

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL
OF:

No: 500-11-055629-188

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

MOTION FOR THE APPROVAL OF A CONSULTING AGREEMENT
(Section 65.13(1) of the *Bankruptcy and Insolvency Act*)

TO THE HONOURABLE CHANTAL TREMBLAY, J.S.C., OR ANOTHER ONE OF THE
HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE
COMMERCIAL DIVISION FOR THE DISTRICT OF MONTREAL, IN SUPPORT OF ITS
MOTION FOR THE APPROVAL OF A CONSULTING AGREEMENT (THE "MOTION")
THE DEBTOR RESPECTFULLY SUBMITS:

1. For the reasons further described herein, 2964-3277 Quebec Inc., d.b.a. Carpet Art Deco ("**Art Deco**" or the "**Debtor**") hereby seeks this Honourable Court's approval to enter into a consulting agreement with the Mise-en-cause Gordon Brothers Canada ULC ("**GB**" or the "**Consultant**"), pursuant to the terms of the draft order communicated herewith as **Exhibit R-1** (the "**Draft Order**");
2. Richter Advisory Group Inc. ("**Richter**" or the "**Proposal Trustee**") will file a report prior to the hearing on the present Motion (the "**Third Report**");

A. INTRODUCTION

3. On November 29, 2018, the Debtor filed a Notice of Intention to file a Proposal (the "**NOI**") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S. C. 1985, c. B.-3, as amended (the "**BIA**"), and Richter was appointed as Proposal Trustee under the NOI. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy is annexed as Exhibit "A" to the First Report of the Proposal Trustee dated December 12, 2018 ("**First Report**");
4. On December 5, 2018, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the Debtor's NOI, which is annexed as Exhibit "B" to the First Report;
5. On December 6, 2018, the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("**Projections**") together with its report pursuant to Section 50.4(2)(c) of the BIA, covering the period from November 29, 2018, to January 11, 2019, which included the major assumptions used in the preparation of the Projections. Concurrently therewith, the Proposal Trustee filed its Report on the reasonableness of the Projections in accordance with Section 50.4(2)(b) of the BIA, all of which is annexed as Exhibit "C" to the First Report;
6. On December 10, 2018 the Debtor filed a motion entitled Motion for the Issuance of an Order for an Administrative Charge, a Directors and Officers Charge, a Key Employee Incentive Program and Other Remedies (the "**Charge and KEIP Motion**"). The Charge and KEIP Motion was granted by this Honourable Court on December 13, 2018, as appears from the Court records;
7. On December 12, 2018, the Debtor filed a motion entitled *Motion for the Extension of the Delay to File a Proposal* (the "**Stay Extension Motion**"). On December 14, 2018, the Proposal Trustee filed its Second Report in support of the Stay Extension Motion ("**Second Report**"). The Stay Extension Motion was granted by this Honourable Court on December 17, 2018, as appears from the Court records and the delay to file a proposal was extended to January 29, 2019;
8. On December 18, 2018, this Honourable Court issued a Settlement Approval Order approving the settlement of a dispute between Oriental Weavers International SAE and the Debtor, as appears from the Court records;

B. SALE AND SOLICITATION PROCESS

9. On or about November 29, 2018, Art Deco, with the assistance of Richter, initiated a sale, investment and solicitation process by which Art Deco solicited offers from any party interested in acquiring its business and/or assets (the "**SISP**"). The details of the SISP are described and detailed in the Third Report communicated herewith as **Exhibit R-2**;
10. The deadline for any interested party to submit a binding offer was December 19, 2018 at noon. Art Deco's objective was to proceed with a transaction with an

interested party by December 21, 2018 and seek the consent of its two major secured creditors, namely the Canadian Imperial Bank of Commerce ("**CIBC**") and the Business Development Bank of Canada ("**BDC**"), as well as the authorization of this Honourable Court to proceed with an eventual transaction on or about December 21, 2018 (the "**Contemplated Transaction**"). However, given the time required to analyze the offers received and the holiday season, the Contemplated Transaction could not be completed by said date;

11. As explained in the Third Report, in the context of the SISP, three offers were submitted to the Proposal Trustee by the noon deadline on December 19, 2019, and a fourth offer was received shortly after the noon deadline and was marked late but was opened nonetheless (the "**Offers**");
12. The Offers were opened at the offices of the Proposal Trustee in the presence of representatives of the CIBC, BDC and the Debtor;
13. All of the offers contemplated the liquidation of the assets of the Debtor. There were no going-concern offers;
14. Following an analysis of the Offers, the Debtor, the CIBC, the BDC and the Proposal Trustee agreed that the most advantageous offer was the offer submitted by GB (the "**GB Offer**"). A copy of the GB Offer is communicated herewith under seal as **Exhibit R-3**;
15. GB has extensive experience in conducting liquidations and has led numerous significant inventory dispositions in Canada, including Target Canada Co., Comark Inc., Ben Moss Jewellers Western Canada Ltd., 3499481 Canada Inc. (PJ's Pet), Mexx Canada Company, 2473304 Ontario Inc. (Jones NYC), BCBG MaxAzria Canada Inc., 1104045 Canada Inc. (Bowring & Co.) and 11041037 Canada Inc. (Bombay & Co.) and C & E Canada Inc. (Crabtree and Evelyn).
16. On January 11, 2019, GB and the Debtor executed an agreement (the "**GB Agreement**") which sets out the terms and conditions of the services to be provided by GB. For the purposes of preserving sensitive negotiations and commercial information, a redacted copy of the GB Agreement is communicated herewith as **Exhibit R-4** and the complete unredacted copy of the GB Agreement is communicated herewith under seal as **Exhibit R-4A**;

