Actions consist of two proceedings commenced in each of British Columbia (the "**BC Proceedings**") and Ontario (the "**Ontario Proceedings**") and a proceeding commenced in Quebec (the "**Quebec Proceeding**"). The Canadian Class

Actions advance joint and several claims against the Companies and certain other defendants or respondents on behalf of proposed classes comprised of all persons or entities who purchased polyurethane foam and polyurethane foam products in Canada from and after January 1, 1999 (collectively, the “**Class**”).

18. The Monitor understands that settlements have been reached with all of the Plaintiffs in both the Canadian and U.S. Class Actions and that all such proceedings have been or will be discontinued. The terms of the settlement in the Canadian Class Actions are set out in the Canadian Polyurethane Foam Class Actions National Settlement Agreement dated as of January 10, 2012 (the “**Settlement Agreement**”). Although the Canadian and U.S. Settlements permitted the Plaintiffs in the Class Actions to file claims in the CCAA Proceeding against the Companies, only the Plaintiffs in the BC Proceedings, the Ontario Proceedings and the Quebec Proceeding filed a claim pursuant to the Claims Solicitation Procedure, described in more detail below.
19. The Settlement Agreement and the settlements reached in the U.S. Class Actions require the Companies to make available for examination certain current and former officers, directors and employees of the Companies. Certain current and former officers, directors and employees of the Companies have been examined over the course of 2013 and 2014. The Monitor permitted the Companies to fund the legal fees and expenses of the Companies’ former officers, directors and employees in connection with such examinations to ensure that the settlements in the Canadian and U.S. Class Actions are not jeopardized. The Settlement Agreement has been approved within the Quebec Proceeding, the Ontario Proceedings and the BC Proceedings and all relevant appeal periods expired on or about April 22, 2014 (the “**Effective Date**”).
20. The Settlement Agreement provides that after the Effective Date, costs incurred by the Brayannis Defendant and the Individual Settling Parties shall be the responsibility of each such party. The Monitor has therefore not permitted the Companies to fund any of the costs of the Brayannis Defendant or the Individual Settling Parties incurred in

connection with their obligations under the Settlement Agreement after the Effective Date.

## CLAIMS SOLICITATION PROCEDURE

21. The Monitor, with the assistance of the Companies, reviewed all Proofs of Claim delivered to the Monitor by the Claims Bar Date.
22. Listed below is a summary of the pre-filing and post-filing Proofs of Claim received prior to the Claims Bar Date which have been admitted by the Monitor and those Proofs of Claim that are pending resolution, which are discussed later in this report.

<b>Company</b>	<b>Prefiling (Admitted)</b>	<b>Postfiling (Admitted)</b>	<b>Pending Resolution</b>	<b>Total</b>
Valle Foam	\$ 27,468,546.57	\$ 129,015.90	\$ nil	\$ 27,597,562.47
Domfoam	\$ 26,588,931.85 <sup>(1)</sup>	\$ nil	\$709,310.94	\$ 27,298,242.79
A-Z Foam	\$ 4,082,398.29	\$ 125,399.48	\$ nil	\$ 4,207,797.77

(1) Includes one claim in the amount of \$6,740.08 filed in March 2012 prior to Claims Solicitation Procedure.

23. As described in the Eleventh Report, all admitted Postfiling Claims against Valle Foam and A-Z Foam have been paid pursuant to the Initial Order.
24. The most significant Proven Claims against the Companies were filed in respect of the Canadian Class Actions in the total amount of CAD \$40,000,000 (allocated to each of Valle Foam and Domfoam in the amount of \$18,000,000 and to A-Z Foam in the amount of \$4,000,000) and by the Competition Bureau against both Valle Foam and Domfoam in the amount of \$6,000,000 respectively.
25. There are no disputed Claims other than the Claim filed by Revenu Quebec against Domfoam, described in more detail below.



## STATUS OF CLAIM BY REVENU QUEBEC AGAINST DOMFOAM

26. Revenu Quebec filed a Proof of Claim against Domfoam pursuant to the Claims Solicitation Procedure in the amount of \$2,912,679. The Monitor, after consultation with the Applicants, disallowed the claim of Revenu Quebec in full on September 21, 2012. On October 5, 2012, Revenu Quebec issued a Notice of Dispute in the full amount of its original claim which has yet to be resolved. The Monitor has agreed to extend the time for Revenu Quebec to bring its motion before the Court to determine its claim to provide the parties an opportunity to resolve same.
27. Discussions have continued between the parties and the amount of the claim in dispute has been substantially reduced. Revenu Quebec's claim was originally comprised of Quebec sales tax in the amount of \$795,116.64 and goods and services tax in the amount of \$2,156,013.74. Revenu Quebec has acknowledged that Domfoam is entitled to make an election pursuant to section 156 of the *Excise Tax Act* (Canada) in respect of its purchases of goods and services from Valle Foam and A-Z Foam, with the result that Revenu Quebec reduced its claim in respect of intercompany sales from \$1,664,824.52 to zero. On April 22, 2014, Revenu Quebec delivered to the Monitor its revised notice of assessment (the "**Revised Notice of Assessment**"), claiming \$844,941.87 in respect of Quebec sales tax and source deductions and \$398,904.83 in respect of GST.
28. As noted in the Monitor's Tenth Report to the Court, the Monitor has accepted Revenu Quebec's claim for taxes exigible in respect of sales of pre-filing goods, specifically input tax credits ("**CTI**") in the amount of \$185,667.56 and reimbursement of input tax credits ("**RTI**") in the amount of \$348,868.20 (together, the "**Prefiling Amounts**").
29. It appears that certain of the amounts referenced in Revenu Quebec's Revised Notice of Assessment constitute post-filing obligations of Domfoam in accordance with paragraph 7(b) of the Initial Order. Prior to a distribution to the Creditors of Domfoam, the Monitor will make a recommendation to the Court regarding the amount, if any, of the Revenu Quebec claim which constitutes a Postfiling Claim against Domfoam. Although

substantial progress has been made in resolving the Revenu Quebec claim, Domfoam continues to dispute its liability in respect of approximately \$400,000 of the Revenu Quebec claim relating to certain input tax credits disallowed by Revenu Quebec. Details of that dispute are described below.

30. Domfoam has provided to Revenu Quebec invoices rendered to Domfoam in respect of goods and services supplied to Domfoam by various temporary employment agencies. Domfoam claimed input tax credits in respect of Quebec sales tax and GST exigible in respect of all such invoices. The aggregate amount of such input credits amounts to approximately \$400,000.
31. Revenu Quebec has advised Domfoam that the temporary agencies in respect of which input tax credits were claimed have been audited by Revenu Quebec and identified as “suppliers of false invoices”. Revenu Quebec claims that these agencies do not have any activities in accordance with the rules of the industry and do not have the capacity to provide the services billed to Domfoam. Domfoam disputes Revenu Quebec’s position. Domfoam claims that it received the services identified in the subject invoices and that it properly paid all taxes exigible in respect of those invoices.
32. Domfoam has appealed that part of the Revenu Quebec assessment relating to the disallowed input tax credits to the Tax Court of Canada, without prejudice to its position that the amount of Revenu Quebec’s claim should be properly determined before the Ontario Superior Court of Justice in accordance with the Claims Solicitation Procedure. Revenu Quebec has delivered its responding material to Domfoam’s appeal. Although efforts continue to negotiate a settlement of the foregoing appeal, as at the date of this Twelfth Report, no settlement has been reached.

#### **LATE FILED CLAIMS**

33. The Claims Bar Date was 5:00 pm EDT on August 31, 2012. Paragraph 4 of the Claims Solicitation Procedure Order states that, “...nothing in this Order shall confer upon the

Monitor or the Applicants the discretion or authority to amend or to extend the Claims Bar Date without further order of this Court.” Paragraph 2 of that Order provides that no creditor may participate in any distribution of the Companies’ assets within this proceeding (the “**Distribution**”) unless its Claim has been reviewed, accepted and valued in accordance with the Claims Solicitation Procedure Order, subject to further Order of the Court. Paragraph 12 of the Claims Solicitation Procedure Order states that any Creditor who does not deliver a completed Proof of Claim to the Monitor by the Claims Bar Date, or such later date as this Court may otherwise order, shall be forever barred from asserting or enforcing any Claim against any of the Companies and shall not be entitled to receive any funds pursuant to the Distribution.

34. Excluding the Postfiling Claims that have been admitted and paid as noted herein, the following additional late claims (collectively, the “**Late Claims**”) have been received:

<b>Company</b>	<b>Prefiling</b>	<b>Postfiling</b>	<b>Total</b>
Valle Foam	\$ 117,738.58	\$ 270,958.16	\$388,696.74
Domfoam	\$ 74,382.38	\$ nil	\$ 74,382.38
A-Z Foam	\$ 6,504.21	\$ 9,973.11	\$ 16,477.32

35. With respect to Valle Foam, three Late Claims were filed as Postfiling Claims by Just Energy (\$185,408.93), Manulife Financial (\$39,240.08) and the Ontario Ministry of Labour (\$46,309.15).
36. The claim by Just Energy relates to the termination of a natural gas supply agreement. The Monitor, in consultation with its independent counsel, has concluded that the Just Energy claim is improperly characterized as a Postfiling Claim. While the termination of the agreement occurred after the Filing Date, the obligation under the supply agreement arose prior to the Filing Date. The Monitor, in consultation with its independent counsel, has concluded that the Just Energy Claim should properly be characterized as a Prefiling Claim.

37. The claim by Manulife Financial relates to insurance premiums incurred by Valle Foam after the Filing Date. This is correctly characterized as a Postfiling Claim against Valle Foam and should be admitted as filed. Consistent with the treatment of other Postfiling Claims as ongoing expenses of the Companies, it is the recommendation of the Monitor that this Claim be paid by the Monitor in full from the Valle Foam Proceeds prior to any Distribution.
38. The Prefiling Claim by WSIB in the amount of \$117,738.58 against Valle Foam relates to a re-assessment conducted by WSIB after the Filing Date wherein WSIB reviewed and reassessed the insurance premiums paid by Valle Foam for the period 2008 to 2012. While the reassessment occurred after the Filing Date, these obligations arose prior to the Filing Date and the Monitor, in consultation with its independent counsel, has concluded that the WSIB Claim should properly be characterized as a Prefiling Claim.
39. The claim by the Ontario Ministry of Labour (the “**MOL**”) relates to termination and severance claims for four employees of Valle Foam. The MOL originally filed a Proof of Claim on July 24, 2012 for severance and termination accruals for the former employees of Valle Foam (the “**MOL Claim**”). On July 9, 2013 (after the Claims Bar Date), the MOL filed a second Proof of Claim with respect to severance and termination accruals for four employees that were not included in the MOL Claim (the “**MOL Late Claim**”). Although both the MOL Claim and the MOL Late Claim were triggered after the Filing Date due to the sale of the Valle Foam assets and business, the severance and termination accruals are referable to the period prior to the Filing Date. The Monitor, in consultation with its independent counsel, has concluded that the MOL Claim and the MOL Late Claim are properly characterized as a Prefiling Claims. The MOL acknowledges and agrees with the recharacterization of the MOL Claim and the MOL Late Claim.
40. With respect to A-Z Foam, four Late Claims were filed: by CRA (\$6,938.61), WorkSafe BC (\$4,707.91), and two claims by Pitney Bowes (\$1,395.57 and \$3,435.23).

41. As noted in the Sixth Report, CRA filed a Proof of Claim against A-Z Foam for Postfiling obligations in the amount of \$104,789.08 on December 8, 2012, after the Claims Bar Date. CRA's Postfiling Claim was for source deductions in the amount of \$3,027.47, including penalties and interest of \$311.67, and post-filing HST in the amount of \$101,761.61, including penalties and interest of \$6,253.61.
42. Notwithstanding that the CRA's Claim against A-Z Foam was received after the Claims Bar Date, pursuant to paragraph 7(b) of the Initial Order, the amount claimed by CRA should have been paid by A-Z Foam. If A-Z Foam had not remitted the balance of funds on hand on June 15, 2012 to the Monitor, A-Z Foam would have been in possession of sufficient funds to pay the CRA Claim. The Monitor did not object to the payment by A-Z Foam to CRA in the amount of \$104,789.08 pursuant to paragraph 7(b) of the Initial Order. As set out in the Ninth Report, the post-filing amount of \$104,789.08 was paid to CRA on December 18, 2013.
43. The Monitor had requested a clearance certificate from CRA and on April 21, 2015, CRA filed an additional Postfiling Claim in the amount of \$6,938.61 for additional penalties and interest. CRA advised the Monitor that the additional amounts were due from the date the original Proof of Claim was filed on December 8, 2012 to the date of the payment on December 18, 2013 and that no further interest or penalties were accruing on the A-Z Foam account. Therefore, this further Postfiling Claim of \$6,938.61 was paid on July 22, 2015.
44. The Monitor was also required to contact WorkSafe BC in order to obtain the CRA clearance certificate as noted above. On April 14, 2015, WorkSafe BC advised the Monitor that A-Z Foam owed assessments of \$14,322.37 under the *Workers Compensation Act* and that a lien attached to the proceeds of A-Z Foam. The Monitor provided WorkSafe BC with additional employee information which resulted in WorkSafe BC filing a Late Claim consisting of both a Prefiling Claim (\$1,673.41) and

Postfiling Claim (\$3,034.50). The Postfiling Claim related to insurance premiums incurred after the Filing Date, and was correctly characterized as a Postfiling Claim against A-Z Foam. In order to obtain the comfort letter from CRA, the Postfiling Claim of \$3,034.50 was paid on July 22, 2015.

45. The two Late Claims filed by Pitney Bowes against A-Z were not filed on the correct form and did not specify whether the Claim was Prefiling or Postfiling. The Monitor conducted a review of the two Late Claims and the information attached and, in consultation with its independent counsel, concluded that the Pitney Bowes Late Claims should properly be characterized as a Prefiling Claims in Valle Foam and not A-Z Foam.
46. The remaining Late Claims with respect to Valle Foam and A-Z Foam were correctly filed as Prefiling Claims and the Monitor has verified these amounts as owing by Valle Foam and A-Z Foam.

#### **COMFORT LETTERS FROM TAXING AUTHORITIES**

47. As described in the Eleventh Report, in the ordinary course, prior to carrying out a distribution to the Companies' creditors, the Monitor would obtain clearance certificates from CRA as well as the relevant provincial taxing authorities in Ontario, British Columbia and Quebec, confirming that no amounts are owing by any of the Companies to those taxing authorities. However, clearance certificates will not be issued by the relevant taxing authorities unless and until the Companies file their federal and provincial income tax returns. None of the Companies have filed tax returns since the 2011 fiscal year. The Monitor does not have the necessary information to file tax returns on behalf of the Companies and, accordingly, it does not appear that the Companies' outstanding tax returns will be filed.
48. The *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) and certain provincial statutes may impose personal liability upon the Monitor for amounts owing to the federal

and provincial taxing authorities if it carries out a Distribution without first obtaining the necessary clearance certificates.

49. However, the Monitor has obtained from CRA, the Ontario Ministry of Finance and the British Columbia Ministry of Finance comfort letters in respect of Valle Foam confirming that the Monitor will not incur any personal liability in connection with any Distribution in circumstances in which the claims of CRA and the provincial taxing authorities will not be paid in full.
50. As the Claim of Revenu Quebec remains outstanding, Revenu Quebec has advised that it will not provide the required comfort letter for Domfoam. As such, at this time, the Monitor is not seeking to include the Domfoam Proceeds as part of the Distribution.

