

**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  
NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319  
NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA  
PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH  
AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP. Z OO and NAFA  
POLSKA SP. Z OO

(the “Applicants”)

**MOTION RECORD OF THE APPLICANTS  
(Returnable November 29<sup>th</sup>, 2023)**

**Date:** November 24<sup>th</sup>, 2023

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
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SP.Z OO and NAFA POLSKA SP. Z OO

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# INDEX

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**TAB 1**

Court File No. CV-19-00630241-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP. Z OO and NAFA  
POLSKA SP. Z OO

(the “**Applicants**”)

**NOTICE OF MOTION  
(Returnable November 29, 2023)**

The Applicants (“NAFA” or the “**Applicants**”) will make a motion for an Order seeking the relief set out herein to Justice Conway of the Ontario Superior Court of Justice (Commercial List), on Wednesday, November 29, 2023, at 11:00 a.m. or as soon after that time as the motion can be heard by Zoom video conference.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order, substantially in the form attached at **Tab 3** hereto (the “**Order**”):
  - (a) abridging and validating the time of service of the Notice of Motion and Motion Record of the Applicants;
  - (b) extending the stay of proceedings from December 1, 2023 to and including



January 19, 2024 (the “**Stay Period**”);

- (c) approving the activities and conduct of the Monitor and its counsel, Miller Thomson LLP, as set out in its Fifteenth Report to Court, to be filed (the “**Fifteenth Report**”); and
- (d) sealing the cash flow forecast of the Applicants to the Fifteenth Report in accordance with section 10(3) of the CCAA.

**THE GROUNDS FOR THE MOTION ARE:**

- 2. Capitalized terms not defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order. Unless otherwise stated, all currency is in United States dollars.
- 3. The Applicants require more time to continue their restructuring efforts.

**NAFA’s Continued Operations**

- 4. NAFA has continued to operate its business with the goal of reducing expenses, maximizing collections and considering it strategic options.
- 5. During the last stay extension, NAFA’s operational efforts, with the assistance of the Monitor, include the sale of fur inventory, pursuing foreign litigation, and advancing NAFA’s insurance claims.
- 6. NAFA also continues to operate at a reduced operational budget with no physical office space and three full-time employees throughout the world.

### **Cash Flow Variance and Events during the Last Stay Extension**

7. During the current stay extension, there were no major cash flow variances versus the cash flow last reported to this Court.
8. The major “cash events” during the last stay extension were auctions proceeds received from KF and Saga.
9. NAFA has made progress with its insurance claims and is pursuing an alternative dispute resolution process for the processing of those claims with its insurer.
10. NAFA continues to prosecute its two major foreign legal proceedings against consignor farmers being Kestutis Riskus in Lithuania, and Grobina in Latvia.

### **Claims Process and Meeting Order**

11. The Monitor, in conjunction with NAFA, has completed its “call for claims” process.
12. NAFA, in consultation with key stakeholders, is has made good progress with respect to preparation of a Plan of Arrangement (“**Plan**”), including canvassing the framework of the Plan with key creditors.
13. NAFA is attempting to achieve a consensual arrangement with its secured creditors. NAFA has made material progress in its negotiations with its senior secured creditor, the Agent, but arrangements proposed in those negotiations now require the support and consent of junior secured creditors.
14. The main purpose of the within sought stay extension is to give NAFA, and the Monitor, time to continue its discussions with key secured creditors to finalize a Plan.
15. As such, NAFA intends to focus on completing the Plan during the proposed stay period,

and returning to Court before the expiry of the stay to seek approval to file a Plan and a Meeting Order.

### **Cash Flow Forecast and Future Auctions**

16. NAFA, in consultation with the Monitor, has prepared a cash flow forecast (“**Cash Flow Forecast**”) for the current proposed Stay Period.

17. The Cash Flow Forecast demonstrates that NAFA will have sufficient funds to maintain operations through the proposed extension of the Stay Period (subject to certain caveats).

18. During the Stay Period, NAFA will continue to prosecute its foreign litigation, pursue its insurance claims, and negotiate settlements with indebted farmers should the opportunity arise.

### ***Extension***

19. NAFA has been acting in good faith and with due diligence and continues to act in this manner in its relationships with its stakeholders.