C. THE GB AGREEMENT

17. The Debtor has entered into the GB Agreement, pursuant to which the Consultant agrees to provide its expertise and assist the Debtor with respect to a liquidation sale, which is conditional upon Court approval. The terms of the proposed liquidation agreement are set out in the GB Agreement. These terms are acceptable to the CIBC;
18. The terms of the GB Agreement are summarized as follows:

- (a) GB will assist the Debtor in the liquidation of all its inventory, the collection of its outstanding receivables and the sale of intellectual property, in consideration for a commission fee acceptable to the Debtor and the CIBC and described in the Third Report;
 - (b) The duration of the realization is expected to be a maximum of 120 days, beginning on the date of issuance of the order authorizing the execution of the GB Agreement (the "**Sale Term**"). The Sale Term can be extended by GB at its sole discretion with regards to the collection of accounts receivable, for up to 8 months. The Sale Term can also be extended indefinitely by way of an agreement of the parties and with the approval of the Proposal Trustee, with regards to the assets of the Debtor other than the accounts receivable; and
 - (c) The GB Agreement contains standard provisions that govern the management of the liquidation process, indemnification, insurance and representations and warranties. Among other terms, it is contemplated that GB will assist the Debtor in implementing strategies to liquidate its assets at the best possible prices and that for the duration of the Sale Term, the Debtor will continue to employ its employees, collect sales taxes and otherwise continue operating at its various locations for so long as these locations are required;
19. Subsequent to the acceptance of the GB offer and prior to the execution of the GB Agreement, GB advised that it wished to partner with one of the unsuccessful bidders, namely Merchant Retail Solutions ULC ("**Hilco**"), in connection with the collection of the Debtor's accounts receivable. Hilco is not a party to the GB Agreement but will contract directly with GB. The Debtor, CIBC and the Proposal Trustee all support this partnership;
20. Art Deco respectfully submits that the factors set out in Section 65.13(4) of the BIA have all been met considering, among other things, that:
- a) The process leading to the GB Agreement was reasonable in the circumstances;
 - b) The Proposal Trustee and the CIBC participated to the process leading to the GB Agreement and accept / recommend its approval by this Honourable Court;
 - c) The Proposal Trustee filed the Third Report recommending the approval by this Honourable Court of the GB Agreement and that the sales of the Debtor's assets referred to in the GB Agreement would be more beneficial to the Debtor's creditors than a sale or disposition under a bankruptcy;
 - d) Art Deco acted, and is acting, in good faith and with due diligence;
21. The CIBC has informed Art Deco that it supports the present Motion.

22. The Proposal Trustee also support the present Motion.
23. The present Motion is well founded in facts and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT:

- A. **GRANT** the present *Motion for the Approval of a Consulting Agreement* (the "**Motion**");
- B. **ISSUE** an Order substantially in the form of the draft order communicated as Exhibit R-1 in support of the Motion;
- C. **THE WHOLE** without costs, save and except in the case of contestation.

Montreal, January 11, 2019

Borden Ladner Gervais

Borden Ladner Gervais LLP

Lawyers for the Debtor
2964-3277 Quebec Inc.

AFFIDAVIT

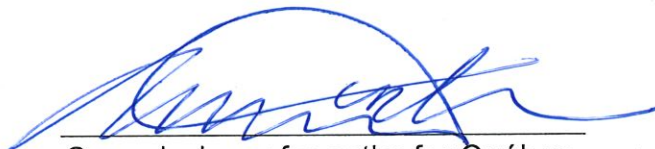
I, the undersigned, **FADI MELKI**, president, having its principal place of business located at 480 avenue Lafleur, Montréal, Québec, H8R 3H9, solemnly declare:

1. I am the President and Secretary of 2964-3277 Quebec Inc., the Debtor in the present case;
2. I have read the attached *Motion for the Approval of a Consulting Agreement* and all the facts set forth in the present Motion are true.

AND I HAVE SIGNED:


FADI MELKI

Solemnly declared before me in
Montreal, this 11th day of January, 2019



Commissioner for oaths for Québec

MARC DUCHESNE AVOCAT

181201-2

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL
OF:

No: 500-11-055629-188

**2964-3277 QUEBEC INC. (aka CARPET
ART DECO INC.)**

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

-and-

GORDON BROTHERS CANADA ULC

NOTICE OF PRESENTATION

TO :

Stikeman Elliott s.e.n.c.r.l., s.r.l.
1981 McGill College Avenue
Montréal, QC, H3A 0G6

Mtre Joseph Reynaud
jreynaud@stikeman.com

**Attorneys for Richter Advisory Group
Inc.**

McCarthy Tétrault s.e.n.c.r.l., s.r.l.
1000 de la Gauchetière West, Suite 2500
Montréal, QC, H3B 0A2