#### **COURT ORDERED CHARGES**

51. The Monitor has worked with counsel to the Companies and the beneficiaries of the Directors' Charge created under the Initial Order to determine the appropriate treatment of the charge and the required holdback, if any, from the proposed interim Distribution to the creditors of Valle Foam and A-Z Foam. Pursuant to paragraph 19 of the Initial Order, the Companies jointly indemnified the Directors (the "**Directors' Indemnity**") against any claims or liabilities they may incur after the date of the Initial Order in their capacity as directors of the Companies, other than claims resulting from the Directors' own gross negligence or wilful misconduct. As security for the Directors' Indemnity, the Initial Order created the Directors Charge, which charges all of the Property of the Applicants. As a result of the proposed interim Distribution contemplated in this Report, it is no longer necessary nor appropriate for the Directors Indemnity or the Directors' Charge to continue on a joint basis.
52. As all of the Postfiling Claims against A-Z Foam have been or will be satisfied, there is no required holdback for the beneficiaries of the Directors' Charge. As such, the Monitor

recommends that the Directors' Charge be discharged as against the Property of A-Z Foam.

53. With respect to Valle Foam, the beneficiaries of the Directors' Charge are concerned that there remains the possibility of a claim against the Directors to which the Directors Indemnity would respond. To address this concern, Valle Foam, the beneficiaries of the Directors' Charge and the Monitor have agreed to hold back \$200,000 from the Valle Foam interim Distribution, which funds shall remain subject to the Directors' Charge. The Monitor recommends that the Directors' Indemnity be amended such that Valle Foam shall indemnify the Valle Foam Directors only and that such indemnity shall be secured by the Directors Charge, but only on the Valle Foam Property. Therefore, the Monitor recommends the Directors' Charge on the Valle Foam Property be reduced to \$200,000.
54. As described above, the Revenu Quebec claim is not yet resolved. The beneficiaries of the Directors' Charge are concerned that some amount of the Revenu Quebec claim may be properly characterized as a Postfiling Claim for which the Directors of Domfoam may be liable and to which the Directors' Indemnity may respond. While it is anticipated that any Postfiling Claim of Revenu Quebec will be paid in accordance with section 7(b) of the Initial Order, in order to address the concerns raised by the beneficiaries of the Directors' Charge, the Monitor recommends that the Directors' Indemnity be amended such that Domfoam shall indemnify the Domfoam Directors only and that such indemnity shall be secured by the Directors Charge, but only on the Domfoam Property. The Monitor recommends that the Directors' Charge on the Domfoam Property remain in the amount of \$1,000,000.
55. The Monitor recommends a proportional amount of the Valle Foam and A-Z Foam Proceeds be held back from the Distribution to secure the Administration Charge. As outlined in prior Reports, professional fees incurred in the administration of the Companies' estates have been divided on a 45/45/10 split between Valle Foam, Domfoam and A-Z Foam, respectively. The Monitor recommends that \$225,000 (45% of



the \$500,000 Administration Charge) of the Valle Foam Proceeds be held back by the Monitor from the proposed interim Distribution, and \$50,000 (10% of the \$500,000 Administration Charge) be held back from the proposed interim Distribution and remain subject to the Administration Charge.

## **FUTURE RECEIPTS**

56. As previously described in the Monitor's Seventh Report, the Monitor has been advised by the Companies that they are each claimants in a class action proceeding pending before the United States District Court for the District of Kansas under the caption *In Re Urethane AntiTrust Litigation* (the "**US Urethane Proceedings**"). As previously described, two separate settlements with BASF Corporation and Huntsman International LLC were approved by order of the United States District Court for the District of Kansas dated December 12, 2012. These settlements provide for payment to be made to the claimants in the US Urethane Proceedings. Certain of those funds have been received by the Companies as described in more detail below. The Monitor understands that judgment has been rendered against The Dow Chemical Company in the US Urethane Proceedings and that further payments may be received by the Companies pursuant to this judgment or a settlement thereof, as well as in relation to any additional judgments obtained or settlements reached in the US Urethane Proceedings.

## **INTERIM DISTRIBUTION**

57. Admission of the Late Claims as Proven Claims will have a minimal impact on the proposed interim Distribution to the creditors of Valle Foam and A-Z Foam. In the circumstances, the Monitor recommends that the Late Claims be recharacterized as Postfiling Claims or Prefiling Claims as described above and be treated as Proven Claims in the proposed interim Distribution.

58. Given that the Monitor is not aware of any secured or preferred creditors of the Companies, the Monitor recommends that, subject to the holdbacks discussed herein, the Monitor make an interim Distribution of the Valle Foam Proceeds on a *pari passu* basis to the Valle Foam Creditors holding Proven Claims. Assuming the Manulife Financial Claim is paid as a Postfiling Claim, the total Proven Claims (including the Prefiling Late Claims described above) against Valle Foam amount to \$27,822,834.03 and the amount of the Valle Foam Proceeds to be distributed, after taking into account the holdback described above, amounts to \$5,583,436.23, such that each Creditor of Valle Foam holding a Proven Claim will receive approximately \$0.20 for each dollar of its Proven Claim.
59. The Monitor recommends that, subject to the holdbacks discussed herein, the Monitor make an interim Distribution of the A-Z Foam Proceeds on a *pari passu* basis to the A-Z Foam Creditors holding Proven Claims. The total Proven Claims (including the Prefiling Late Claims described above) against A-Z Foam amount to \$4,084,071.70 and the amount of the A-Z Foam Proceeds to be distributed, after taking into account the holdback described above, amounts to \$623,820.39, such that each Creditor of A-Z Foam holding a Proven Claim will receive approximately \$0.15 for each dollar of its Proven Claim.

#### **ACTIVITIES OF THE MONITOR**

60. In addition to the activities described above, the Monitor has undertaken the following activities since the date of the Eleventh Report:
- (a) Assisted the Companies in attempting to resolve the outstanding claim by Revenu Quebec, which is the only unresolved claim against the Companies, other than certain Late Claims as described above;
  - (b) Assisted counsel to the Companies in collecting outstanding accounts receivable;  
and

- (c) Monitored the financial position of the Applicants and prepared this Twelfth Report.

### **STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS**

- 61. Attached as Exhibit “D” is the Statement of Receipts and Disbursements for Valle Foam for the period March 29, 2012 to September 17, 2015. Total cash receipts from the sale of assets, the collection of accounts receivable, settlement funds, reimbursement of legal fees and other receipts are \$7,501,850.34. Total disbursements are \$1,454,174.03. Net cash on hand as of September 17, 2015 is \$6,047,676.31.
- 62. Attached as Exhibit “E” is the Statement of Receipts and Disbursements for Domfoam for the period March 29, 2012 to September 17, 2015. Total cash receipts from the sale of assets, the collection of accounts receivable, settlement funds and other receipts are \$4,688,933.73. Total disbursements are \$2,628,414.38. Net cash on hand as at September 17, 2015 is \$2,060,519.35.
- 63. Attached as Exhibit “F” is the Statement of Receipts and Disbursements for A-Z Foam for the period March 29, 2012 to September 17, 2015. Total cash receipts from the sale of assets, the collection of accounts receivable, settlement funds and other receipts are \$1,215,005.36. Total disbursements are \$541,184.97. Net cash on hand as at September 17, 2015 is \$673,820.39.

### **PROFESSIONAL FEES**

- 64. The Monitor and its independent legal counsel, Thornton Grout Finnigan LLP (“TGF”) have maintained detailed records of their professional time and costs since the issuance of the Initial Order. Pursuant to paragraph 29 of the Initial Order, the Monitor and TGF were directed to pass their accounts from time to time before this Court.

65. The total fees of the Monitor during the period from April 2, 2015 to August 31, 2015 amount to \$31,219, together with expenses and disbursements in the amount of \$nil and harmonized sales tax (“HST”) in the amount of \$4,058.47, totalling \$35,277.47 (the “**Monitor Fees**”). The time spent by the Monitor is more particularly described in the Affidavit of Catherine Hristow of Deloitte Restructuring Inc., sworn September 22, 2015, sworn in support hereof and attached hereto as Exhibit “G”.
66. The total legal fees incurred by the Monitor during the period April 1, 2015 to August 31, 2015 for services provided by TGF as the Monitor’s independent legal counsel amount to \$23,450, together with disbursements in the amount of \$85.17 and HST in the amount of \$3,059.57, totalling \$26,594.74. The time spent by TGF personnel is more particularly described in the Affidavit of Grant Moffat, a partner of TGF, sworn September 18, 2015 in support hereof and attached hereto as Exhibit “H”.

#### **ALLOCATION OF PROFESSIONAL FEES**

67. As noted in the Monitor’s Eleventh Report to the Court, the Applicants, with the concurrence of the Monitor, have determined that the appropriate *pro rata* allocation of professional fees to Valle Foam, Domfoam and A-Z Foam should be 45%, 45% and 10% respectively. Ongoing payment of the Monitor’s fees, and legal fees incurred by the Monitor and the Applicants are paid on the above-noted prorated basis.
68. Valle Foam also gave retainers to a number of law firms prior to January 12, 2012. As the law firms draw down on their retainers, Domfoam and A-Z Foam repay Valle Foam their respective proportionate share.

#### **EXTENSION OF THE STAY PERIOD**

69. The Companies have asked the Court to approve an extension of the Stay Period from September 30, 2015 to February 29, 2016. The basis for this request is to allow time for

resolution of the Revenu Quebec claim, to collect any remaining amounts receivable, to determine if further funds will be distributed to the Companies from the US Antitrust Litigation and to carry out further distributions to the Companies' creditors holding Proven Claims, as required.

70. The Monitor believes that the Companies are acting in good faith and with due diligence and the Monitor therefore supports the stay extension to February 29, 2016.

### **MONITOR'S RECOMMENDATIONS**

71. For the reasons set out above, the Monitor recommends that:
- (a) the Just Energy Claim be admitted as a Prefiling Claim against Valle Foam;
  - (b) the Manulife Financial Claim be admitted as a Postfiling Claim against Valle Foam and paid in full by the Monitor prior to the proposed interim Distribution;
  - (c) the WSIB Claim be admitted as a Prefiling Claim against Valle Foam;
  - (d) the MOL Claim and MOL Late Claim be admitted as a Prefiling Claim against Valle Foam;
  - (e) the WorkSafe BC Claim against A-Z Foam be admitted in part as a Prefiling Claim against A-Z Foam in the amount of \$1,673.41;
  - (f) the two Pitney Bowes Late Claims be admitted as Prefiling Claims against Valle Foam;
  - (g) the remaining Late Claims be admitted as Prefiling Claims against Valle Foam and A-Z Foam;
  - (h) the Directors' Charge be discharged as against the A-Z Property;
  - (i) the Directors' Indemnity be amended such that Valle Foam shall indemnify the Valle Foam Directors only and that such indemnity shall be secured by the Directors Charge, but only on the Valle Foam Property;


- (j) the Directors' Charge remain in place with respect to the Valle Foam Property for the benefit of the Valle Foam Directors only but be reduced to \$200,000;
- (k) the amount of \$200,000 be held back by the Monitor from the interim Distribution of the Valle Foam Proceeds as security for the Valle Foam Directors' Charge;
- (l) the Directors' Indemnity be amended such that Domfoam shall indemnify the Domfoam Directors only and that such indemnity shall be secured by the Directors Charge, but only on the Domfoam Property;
- (m) the Directors' Charge remain in place with respect to the Domfoam Property for the benefit of the Domfoam Directors only and remain in the amount of 1,000,000;
- (n) the amount of \$225,000 be held back by the Monitor from the interim Distribution of the Valle Foam Proceeds as security for the Administration Charge;
- (o) the amount of \$50,000 be held back by the Monitor from the interim Distribution of the A-Z Foam Proceeds as security for the Administration Charge;
- (p) subject to the holdbacks described above, the Monitor make an interim Distribution of the Valle Foam Proceeds on a *pari passu* basis to the Valle Foam Creditors holding Proven Claims;
- (q) subject to the holdback described above, the Monitor make an interim Distribution to the A-Z Foam Proceeds on a *pari passu* basis to the A-Z Foam Creditors holding Proven Claims;
- (r) the Stay Period be extended until February 29, 2016;
- (s) the Twelfth Report and the activities of the Monitor as described in the Twelfth Report be approved; and
- (t) the professional fees and disbursements of the Monitor and TGF be approved and the Companies be authorized to pay all such fees and disbursements.

All of which is respectfully submitted at Toronto, Ontario this 24th day of September, 2015.

**DELOITTE RESTRUCTURING INC.**

solely in its capacity as the Monitor  
of the Companies (as defined herein),  
and without personal or corporate liability

Per:

  
\_\_\_\_\_  
Paul M. Casey, CPA, CA, CIRP  
Senior Vice-President

# TAB A





Court File No. CV-12-9545-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) THURSDAY, THE 12<sup>th</sup>  
JUSTICE NEWBOULD )  
DAY OF JANUARY, 2012

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

AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF VALLE  
FOAM INDUSTRIES (1995) INC., DOMFOAM  
INTERNATIONAL INC., and A-Z SPONGE & FOAM  
PRODUCTS LTD.

(the "Applicants")

**INITIAL ORDER**

**THIS APPLICATION**, made by Valle Foam Industries (1995) Inc., Domfoam International Inc., and A-Z Sponge & Foam Products Ltd. (hereinafter, collectively referred to as the "Applicants"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Tony Vallecoccia sworn January 11, 2012 and the exhibits thereto (the "Vallecoccia Affidavit"), and on hearing the submissions of counsel for the Applicants, no one else appearing although duly served as appears from the affidavit of service of Victoria Stewart sworn January

11, 2012, and on reading the consent of Deloitte & Touche Inc. to act as the Monitor,

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

### **APPLICATION**

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

### **PLAN OF ARRANGEMENT**

3. **THIS COURT ORDERS** that one or more of the Applicants, individually or collectively, shall have the sole authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

### **POSSESSION OF PROPERTY AND OPERATIONS**

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "Property"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their respective businesses (collectively, the "Business") and

Property. The Applicants shall each be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, appraisers, accountants, counsel and such other persons (collectively, "Assistants") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, compensation, salaries, employee and pension benefits, vacation pay and expenses (including, but not limited to, employee medical, dental, disability, life insurance and similar benefit plans or arrangements, incentive plans, share compensation plans, and employee assistance programs and employee or employer contributions in respect of pension and other benefits), and similar pension and/or retirement benefit payments, commissions, bonuses and other incentive payments, payments under collective bargaining agreements, and employee and director expenses and reimbursements, payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) compensation to employees in respect of any payments made to employees prior to the date of this Order by way of the issuance of cheques or electronic transfers are subsequently dishonoured due to the commencement of these proceedings; and

- (c) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including any payments made to Assistants prior to the date of this Order by way of the issuance of cheques or electronic transfers that are subsequently dishonoured due to the commencement of these proceedings; and
- (d) amounts owing for goods and services actually supplied to the Applicants, or to obtain the release of goods contracted for prior to the date of this Order by other suppliers, solely where such goods were ordered by the Applicants or any of them after November 30, 2011 on the express understanding that such goods or services were to be paid for on a cash on delivery basis and in respect of which such payment has not been made by the Applicants or any of them.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

- (b) payment, including the posting of letters of credit, for goods or services actually supplied or to be supplied to the Applicants following the date of this Order;

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed, terminated, repudiated or resiliated in accordance with the CCAA, the Applicants

shall pay all amounts constituting rent or payable as rent under their respective real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

10. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their respective businesses or operations, and to dispose of non-profitable, redundant or non-material assets and operations, and to dispose and sell such assets or operations not exceeding \$100,000.00 in any one transaction or \$1 million in the aggregate;

- (b) terminate the employment of such of their employees or lay off or temporarily or indefinitely lay off such of their employees as the relevant Applicant deems appropriate on such terms as may be agreed upon between the relevant Applicant and such employee, or failing such agreement, to deal with the consequences thereof in the Plan
- (c) in accordance with paragraphs 10 (a) and (d), vacate, abandon, resiliate, or quit any leased premises and/or disclaim, cancel, terminate or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicants and such landlord, or failing such agreement, to deal with the consequences thereof in the Plan;
- (d) disclaim, terminate, repudiate or resiliate, in whole or in part, with the prior consent of the Monitor or further Order of the Court, such of their arrangements, agreements or contracts of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deem appropriate, in accordance with Section 32 of the CCAA, with such disclaimers, repudiation, termination, or resiliations to be on such terms as may be agreed upon between the relevant Applicants and such counter-parties, or failing such agreements, to deal with the consequences thereof in the Plan; and
- (e) pursue all avenues of refinancing of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring or winding down of some or all of the respective Business (the "Restructuring").