20. The Monitor, and the Agent, are supportive of NAFA seeking an extension of the Stay Period to and including January 19, 2024.

### ***Sealing Order***

21. The Cash Flow Forecast contains commercially sensitive information that is required to be kept confidential and sealed as they contain sensitive confidential business information, and has been done with other cash flow forecasts in these proceedings.

22. A sealing order of the Cash Flow Forecast is appropriate in the circumstances:

- (a) Court openness poses a serious risk to NAFA’s commercial interests and

restructuring efforts.

- (b) The sealing order is necessary to prevent this serious risk to NAFA's commercial interests and restructuring efforts because there are no other reasonable alternative measures that will prevent the risk.
- (c) As a matter of proportionality, the benefits of the order outweigh its negative effects.

23. The salutary effects to seal the Cash Flow Forecast appended to the Fifteenth Report of the Monitor outweigh any deleterious effects to NAFA in the event that it is not sealed.

24. Section 10(3) of the CCAA.

### ***Other Grounds***

25. The other grounds as set out in the Affidavit of Douglas Lawson affirmed November 24, 2023.

26. The provisions of the CCAA, including sections 10(3), 11, 23(1)(c) and (k) thereof, and the inherent and equitable jurisdiction of this Honourable Court.

27. Rules 2.03, 3.02, 16, and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended.

28. Section 106 of the *Courts of Justice Act*, R.S.O., c. C. 43, as amended.

29. Such further and other grounds as counsel may advise and this Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

30. The Affidavit of Douglas Lawson affirmed November 24, 2023;

31. The Fifteenth Report, to be filed; and,
32. Such further and other evidence as counsel may advise and this Honourable Court may permit.

**Date:** November 24, 2023

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Counsel for the Applicants

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
 Proceeding commenced at Toronto

**NOTICE OF MOTION OF THE APPLICANTS**  
**(Re: Motion returnable November 29<sup>th</sup>, 2023)**

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Court File No. CV-19-00630241-00CL

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OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC.,  
3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS  
INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON  
LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC  
(WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE  
B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**AFFIDAVIT OF DOUGLAS LAWSON**  
(Affirmed November 24, 2023)

I, **DOUGLAS LAWSON**, of the City of Toronto, in the Province of Ontario,  
**AFFIRMAND SAY:**

1. I am the President and Chief Executive Officer of North American Fur Auctions Inc., and, as such, have knowledge as to the matters which I hereinafter depose. To the extent I am recounting information provided to me by others, I have stated the source of that information and do verily believe it to be true.
2. I use the term “**NAFA**” or the “**Company**” to refer to the Applicants throughout this affidavit. Further, all currency stated herein is stated in U.S. dollars unless otherwise noted.
3. On October 31, 2019, NAFA commenced proceedings under the *Companies' Creditors Arrangement Act* (the “**CCAA**”) pursuant to the Order of Justice McEwen (as amended and restated, the “**Initial Order**”). Background information about NAFA’s



business is set out in the affidavit I affirmed in support of the initial CCAA application (“**Initial Affidavit**”). Capitalized terms used herein and not defined are as defined in my Initial Affidavit..

4. I affirm this affidavit in support of a motion by NAFA for an Order seeking, *inter alia*:

(a) an extension of the stay of proceedings from December 1, 2023 to and including January 19, 2024 (the “**Stay Period**”);

(b) the approval of the activities and conduct of the Monitor and its counsel, Miller Thomson LLP, as set out in its Fifteenth Report to Court, to be filed (the “**Fifteenth Report**”); and

(c) sealing the cash flow forecast of the Applicants to the Fifteenth Report in accordance with section 10(3) of the CCAA.

## **Overview**

5. These proceedings have been underway since the end of October 2019. The Initial Affidavit dated October 30, 2019, and the Pre Filing Report of the Monitor, set out the circumstances leading to the filing for protection under the CCAA by the Applicants.

6. On October 31, 2019, NAFA commenced proceedings under the CCAA pursuant to the Initial Order, which was amended and restated on November 8, 2019. The stay of proceedings in these CCAA proceedings have been extended numerous times. The last Order extending the Stay Period was granted on September 26, 2023, which extended the Stay Period to December 1, 2023.