Mtre Alain Tardif
atardif@mccarthy.ca

Mtre Noah Zucker
nzucker@mccarthy.ca

Mtre Philippe Bélanger
pbelanger@mccarthy.ca

Attorneys for CIBC

Miller Thompson SENCRL
1000 de la Gauchetière West, 37th Floor
Montréal, QC, H3B 4W5

Mtre Stéphane G. Hébert
shebert@millerthomson.com

Attorneys for BDC

Dentons Canada LP
1 Place Ville-Marie West, Suite 3900
Montréal, QC, H3B 4M7

Mtre Martin Poulin
martin.poulin@dentons.com

Attorneys for HOK Asia

Osler, Hoskin & Harcourt L.L.P.
1000 de la Gauchetière Street West,
21st Floor
Montréal, QC, H3B 4W5

Mtre Julien Morissette
jmorissette@osler.com

Mtre Sandra Abitan
sabitan@osler.com

**Attorneys for Gordon Brothers Canada
ULC**

Woods LLP
2000 McGill College Avenue, Suite 1700
Montreal, QC H3A 3H3

Mtre Patrick Ouellet
pouellet@woods.qc.ca

Attorneys for New Mac Carpet

Gowling WLG
One Main Street West
Hamilton, ON, J8P 4Z5

Mtre Christopher Heinemann
christoph.heinemann@gowlingwlg.com

**Attorneys for Tianjin Tianrui Carpet
Co., Ltd.**

Pinsky, Zelman, Segal, Santillo
2 Place Alexis Nihon, Suite 1000
3500 de Maisonneuve Blvd. West
Montreal, QC, H3Z 3C1

Mtre Marvin A. Segal
msegal@pzss.ca

**Attorneys for Cité Industrielle LaSalle
Inc.**

Langlois Lawyers, L.L.P.
1250 René-Lévesque Blvd. West,
20th Floor
Montréal, QC, H3B 4W8

Mtre Gerry Apostolatos
gerry.apostolatos@langlois.ca

Mtre Daniel Baum
daniel.baum@langlois.ca

**Attorneys for Oriental Weavers
International SAE**

DLA Piper
1501 McGill College Avenue
Suite 1400
Montréal, QC, H3A 3M8

Mtre Mélanie Martel
melanie.martel@dlapiper.com

Attorneys for Balta

Sarrazin Plourde s.a.
500-485 McGill
Montréal, QC, H2Y 2H4

Mtre Nicolas Plourde
nplourde@sarrazinplourde.com

Attorneys for Synergie Canada Inc.

TAKE NOTICE that the *Motion for the Approval of a Consulting Agreement* will be presented for hearing and adjudication before the Superior Court of Quebec, sitting in the Commercial Division for the District of Montréal, **on January 14, 2019 at 9:30 a.m. in a room to be determined** at the Montréal Courthouse, located at 1 Notre-Dame Street East, Montréal, Québec, H2Y 1B6.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, January 11, 2019

Borden Ladner Gervais

Borden Ladner Gervais LLP

Lawyers for the Debtor
2964-3277 Quebec Inc.

CANADA

SUPERIOR COURT
Commercial Division

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL
OF:

No: 500-11-055629-188

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

-and-

GORDON BROTHERS CANADA ULC

LIST OF EXHIBITS

- EXHIBIT R-1: Copy of draft order
- EXHIBIT R-2 Copy of the Proposal Trustee's Third Report
- EXHIBIT R-3 Copy of the GB Offer
- EXHIBIT R-4 Redacted copy of the GB Agreement
- EXHIBIT R-4A **UNDER SEAL** unredacted copy of the GB Agreement

Montreal, January 11, 2019

Borden Ladner Gervais

Borden Ladner Gervais LLP
Lawyers for the Debtor
2964-3277 Quebec Inc.

SUPERIOR COURT
Commercial Division
District of Montréal
File No.: 500-11-055629-188

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

MOTION FOR THE APPROVAL OF A
CONSULTING AGREEMENT, AFFIDAVIT,
NOTICE OF PRESENTATION, LIST OF
EXHIBITS AND EXHIBITS R-1 TO R-4A

ORIGINAL

BLG

1000, De La Gauchetière Street West
Suite 900
Montréal, QC, Canada H3B 5H4
Tel. 514.879.1212
Fax. 514.954.1905
otadlaoui@blg.com
B.M. 2545

Borden Ladner Gervais

Mtre Ouassim Tadlaoui
File: 296368-000004

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

N° : 500-11-055629-188

DATE : January 14, 2019

PRESIDING : CHANTAL TREMBLAY, J.S.C.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

ORDER

- [1] **THE COURT**, upon reading the Debtor's *Motion for the Approval of Consulting Agreement* (the "**Motion**"), having examined the proceeding and the affidavit;
- [2] **CONSIDERING** the representations of the parties;
- [3] **CONSIDERING** the report of the Trustee;
- [4] **GIVEN** the provisions of the *Bankruptcy and Insolvency Act* (the "**BIA**");

FOR THESE REASONS, THE COURT HEREBY:

[5] **GRANTS** the present Motion;

SERVICE:

[6] **ORDERS** that the time for service of the Motion be abridged and that the Motion is properly presentable and **DECLARES** that the service of the Motion constitutes good and sufficient service on all persons and **DECLARES** that all parties are relieved of any further requirement for service of the Motion;

[7] **ORDERS** that capitalized terms used and not defined herein have the same meaning ascribed to them in the GB Agreement (as defined hereinafter);

APPROVAL OF THE GB AGREEMENT:

[8] **ORDERS** that the Letter Agreement Governing Asset Disposition attached hereto as Schedule "A" (the "**GB Agreement**"), and the transactions contemplated under it, are hereby approved with such minor amendments as the Debtor, with the consent of the Proposal Trustee, and the Mise-en-cause, Gordon Brothers Canada ULC (the "**Consultant**") may deem necessary and agree to in writing. Subject to the provisions of this Order, the Debtor and the Proposal Trustee are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to implement the GB Agreement and each of the transactions contemplated therein.