11. **THIS COURT ORDERS** that the Applicants shall each provide each of the relevant landlords with notice of the relevant Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the relevant Applicant, or by further Order of this Court upon application by the relevant Applicant on at least two (2) days notice to such landlord and any such secured creditors. If an Applicant disclaims, resiliates, repudiates or terminates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer, termination or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a lease is repudiated or if a notice of disclaimer or termination or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, termination, repudiation or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Applicant's and the Monitor 24 hours' prior written notice, and



(b) at the effective time of the disclaimer or termination or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

**NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

13. **THIS COURT ORDERS** that until and including February 10, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the

Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, authorization, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

### **CONTINUATION OF SERVICES**

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all waste disposal service providers, all computer software, information technology services, communication and other data services, programming supply, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be

entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers (or their estates) of the Applicants with respect to any claim against such directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment, performance or breach of such obligations, acts, or actions until a compromise or arrangement in respect of

the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

19. **THIS COURT ORDERS** that the Applicants shall jointly indemnify their directors and officers from and against all claims, costs, charges, expenses, obligations and liabilities that they may incur as directors or officers of the Applicants, after the date hereof except to the extent that, with respect to any officer or director, such claim, cost, charge, expense, obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$1 million as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraph 32 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

## **APPOINTMENT OF MONITOR**

22. **THIS COURT ORDERS** that Deloitte & Touche Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist and advise the Applicants in their development of the Plan or winding down, downsizing and any amendments to the Plan, any restructuring steps taken pursuant to paragraphs 5 and 10 hereof, and the implementation of the Plan;
- (d) advise the Applicants in the preparation of their cash flow statements;

- (e) assist and advise the Applicants, to the extent required by the Applicants, with the negotiations with creditors and the holding and administering of creditors' (or shareholders' meetings) for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (h) consider, and if deemed advisable by the Monitor, prepare a report as an assessment of the Plan;
- (i) assist the Applicants with their continuing restructuring activities, including the assessment and analysis of any proposed sale of assets or closure of facilities;
- (j) advise and assist the Applicants, as requested, in their negotiations with suppliers, customers and other stakeholders; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder,

be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential,

the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, including completing and implementation of the settlements with the class action plaintiffs. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on an hourly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in the amounts of \$150,000.00 and \$50,000.00, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.



30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings, including completing the settlements with the class action plaintiffs. The Administration Charge shall have the priority set out in paragraph 32 hereof.

31. **THIS COURT ORDERS** that Valle Foam Industries (1995) Inc. ("Valle Foam") shall be authorized to advance funds up to, but not exceeding \$1 million to either of A-Z Sponge & Foam Products Ltd. ("A-Z") or Domfoam International Inc. ("Domfoam") to be used for operating purposes of Domfoam or A-Z, as the case may be, provided that i) no such loan shall be advanced without the prior written consent of the Monitor, ii) that any such loan shall be properly documented and subject to such terms, including rates of interest, if any, which the Monitor deems reasonable in the circumstances, and iii) that any such loan shall be secured by way of a general security agreement which shall provide a first in priority charge on the assets of Domfoam subject only to the priority of the charges granted hereunder. The Applicants may, prior to the advance of any funds, attend to seek a further order of this court to grant a specific charge if the Applicants or the Monitor deem it appropriate or necessary to do so.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

32. **THIS COURT ORDERS** that the priorities of the Directors' Charge and the Administration Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$●); 500,000 ✓

Second – Directors' Charge (to the maximum amount of \$●). \$1,000,000 ✓

mt ✓

33. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge or the Administration Charge, (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. **THIS COURT ORDERS** that each of the Directors' Charge or the Administration Charge, (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge or Administration Charge, unless the Applicants also obtains the prior written consent of the Monitor, and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

36. **THIS COURT ORDERS** that the Directors' Charge and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s)

for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not be deemed to constitute a breach by any of the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers, settlements at undervalue, oppressive conduct, or other challengeable or void or voidable transactions or reviewable transactions under any applicable law.

37. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

#### **SERVICE AND NOTICE**

38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ <sup>the Globe and Mail</sup> a notice containing the information

prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at [www.deloitte.com/ca/vallefoam](http://www.deloitte.com/ca/vallefoam).

## **GENERAL**

41. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

42. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

43. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

44. **THIS COURT ORDERS** that the Monitor is hereby authorized, as the foreign representative of the Applicants, to apply for recognition of these proceedings as "Foreign Main Proceedings" in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.

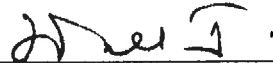
45. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this

Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

46. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

47. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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RECEIVED AT THE COURT OF QUEBEC  
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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF VALLE FOAM INDUSTRIES  
(1995) INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No. CV-12-9545-00CL

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**INITIAL ORDER**

**MINDEN GROSS LLP**

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Lawyers for the Applicants

# TAB B



The court incorporates by reference in this paragraph and adopts as the findings and orders of this court the document set forth below. This document has been entered electronically in the record of the United States Bankruptcy Court for the Northern District of Ohio.



Mary Ann Whipple  
United States Bankruptcy Judge

Dated: February 24 2012

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO  
WESTERN DIVISION

_____	)	
In re:	)	Case Nos. 12-30214
	)	(Jointly Administered)
VALLE FOAM INDUSTRIES (1995)	)	
INC., et. al. <sup>1</sup>	)	Chapter 15
	)	
Foreign Applicants in Foreign	)	Judge Mary Ann Whipple
Proceedings.	)	
_____	)	

**ORDER GRANTING RECOGNITION OF FOREIGN MAIN PROCEEDINGS AND OTHER CHAPTER 15 RELIEF**

Upon the Verified Chapter 15 Petitions (the “**Chapter 15 Petitions**”) filed by Deloitte & Touche Inc., the court appointed Monitor (the “**Monitor**”) of Valle Foam Industries (1995) Inc. (“**Valle Foam**”), Domfoam International Inc. (“**Domfoam**”), and A-Z Sponge & Foam Products Ltd. (“**A-Z**” and, together with

<sup>1</sup> The Foreign Applicants include Valle Foam Industries (1995) Inc., Domfoam International, Inc., and A-Z Sponge & Foam Products Ltd.

<sup>2</sup> Capitalized terms not defined herein shall have the meanings given to them in the Declaration

{K0289088.1}

Valle Foam and Domfoam, the “**Valle Foam Group**”) in proceedings (the “**Canadian Proceedings**”) under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), pending before the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”), and upon the statements and affirmations made and contained therein, and the Court having reviewed the Chapter 15 Petitions and the Declarations filed contemporaneously with the Chapter 15 Petitions and the exhibits attached thereto, including a certified copy of the Initial Order entered by the Ontario Court on January 12, 2012 (the “**Canadian Order for Relief**”); and a hearing having been held on the 23rd day of February, 2012 (the “**Recognition Hearing**”); and upon the oral statements of counsel for the Monitor; and the Court having reviewed the Notice of the filing of the Chapter 15 Petitions and of the Recognition Hearing and its certificate of service [Dkt No. 15], which notice is deemed adequate for all purposes such that no other or further notice need be given; and the Court having determined that the legal and factual bases set forth in the Chapter 15 Petitions and all other pleadings and proceedings in this case establish just cause to grant the relief ordered herein, and after due deliberation therefore,

**THE COURT HEREBY FINDS AND DETERMINES THAT:**

A. The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as

such. To the extent that any conclusions of law constitute finds of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 11 U.S.C. §§ 1334 and 157(a) of the Bankruptcy Code and General Order 84 entered on July 16, 1984 by the United States District Court for the Northern District of Ohio. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue is proper before this Court pursuant to 28 U.S.C. § 1410(2).

C. The Monitor is a “person” within the meaning of section 101(41) of the Bankruptcy Code and is the duly appointed “foreign representative” of the Valle Foam Group within the meaning of section 101(24) of the Bankruptcy Code.

D. The Chapter 15 cases of Valle Foam, Domfoam and A-Z (the “**Chapter 15 Cases**”) were properly commenced pursuant to sections 1504, 1509, and 1515 of the Bankruptcy Code.

E. The Monitor has satisfied the requirements of section 1515 of the Bankruptcy Code and Rule 2002(q) of the Federal Rules of Bankruptcy Procedure.

F. The Canadian Proceedings are a “foreign proceeding” within the meaning of section 101(23) of the Bankruptcy Code.

G. The Canadian Proceedings are entitled to recognition by this Court pursuant to section 1517 of the Bankruptcy Code.

H. The Canadian Proceedings are pending in Canada, which is the location of each member of the Valle Foam Group’s center of main interests, and

accordingly, the Canadian Proceedings are a “foreign main proceeding” pursuant to section 1502(4) of the Bankruptcy Code and are entitled to recognition as a foreign main proceeding pursuant to section 1517(b)(1) of the Bankruptcy Code.

I. The Monitor is entitled to all the automatic relief provided by section 1520 of the Bankruptcy Code, without limitation.

J. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted pursuant to sections 1517, 1520, and 1521 of the Bankruptcy Code.

**NOW, THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:**

1. The Canadian Proceedings are hereby recognized as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code.

2. All relief afforded foreign main proceedings pursuant to section 1520 of the Bankruptcy Code is hereby granted to each member of the Valle Foam Group, including, without limitation, the stay under section 362 throughout the duration of these Chapter 15 Cases or until otherwise ordered by this Court.

3. The stay pursuant to section 362(a)(1) of the Bankruptcy Code is hereby modified and limited in the following respects:

- (a) The stay shall not stay any act pertaining to finalizing the Settlements;<sup>2</sup> and
- (b) The stay shall not stay the filing of a new complaint against any member of the Valle Foam Group, but shall stay any act to continue such litigation after the filing of the complaint, including service of process on any member of the Valle Foam Group.

4. The Canadian Order for Relief (and any extensions, amendments or modifications thereof as may be granted from time to time by the Ontario Court) shall be granted comity and is hereby given full force and effect in the United States to the same extent that it is given effect in Canada.

5. The Monitor is hereby recognized as the “foreign representative” in these bankruptcy proceedings, and may exercise the rights and powers of a trustee under and to the extent provided by section 1520 of the Bankruptcy Code.

6. The Monitor, the members of the Valle Foam Group, and each of their successors, agents, representatives, advisors or counsel shall be entitled to the protections contained in sections 306 and 1510 of the Bankruptcy Code.

7. A copy of this Order, conformed to be true and correct, shall be served, within three business days of the entry of this Order, by facsimile, electronic mail or overnight express delivery, upon all persons or bodies authorized to administer foreign proceedings of the Valle Foam Group, all

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<sup>2</sup> Capitalized terms not defined herein shall have the meanings given to them in the Declaration in Support of the Chapter 15 Petitions [Dkt. No. 2].

entities against whom provisional relief was granted under section 1519 of the Bankruptcy Code, all parties to litigation pending in the United States in which any member of the Valle Foam Group was a party at the time of the filing of the Chapter 15 Petitions, the United States Trustee, and such other entities as the Court may direct. Such service shall be good and sufficient service and adequate notice for present purposes.

8. The Chapter 15 Petitions and any supporting papers shall be made available by the Monitor through its website at <http://www.deloitte.com/ca/Vallefoam> or upon request at the offices of Kohrman Jackson & Krantz P.L.L., One Cleveland Center, 20<sup>th</sup> Floor, 1375 East 9<sup>th</sup> St., Cleveland, Ohio, 44114, to the attention of Mary K. Whitmer or James W. Ehrman, (216) 686-8700, [mkw@kjk.com](mailto:mkw@kjk.com) or [jwe@kjk.com](mailto:jwe@kjk.com).

9. This Court shall have continuing jurisdiction to the fullest extent permitted by law with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for further or additional relief or any adversary proceeding filed by the Monitor or any other party in interest; and (iii) any request by a person or entity for relief from the provisions of this Order, for cause shown.

10. This Order shall be immediately effective and enforceable upon its entry, and upon its entry shall become final and appealable, notwithstanding Bankruptcy Rule 7062 made applicable to chapter 15 cases by Bankruptcy Rule 1018.

###

Prepared and Submitted by:

**KOHRMAN JACKSON & KRANTZ P.L.L.**

/s/ Mary K. Whitmer

Mary K. Whitmer (0018213)

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[jwe@kjk.com](mailto:jwe@kjk.com)

*Counsel for Deloitte & Touche Inc.,  
the Foreign Representative of Valle  
Foam Industries (1995) Inc.,  
Domfoam International Inc., and  
A-Z Sponge & Foam Products Ltd.*


# TAB C



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) FRIDAY, THE 15<sup>th</sup> DAY  
JUSTICE BROWN ) OF JUNE, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

The seal of the Ontario Superior Court of Justice is circular. It features a central shield with a scale of justice and a sword. The shield is surrounded by the text "ONTARIO SUPERIOR COURT OF JUSTICE" at the top and "COUR SUPÉRIEURE DE JUSTICE" at the bottom. The word "JUSTITIA" is written on a banner below the shield.