7. Since the commencement of these proceedings in 2019, this Court has supervised the

attempted restructuring of NAFA, including the sale of its inventory and real property holdings both here in Canada and around the world, along with the prosecution of litigation, resolution of claims and collection efforts in Finland, Lithuania, Denmark, Poland, Latvia and the United States.

8. As set out in the various affidavits and Monitor's reports filed in these proceedings over the intervening 4 years, the restructuring of NAFA has been greatly impacted and delayed by the worldwide slump in global mink prices, caused in large part by the Covid-19 pandemic and in particular its impact on global travel, the production of mink globally, and the markets in China.

9. However, as set out herein, having called for claims of its creditors, during this last Stay Period NAFA has made material progress on formulating a Plan of Arrangement ("**Plan**"), which it intends to propose to its creditors, as further described herein.

10. In this Affidavit, I will provide the Court with an update from the last stay extension hearing and provide the rational for an extension of the Stay Period to January 19, 2023.

### **The Current Stay Extension**

11. The Applicants are acting in good faith and with due diligence. I continue to believe that the continued orderly liquidation of certain of NAFA's assets by NAFA, with the Monitor's oversight, including but not limited to its remaining consignment fur inventory, will likely allow for the repayment of, or the consensual settlement of as part of a Plan, the indebtedness owing to the Agent and thereafter there will be money available for unsecured creditors.

### **Operations since the September 26, 2023 Stay Extension Order**

12. Since my last affidavit affirmed on September 22, 2023 (my "**Last Affidavit**"), over the past two months, NAFA has largely remained dormant with a focus to minimize expenses,

maximize collections, consider its strategic options, and work on a viable Plan. In particular, NAFA, with the assistance of the Monitor, has, among other things:

- (a) continued to prosecute litigation against Kestutis, a significant borrower, that has not fully repaid NAFA for loans NAFA advanced to it in 2019 or earlier;
- (b) attended to the collection of proceeds from auction houses who have been tasked with selling furs that have been pledged to NAFA as security for loans it made;
- (c) advanced its insurance claims with NAFA's insurer; and
- (d) progressed without prejudice discussions with key stakeholders about a Plan and the timing of holding a meeting of creditors in respect of same.

### **Cash Flow Variance and Cash Flow Going Forward**

13. Throughout the period of the last stay extension, NAFA managed its cash flow and maintained sufficient liquidity.

14. I am not aware of any expenses in the last cash flow period that were materially higher than projected. The Company operated within its cash resources without borrowing further funds.

15. The Lenders were not paid fees and interest in November 2023 (relating to fees and interest earned in October) as the Lenders agreed to continue to accrue these amounts but defer payment in their sole discretion as without prejudice discussions regarding a potential Plan are ongoing.

16. The Applicants, with the Monitor's assistance, have developed a cash flow forecast (the "**Cash Flow Forecast**") to January 26, 2024 being two weeks after the proposed Stay

Period. An initial draft of the Cash Flow Forecast was provided to the Agent on November 23, 2023 for its review and comment.

17. I reviewed the Cash Flow Forecast before affirming this affidavit and it demonstrates that the Applicants are forecast to have sufficient funds to maintain operations through the proposed Stay Period provided the forecasted receipts are received and certain concessions on bank interest and fees deferral are received (or alternatively, if no payments are made towards the principal debt owed to the Agent). The Cash Flow Forecast is to be appended to the Fifteenth Report as Confidential Appendix “1”.

18. As negotiations in respect of the Plan remain ongoing (described herein), NAFA and the Agent have been in discussions about the Lenders foregoing the collection of further interest and fees during the proposed stay extension period, which continue to accrue in respect of the secured indebtedness owed to the Lenders and are otherwise payable monthly. As such, although the Cash Flow Forecast continues to include payments to the Agent of such usual interest and fees, it may be the case that the Agent defers the collection of these amounts during the cash flow period if the momentum towards a potential Plan and Meeting continues in a manner that is satisfactory to the Lenders. This would create a material positive variance.

### **Cash Events During the Last Stay Extension**

19. During the last stay period, NAFA received auction proceeds from the September KF and SAGA auctions that I reported on in my Last Affidavit. As reported in my Last Affidavit, the SAGA September auction was completed prior to that Affidavit, but funds had not yet been disbursed to NAFA. The KF auction was in the midst of completion as I was swearing my Last Affidavit.