THE SALE:

[9] **ORDERS** that the Debtor, with the assistance of the Consultant, is authorized and directed to conduct the Sale in accordance with this Order and the GB Agreement, and to advertise and promote the Sale in accordance with the GB Agreement. If there is a conflict between this Order and the GB Agreement, the order of priority of documents to resolve each conflict is as follows: (1) this Order; (2) the GB Agreement.

[10] **ORDERS** that the Debtor, with the assistance of the Consultant, is authorized to market and sell the Assets, and all rights, title and interest in and to these Assets shall vest absolutely and exclusively in and with their respective purchaser(s), free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims, security interests (whether contractual, statutory or otherwise), liens, charges (including the Administration Charge, the D&O Charge and the KEIP Charge), hypothecs, mortgages, pledges, deemed trusts, assignments, judgments, executions, writs of seizure or execution, notices of sale, options, adverse claims, levies, rights of first refusal or other pre-emptive rights in favor of third parties, restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Encumbrances**"), including without limiting the generality of the foregoing all charges, security interests or charges evidenced by registration, publication or filing pursuant to the Civil Code of Québec, or any

other applicable legislation providing for a security interest in personal or movable property, and, for greater certainty, **ORDERS** that all of the Encumbrances affecting or relating to the Assets, be expunged and discharged as against the Assets, in each case effective as of the Sale of the Assets, which Encumbrances will attach instead to the proceeds received from the Sale of the Assets, other than amounts due and payable to the Consultant by the Debtor under the GB Agreement, in the same order and priority as the Encumbrances existed as at the date hereof.

- [11] **ORDERS** that, to the exception of a provision equivalent to the Administration Charge and the D&O Charge (as both defined in the Order rendered in this file by this Honourable Court on December 13, 2018), which the Proposal Trustee shall keep in trust, as well as the amounts due and payable to the Consultant by the Debtor under the GB Agreement, which shall be paid weekly in accordance with the GB Agreement, the Debtor shall distribute the proceeds of the Sale of the Assets in the same order and priority as the Encumbrances that exist as at the date hereof.
- [12] **ORDERS** that until the Sale Termination Date, the Consultant shall have the right to use, without interference by any intellectual property licensor, the Debtor's trademarks, trade names and logos, customer/marketing lists, website and social media accounts as well as all licenses and rights granted to the Debtor to use the trade names, and logos of third parties, relating to and used in connection with the Debtor's operations solely for the purpose of advertising and conducting the Sale in accordance with the terms of the GB Agreement and this Order, provided that the Consultant provides the Debtor with a copy of any proposed advertising two days prior to its use in the Sale.

CONSULTANT LIMITED LIABILITY:

- [13] **ORDERS** that the Consultant shall act solely as an independent consultant to the Debtor and that it shall not be liable for any claims against the Debtor other than as expressly provided in the GB Agreement. More specifically:
- a. The Consultant shall not be deemed to be an owner or in possession, care, control or management of the Assets or of the Debtor's employees or any other property of the Debtor;
 - b. The Consultant shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successorship liabilities whatsoever; and
 - c. The Debtor shall bear all responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines, or awards)

relating to claims of customers, employees and any other persons arising from events occurring during and after the Sale Term, except to the extent that such claims are the result of events or circumstances caused or contributed to by the gross negligence or wilful misconduct of the Consultant, its employees, agents or other representatives, or otherwise in accordance with the GB Agreement.

CONSULTANT AS UNAFFECTED CREDITOR:

- [14] **ORDERS** that the GB Agreement shall not be repudiated, resiliated or disclaimed by the Debtor and that in accordance with section 69.4 of the BIA, the Consultant shall not be affected by the stay of proceedings in respect of the Debtor and shall be entitled to exercise its remedies under the GB Agreement in respect of claims of the Consultant pursuant to the GB Agreement (collectively, the "**Consultant's Claims**"), the Consultant shall be treated as an unaffected creditor in the context of the present proceedings and in any proposal, arrangement, receivership or bankruptcy.
- [15] **ORDERS** that the Debtor is hereby authorized to remit, in accordance with the GB Agreement, all amounts that become due to the Consultant thereunder.
- [16] **ORDERS** that no Encumbrances shall attach to any amounts payable or to be credited or reimbursed by the Debtor to the Consultant pursuant to the GB Agreement, including any amounts that must be reimbursed by the Debtor to the Consultant, and the Debtor shall pay any such amounts to the Consultant free and clear of all Encumbrances, notwithstanding any enforcement or other process, all in accordance with the GB Agreement.
- [17] **ORDERS** that notwithstanding (a) the pendency of these proceedings; (b) any application for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of Debtor or any bankruptcy order made pursuant to any such applications; (c) any assignment in bankruptcy made in respect of the Debtor; (d) the provisions of any federal or provincial statute; 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, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement which binds the Debtor the GB Agreement and the transactions and actions provided for and contemplated therein, including, without limitation, the payment of amounts due to the Consultant shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by any Person (as defined in the BIA), including any creditor of the Debtor, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable reviewable transaction, under the BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