(the "Applicants")

**ORDER  
(Claims Solicitation Procedure)**

**THIS MOTION**, made by 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.), 4362063 Canada Ltd. (formerly Domfoam International Inc.) and A-Z Sponge & Foam Products Ltd. (collectively, the "**Applicants**") for an order approving a procedure for the solicitation of claims against any or all of the Applicants, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Tony Vallecoccia sworn June 12, 2012, and the Fourth Report of Deloitte & Touche Inc., the Court-appointed monitor (the "**Monitor**"), and on hearing the submissions of counsel to the Applicants, the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed:

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **DEFINITIONS**

1. **THIS COURT ORDERS** that for purposes of this Order, in addition to the terms defined elsewhere herein, the following terms shall have the following meanings:

- (a) **“Applicants”** means 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.), 4362063 Canada Ltd. (formerly Domfoam International Inc.) and A-Z Sponge & Foam Products Ltd.;
- (b) **“Business Day”** means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;
- (c) **“CCAA”** means the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended;
- (d) **“CCAA Proceeding”** means the proceeding commenced by the Applicants in the Court at Toronto under Court File No. CV-12-9545-00CL;
- (e) **“Claim”** means any Prefiling Claim or Postfiling Claim;
- (f) **“Claims Bar Date”** means 5:00 p.m. (Eastern Standard time) on August 31, 2012, or any later date ordered by the Court;

- (g) **“Claims Solicitation Procedure”** means the procedures outlined in this Order, as they may be amended by further order of the Court, including the Schedules hereto;
- (h) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (i) **“Creditor”** means any Person asserting a Claim or a D&O Claim;
- (j) **“D&O Claim”** means any right of any Person against one or more of the Directors and Officers (as defined below) which arose as a result of their position, supervision, management or involvement as Director and Officer, where such right arose on or before June 15, 2012, and whether enforceable in any civil, administrative or criminal proceedings;
- (k) **“DIP Loan”** means the loan by 3113736 Canada Ltd. (formerly known as Valle Foam Industries (1995) Inc.) to either A-Z Sponge & Foam Products Ltd. or 4362063 Canada Ltd. (formerly known as Domfoam International Inc.) in an amount not exceeding \$1,000,000 as authorized by the Court in the CCAA Proceeding;
- (l) **“Directors and Officers”** means
  - (i) the current and former directors of any of the Applicants; and
  - (ii) the current and former officers of any of the Applicants;
- (m) **“Distribution”** means any distribution within the CCAA Proceeding of the proceeds of the Applicants’ assets;

- (n) **“Excluded Claim”** means (i) any claim secured by any of the Charges as defined in the Initial Order (as defined below); (ii) the DIP Loan; and (iii) any Intercompany Claim (as defined below);
- (o) **“Filing Date”** means January 12, 2012;
- (p) **“Initial Order”** means the Initial Order of the Honourable Mr. Justice Newbould dated January 12, 2012 in the CCAA Proceeding;
- (q) **“Intercompany Claim”** means any claim by any of the Applicants against one or more of the Applicants, whether secured or unsecured but not including the DIP Loan;
- (r) **“Known Creditor”** means any Person, based on the financial or other records of an Applicant as of the Filing Date, who had or may be entitled to assert, a Claim, where monies in respect of such Claim remain unpaid in full or in part, without acknowledging in any respect the validity or existence of any such Claim;
- (s) **“Monitor’s Website”** means <http://www.deloitte.com/ca/vallefoam>;
- (t) **“Notice to Creditors of Claims Bar Date”** means the notice for publication substantially in the form attached as Schedule “A”;
- (u) **“Notice of Dispute”** means a form substantially in accordance with the form attached as Schedule “E”;
- (v) **“Notice of Revision or Disallowance”** means a form substantially in accordance with the form attached as Schedule “D”;
- (w) **“Person”** means any individual, partnership, firm, joint venture, trust, entity, corporation, unincorporated organization, trade union, pension

plan administrator, pension plan regulator, governmental authority or agency, employee or other association, or similar entity, howsoever designated or constituted;

- (x) **“Postfiling Claim”** means any right or claim of any Person, or class of Persons or representative Person, against one or more of the Applicants whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the Applicants which came into existence after the Filing Date but before the Claims Bar Date, any accrued interest thereon and costs payable in respect thereof, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature;
  
- (y) **“Prefiling Claim”** means any right or claim of any Person, or class of Persons or representative Person, against one or more of the Applicants whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of one or more of the Applicants in existence on the Filing Date, any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is

executory or anticipatory in nature, and includes any other claims that would have been claims provable in bankruptcy had the Applicants become bankrupt on the Filing Date;

- (z) **“Proof of Claim”** means the aggregate of the documentation submitted by a Creditor pursuant to the Claims Solicitation Procedure to evidence its Claim which shall include the Proof of Claim form attached hereto as Schedule “B”;
- (aa) **“Proof of D&O Claim”** means the aggregate of the documentation submitted by a Creditor pursuant to the Claims Solicitation Procedure to evidence its D&O Claim which shall include the Proof of D&O Claim form attached hereto as Schedule “C”;
- (bb) **“Proven Claim”** means a Claim filed by the Claims Bar Date in respect of which the Monitor has not sent a Notice of Revision or Disallowance to the Creditor asserting the Claim and which the Monitor accepts or is deemed to accept for distribution purposes pursuant to the Claims Solicitation Procedure;
- (cc) **“Surviving Claim”** means a Claim to which CCAA subsection 19(2) applies; and
- (dd) **“Surviving D&O Claim”** means a D&O Claim to which CCAA subsection 5.1(2) applies.

## **ADMINISTRATION OF THE CLAIMS SOLICITATION PROCEDURE**

2. **THIS COURT ORDERS** that the Claims Solicitation Procedure shall govern the solicitation of Claims against the Applicants and the D&O Claims against the Directors and Officers of the Applicants and shall be conducted and

administered by the Monitor with the assistance of the Applicants except as otherwise provided for in this Order. No Creditor may participate in the Distribution if such Claim has not been reviewed, accepted and valued in accordance with this Claims Solicitation Process, subject to any further Order of this Court.

3. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and under the Initial Order, is hereby directed and empowered to administer and implement the Claims Solicitation Procedure on the terms set out in this Order and the Monitor may take any steps and fulfill such other roles as are contemplated by this Order or which it believes are incidental or necessary for the implementation of the Claims Solicitation Procedure. The Monitor may seek advice and directions from the Court in respect of any aspect of the Claims Solicitation Procedure, including any of the Monitor's obligations provided for in this Order.

4. **THIS COURT ORDERS** that the Monitor is authorized and directed to use reasonable discretion as to adequacy of compliance with the Claims Solicitation Procedure and the terms of this Order including, without limitation, with respect to the manner in which a Proof of Claim, Proof of D&O Claim, Notice of Dispute or any other notices or documents are completed and executed and may, where it is satisfied that a Claim or D&O Claim has been adequately filed or, in the case of a Claim, proven, waive strict compliance with the requirements of this Order as to completion, execution and delivery of Proofs of Claim, Proofs of D&O Claim, Notices of Dispute or any other notice or document contemplated by the Claims Solicitation Procedure and request any further documentation the Monitor may require in order to enable it to determine the validity of a Claim; provided that nothing in this Order shall confer upon the Monitor or the Applicants the discretion

or authority to amend or to extend the Claims Bar Date without a further Order of this Court.

5. **THIS COURT ORDERS** that the Monitor shall not have any responsibility or liability with respect to any information, confidential or otherwise, including without limitation, a Proof of Claim, a Proof of D&O Claim, a Notice of Dispute or otherwise, distributed, circulated, or released, whether intentionally or unintentionally, by the Monitor relating to the exercise of its powers and discharge of its obligations under this Order. The Monitor shall be entitled to rely upon the Applicants' advice and the Applicants' books and records for all purposes including establishing the names and addresses of Known Creditors. In addition to the rights and protections afforded to the Monitor under the CCAA and the Initial Order or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the fulfillment of its duties in the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

6. **THIS COURT ORDERS** that the Applicants shall advise the Monitor of all Known Creditors, including the amounts owed to all Known Creditors and their last known address pursuant to the Applicants' books and records, and that the Monitor shall be entitled to rely upon the accuracy and completeness of the information provided by the Applicants regarding the Known Creditors. For greater certainty, the Monitor shall have no liability in respect of the information provided to it regarding the Known Creditors and shall not be required to conduct any independent inquiry and/or investigation with respect to such information.



## **SOLICITATION OF CLAIMS**

**7. THIS COURT ORDERS that:**

- (a) the Monitor shall cause the Notice to Creditors of Claims Bar Date to be published in each of The Globe and Mail (national edition) and La Presse as soon as practicable after the date of this Order;
- (b) the Monitor shall cause the Notice to Creditors of Claims Bar Date to be posted on the Monitor's Website as soon as practicable after the date of this Order and cause it to remain posted until its discharge as Monitor of the Applicants;
- (c) the Monitor shall, as soon as practicable after the date of this Order, mail to all Known Creditors at the last known address for such Known Creditor on the Applicants' books and records a Notice to Creditors of Claims Bar Date, a Proof of Claim form, a Proof of D&O Claim form substantially in the form attached as Schedules "B" and "C" to this Order and an instruction letter regarding the completion of the Proof of Claim and Proof of D&O Claim forms by a Creditor; and
- (d) the Monitor shall, as soon as practicable following receipt of a request therefor and provided such request is received prior to the Claims Bar Date, deliver a copy of the Proof of Claim or Proof of D&O Claim form as applicable to any Person claiming to be a Creditor and requesting such material, or in the alternative, notify such Person that it may obtain an electronic copy of the Proof of Claim and Proof of D&O Claim forms on the Monitor's Website.

8. **THIS COURT ORDERS** that service and delivery of the Notice to Creditors of Claims Bar Date, Proof of Claim form, Proof of D&O Claim form, the Dispute Notice and any other correspondence or document from the Monitor to any Creditor or any other Person pursuant to the Claims Solicitation Procedure shall be by ordinary mail, prepaid registered mail, courier, personal delivery, electronic communication or facsimile transmission. Any such service and delivery by the Monitor for all purposes under this Order shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (ii) if sent by prepaid registered mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (iii) if by courier, on the next following Business Day for courier deliveries within Canada, and on the third following Business Day for courier deliveries outside of Canada; (iv) if sent by personal delivery, on the same date as delivery; (v) if sent by electronic communication, on the same date as the electronic communication is sent or, if sent on a day that is not a Business Day or after 5:00 p.m. (Eastern Standard Time) on a Business Day, the following Business Day; and (vi) if sent by fax, on the date on which the Monitor receives a successful facsimile transmission report or, if sent on a day that is not a Business Day or after 5:00 p.m. (Eastern Standard Time) on a Business Day, the following Business Day

9. **THIS COURT ORDERS** that service by the Monitor of the Proof of Claim and Proof of D&O Claim forms on Creditors and publication of the Notice to Creditors of Claims Bar Date in the manner set forth in this Order shall constitute good and sufficient service upon the Creditors of notice of this proceeding, this Order, the Claims Bar Date and the related deadlines and procedures set forth

herein and that no other form of service or notice need be made by the Applicants or the Monitor to any Person, and no other document or material need be served on any Person in respect of the Claims Solicitation Procedure.

10. **THIS COURT ORDERS** that the form and substance of each of the Notice to Creditors of Claims Bar Date, Proof of Claim, Proof of D&O Claim, Notice of Revision or Disallowance and Notice of Dispute, substantially in the forms attached as schedules hereto, are hereby approved. Despite the foregoing, the Applicants and the Monitor may, from time to time, make minor changes to such forms as the Monitor considers necessary or desirable.

11. **THIS COURT ORDERS** that any Person asserting a Claim against one or more of the Applicants or a D&O Claim against one or more of the Directors or Officers shall file a Proof of Claim or a Proof of D&O Claim, as applicable (including all supporting documentation), with the Monitor by no later than the Claims Bar Date.

12. **THIS COURT ORDERS** that any Creditor with a Claim or a D&O Claim who does not deliver a completed Proof of Claim or Proof of D&O Claim, as applicable, to the Monitor in accordance with the Claims Solicitation Procedure by the Claims Bar Date, or such later date as this Court may otherwise order:

- (a) shall be forever barred from asserting or enforcing any Claim (other than a Surviving Claim) against any of the Applicants or a D&O Claim (other than a Surviving D&O Claim) against any of the Director or Officers, and the Applicants or any of them, and the Directors and Officers, or any of them, shall not have any liability whatsoever in respect of such Claim (other than a Surviving Claim) or D&O Claim (other than a Surviving D&O Claim), and any such

Claim (other than a Surviving Claim) or D&O Claim (other than a Surviving D&O Claim) shall be forever barred and extinguished;

- (b) shall not be entitled to any further notice of any Orders made or steps taken in the CCAA Proceeding; and
- (c) shall not be entitled to participate as a Creditor in the CCAA Proceeding and shall not be entitled to receive any funds pursuant to the Distribution.

13. **THIS COURT ORDERS** that Creditors with Excluded Claims shall not be required to file a Proof of Claim in this process, unless required to do so by further Order of this Court.

#### **ADJUDICATION OF CLAIMS**

14. **THIS COURT ORDERS** that there shall be no adjudication of the D&O Claims by the Applicants or the Monitor, pursuant to the Claims Solicitation Procedure Order, pending a further Order of this Court.

15. **THIS COURT ORDERS** the Monitor shall, with the assistance of the Applicants, review all Proofs of Claim (but not any Proofs of D&O Claim) delivered to the Monitor by the Claims Bar Date and shall accept, revise or reject each Claim as submitted therein. If the Monitor disputes a Claim in whole or in part, the Monitor shall by no later than 11:59 p.m. (Eastern Standard Time) on September 21, 2012, send to the Creditor who has submitted the disputed Claim a Notice of Revision or Disallowance indicating the reasons for the revision or disallowance.

16. **THIS COURT ORDERS** that the Monitor may attempt to resolve any disputed Claim with the Creditor prior to accepting, revising or disallowing such Claim.

17. **THIS COURT ORDERS** that any Claim received by the Claims Bar Date in respect of which the Monitor does not send a Notice of Revision or Disallowance by the deadline date referenced above shall be deemed a Proven Claim.

### **DISPUTE NOTICES**

18. **THIS COURT ORDERS** that any Creditor who receives a Notice of Revision or Disallowance and who objects to the amount of the Claim set out in or any other provision of the Notice of Revision or Disallowance shall deliver to the Monitor on or before 5:00 p.m. (Eastern Standard Time) on October 5, 2012 a Notice of Dispute by registered mail, courier service or facsimile.

19. **THIS COURT ORDERS** that if a Creditor receives a Notice of Revision or Disallowance and does not file a Notice of Dispute by the time set out in paragraph 18 above, then the value of such Creditor's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.

20. **THIS COURT ORDERS** that any Creditor who delivers a Notice of Dispute to the Monitor by the time set out in paragraph 18 above shall, unless otherwise agreed by the Monitor in writing, thereafter serve on the Monitor and the Applicants a notice of motion in the Court returnable not less 30 days after the service of the Notice of Dispute for determination of the Claim in dispute, failing which the value of such Creditor's Claim shall be deemed to be as set out in the applicable Notice of Revision or Disallowance.

**SET-OFF**

21. **THIS COURT ORDERS** that the Applicants may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made to any Creditor in respect of its Proven Claim, any claims of any nature whatsoever that any of the Applicants may have against such Creditor, however, neither the failure to do so nor the allowance of any Claim as a Proven Claim hereunder shall constitute a waiver or release by the Applicants of any such claim that the Applicants may have against such Creditor.

**DISTRIBUTIONS**

22. **THIS COURT ORDERS** that the Monitor and the Applicants shall not distribute any funds to Creditors holding Proven Claims prior to the approval by this Court of a distribution methodology to be proposed by the Monitor and/or the Applicants in a subsequent motion to this Court.

**NOTICE OF TRANSFEREES**

23. **THIS COURT ORDERS** that if, after the Filing Date, the holder of a Claim or D&O Claim transfers or assigns the whole of such Claim or D&O Claim to another Person, neither the Monitor nor the relevant Applicant shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim or D&O Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the relevant Applicant and the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim or D&O Claim. Any such transferee or assignee of a Claim or D&O Claim shall be bound by any notices given or steps taken in respect of such Claim or D&O Claim in accordance with

this Order prior to receipt and acknowledgment by the relevant Applicant and the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim or D&O Claim takes the Claim or D&O Claim subject to any rights of set-off to which the Applicants or the Directors and Officers may be entitled with respect to such Claim or D&O Claim respectively. For greater certainty, a transferee or assignee of a Claim or D&O Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims or D&O Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to any of the Applicants or the Directors and Officers. Reference to transfer in this Order includes a transfer or assignment whether absolute or intended as security.