20. In the last stay period, NAFA received combined auction proceeds from the SAGA and KF September auctions in the amount of approximately \$532,787, which was slightly lower than forecast. It is expected that NAFA will receive further funds from the KF auction as a result of Grobina furs being sold, which will put it in line with its last cash flow forecast. (As has been previously reported, Grobina has pledged fur to NAFA, but is currently under bankruptcy proceedings in Latvia, and consequently, auction proceeds are often delayed as they must pass through Grobina's administrator, and are reduced on account of Grobina administrator fees).

21. Given the cash constraints of the Applicant and the ongoing negotiations with the Agent with respect to the Plan, the Applicant has not disbursed any funds from these amounts to the Agent and the Cash Flow Forecast does not project it doing so during the projected Stay Period.

#### **Future Auctions and Sales During the Extension Period**

22. During the proposed Stay Period, no further auctions are anticipated, which is in keeping with usual seasonal trends in the fur industry (auctions are usually held in or around March, June and September). The next scheduled auction will be held by KF at the end of February 2024. SAGA's next auction will be in March 2024. SAGA intends to hold two other auctions in 2024 (May and September).

#### **Farms in Litigation - Status Update**

23. My April 2021 Affidavit provided a more complete description of the litigation NAFA has commenced against several debtor farmers.

24. In my Last Affidavit, I provided a brief overview and update of the two most active of those claims, being farms known as Kestutis and Grobina, located in Lithuania and Latvia, respectively.

25. As previously reported in my earlier affidavits, NAFA sought and received the approval of this court for a settlement with Kestutis on January 23, 2023. However, following the court order, the settlement was not consummated through no fault of NAFA.

26. In parallel, Lithuanian authorities, after an extensive and prolonged investigation, have criminally charged Kestutis for large-scale fraud and negligent accounting arising from its dealings with NAFA.

27. Also, NAFA returned to Court in Lithuania to continue pressing its litigation against the third party that received a material amount of the NAFA pledged mink from Kestutis, an entity known as “UAB Norvuksa”. The litigation also named Kestutis as a defendant for his actions in conjunction with these events. The transfer of these pledged minks was prima facie illegal under Lithuanian law.

28. The trial of this matter took place during the last Stay Period, and a decision is expected at the end of November 2023.

29. If this matter is decided in NAFA’s favour, I am advised by our Lithuanian counsel that the court could award judgment in excess of \$1,000,000 Euros against UAB Norvuksa.

### **Insurance Claims**

30. NAFA had trade credit insurance with Red Rock Insurance (“**Red Rock**”). The purpose of the insurance was for Red Rock to indemnify NAFA for farmer accounts that went into default, subject to farmer and country coverage limits.

31. NAFA has had numerous farmer accounts go into default.

32. NAFA’s employees, with oversight from the Monitor, prepared and filed 26 insurance claims pursuant to the policy. Red Rock has disputed coverage. NAFA has objected

to the coverage position taken by Red Rock.

33. NAFA, in consultation with the Monitor and the Agent, has agreed with Red Rock (and its underwriter Lloyd's of London) to enter into a pre-litigation mediation to attempt to resolve these claims.

34. The negotiations with Red Rock continue to progress, which includes voluminous document production and answering information requests from Red Rock. NAFA has responded to the majority of the numerous requests for information from Red Rock that have resulted in thousands of pages of documents.

35. As of the date of swearing this affidavit, I understand that the parties remain committed to engaging in a mediation during the next stay extension period and have agreed upon a tentative schedule that may see a mediation (or the first part of a two-step mediation) conducted before the expiry of the proposed Stay Extension.

36. NAFA remains of the view that there will ultimately be material recovery from these insurance claims.

### **Long Term Debts**

There have been no new materials developments during the last Stay Period to report on with respect to long-term debts owed to NAFA.

### **Plan of Arrangement and Meeting Order**

37. During the last Stay Period, NAFA, with oversight from the Monitor, has worked extensively to formulate the framework of a potential Plan.

38. NAFA has had numerous discussions with key stakeholders, including the Agent, FCC,

NAFA's Board of Directors, and certain of the shareholders of NAFA who claim to have made secured advances to NAFA. Currently, these parties are collectively owed \$9,300,000 in secured debt.