GENERAL:

- [18] **ORDERS** that the unredacted GB Agreement (Exhibit R4A to the Motion) be kept confidential and under seal until further order of this Court.
- [19] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.
- [20] **DECLARES** that the Debtor shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Debtor as may be deemed necessary or appropriate for that purpose.
- [21] **REQUESTS** the aid and recognition of any court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order;
- [22] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever;
- [23] **THE WHOLE** without costs.

CHANTAL TREMBLAY, J.S.C.

SUPERIOR COURT

Commercial Division
District of Montréal
File No.: 500-11-055629-188

**IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:**

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

EXHIBIT R-1

ORIGINAL

BLG

1000, De La Gauchetière Street West
Suite 900
Montréal, QC, Canada H3B 5H4
Tel. 514.879.1212
Fax. 514.954.1905
otadlaoui@blg.com
B.N. 2545

Borden Ladner Gervais

Mre Ouassim Tadiouli
File: 296368-000004

CANADA
Province of Quebec
District of Québec
Division No.: 01-Montréal
Court No.: 500-11-055629-188
Estate No.: 41-2449058

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

2964-3277 QUEBEC INC. (DBA CARPET ART
DECO)

legal person duly incorporated under the laws of
Canada, having its registered office at 480 Lafleur,
Montreal QC H8R 3H9

Petitioner / Debtor

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

THIRD REPORT OF THE TRUSTEE
ON THE STATE OF PETITIONER'S BUSINESS AND FINANCIAL AFFAIRS

Richter Advisory Group Inc. ("**Richter**" or the "**Proposal Trustee**"), in its capacity as trustee with respect to the Notice of Intention to Make a Proposal ("**NOI**") filed by 2964-3277 Quebec Inc., doing business as Carpet Art Deco (the "**Debtor**" or the "**Company**"), an insolvent person, does hereby report to the Court the following:

INTRODUCTION

1. On November 29, 2018, the Debtor filed the NOI in accordance with Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S. C. 1985, c. B.-3, as amended (the "**BIA**"), and Richter was appointed as Proposal Trustee under the NOI. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy is annexed as Exhibit "A" to the First Report of the Trustee dated December 12, 2018 ("**First Report**").
2. On December 5, 2018, documents were sent by regular mail to all creditors of the Debtor, as identified by it, which included a copy of the Debtor's NOI, which is annexed as Exhibit "B" to the First Report.

3. On December 6, 2018, the Debtor filed with the Official Receiver a Statement of Projected Cash Flow ("**Projections**") together with his report pursuant to Section 50.4(2)(c) of the Act, covering the period from November 29, 2018, to January 11, 2019, which included the major assumptions used in the preparation of the Projections. Concurrently therewith, the Proposal Trustee filed its Report on the reasonableness of the Projections in accordance with Section 50.4(2)(b) of the Act, all of which is annexed as Exhibit "C" to the First Report.
4. On December 10, 2018 the Debtor filed a motion entitled *Motion for the Issuance of an Order for an Administrative Charge, a Directors and Officers Charge, a Key Employee Incentive Program and Other Remedies* (the "**Charge and KEIP Motion**"). The Charge and KEIP Motion was granted on December 13, 2018.
5. On December 12, 2018, the Debtor filed a motion entitled *Motion for the Extension of the Delay to File a Proposal* (the "**Stay Extension Motion**"). The Stay Extension Motion was granted on December 17, 2018.
6. On December 14, 2018, the Proposal Trustee filed its Second Report in support of the Stay Extension Motion ("**Second Report**").
7. On December 18, 2018, the Court issued a Settlement Approval Order approving the settlement of a dispute between Oriental Weavers International SAE and the Debtor, as appears from the Court record.
8. On January 11, 2019, the Debtor filed a motion entitled *Motion for the Approval of a Consulting Agreement* (the "**Consulting Agreement Motion**"). The Consulting Agreement Motion will be heard on January 14, 2019.
9. In order to monitor the affairs and finances of the Debtor, the Proposal Trustee has been provided with access to the books, records and other important documents of the Debtor.

PURPOSE OF THIS REPORT

10. The purpose of this Third Report is to report to the Court on the Sales Solicitation Process (the "**SSP**") as described in the First Report, including the communications with interested parties, the opening of tenders, the analysis of offers received and the selection of Gordon Brothers Canada ULC ("**GB**") to act as consultant to the Debtor to assist in the realization of the assets of the Debtor.

TERMS OF REFERENCE

11. Unless otherwise noted, all monetary amounts contained in this Third Report herein are expressed in Canadian dollars.