### **GENERAL PROVISIONS**

24. **THIS COURT ORDERS** that any Creditor who submits a Proof of Claim or Proof of D&O Claim authorizes the Monitor to post the information contained therein to the Monitor's Website and that the Monitor shall have no liability for the information submitted other than as a result of gross negligence or wilful misconduct.

25. **THIS COURT ORDERS** that for the purposes of the Claims Solicitation Procedure, all Claims or D&O Claims which are denominated in United States dollars shall (i) in the case of Prefiling Claims or D&O Claims, be converted to Canadian dollars at the rate of 1.0198%, being the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on the Filing Date; and (ii) in the case of Postfiling Claims, be converted to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on the date of the applicable Proof of Claim.

26. **THIS COURT ORDERS** that any document, notice or communication required to be filed with the Monitor by a Creditor pursuant to the terms of this Order must be delivered by facsimile, email or electronic transmission, personal delivery, courier or prepaid mail to:

**Deloitte & Touche Inc.**

181 Bay Street West  
Suite 1400  
Toronto, Ontario  
M5J 2V1

**Attention: Catherine Hristow**

Telephone: (416) 775-8831  
Facsimile: (416) 601-6690  
E-mail: [christow@deloitte.ca](mailto:christow@deloitte.ca)

27. **THIS COURT ORDERS** that in the event that the day on which any notice or communication required to be delivered pursuant to the Claims Solicitation Procedure is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.

28. **THIS COURT ORDERS** that references to the singular include the plural and to the plural include the singular.

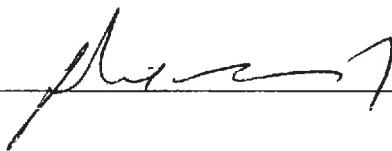
29. **THIS COURT ORDERS** that in the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by email, facsimile transmission, personal delivery or courier and any notice or other communication given or made by prepaid mail within the seven (7) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been delivered. All such notices and communications shall be deemed to have been received, in the case of notice



by email, facsimile transmission, personal delivery or courier prior to 5:00 p.m. (Eastern standard Time) on a Business Day, when received, if received after 5:00 p.m. (Eastern Standard Time) on a Business Day or at any time on a non-Business Day, on the next following Business Day, and in the case of a notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed.

30. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court or any judicial, regulatory or administrative body of the United States and the States or other subdivisions of the United States and of any nation or state to act in aid of and be complimentary to this Court in carrying out the terms of this Claims Solicitation Procedure Order.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:



A handwritten signature in black ink, appearing to be 'J. Smith', is written over a horizontal line.



A stylized handwritten mark or signature in black ink, possibly initials, is written below the registration text.

JUN 15 2012

**SCHEDULE "A"**

Court File No.: CV-12-9545-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.**

**(the "Applicants")**

**NOTICE OF CLAIMS SOLICITATION PROCEDURE AND**

**CLAIMS BAR DATE REGARDING:**

**3113736 CANADA LTD. (FORMERLY VALLE FOAM  
INDUSTRIES (1995) INC.,  
4362063 CANADA LTD. (FORMERLY DOMFOAM  
INTERNATIONAL INC.) AND  
A-Z SPONGE & FOAM PRODUCTS LTD.**

By Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 12, 2012 (the "**Initial Order**"), the Applicants listed above filed for and obtained relief from their creditors under the *Companies Creditors' Arrangement Act* (the "**CCAA**"). Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed by the Court as monitor in the Applicants' CCAA proceeding (the "**Monitor**").

By Order of the Court dated June 15, 2012 (the "**Claims Solicitation Procedure Order**"), a process was established for creditors to prove claims against the Applicants in existence as at the date of the Initial Order or with respect to Postfiling Claims (as defined below) or with respect to claims against the current or former Directors and Officers of the Applicants which arose on or before June 15, 2012. Capitalized terms in this notice are as defined in the Claims Solicitation

Procedure Order, a copy of which can be found on the Monitor's Website: <http://www.deloitte.com/ca/vallefoam>.

In accordance with the Claims Solicitation Procedure Order, the Monitor shall mail to all known creditors ("**Known Creditors**") of the Applicants a Proof of Claim form together with this notice. Any Creditor who does not receive a Proof of Claim form may obtain this form on the Monitor's Website, <http://www.deloitte.com/ca/vallefoam> or by contacting the Monitor directly as follows: (i) by email: [christow@deloitte.ca](mailto:christow@deloitte.ca); (ii) by mail at Deloitte & Touche Inc., 181 Bay Street West, Suite 1400, Toronto, Ontario, M5J 2V1, attention: Catherine Hristow; or (iii) by facsimile at (416) 601-6690.

In accordance with the Claims Solicitation Procedure Order, any Person or representative class of Persons who wishes to assert a claim against one of more of the Applicants (each, a "**Claim**") which arose (i) at any time up to January 12, 2012; (ii) at any time after January 12, 2012 (a "**Postfiling Claim**") must complete and deliver the Proof of Claim form to the Monitor by mail, fax, e-mail, courier or hand delivery by **no later than 5:00 p.m. (Eastern Standard Time) on August 31, 2012** or such other date as ordered by the Court (the "**Claims Bar Date**").

In accordance with the Claims Solicitation Procedure, any Person or representative class of Persons who wishes to assert a claim against one of more of the current or former Directors and Officers of the Applicants which arose on or before June 15, 2012 (each, a "**D&O Claim**") must complete and deliver the Proof of D&O Claim form to the Monitor by mail, fax, e-mail, courier or hand delivery by **no later than the Claims Bar Date**.

**IF YOUR PROOF OF CLAIM OR PROOF OF D&O CLAIM IS NOT RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE, YOUR CLAIM AGAINST THE APPLICANTS OR THE OFFICERS AND DIRECTORS WILL BE BARRED AND EXTINGUISHED FOREVER.**

A Proof of Claim which is disputed by the Monitor will be addressed in the manner set out in the Claims Solicitation Procedure Order.

**Address of the Monitor:**

**Deloitte & Touche Inc.**  
181 Bay Street West  
Suite 1400  
Toronto, Ontario  
M5J 2V1

**Attention: Catherine Hristow**  
Telephone: (416) 775-8831  
Facsimile: (416) 601-6690  
E-mail: [christow@deloitte.ca](mailto:christow@deloitte.ca)

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

#1900657

**SCHEDULE "B"**

<b>DELOITTE &amp; TOUCHE INC., solely in its capacity as the Court-appointed Monitor of the Applicants, and without personal or corporate liability</b> • • • Telephone: (416) 775-8831 Telecopier: (416) 601-6690 Email: christow@deloitte.ca		OFFICE USE ONLY
		_____
		_____
		Date Received _____

Court File No.: CV-12-9545-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063 CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.**

**(the "Applicants")**

**PROOF OF CLAIM**

**I. DESCRIPTION OF DEBTOR, CREDITOR AND NATURE OF CLAIM**

Name of entity against which claim is being made: *(Check appropriate box in following list. If claims are being made against more than one entity, use a separate Proof of Claim form for each entity.)*

- 3113736 Canada Ltd. (formerly known as Valle Foam Industries (1995) Inc.)
- 4362063 Canada Ltd. (formerly known as Domfoam International Inc.)
- A-Z Sponge & Foam Products Ltd.

(hereinafter the "**Debtor**")

Name of person asserting a claim against the Debtor: \_\_\_\_\_  
(hereinafter the "**Creditor**")

Individual:  Corporation:  Other:  Specify: \_\_\_\_\_

If individual, Creditor's Social Insurance Number: \_\_\_\_\_

If corporation, Business Identification Number: \_\_\_\_\_

Address of Creditor: \_\_\_\_\_

Telephone number of Creditor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E-mail address of Creditor:

\_\_\_\_\_

Fax number of Creditor:

\_\_\_\_\_

I, \_\_\_\_\_, of \_\_\_\_\_, do hereby certify:  
*(Name)* *(City and province)*

1. That I am a Creditor of the Debtor

or that I am \_\_\_\_\_ of \_\_\_\_\_  
*(State position or title)* *(Name of Creditor)*

a Creditor of the Debtor.

2. That I have knowledge of all the circumstances connected with the claim referred to in this form.

3. (Check and complete appropriate category:)

That, as at January 12, 2012, the Creditor had and still has an **unsecured claim** against the Debtor in the sum of CAD\$ \_\_\_\_\_, as shown by the statement (or affidavit or solemn declaration) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. (Claims in US dollars should be converted to Canadian dollars at the rate of [insert], being the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on January 12, 2012. The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim.) (Give full particulars of the claim with all necessary supporting documentation.)

That, as at the date hereof, the Creditor has an **unsecured claim** against the Debtor which arose after January 12, 2012 in the sum of CAD\$ \_\_\_\_\_, as shown by the statement (or affidavit or solemn declaration) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. (Claims in US dollars should be converted to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars as of the date hereof. The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim.) (Give full particulars of the claim with all necessary supporting documentation.)

-or-

That, as at January 12, 2012, the Creditor had and still has a **secured claim** against the Debtor in the sum of CAD\$ \_\_\_\_\_, as shown by the statement (or affidavit or solemn

declaration) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. *(The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim and the security held in respect of the claim, including copies of all security.) (Give full particulars of the claim and security with all necessary supporting documentation.)*

- 4. That to the best of my knowledge and belief, I am (or the above-named Creditor is) (or am not or is not) related to the Debtor within the meaning of section 4 of the *Bankruptcy and Insolvency Act*.

**II. ATTESTATION**

I hereby attest that, to the best of my knowledge, the information in this document is and any and all annexes hereto are truthful and accurate in all material respects.

SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
*(Signature of Creditor)*

\_\_\_\_\_  
*(Signature of witness)*

\_\_\_\_\_  
*(Name of Creditor in block letters)*

\_\_\_\_\_  
*(Name of witness in block letters)*

\_\_\_\_\_  
*(Address of witness in block letters)*

**ANNEX "A"**  
**DETAILS OF CLAIM**



**SCHEDULE "C"**

<b>DELOITTE &amp; TOUCHE INC., solely in its capacity as the Court-appointed Monitor of the Applicants, and without personal or corporate liability</b> ● ● ● Telephone: (416) 775-8831 Telecopier: (416) 601-6690 Email: christow@deloitte.ca		OFFICE USE ONLY
		_____
		_____
		Date Received _____

Court File No.: CV-12-9545-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 3113736 CANADA LTD., 4362063 CANADA LTD.,  
and A-Z SPONGE & FOAM PRODUCTS LTD.**

**(the "Applicants")**

**PROOF OF D&O CLAIM**

**III. DESCRIPTION OF DEBTOR, CREDITOR AND NATURE OF D&O CLAIM**

Name of entity against which claim is being made: *(Check appropriate box in following list. If claims are being made against more than one entity, use a separate Proof of Claim form for each entity.)*

- Director or Officer of 3113736 Canada Ltd. (formerly known as Valle Foam Industries (1995) Inc.)
- Director or Officer of 4362063 Canada Ltd. (formerly known as Domfoam International Inc.)
- Director or Officer of A-Z Sponge & Foam Products Ltd.

(hereinafter the "**Debtor**")

Name of person asserting a claim against the Debtor: \_\_\_\_\_  
(hereinafter the "**Creditor**")

Individual:  Corporation:  Other:  Specify: \_\_\_\_\_

If individual, Creditor's Social Insurance Number: \_\_\_\_\_

If corporation, Business Identification Number: \_\_\_\_\_

Address of Creditor: \_\_\_\_\_

Telephone number of Creditor:

E-mail address of Creditor:

Fax number of Creditor:

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I, \_\_\_\_\_, of \_\_\_\_\_, do hereby certify:

*(Name)*

*(City and province)*

1. That I am a Creditor of the Debtor

or that I am

of

\_\_\_\_\_  
*(State position or title)*

\_\_\_\_\_  
*(Name of Creditor)*

a Creditor of the Debtor.

2. That I have knowledge of all the circumstances connected with the claim referred to in this form.

3. *(Check and complete appropriate category:)*

That, as at June 15, 2012, the Creditor had and still has an **unsecured claim** against the Debtor in the sum of CAD\$ \_\_\_\_\_, as shown by the statement (or affidavit or solemn declaration) attached hereto and marked **Annex "A"**, after deducting any counterclaims to which the Debtor may be entitled. *(Claims in US dollars should be converted to Canadian dollars at the rate of 1.0198%, being the Bank of Canada noon spot rate of exchange for exchanging US dollars to Canadian dollars on January 12, 2012. The attached statement, affidavit or solemn declaration must specify and attach the evidence in support of the claim.) (Give full particulars of the claim with all necessary supporting documentation.)*

4. That to the best of my knowledge and belief, I am (or the above-named Creditor is) (or am not or is not) related to the Debtor within the meaning of section 4 of the *Bankruptcy and Insolvency Act*.

**IV. ATTESTATION**

I hereby attest that, to the best of my knowledge, the information in this document is and any and all annexes hereto are truthful and accurate in all material respects.

SIGNED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
*(Signature of Creditor)*

\_\_\_\_\_  
*(Name of Creditor in block letters)*

\_\_\_\_\_  
*(Signature of witness)*

\_\_\_\_\_  
*(Name of witness in block letters)*

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
*(Address of witness in block letters)*

**ANNEX "A"**  
**DETAILS OF CLAIM**

**SCHEDULE "D"**

**Court File No. CV-12-9545-00CL**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.**

**(the "Applicants")**

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**NOTICE OF REVISION OR DISALLOWANCE**

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**TO: [INSERT NAME AND ADDRESS OF CREDITOR]**

The Monitor has disallowed in full or in part your Claim as set out in your Proof of Claim, as set out below:

**Prefiling Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
	\$	\$	\$
<b>Total</b>	\$	\$	\$

**Postfiling Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
	\$	\$	\$
<b>Total</b>	\$	\$	\$

**REASONS FOR DISALLOWANCE:**

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**IF YOU INTEND TO DISPUTE THIS NOTICE OF REVISION OR DISALLOWANCE:**

You must, no later than **5:00 p.m. (Toronto Time)** on **September 21, 2012**, deliver to the Monitor a Notice of Dispute of Revision or Disallowance (a copy of which can be found on the Monitor's Website at <http://www.deloitte.com/ca/vallefoam>) in accordance with the Claims Solicitation Procedure Order to the following address, email, or facsimile:

**Deloitte & Touche Inc.**

181 Bay Street West  
Suite 1400  
Toronto, Ontario  
M5J 2V1

**Attention: Catherine Hristow**

Telephone: (416) 775-8831

Facsimile: (416) 601-6690

E-mail: [christow@deloitte.ca](mailto:christow@deloitte.ca)

DATE:

#1900657

**SCHEDULE "E"**

**Court File No. CV-12-9545-00CL**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.**

**(the "Applicants")**

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**NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE**

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**1. PARTICULARS OF CREDITOR:**

(a) Full Legal Name of Creditor: \_\_\_\_\_

(b) Full Mailing Address of Creditor: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(c) \*Telephone Number of Creditor: \_\_\_\_\_

(d) \*Facsimile Number of Creditor: \_\_\_\_\_

(e) \*E-mail Address of Creditor: \_\_\_\_\_



(f) Attention (Contact Person): \_\_\_\_\_

**\*In order to ensure that all Claims are processed in an expedited manner you must provide one (1) or more of your telephone number, fax number or e-mail address.**

**2. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:**

(a) Have you acquired this Claim by Assignment? Yes  No   
(if yes, attach document evidencing assignment)