39. Given the large amount of remaining secured debt, the repayment of which would prima facie be required before any amounts can be paid to the unsecured creditors, NAFA has focused its efforts on reaching a resolution with its secured creditors to potentially accept some level of compromise or reclassification of their debts in order to formulate a Plan that would see some recovery to unsecured creditors.

40. Although progress has been made in those negotiations, there remains no consensus on a Plan among secured creditors at this time as certain of them require additional time to complete their analysis and negotiations around the acceptable parameters of a Plan.

41. The Lenders are the first position secured creditors in these proceedings, owed in excess of USD \$3.6M as at the date hereof. Interest and fees continue to accrue in respect of that first-ranking secured debt at a rate which is material given NAFA's remaining realizable assets. Additionally, NAFA has been paying the fees of the Agent's advisors during these proceedings, which also form part of such secured indebtedness.

42. Although discussions among NAFA and the Agent have been on a without prejudice basis, we can advise that significant progress has been made and the parties are (subject to certain conditions) close to agreeing to a proposal for a potential Plan which, if ultimately successful, would greatly enhance the prospect of or otherwise accelerate recoveries for other secured creditors that rank behind the Lenders, as well as unsecured creditors. However, such proposal is conditional on, among other things, arrangements and accommodations being reached with the



other secured creditors so that the benefit of any potential accommodations by the Lenders translate directly and equitably into benefits for other creditors (including both the other secured creditors and general unsecured creditors).

43. NAFA seeks an extension of the stay of proceedings to continue to advance a potential Plan. While NAFA remains hopeful that any such Plan will have the unanimous support of all secured creditors, it may proceed with a Plan which has the support of the requisite majority of (but not all) secured creditors.

44. Given NAFA's liquidity constraints, NAFA, the Monitor and Agent are of the view that in order for any potential Plan to be pursued, a Meeting Order needs to be granted by January 15, 2024. For this reason, NAFA is only seeking to extend the stay of proceedings until January 19, 2024 and seeking to schedule a hearing for a Meeting Order on or before January 15, 2024.

#### **Funds and Expenses during the Stay Period**

45. NAFA continues to have very little in the way of continued operating expenses going forward.

46. Beyond professional fees and interest, NAFA's costs continue to be primarily attributable to the modest salaries for its three remaining employees and incidental expenses that arise from time to time (e.g., storage costs, IT maintenance, and minor office overhead).

47. NAFA's focus for the Stay Period will be to finalize a Plan, and return to Court for approval to file its Plan, and a Meeting Order.

48. Nonetheless, NAFA will continue to pursue its foreign litigation, the insurance claims, and other long-term debts owing to the company during the proposed stay extension period. These

tasks, all of which may generate material amounts, require attention from NAFA's remaining employees who have important background knowledge and relationships with various parties that are material to realize on each of these buckets of revenue.

49. NAFA's Board of Directors also continues to provide direction to the Company and in particular have directed the Company and its counsel to consider a Plan to be put forward to its key stakeholders as soon as possible.

50. The Board of Directors held a meeting during the last Stay Period and approved the proposed resolution between the Agent and NAFA and approved moving forward with a Plan.

### **Sealing Order**

51. The Cash Flow Forecast contains confidential business information and assumptions about the Applicants which, if disclosed, could hamper or interfere with the restructuring of the Applicants or the maximization of value. Specifically, NAFA has ongoing litigation and settlement negotiations with various entities around the world.

52. NAFA would be prejudiced, and be at a disadvantage, in the event adverse parties in the litigation and settlement negotiations had access to the Cash Flow Forecast, and thereby, the short term financials of the Applicants. This is valuable confidential information in any litigation or settlement negotiation that would not normally be divulged to adverse parties in the circumstances. NAFA's litigation and settlement negotiations are valuable (contingent) assets in its restructuring, and anything to compromise those assets would undermine the restructuring process.

53. I further believe that there is no reasonable alternative measure to a sealing order over the Cash Flow Forecast. For example, I have reviewed the Cash Flow Forecast and there would

be no practical way to seal a portion thereof, and releasing other portions as each component of the Cash Flow Forecast works together.

54. I further believe that there would be little benefit to the public in releasing the Cash Flow Forecast, and the negative effects set out above would far outweigh any of those benefit.