12. In preparing this Third Report, the Proposal Trustee has relied upon certain unaudited financial information prepared by the Debtor's representatives, the Debtor's books and records, and discussions with the Debtor's representatives and legal counsel (the "**Information**").
13. Except as otherwise described in this Third Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountant of Canada Handbook and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

SALES SOLICITATION PROCESS

14. While the SSP was summarized in the First Report, the Proposal Trustee wishes to provide a quick overview of the chronology of the SSP in connection with the Consulting Agreement Motion:
 - a) The SSP was launched on November 29, 2018 with the issuance of a teaser (Exhibit "D" to the First Report) to approximately 120 interested parties consisting of strategic buyers, financial investors and liquidators;
 - b) The Proposal Trustee created a virtual data room with the necessary information to enable interested parties to evaluate all aspects of the Company's business. Ultimately, fifteen (15) parties signed a confidentiality agreement and were granted access to the digital data room, consisting of strategic and financial investors as well as liquidators. Many of these fifteen parties were in communication with both the Company and the Proposal Trustee as they performed their due diligence. In addition to being active in the data room, four (4) of the interested parties visited the Debtor's premises to meet with the Debtor and Proposal Trustee and to tour the Debtor's warehouses;
 - c) Throughout the SSP, the Debtor and the Proposal Trustee responded to information requests from interested parties and posted additional financial information to the data room. Attached as **Exhibit "A"** to this Third Report is a summary of the information included in the digital data room;
 - d) The bid deadline was December 19, 2018, at noon eastern time with offers to be submitted to the office of the Proposal Trustee.

OFFERS RECEIVED

15. Three offers were submitted to the Proposal Trustee by the noon deadline on December 19, 2019. A fourth offer was received shortly after the noon deadline and was marked late but was opened

nonetheless. There were no going-concern offers. All of the offers contemplated a liquidation of the assets of the Debtor. A summary of the offers received is attached as **Exhibit "B"**.

16. The offers were opened at the offices of the Proposal Trustee in the presence of representatives of:
 - a) the Canadian Imperial Bank of Commerce ("**CIBC**") which has registered a first-ranking security interest on the Debtor's accounts receivable and inventory, as well as a second-ranking security interest on the Debtor's fixed assets;
 - b) the Business Development Bank of Canada ("**BDC**") which has registered a first-ranking security interest on the Debtor's equipment, as well as a second-ranking security interest on the Debtor's accounts receivable and inventory. BDC has also registered a first-ranking security interest on the real estate used in the Debtor's operations and owned by a related party, 9220-5749 Québec Inc. ("**9220**"); and
 - c) the Debtor.
17. The Proposal Trustee has obtained a legal opinion from its independent legal counsel, Stikeman Elliott LLP, confirming the respective validity and opposability of the security interests registered by CIBC and BDC in respect of the assets of the Debtor. Stikeman Elliott did not opine on the security granted by 9220 to BDC, seeing as 9220 is not a party to these insolvency proceedings.
18. Following an analysis of the offers received, the Debtor, CIBC, BDC and the Proposal Trustee reached a consensus that the most advantageous offer was the offer submitted by GB.
19. On January 11, 2019, GB and the Debtor executed an agreement (the "**GB Agreement**") which sets out the terms and conditions of the services to be provided by GB. We summarize the terms of the GB Agreement, which is annexed as Exhibit "R-4" to the Consulting Agreement Motion as follows:
 - a) GB will assist the Debtor in the liquidation of all its inventory, the collection of its outstanding receivables and the sale of intellectual property, in consideration for an incentive fee of 3% on gross proceeds, plus up to \$100,000 of expenses;
 - b) This is a best efforts "fee based deal" and there is no guarantee as to the amounts that will be realized;
 - c) The duration of the realization is expected to be a maximum of 120 days, beginning on the date of issuance of the order authorizing the execution of the GB Agreement (the "**Sale Term**"). The Sale Term can be extended by GB in its discretion as regards the collection of accounts receivable, for up to 8 months and the Sale Term can also be extended indefinitely by agreement of the parties, with the approval of the Proposal Trustee, as regards the assets of the Debtor other than accounts receivable;

- d) The GB Agreement contains standard provisions that govern the management of the liquidation process, indemnification, insurance and representations and warranties. Among other terms, it is contemplated that GB will assist the Debtor in implementing strategies to liquidate its assets at the best possible prices and that for the duration of the process, the Debtor will continue to employ its employees, collect sales taxes and otherwise continue operating at its various locations for so long as these locations are required; and
 - e) The GB Agreement does not contemplate nor deal with (i) the liquidation of the equipment of the Debtor on which BDC has registered a first-ranking security interest; or (ii) the sale of the real property owned by 9220.
20. Subsequent to the acceptance of the GB offer, GB advised that it wished to partner with one of the unsuccessful bidders, namely Merchant Retail Solutions ULC ("Hilco"), in connection with the collection of the Debtor's receivables. Hilco is not a party to the GB Agreement but will contract directly with GB. The Proposal Trustee supports this partnership as does the Debtor and the CIBC.
21. On January 10, 2019, BDC, having reviewed the terms proposed by GB pursuant to which the equipment of the Debtor over which BDC registered first-ranking security interests would have been included in the assets to be liquidated under the GB Agreement, advised that it would evaluate its options and maintain all of its existing rights with respect to its realization options on said assets. As a result, the GB Agreement does not include terms which would apply to the liquidation of these assets.