(b) Full Legal Name of original Creditor(s): \_\_\_\_\_

**3. DISPUTE OF REVISION OR DISALLOWANCE OF CLAIM FOR VOTING AND/OR DISTRIBUTION PURPOSES:**

We hereby disagree with the value of our Claim set out in the Notice of Revision or Disallowance dated \_\_\_\_\_, as set out below:

**Claim:**

<b>Claim Against</b>	<b>Claim per Proof of Claim</b>	<b>Allowed Amount</b>	<b>Disallowed Amount</b>
	\$	\$	\$
<b>Total Claims</b>			

**REASONS FOR DISPUTE:**

*(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction (s) or agreement(s) giving rise to the Claim, name of any guarantor(s) that has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)*

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If you intend to dispute a Notice of Revision or Disallowance, you must, no later than **5:00 p.m. (Toronto Time) on October 5, 2012** deliver to the Monitor a Notice of Dispute of Revision or Disallowance in accordance with the Claims Solicitation Procedure Order to the following address, email or facsimile:

**Deloitte & Touche Inc.**  
181 Bay Street West  
Suite 1400  
Toronto, Ontario  
M5J 2V1

**Attention: Catherine Hristow**  
Telephone: (416) 775-8831  
Facsimile: (416) 601-6690  
E-mail: christow@deloitte.ca

If you do not deliver a Notice of Dispute of Revision or Disallowance by the time and date set out above, as applicable, the value of your Claim shall be deemed to be as set out in the Monitor's Notice of Revision or Disallowance.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Per: \_\_\_\_\_

#1900657

IN THE MATTER OF THE COMPANIES' CREDITORS' ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063 CANADA LTD., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No. CV-12-9545-00CL

<p><b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b> <b>COMMERCIAL LIST</b> Proceeding commenced at TORONTO</p>	
<p><b>ORDER</b> <b>(Claims Solicitation Procedure)</b></p>	
<p><b>MINDEN GROSS LLP</b> 145 King Street West, Suite 2200 Toronto ON M5H 4G2</p>	
<p><b>Raymond M. Slattery</b> (LSUC #20479L) 416-369-4149 <a href="mailto:rsattery@mindengross.com">rsattery@mindengross.com</a></p>	
<p><b>David T. Ullmann</b> (LSUC #423571) 416-369-4148 <a href="mailto:dullmann@mindengross.com">dullmann@mindengross.com</a></p>	
<p><b>Sepideh Nassabi</b> (LSUC #60139B) 416-369-4323 <a href="mailto:snassabi@mindengross.com">snassabi@mindengross.com</a> 416-864-9223 fax</p>	
<p>Lawyers for the Applicants</p>	

# TAB D

## Exhibit D

**Deloitte & Touche Inc., CCAA Monitor of  
3113736 Canada Ltd.  
(formerly Valle Foam Industries (1995) Inc.)  
Statement of Receipts and Disbursements  
For the period March 29, 2012 to September 17, 2015**

Receipts

Sale of assets	\$ 1,560,000.00
Accounts Receivable - Collected by Purchaser	3,699,723.31
Accounts Receivable - Collected by Applicants	150,609.95
Reimbursement of Legal Fees (net of payment of post-filing obligations)	631,451.21
Insurance Refund	51,297.00
Interest Earned	186,753.22
Class Action Settlement (net)	383,754.65
Loan Repayment & Interest from 4362063 Canada Ltd.	838,261.00
Total cash receipts	<u>\$ 7,501,850.34</u>

Disbursements

CCAA Monitor's Fees	251,774.48
HST on CCAA Monitor's Fees	32,730.67
Legal Fees and Disbursements	897,855.47
HST Paid on Legal and Disbursements	108,245.81
Other Disbursements (Newspaper Notices, Bank Charges)	5,809.44
HST on Disbursements	797.26
PST Paid on D&O Premium	2,070.00
D&O Insurance premium	25,875.00
Post-filing Claims Paid	129,015.90
Total cash disbursements	<u>\$ 1,454,174.03</u>

Cash on hand as at September 17, 2015	<u>\$ 6,047,676.31</u>
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# TAB E

Exhibit E

**Deloitte & Touche Inc., CCAA Monitors of  
4362063 Canada Ltd.  
(formerly Domfoam International Inc.)  
Statement of Receipts and Disbursements  
For the period March 29, 2012 to September 17, 2015**

Receipts

Sale of assets	\$ 4,050,879.66
Funds received from Domfoam RBC bank accounts	296,932.86
Interest earned	82,846.59
Class Action Settlement (net)	<u>258,274.62</u>
Total cash receipts	\$ <u>4,688,933.73</u>

Disbursements

CCAA Monitor's Fees	251,774.47
HST on CCAA Monitor's Fees	31,887.25
Legal Fees and Disbursements	1,364,173.53
HST Paid on Legal and Disbursements	107,944.95
Other Disbursements (Newspaper Notices, bank charges)	5,787.71
HST on Disbursements	640.47
PST Paid on D&O Premium	2,070.00
D&O Insurance premium	25,875.00
Loan Payment & Interest to 3113736 Canada Ltd.	<u>838,261.00</u>
Total cash disbursements	\$ <u>2,628,414.38</u>

Cash on hand as at September 17, 2015	\$ <u><u>2,060,519.35</u></u>
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# TAB F

Exhibit F

Deloitte & Touche Inc., CCAA Monitors of  
of A-Z Sponge & Foam Products Ltd.  
Statement of Receipts and Disbursements  
For the period March 29, 2012 to September 17, 2015

Receipts

Sale of assets	\$ 842,278.49
Funds received from A-Z bank account	304,564.36
Insurance Refund	8,517.80
Interest Earned	22,861.33
Class Action Settlement (net)	36,783.38
Total cash receipts	\$ <u>1,215,005.36</u>

Disbursements

CCAA Monitor's Fees	55,949.84
HST on CCAA Monitor's Fees	7,273.49
Legal Fees and Disbursements	311,166.49
HST Paid on Legal and Disbursements	23,633.17
Other Disbursements (Newspaper Notice, bank charges)	1,306.89
HST on Disbursements	272.50
PST Paid on D&O Premium	460.00
D&O Insurance premium	5,750.00
Post-filing claims paid	135,372.59
Total cash disbursements	\$ <u>541,184.97</u>

Cash on hand as at September 17, 2015	\$ <u><u>673,820.39</u></u>
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# TAB G

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063 CANADA LTD., AND  
A-Z SPONGE & FOAM PRODUCTS LTD.**

**APPLICANTS**

**AFFIDAVIT OF CATHERINE HRISTOW  
(Sworn September 18, 2015)**

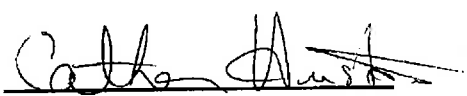
I, Catherine Hristow of the Town of Richmond Hill in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

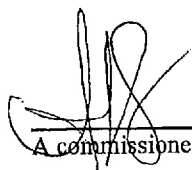
1. I am a Chartered Professional Accountant, and Chartered Insolvency and Restructuring Professional qualified to practice in the Province of Ontario and am a Vice President of Deloitte Restructuring Inc. ("Deloitte"), the Court-Appointed monitor (the "Monitor") of 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc. ("**Valle Foam**")), 4362063 Canada Ltd. (formerly Domfoam International Inc. ("**Domfoam**")) and A-Z Sponge & Foam Products Ltd. ("**A-Z Foam**") (collectively, the "**Applicants**" or the "**Companies**") and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as Exhibit "A" are true copies of the invoice for fees and disbursements incurred by Deloitte in the course of the CCAA administration of the Company between April 2, 2015 and August 31, 2015 (the "**Passing of Accounts Period**").

3. The total fees of the Monitor during the Passing of Accounts Period amount to \$31,219.00, together with harmonized sales tax ("HST") in the amount of \$4,058.47 totalling \$35,277.47.
4. To the best of my knowledge, the rates charged by Deloitte throughout the course of these proceedings are comparable to the rates charged by other accounting firms in the Toronto market for the provision of similar services.
5. The hourly billing rates outlined in Exhibit "A" to this affidavit are comparable to the hourly rates charged by Deloitte for services rendered in relation to similar proceedings.
6. The fees of the Monitor have been allocated on a percentage basis to Valle Foam, Domfoam and A-Z at 45%, 45% and 10% respectively as agreed with the Applicants.
7. Attached as Exhibit "A" to the Affidavit of Grant Moffat sworn and filed in support of the within motion are the full particulars of the fees and disbursements of Thornton Grout Finnigan LLP, counsel to the Monitor, which have been incurred during the period April 1, 2015 to August 31, 2015.
8. Thornton Grout Finnigan LLP rendered services throughout these proceedings in a manner consistent with instructions from the Monitor. The Monitor has approved all such accounts and I verily believe that the fees and disbursements of Thornton Grout Finnigan LLP are fair and reasonable in the circumstances.
9. I make this affidavit in support of a motion by the Monitor for, *inter alia*, approval of the fees and disbursements of the Monitor.

**SWORN BEFORE ME**  
at the City of Toronto, in the  
Province of Ontario this 22nd  
day of September, 2015

)  
)  
)  
)  
)   
) Catherine Hristow )

  
\_\_\_\_\_  
A commissioner for taking oaths, etc.

Anna Koroneos, a Commissioner, etc.,  
Province of Ontario  
for Deloitte Restructuring Inc.,  
Trustee in Bankruptcy,  
Expires July 10, 2016.

**EXHIBIT "A"**

**REFERRED TO IN THE AFFIDAVIT OF CATHERINE HRISTOW**  
*(Sworn September 22, 2015)*



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**Commissioner**

**Anna Koroneos, a Commissioner, etc.,  
Province of Ontario  
for Deloitte Restructuring Inc.,  
Trustee in Bankruptcy,  
Expires July 10, 2016.**



Deloitte Restructuring Inc.  
5140 Yonge Street  
Suite 1700  
Toronto ON M2N 6L7  
Canada

Tel: 416-601-6150  
Fax: 416-601-6151  
www.deloitte.ca

**Private and Confidential**

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
4362063 Canada Ltd. (formerly Domfoam International Inc.)  
A-Z Sponge & Foam Products Ltd.  
c/o Deloitte Restructuring Inc.  
181 Bay Street, Suite 1400  
Toronto, ON M5J 2V1

Date: July 6, 2015  
Invoice No: **3865003**  
Client/Mandate No: 921001/1000001  
Billing Partner: Paul Casey

HST Registration No: 122893605

**Attention: Mr. Paul Casey**

# Invoice

For professional services rendered in connection with Deloitte Restructuring Inc., acting as Court-Appointed Monitor under the *Companies' Creditors Arrangement Act (R.S.C., 1985, c. C-36)* ("CCAA") of 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc. ("**Valle Foam**")), 4362063 Canada Ltd. (formerly Domfoam International Inc. ("**Domfoam**")), and A-Z Sponge & Foam Products Ltd. ("**A-Z**") (collectively the "Companies") for the period April 2, 2015 to June 26, 2015.

Date	Professional	Description
4/2/2015	Brown, Rose	Prepare and issue cheques and record same in Ascend.
4/7/2015	Hristow, Catherine	Correspondence with M. Whitmer regarding legal invoice and affidavit; review and approve Thornton Grout Finnigan ("TGF") invoice; review various court reports and other documentation and respond to M. Corbett's request for information; request banking information for court report from R. Brown and review same.
4/8/2015	Brown, Rose	Review specific claims, scan and send copies to C. Hristow; retrieve files from storage.
4/8/2015	Hristow, Catherine	Various correspondences with R. Brown regarding claims and claims schedules; review claim correspondences; email to S. Normandin requesting additional information; telephone attendance with G. Moffat; correspondences with M. Corbett.
4/9/2015	Cisterna, Danny	Discussion with M. Corbett; review draft letter regarding clearance certificates; discussion with C. Hristow.
4/9/2015	Corbett, Marisa	Review materials to complete clearance certificate requests; discussions with D. Cisterna regarding WorkSafe BC; submission to WorkSafe BC regarding Proof of Claim, and follow up discussions with WorkSafe BC representatives and correspondence with C. Hristow regarding same; prepare draft Workplace BC letter requesting clearance certificate.

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
 4362063 Canada Ltd. (formerly Domfoam International Inc.)  
 A-Z Sponge & Foam Products Ltd.  
 c/o Deloitte Restructuring Inc.  
 July 6, 2015  
 Page 2

Date	Professional	Description
4/9/2015	Hristow, Catherine	Various correspondences with R. Brown regarding claims and reports; review draft reports from Ascend; various correspondence with M. Corbett regarding WorkSafe BC and discussion with D. Cisterna regarding same.
4/10/2015	Brown, Rose	Review dividend sheet and full creditor list and send PDF copy to C. Hristow.
4/10/2015	Corbett, Marisa	Send second request to WorkSafe BC; review correspondence from C. Hristow.
4/10/2015	Hristow, Catherine	Prepare draft affidavit of fees for court report; telephone attendance and email correspondence with P. Dhurt of WorkSafe BC; correspondence with M. Corbett; correspondences with D. Ullman; review and respond to correspondence from S. Nassabi regarding court date in July.
4/14/2015	Brown, Rose	Prepare updated dividend sheet and full creditor list for C. Hristow for each of the estates and send same to C. Hristow.
4/14/2015	Hristow, Catherine	Correspondences with G. Moffat regarding Revenu Quebec; review and approve payment of legal accounts; correspondence with R. Brown regarding information on claims filed to date; review correspondence from D. Ullmann; correspondences with G. Moffat regarding WSIB Ontario claim; comfort letters and correspondence from D. Ullmann; review and forward affidavit of M. Whitmer to G. Moffat; correspondence with P. Dhut of WorkSafe BC; review updated claims registers in Ascend and compare same to the excel spreadsheets used to report to the court previously, including late filed claims.
4/15/2015	Hristow, Catherine	Review proof of claim from WorkSafe BC and telephone attendances with P. Dhute regarding same; telephone attendance with G. Moffat; correspondence with D. Ullmann; correspondence with P. Casey.
4/16/2015	Hristow, Catherine	Continue reviewing claims and revising the court report.
4/16/2015	Hristow, Catherine	Revise affidavit of fees; prepare schedule of legal fees for court report; update statements of receipts and disbursements; correspondence with D. Ullmann; email correspondence with S. Nassabi requesting update on outstanding legal actions; review correspondence from N. Berube regarding comfort letter; correspondence with D. Ullmann regarding G. Ross completing the forms required in order to obtain comfort letter; review WorkSafe BC proof of claim and correspondence with G. Moffat regarding same; telephone attendance with S. Nassabi.
4/17/2015	Bryk, Adam	Review of Monitor's 11th report and provide comments on same.
4/17/2015	Casey, Paul	Review emails from C. Hristow; revise and execute Fee Affidavit.
4/17/2015	Hristow, Catherine	Continue with revisions to court report; review and check claims totals and amounts paid; telephone attendance with G. Moffat; correspondences with P. Casey; correspondence with A. Bryk regarding review of the court report; correspondence with A. Fournier.
4/20/2015	Brown, Rose	Update Monitor's website.
4/20/2015	Casey, Paul	Review and revise Monitor's Court Report; correspondences with C. Hristow regarding same.



3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)

4362063 Canada Ltd. (formerly Domfoam International Inc.)

A-Z Sponge & Foam Products Ltd.

c/o Deloitte Restructuring Inc.