55. Lastly, this Court has sealed NAFA's cash flow forecasts in each of the previous stay extension motions for similar reasons, and an Order to seal the within Cash Flow Forecast would be consistent with this Court's previous Orders in these proceedings. Counsel has also advised me that it is consistent with section 10(3) of the CCAA.

56. Accordingly, the Cash Flow Forecast is being filed as a confidential appendix to the Monitor's Fifteenth Report and a sealing Order is being sought as has been granted by the Court for previous cash flow forecasts.

57. I affirm this affidavit in support of NAFA's motion for an Order, *inter alia*:

- (a) granting a stay extension from December 1, 2023, to January 19, 2024;
- (b) approving the activities and conduct of Monitor and its counsel, Miller Thomson LLP, as set out in its Fifteenth Report to Court, to be filed; and
- (c) sealing the Cash Flow Forecast appended as a confidential appendix to the Fifteenth Report.

**AFFIRMED REMOTELY BEFORE ME BY** )  
Douglas Lawson at the City of Toronto, in )  
Province of Ontario, and I being of the City of )  
Ottawa, in the Province of Ontario, on this 24th )  
day of November 2023, in accordance with )  
O.Reg. 431/20 Administering Oath or Declaration )  
Remotely. )

*Stephen Gaudreau*

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A Commissioner for Taking Affidavits )  
**Stephen Gaudreau** )

*Douglas Lawson*

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[Douglas Lawson \(Nov 24, 2023 15:27 EST\)](#)  
**Douglas Lawson**

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 NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

**Email of the recipients:** See the Service List

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**AFFIDAVIT OF DOUGLAS LAWSON**  
**(Motion Returnable November 29<sup>th</sup>, 2023)**

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Counsel for the Applicants

**TAB 3**

Court File No. CV-19-00630241-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAM	)	WEDNESDAY, THE 29 <sup>TH</sup>
	)	
JUSTICE CONWAY	)	DAY OF NOVEMBER, 2023

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 NORTH AMERICAN FUR PRODUCERS  
INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA  
LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA  
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LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO  
LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA,  
NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA  
SP. Z OO

(the “**Applicants**”)

**ORDER**

**(Re: Stay Extension, Approval of Conduct and Actions of the Monitor, and Sealing of  
Confidential Appendix of the Monitor’s Report)**

**THIS MOTION**, made by the Applicants for an Order to extend the stay period (the “**Stay Period**”) in these CCAA proceedings, to approve the conduct and actions of the Monitor, and to seal a confidential appendix, was heard this day by video conference.

**ON READING** the Motion Record of the Applicants, the fifteenth report of the Monitor dated November 27, 2023 (the “**Fifteenth Report**”), and related Confidential Appendix, and upon hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019, as may be amended or amended and restated from time to time (in such capacity, the “**Agent**”), and counsel for Farm Credit Canada (“**FCC**”) no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue sworn November \*\*, 2023, filed;

#### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that terms not otherwise defined in this Order shall have the meaning set out in the Initial Order of the Honourable Justice McEwen dated October 31, 2019 (as amended and restated) (the “**Initial Order**”).

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

3. **THIS COURT ORDERS** that the Stay Period is hereby extended from December 1, 2023 to and including January 19, 2024.

#### **APPROVAL OF MONITOR REPORTS AND ACTIONS**

4. **THIS COURT ORDERS** that the Fifteenth Report and the actions, decisions and conduct of the Monitor, and its counsel Miller Thomson LLP, as set out in the Fifteenth Report be and are hereby authorized and approved.



**SEALING OF CONFIDENTIAL APPENDIX “1”**

5. **THIS COURT ORDERS** that Confidential Appendix “1” to the Fifteenth Report shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

**INTERNATIONAL RECOGNITION**

6. **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 Monitor and the Applicants and their 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 Monitor, as an officer of this Court, and the Applicants as may be necessary or desirable to give effect to this Order or to assist the Monitor and the Applicants and their agents in carrying out the terms of this Order.

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*Signature of Judge*

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 NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US)  
INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFFRO LLC (WISCONSIN LLC),  
NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “Applicants”)

**Email of the recipients:** See the Service List

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**ORDER**  
**Dated November 29, 2023**  
**(Re: Stay Extension, and Conduct and Actions of the Monitor,  
and Sealing of Confidential Appendix)**

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