RECOMMENDATION

22. In light of the nature of the offers received as a result of the SSP and in particular, the absence of any going concern offer, the Proposal Trustee is of the view that the GB Agreement represents the best course of action to realize a maximum value for the creditors of the Debtor in a liquidation of the inventory, receivables and intellectual property of the Debtor.
23. The Proposal Trustee recommends that this Court authorize the Debtor to enter into and to implement the GB Agreement. In issuing this recommendation, the Proposal Trustee is mindful of the fact that the GB Agreement is supported not only by the CIBC which has a first ranking security on the receivables, inventory and intellectual property of the Debtor, but also by the Debtor itself.
24. The draft order sought in connection with the Consulting Agreement Motion seeks, in addition to the approval of the GB Agreement, an authorization of this Court for the Debtor to distribute the proceeds of the sales of assets in the same order and priority as the encumbrances that exist as of

the date of the issuance of the order. This distribution will be undertaken by the Debtor, with the oversight of the Proposal Trustee.

25. The Proposal Trustee is of the view that such a distribution order is warranted in the circumstances, provided the Proposal Trustee keeps in trust a provision equivalent to the amount of the Administration Charge and the D&O Charge (both terms as defined in the order issued by this Court on December 31, 2018), as provided for in the draft order.

Respectfully submitted at Montreal, this 11th day of January 2019.

Richter Advisory Group Inc.
Licensed Insolvency Trustee



Olivier Benchaya, CPA, CA, CIRP, LIT



Andrew Adessky, CPA, CA, MBA, CIRP, LIT

Exhibit A

FIRMEX

Carpet Art Deco International**Due Diligence**

Due Diligence

Sale Process

- CADI - Confidentiality and Non-Disclosure Agreement.pdf
- CADI - Request for Offers.pdf

Company Profile

- CADI - Company Brochure.pdf

Financial Statements

Annual Financial Statements

- F2016 Audited Financial Statements.pdf
- F2017 Audited Financial Statements.pdf
- F2018 Aug YTD Preliminary Financial Statements.pdf

Monthly YTD Financial Statements

- 2018_04_Etats_financiers.pdf
- 2018_05_Etats_financiers.pdf
- 2018_06_Etats_financiers.pdf
- 2018_07_Etats_financiers.pdf
- 2018_08_Etats_financiers.pdf
- 2017_10_Etats_financiers.pdf
- 2017_11_Etats_financiers.pdf
- 2017_12_Etats_financiers.pdf
- 2018_01_Etats_financiers.pdf
- 2018_02_Etats_financiers.pdf
- 2018_03_Etats_financiers.pdf

Monthly P&L

- 2018_05_Monthly_P&L.pdf
- 2018_06_Monthly_P&L.pdf
- 2018_07_Monthly_P&L.pdf
- 2018_08_Monthly_P&L.pdf
- 2017_10_Monthly_P&L.pdf
- 2017_11_Monthly_P&L.pdf
- 2017_12_Monthly_P&L.pdf
- 2018_01_Monthly_P&L.pdf
- 2018_02_Monthly_P&L.pdf
- 2018_03_Monthly_P&L.pdf
- 2018_04_Monthly_P&L.pdf

Sales & Accounts Receivable

- Accounts Receivable as at Nov 25, 2018.xlsx
- Accounts Receivable as at Nov 18, 2018.xlsx
- Sales by Customer F2017 & YTD F2018.xlsx
- Forecasted Sales by Customer.xlsx
- Detailed Accounts Receivable as at Nov 25, 2018 (with customer names).xlsx
- Sales by Customer F2017 & YTD F2018 (with customer names).xlsx

Purchases

- F2017 Purchase per supplier.xlsx
- F2018 Purchase per supplier.xlsx

Inventory

- Inventory Listing as at Nov 25, 2018 - Additional info.xlsx
- Inventory Listing as at Nov 25, 2018.xlsx
- Inventory Listing as at Nov 18, 2018.xlsx
- GIT Listing as at Nov 25, 2018.txt.xlsx
- Sales by Customer & SKU.xlsx


























-  Inventory Location (summary) as at Nov 28, 2018.xlsx
-  Inventory Location (by SKU QTY) as at Nov 28, 2018.xlsx
-  Inventory Categorization.xlsx
-  Replenishment SKU list.xlsx
-  Occupancy Leases
 -  7900 St-Patrick - Lease 2017.pdf
 -  480 Lafleur - Lease 2010.pdf
 -  480 Lafleur - Option Exercice 2016.pdf
 -  Textile Building Fifth Avenue - Lease 2017.pdf
 -  Monthly Rents & Warehouse SqFt.xlsx
-  Fixed Assets & Intangibles
 -  Equipment
 -  Equipment List.pdf
 -  Fixed Assets Net Book Value as at Aug 31, 2018.xlsx
 -  Building
 -  480 Lafleur - Description.pdf
 -  Trademarks
 -  Trademark - S.T.Y.L.E.S..pdf
 -  Trademark - Carpet Art Deco.pdf
-  Employees
 -  Employees & Salaries.xlsx
-  Terms and Conditions
 -  CADI - Terms and Conditions to the Sale Process.pdf
-  Offer Form
 -  CADI_Offer Form (English).docx