July 6, 2015

Page 3

Date	Professional	Description
4/20/2015	Hristow, Catherine	Correspondences with P. Casey regarding court report; review claims schedules; finalize report; correspondences with C. Faria and A. Fournier; correspondence with S. Nassabi regarding litigation.
4/21/2015	Brown, Rose	Prepare and issue cheques and record same in Ascend.
4/21/2015	Hristow, Catherine	Correspondence with G. Moffat regarding BC CRA claim.
4/22/2015	Casey, Paul	Prepare for and attend at Superior Court of Justice for Stay extension; discussions with G. Moffat and R. Slattery.
4/22/2015	Hristow, Catherine	Telephone attendance with CRA in BC regarding recent letter of additional amounts owing for source deductions; correspondence with G. Moffat regarding same.
4/23/2015	Brown, Rose	Correspondence with C. Hristow regarding renewal of investments and advise bank of same.
4/23/2015	Hristow, Catherine	Review correspondence from G. Moffat; correspondence with R. Brown regarding renewal of investments.
4/24/2015	Hristow, Catherine	Correspondences with J. Ehrman; forward stay extension order to J. Ehrman to seek same in the U.S. courts.
5/6/2015	Hristow, Catherine	Correspondence with G. Moffat regarding BC CRA; review voicemail from D. Ullmann, send email correspondence regarding Revenu Quebec and review response to same; correspondence with S. Nassabi.
5/7/2015	Hristow, Catherine	Telephone attendance with D. Ullmann.
5/12/2015	Hristow, Catherine	Review correspondence from D. Ullmann regarding Revenu Quebec.
5/14/2015	Hristow, Catherine	Review and respond to request from Modor Tech to purchase assets of Valle et al.
5/19/2015	Hristow, Catherine	Review correspondence from S. Nassabi regarding listing of legal actions; review correspondence from D. Ullmann regarding offer to settle with Revenu Quebec.
5/20/2015	Hristow, Catherine	Review correspondence from S. Nassabi and correspond with G. Moffat regarding same; telephone attendance with G. Moffat.
5/22/2015	Hristow, Catherine	Review correspondence from TGF.
5/26/2015	Brown, Rose	Correspondence with C. Hristow regarding renewal of investments and advise bank of same; prepare cheques and record investments and cheques in Ascend.
5/26/2015	Hristow, Catherine	Correspondence with R. Brown regarding investments.
5/27/2015	Hristow, Catherine	Correspondence with S. Nassabi.
5/28/2015	Brown, Rose	Prepare cheques and record same in Ascend.
5/28/2015	Hristow, Catherine	Review Osler invoice and correspond with C. Naudie; correspondence with R. Brown; review information and correspond with G. Moffat.
6/9/2015	Hristow, Catherine	Review correspondence from S. Nassabi.
6/15/2015	Brown, Rose	Prepare cheques and record same in Ascend.
6/22/2015	Hristow, Catherine	Correspondence with S. Nassabi regarding settlement offer for Conquest flooring.
6/15/2015	Brown, Rose	Correspondence with C. Hristow regarding renewal of investments and advise bank of same.
6/25/2015	Hristow, Catherine	Correspondence with R. Brown regarding Valle et al investments.

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
 4362063 Canada Ltd. (formerly Domfoam International Inc.)  
 A-Z Sponge & Foam Products Ltd.  
 c/o Deloitte Restructuring Inc.  
 July 6, 2015  
 Page 4

**Summary of Fees**

Professional	Position	Hours	Rate	Fees
Paul Casey	Partner	3.2	650.00	2,080.00
Adam Bryk	Partner	0.5	650.00	325.00
Danny Cisterna	Partner	0.5	650.00	325.00
Catherine Hristow	Vice President	36.9	570.00	21,033.00
Marisa Corbett	Manager	2.6	425.00	1,105.00
Rose Brown	Trust Administrator	7.3	160.00	1,168.00
<b>Total hours and professional fees</b>		51.0		26,036.00
<b>Blended hourly rate</b>			<b>510.51</b>	
HST @13%				3,384.68
<b>Total Amount Due</b>				<b>\$29,420.68</b>

**Allocation of Fees**

Entity	Professional Fees	Taxes	Total
Valle Foam Industries (1995) Inc. (45%)	\$11,716.20	1,523.11	\$13,239.31
Domfoam International Inc. (45%)	11,716.20	1,523.11	13,239.31
A-Z Sponge & Foam Products (10%)	2,603.60	338.47	2,942.07
<b>Totals</b>	<b>\$26,036.00</b>	<b>3,384.68</b>	<b>\$29,420.68</b>

Payable upon receipt to Deloitte Restructuring Inc.

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

# Deloitte.

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
4362063 Canada Ltd. (formerly Domfoam International Inc.)  
A-Z Sponge & Foam Products Ltd.  
c/o Deloitte Restructuring Inc.  
April 29, 2015  
Page 5

**Please note our banking information has changed.**

## Remittance instructions

**Please use one of the three payment options below:**

**We encourage our clients to pay by Electronic Funds Transfer.  
Please note we do not accept Interac e-Transfers.**

### Electronic Funds Transfer Information:

The Bank of Nova Scotia,  
Business Service Centre, 20 Queen Street West, 4<sup>th</sup> Floor, Toronto, Ontario M5H 3R3

#### To pay invoices in CAD\$:

##### CAD Account

Transit-Institution #: 47696-002  
Account #: 1590219  
Swift code: NOSCCATT

#### To pay invoices in USD\$:

##### USD Account

Transit-Institution #: 47696-002  
Account #: 1363514  
ABA #: 026002532

**Please send payment confirmation by email to  
[receivablesdebiturs@deloitte.ca](mailto:receivablesdebiturs@deloitte.ca) and reference the invoice number listed.**

### We also accept payment by online bill payment:

Select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the first 6 digits of your client number.

### When paying by cheque please mail your payment to:

#### CAD Payments

Deloitte Management Services LP  
c/o T04567C  
PO Box 4567, STN A  
Toronto, ON M5W 0J1

#### USD Payments

Deloitte Management Services LP  
c/o T04567U  
PO Box 4567, STN A  
Toronto, ON M5W 0J1



Deloitte Restructuring Inc.  
5140 Yonge Street  
Suite 1700  
Toronto ON M2N 6L7  
Canada

Tel: 416-601-6150  
Fax: 416-601-6151  
www.deloitte.ca

**Private and Confidential**

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
4362063 Canada Ltd. (formerly Domfoam International Inc.)  
A-Z Sponge & Foam Products Ltd.  
c/o Deloitte Restructuring Inc.  
181 Bay Street, Suite 1400  
Toronto, ON M5J 2V1

Date: **September 17, 2015**  
Invoice No: **3905000**  
Client/Mandate No: 921001/1000001  
Billing Partner: Paul Casey  
HST Registration No: 122893605

**Attention: Mr. Paul Casey**

# Invoice

For professional services rendered in connection with Deloitte Restructuring Inc., acting as Court-Appointed Monitor under the *Companies' Creditors Arrangement Act (R.S.C., 1985, c. C-36)* ("CCAA") of 3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc. ("**Valle Foam**")), 4362063 Canada Ltd. (formerly Domfoam International Inc. ("**Domfoam**")), and A-Z Sponge & Foam Products Ltd. ("**A-Z**") (collectively the "Companies") for the period June 27, 2015 to August 31, 2015.

Date	Professional	Description
6/29/2015	Hristow, Catherine	Review and sign bank reconciliations.
7/2/2015	Hristow, Catherine	Review correspondences sent to G. Moffat and send further email regarding same; correspondence with R. Brown regarding CRA and WorkSafe BC payments for A-Z; correspondence with S. Nassabi.
7/2/2015	Brown, Rose	Print various legal bills, prepare journal entries and transfer between accounts to record legal expenses.
7/6/2015	Hristow, Catherine	Correspondence with R. Slattery; correspondence with D. Ullmann regarding update on Revenu Quebec.
7/8/2015	Hristow, Catherine	Correspondence with R. Brown regarding approval and payment of legal fees.
7/15/2015	Hristow, Catherine	Telephone attendance with S. Nassabi to review information for court hearing on Friday; telephone attendance with G. Moffat regarding distribution report and outstanding matters.
7/16/2015	Brown, Rose	Prepare disbursement cheques and record same in Ascend.
7/17/2015	Hristow, Catherine	Review claims and defenses filed by Quality and Company, and Décor-Rest, and participate on court call regarding same.
7/20/2015	Hristow, Catherine	Correspondence with S. Nassabi regarding Quality & Co.
7/23/2015	Brown, Rose	Prepare transfer between accounts for legal fees and two distribution cheques for A-Z, and record same in Ascend.

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
 4362063 Canada Ltd. (formerly Domfoam International Inc.)  
 A-Z Sponge & Foam Products Ltd.  
 c/o Deloitte Restructuring Inc.  
 September 17, 2015  
 Page 2

<b>Date</b>	<b>Professional</b>	<b>Description</b>
7/24/2015	Hristow, Catherine	Review correspondence from D. Ullmann regarding proposed settlement from Revenu Quebec.
7/28/2015	Hristow, Catherine	Letters to WorkSafe BC and CRA regarding post filing claims and enclosing payments regarding same.
7/29/2015	Hristow, Catherine	Correspondences with C. Naudie regarding invoice and remaining tasks; correspondences with A. Koroneos regarding query from Euler Hermes.
7/29/2015	Koroneos, Anna	Discussion with representative of Euler Hermes on claims process and pending distribution; correspondence with C. Hristow and respond to Euler Hermes.
7/31/2015	Hristow, Catherine	Correspondence with Balcan Plastics regarding status of CCAA.
8/5/2015	Hristow, Catherine	Review and approve bank reconciliations.
8/8/2015	Hristow, Catherine	Review correspondence from P. Berg of Argo Partners; review claims filed in Valle Foam and respond to P. Berg's email.
8/12/2015	Koroneos, Anna	Locate claims in response to P. Berg's information on change in beneficiary.
8/13/2015	Hristow, Catherine	Review correspondence received from S. Nassabi regarding Cuio, Direct and Statum offers to settle and analyze same; correspondence with S. Nassabi regarding same and instruct to accept offers of settlement.
8/18/2015	Hristow, Catherine	Review and sign release for Conquest Flooring regarding settlement of legal action.
8/20/2015	Hristow, Catherine	Review correspondence from D. Ullmann regarding Revenu Quebec.
8/26/2015	Brown, Rose	Prepare deposits, attend at bank and record same in Ascend.
8/27/2015	Brown, Rose	Renew investments and record same in Ascend.
8/28/2015	Hristow, Catherine	Discussions with R. Brown; review legal documentation.
8/28/2015	Brown, Rose	Prepare deposit, attend at bank and record same in Ascend.

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
 4362063 Canada Ltd. (formerly Domfoam International Inc.)  
 A-Z Sponge & Foam Products Ltd.  
 c/o Deloitte Restructuring Inc.  
 September 17, 2015  
 Page 3

**Summary of Fees**

<b>Professional</b>	<b>Position</b>	<b>Hours</b>	<b>Rate</b>	<b>Fees</b>
Catherine Hristow	Vice President	7.3	570.00	4,161.00
Anna Koroneos	Manager	1.2	425.00	510.00
Rose Brown	Trust Administrator	3.2	160.00	512.00
<b>Total hours and professional fees</b>		11.7		5,183.00
<b>Blended hourly rate</b>			<b>442.99</b>	
HST @13%				673.79
<b>Total Amount Due</b>				<b>\$5,856.79</b>

**Allocation of Fees**

<b>Entity</b>	<b>Professional Fees</b>	<b>Taxes</b>	<b>Total</b>
Valle Foam Industries (1995) Inc. (45%)	2,332.35	303.21	2,635.56
Domfoam International Inc. (45%)	2,332.35	303.21	2,635.56
A-Z Sponge & Foam Products (10%)	518.30	67.38	585.68
<b>Totals</b>	<b>5,183.00</b>	<b>673.79</b>	<b>5,856.79</b>

Remittance information on last page

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty (30) days after the invoice date to the date on which the entire account is paid.

# Deloitte.

3113736 Canada Ltd. (formerly Valle Foam Industries (1995) Inc.)  
4362063 Canada Ltd. (formerly Domfoam International Inc.)  
A-Z Sponge & Foam Products Ltd.  
c/o Deloitte Restructuring Inc.  
September 17, 2015  
Page 4

**Please note our banking information has changed.**

**Remittance instructions**  
**Please use one of the three payment options below:**

**We encourage our clients to pay by Electronic Funds Transfer.**  
**Please note we do not accept Interac e-Transfers.**

**Electronic Funds Transfer Information:**

The Bank of Nova Scotia,  
Business Service Centre, 20 Queen Street West, 4<sup>th</sup> Floor, Toronto, Ontario M5H 3R3

**To pay invoices in CAD\$:**

**CAD Account**

Transit-Institution #: 47696-002  
Account #: 1590219  
Swift code: NOSCCATT

**To pay invoices in US\$:**

**USD Account**

Transit-Institution #: 47696-002  
Account #: 1363514  
ABA #: 026002532

**Please send payment confirmation by email to**  
**[receivablesdebiturs@deloitte.ca](mailto:receivablesdebiturs@deloitte.ca) and reference the invoice number listed.**

**We also accept payment by online bill payment:**

Select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the first 6 digits of your client number.

**When paying by cheque please mail your payment to:**

**CAD Payments**

Deloitte Management Services LP  
c/o T04567C  
PO Box 4567, STN A  
Toronto, ON M5W 0J1

**USD Payments**

Deloitte Management Services LP  
c/o T04567U  
PO Box 4567, STN A  
Toronto, ON M5W 0J1

# TAB H



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 3113736 CANADA LTD., 4362063 CANADA LTD., and  
A-Z SPONGE & FOAM PRODUCTS LTD.**

**APPLICANTS**

**AFFIDAVIT OF GRANT MOFFAT  
(Sworn September 18, 2015)**

I, **GRANT MOFFAT**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Thornton Grout Finnigan LLP (“**TGF**”), lawyers for Deloitte Restructuring Inc. in its capacity as monitor (the “**Monitor**”) of the property, assets and undertakings of Valle Foam Industries (1995) Inc., Domfoam International Inc. and A-Z Sponge & Foam Products Ltd. and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as Exhibit “**A**” are true copies of the invoices forwarded to the Monitor by TGF for fees and disbursements incurred by TGF in the course of the within proceeding for the period April 1, 2015 to August 31, 2015.

3. Attached hereto as Exhibit "B" is a schedule summarizing each invoice in Exhibit "A", the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

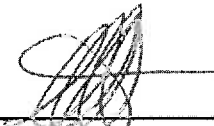
4. Attached hereto as Exhibit "C" is a schedule summarizing the respective years of call and billing rates of each of the solicitors at TGF who acted for the Monitor.

5. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.

6. The hourly billing rates outlined in Exhibit "C" to this affidavit are comparable to the hourly rates charged by TGF for services rendered in relation to similar proceedings.

7. I make this affidavit in support of a motion by the Monitor for, *inter alia*, approval of the fees and disbursements of the Monitor's counsel.

**SWORN BEFORE ME** )  
at the City of Toronto, in the )  
Province of Ontario this 18 )  
day of September, 2015. )  
)

  
\_\_\_\_\_  
**Grant B. Moffat**

\_\_\_\_\_  
A commissioner for taking oaths, etc.

**Gloria Kalkounis, a Commissioner, etc.,  
City of Toronto, for  
ThorntonGroutFinnigan LLP,  
Barristers and Solicitors.  
Expires August 27, 2016.**

# TAB A

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.  
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736  
CANADA LTD., 4362063 CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**THIRTY SIXTH BILL OF COSTS OF THE MONITOR**

**For the period ending April 30, 2015**

Apr-01-15	Review Revenu Quebec proof of claim and correspondence with Revenu Quebec; review summary of proof of claim by Monitor; reconcile amounts claimed as post-filing payables; telephone call with K. O'Hara at Ministry of Finance;	2.20	GBM
	Review Minister of Finance proof of claim; draft correspondence to K. O'Hara regarding same; review Retail Sales Tax Act regarding same;	0.50	GBM
	Review correspondence from B.C. Minister of Finance;	0.20	GBM
	Review correspondence from Revenu Quebec regarding Quebec sales tax;	0.30	GBM
	Telephone call with Quebec counsel regarding liability under Quebec statutes;	0.20	GBM
Apr-02-15	Review Quebec Taxation Act; revise comfort letter; review Revenu Quebec claim regarding amount to be paid post-filing;	1.30	GBM
	Prepare report regarding distribution issues;	0.90	GBM
	Telephone call with N. Berube at Revenu Quebec regarding comfort letter; revise letter to Revenu Quebec; correspondence with N. Berube regarding same;	0.70	GBM
	Telephone call with CRA in British Columbia regarding comfort letter; correspondence with CRA regarding same;	0.80	GBM
	Letter to British Columbia Ministry of Finance regarding comfort letter; review British Columbia statutes imposing liability on receivers; revise correspondence to British Columbia Ministry of Finance regarding same;	0.70	GBM

	Prepare comfort letters to be executed by B.C. Ministry and CRA; letters to each of B.C. Ministry and CRA;	0.70	AF
Apr-06-15	Review correspondence from C. Naudie regarding settlement; review Revenu Quebec claim;	0.30	GBM
Apr-08-15	Telephone call with C. Hristow regarding status of comfort letters; review correspondence from CRA regarding same;	0.40	GBM
Apr-09-15	Telephone call with P. Zevenhuizen of the Department of Justice regarding comfort letter for Valle Foam; correspondence with P. Zevenhuizen regarding same;	0.40	GBM
Apr-10-15	Telephone call with Department of Justice regarding CRA proof of claim; correspondence from Department of Justice regarding same; telephone call with R. Slattery regarding extension of stay of proceedings;	1.00	GBM
	Prepare draft distribution order; consider claims bar provisions; review reports regarding same;	0.60	GBM
Apr-14-15	Review correspondence from C. Hristow regarding calculation of Revenu Quebec post-filing claim;	0.40	GBM
	Correspondence with Ontario Ministry of Finance regarding comfort letter; review correspondence from Ministry of Finance regarding same;	0.30	GBM
	Draft interim distribution order;	0.40	GBM
	Review correspondence from C. Hristow regarding D&O charge issue and HST reassessment; review Initial Order; correspondence with C. Hristow regarding same;	0.50	GBM
	Draft distribution order; review taxing statutes regarding same; review prior reports regarding distribution issues; telephone call with Department of Justice regarding comfort letter; review correspondence from Ontario Ministry of Finance regarding same,	3.40	GBM
	Telephone call with D. Ullman regarding distribution;	0.30	GBM
	Telephone call with W. Branch regarding interim distribution; telephone call with C. Naudie regarding ongoing cooperation obligations; telephone call with Revenu Quebec regarding comfort letter; telephone call with B.C. Ministry of Finance solicitor regarding comfort letter; telephone call with R. Slattery;	1.00	GBM
	Revise Monitor's eleventh report;	0.30	AF
Apr-15-15	Telephone call with the Department of Justice regarding comfort letter for Valle Foam; correspondence with R. Slattery regarding service list;	0.20	GBM
	Telephone call with N. Bcrube regarding comfort letter;	0.20	GBM

	Telephone call with C. Hristow regarding status of distribution and Eleventh Report; review correspondence from the Department of Justice;	0.40	GBM
	Telephone call with D. Hatter at B.C. Ministry of Finance; correspondence with D. Hatter regarding comfort letter;	0.40	GBM
	Revise report; correspondence with D. Ullman regarding stay extension;	0.70	GBM
	Discuss with G. Moffat; update service list;	0.40	AF
Apr-16-15	Telephone call with D. Ullman regarding stay extension; review correspondence from C. Hristow regarding Revenu Quebec claim;	0.20	GBM
	Review British Columbia comfort letter;	0.20	GBM
	Revise 11th Report to the Court;	0.70	GBM
	Revise 11th report; prepare fee affidavit and exhibits thereto; email documents to C. Hristow; compile exhibits to 11th report;	1.00	AF
Apr-17-15	Review and revise Eleventh Report to Court; telephone call with C. Hristow regarding same;	0.50	GBM
	Emails to and from client regarding execution of report; receive and review fee affidavit of P. Casey;	0.30	AF
Apr-20-15	Review final report;	0.30	GBM
	Receive executed Report and finalize same with exhibits for service and filing; email to Service List; prepare Affidavit of Service;	1.30	AF
Apr-22-15	Attend stay extension motion;	1.40	GBM
	Review correspondence from CRA regarding reassessment of A-Z;	0.20	GBM
Apr-23-15	Review CRA proof of claim for A-Z; consider priority of interest for post-filing claim;	0.70	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>	
Grant B. Moffat	22.90	\$750.00	17,175.00	
Annette Fournier (Law Clerk)	4.00	\$250.00	1,000.00	
<b>TOTAL FEE HEREIN</b>			<b>\$18,175.00</b>	
<b>HST on Fees</b>			<b>\$2,362.75</b>	
<b>Total Fees and HST</b>				<b>\$20,537.75</b>

**Disbursements:**

Photocopies	\$31.00
Telephone	\$49.75

<b>Total Taxable Disbursements</b>	<b>\$80.75</b>
<b>HST on Disbursements</b>	<b>\$19.50</b>

<b>Total Non-Taxable Disbursements</b>	<b><u>\$0.00</u></b>
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<b>Total Disbursements and HST</b>	<b><u>\$91.25</u></b>
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<b>Total Fees, Disbursements &amp; HST</b>	<b>\$20,629.00</b>
--	--------------------

<b>OUR ACCOUNT HEREIN</b>	<b><u>\$20,629.00</u></b>
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ThorntonGroutFinnigan LLP

Per: \_\_\_\_\_

  
Grant B. Moffat

HST No. 87042 1039RT  
 Matter No. 533-029  
 Invoice No. 29322  
 Date: May 22/15

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**THIRTY SIXTH BILL OF COSTS OF THE MONITOR**

**Thornton Grout Finnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Fax: 416-304-1313  
Email: gmoffat@tgf.ca

Lawyers for the Monitor





Court File No. CV-12-9545-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.  
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736  
CANADA LTD., 4362063 CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**THIRTY SEVENTH BILL OF COSTS OF THE MONITOR**

**For the period ending May 31, 2015**

Apr-02-15	Research regarding taxing statutes; discussion with and email to G. Moffat;	1.00	LN
May-06-15	Telephone call with R. Slattery; review correspondence regarding B.C. MOE claim;	0.30	GBM
	Review correspondence from C. Hristow regarding priority of Revenu Quebec claim;	0.30	GBM
May-19-15	Telephone call with D. Ullman regarding settlement offer to Revenu Quebec;	0.40	GBM
	Review correspondence from C. Hristow regarding Revenu Quebec claim;	0.30	GBM
May-20-15	Review Revenu Quebec claim; review correspondence from C. Hristow regarding same; review calculation of pre and post filing claim; review correspondence from D. Ullman regarding settlement offer; telephone call with C. Hristow, telephone call with D. Ullman;	1.30	GBM
May-26-15	Review correspondence from R. Tanner regarding D&O charge; telephone call with D. Ullman and R. Tanner;	0.70	GBM
	Review correspondence from C. Hristow regarding proof of claim; telephone call with W. Branch regarding distribution;	0.20	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	3.50	\$750.00	2,625.00
Lee Nicholson	1.00	\$325.00	325.00

**TOTAL FEE HEREIN**

**\$2,950.00**

**HST on Fees**

**\$383.50**

**Total Fees and HST**

**\$3,333.50**

**Disbursements:**

Telephone	\$2.73	
<b>Total Taxable Disbursements</b>	<b>\$2.73</b>	
<b>HST on Disbursements</b>	<b>\$0.35</b>	
<b>Total Non-Taxable Disbursements</b>	<b>\$0.00</b>	
<b>Total Disbursements and HST</b>		<b><u>\$3.08</u></b>
<b>Total Fees, Disbursements &amp; HST</b>		<b>\$3,336.58</b>
<b>CUR ACCOUNT HEREIN</b>		<b><u>\$3,336.58</u></b>

**ThorntonGroatFinnigan LLP**

Per:   
 \_\_\_\_\_  
 Grant B. Moffat

HST No. 87642 1039RT

Matter No. 533-029  
 Invoice No. 29396  
 Date: Jun 11/15

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00 % per annum on unpaid fees, charges or disbursements calculated from the date that is one month after this Statement is delivered.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

**THIRTY SEVENTH BILL OF COSTS OF THE  
MONITOR**

**Thornton Groat Finnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Fax: 416-304-1313  
Email: gmoffat@tgf.ca

Lawyers for the Monitor



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.  
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736  
CANADA LTD., 4362063 CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")

**THIRTY EIGHTH BILL OF COSTS OF THE MONITOR**

For the period ending June 30, 2015

Jun-02-15	Telephone call with W. Branch regarding timing of distribution;	0.20	GBM
Jun-12-15	Review correspondence from CRA regarding comfort letter;	0.20	GBM
Jun-15-15	Review correspondence from W. Branch regarding distribution; correspondence with W. Branch regarding same;	0.20	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	0.60	\$750.00	450.00
<b>TOTAL FEE HEREIN</b>			<b>\$450.00</b>
<b>HST on Fees</b>			<b>\$58.50</b>
<b>Total Fees and HST</b>			<b>\$508.50</b>
<u>Disbursements:</u>			
Telephone			\$1.69
<b>Total Taxable Disbursements</b>			<b>\$1.69</b>
<b>HST on Disbursements</b>			<b>\$0.22</b>
<b>Total Non-Taxable Disbursements</b>			<b>\$0.00</b>
<b>Total Disbursements and HST</b>			<b>\$1.91</b>
<b>Total Fees, Disbursements &amp; HST</b>			<b>\$510.41</b>
<b>OUR ACCOUNT HEREIN</b>			<b>\$510.41</b>

ThorntonGroutFinnigan LLP

Per: \_\_\_\_\_

Grant B. Moffat

LIST No. 87042 1039RT  
Matter No. 533-029  
Invoice No. 29489  
Date: Jul 13/15

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

**THIRTY EIGHTH BILL OF COSTS OF THE MONITOR**

**Thornton Grout Finnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Fax: 416-304-1313  
Email: gmoffat@tgf.ca

Lawyers for the Monitor





ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,  
AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736  
CANADA LTD., 4362063 CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

(the "Applicants")


**THIRTY NINTH BILL OF COSTS OF THE MONITOR**

**For the period ending July 31, 2015**

Jul-13-15	Review correspondence from CRA regarding A-Z claim; telephone call with C. Hristow;	0.50	GBM
	Telephone call with W. Branch;	0.20	GBM
Jul-15-15	Telephone call with C. Hristow;	0.20	GBM
Jul-26-15	Review correspondence from D. Ullman regarding possible settlement with Revenu Quebec; review receipts and disbursements for Domfoam estate and claims summary; review claims process order; correspondence with D. Ullman regarding Revenu Quebec claim;	0.90	GBM

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	1.80	\$750.00	1,350.00
<b>TOTAL FEE HEREIN</b>			<b>\$1,350.00</b>
<b>HST on Fees</b>			<b><u>\$175.50</u></b>
<b>Total Fees and HST</b>			<b>\$1,525.50</b>
<b>Total Fees, Disbursements &amp; HST</b>			<b><u>\$1,525.50</u></b>
<b>OUR ACCOUNT HEREIN</b>			<b><u>\$1,525.50</u></b>

**Thornton Groat Finnigan LLP**

  
Per: Grant B. Moffat

HST No. 87042 1039RT  
Matter No. 533-029  
Invoice No. 29563  
Date: Aug 09/15

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 6.00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CI.

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceedings commenced at Toronto

**THIRTY NINTH BILL OF COSTS OF THE MONITOR**

**Thornton Grout Finnigan LLP**  
Barristers and Solicitors  
Suite 3200, P.O. Box 329  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Fax: 416-304-1313  
Email: gmoffat@tgf.ca

Lawyers for the Monitor



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.  
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736  
CANADA LTD., 4362063 CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS  
LTD.

(the "Applicants")

**FOURTIETH BILL OF COSTS OF THE MONITOR**

**For the period ending August 31, 2015**

Aug-30-15      Review correspondence with W. Branch; review Eleventh Report; 0.70      GBM  
correspondence with W. Branch regarding revisions to affidavit; review  
status of Revenu Quebec claim:

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Grant B. Moffat	0.70	\$750.00	\$25.00
<b>TOTAL FEE HEREIN</b>			<b><u>\$525.00</u></b>
<b>HST on Fees</b>			<b><u>\$68.25</u></b>
<b>Total Fees and HST</b>			<b>\$593.25</b>
<b>OUR ACCOUNT HEREIN</b>			<b><u>\$593.25</u></b>

ThorntonGroutFinnigan LLP

Per: \_\_\_\_\_

Grant B. Moffat

HST No. 87042 1039RT

Matter No. 533-029  
Invoice No. 29631  
Date: Sep 02/15

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 35 of The Solicitor's Act, interest will be charged at the rate of 0.00 % per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 3113736 CANADA LTD., 4362063  
CANADA LTD., and A-Z FOAM SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

**FOURTIETH BILL OF COSTS OF THE MONITOR**

**Thornton Groat Finnigan LLP**  
Barristers and Solicitors  
Suite 3200, P. O. Box 329  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1K7

**Grant B. Moffat (LSUC# 32380L)**  
Tel: 416-304-0599  
Fax: 416-304-1313  
Email: gmoffat@tgf.ca

Lawyers for the Monitor

# TAB B

## EXHIBIT "B"

Calculation of Average Hourly Billing Rates of  
Thornton Grout Finnigan LLP  
for the period April 1, 2015 to August 31, 2015

Invoice No.	Fees	Disbursements	HST	Hours	Average Rate	Total
29322	\$18,175.00	\$80.75	\$2,373.25	26.9	\$500.00	\$20,629.00
29396	\$2,950.00	\$2.73	\$383.85	4.5	\$537.50	\$3,336.58
29489	\$450.00	\$1.69	\$58.72	.6	\$750.00	\$510.41
29563	\$1,350.00	\$0.00	\$175.50	1.8	\$750.00	\$1,525.50
29631	\$525.00	\$0.00	\$68.25	.7	\$750.00	\$593.25
<b>TOTALS:</b>	<b>\$23,450.00</b>	<b>\$85.17</b>	<b>\$3,059.57</b>			<b><u>\$26,594.74</u></b>

**TAB C**



## EXHIBIT "C"

### Billing Rates of Thornton Grout Finnigan LLP

For the period April 1, 2015 to August 31, 2015

	<u>Rate</u>	<u>Year of Call</u>
Grant B. Moffat	\$750	1991
Lee Nicholson	\$325	2014
Annette Fournier	\$250	Law Clerk

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF VALLE FOAM INDUSTRIES (1995)  
INC., DOMFOAM INTERNATIONAL INC., and A-Z SPONGE & FOAM PRODUCTS LTD.

Court File No.: CV-12-9545-00CL

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

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