Exhibit B

2984-3277 Québec Inc. (Carpet Art Deco)
Summary of Offers

	Hilco		Corporate Assets		Gordon Brothers ("GB")		Natco Products Corp.	
Structure	Fee-based offer, best efforts	Fee-based offer, best efforts	Fee-based offer, best efforts	Fee-based offer, best efforts	Minimum Gross Proceeds Guarantee	Fixed		
Inventory	3% of GOLV <\$10M; 4% of GOLV \$10M to \$20M; 5% of GOLV \$20M to \$24.56M; 6% of GOLV >\$24.56M.	Industry standard buyer's premium, which will be charged and collected directly to and from the buyers.	3% of GOLV	<u>All intellectual property, inventory, accounts receivable, equipment (excluding the looms pledged to BDC).</u>	Fixed	<u>Inventory & Equipment:</u>		Aggregate bid of \$5M subject to completion of due diligence to be completed by Jan. 5, 2019.
Accounts Receivable	0% of GOLV <\$0.5M; 3.5% of GOLV >\$0.5M	TBD	3% of GOLV					
Equipment	15%	Industry standard buyer's premium, which will be charged and collected directly to and from the buyers.	10%					
IP	TBD	TBD	3% of GOLV					
On-Site Management	\$310K	\$50K	\$100K					
Expected period (assume start date of Jan 14/19)	15 weeks (end date Apr 29/19).	90 - 120 days (end date May 14/19)	120 days (end date May 14/19)					N/A
Conditions / Comments								The Guarantee Structure is subject to additional due diligence (~14 business days), confirmation and documentation for a transaction of this nature.

SUPERIOR COURT
Commercial Division
District of Montréal
File No.: 500-11-055629-188

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

EXHIBIT R-2

ORIGINAL

BLG

1000, De La Gauchetière Street West
Suite 900
Montréal, QC, Canada H3B 5H4
Tel. 514.879.1212
Fax. 514.954.1905
otadiaoui@blg.com

B.M. 2545

Mtne Ouassim Tadiaoui
File: 296368-000004

December 19, 2018

Richter Advisory Group Inc.
1981 McGill College
Montreal, Quebec H3A 0G6
Attn: Olivier Benchaya

Re: Non-Binding Expression of Interest 2964-3277 QUÉBEC INC. A.K.A. CARPET ART
DECO INTERNATIONAL INC. (“Art Deco”)

Dear Mr. Benchaya:

The purpose of this letter is to express the interest of Gordon Brothers Canada ULC (“GB”) to enter into a definitive Guarantee Agreement with Carpet Art Deco (the “Company” or “Sellers”) to act as its exclusive Agent to sell all of the below defined assets including but not limited to the Inventory, Machinery & Equipment, Accounts Receivable and Intellectual Property of the Company (the “Assets”) as defined below.

On terms and conditions more fully set forth in a definitive Agency Agreement, GB would provide a Guarantee for all of Company’s right, title and interest in and to all of the following Assets of the Company.

- I. All Intellectual Property of Sellers including, without limitation, all Trademarks, Patents, Molds, Artwork, Customer Lists, Vendor Id’s, Domain Names and Designs.
- II. All inventory, supplies, finished goods, raw materials, work-in-process, samples, in-transit, packaging materials and other inventory of the Company as set forth on Exhibit A, having a value of [REDACTED].
- III. All Accounts Receivable and Intercompany Receivables including, without limitation, all Accounts Receivable set forth on Exhibit B and having a face value of [REDACTED].
- IV. All manufacturing machinery & equipment, computer systems, computer hardware, wiring & connections, vehicles, rolling stock, tools, equipment, spare parts, furnishings, office equipment, fixtures, furniture, and other fixed Assets which are owned by Company excluding only the looms pledged to BDC.

Based on the limited information provided and the due diligence performed to date, GB would propose the following two structures:

- Option 1: Guarantee
- Option 2: Fee with an Expense Funding Option up to \$5 million.

Option 1: Guarantee Structure:

Based on the limited information provided to date, GB estimates it would guarantee the Company between \$17,000,000 and \$20,000,000 CAD in Net Proceeds (Net Proceeds is defined as sales less only taxes and fees) from the Sale of the Assets ("Guarantee Amount"). Payment of the guarantee would be funded upfront upon the signing and closing of a definitive Agency Agreement. For purposes of this letter all dollar amounts are reflected in CAD.

Once net proceeds exceed the Guarantee Amount, GB would retain a priority return equal to 15% of the Guarantee Amount ("Priority Return") to cover our equity risk return and deal related expenses (e.g. cost of capital, legal, GB travel, GB supervision, marketing, etc.).

Once net proceeds exceed the Guarantee Amount and Priority return any excess proceeds would be shared 90% to Company and 10% to GB.

Option 2: Fee with Expense Funding up to \$5 million:

As an alternative to the above, GB would also be willing to serve as the Company's exclusive agent to market and sell or in terms of the accounts receivable collect on behalf of the company through an orderly negotiated sale on a fee basis. In exchange for its services, GB would receive a fee of 3.50% against Gross Sales or Gross Collections on the Inventory, IP and the accounts receivable and a fee of 10% on all sales of equipment, furniture and warehousing assets. In addition to the above, GB would also be willing to advance and be reimbursed out of initial proceeds from the sales or collections up to estimated \$5 million in operating & occupancy expenses so the bank does not have to provide any additional advances.

GBCI's team on this deal would consist of seasoned employees situated throughout North America with well over 100 years combined of investment and disposition experience within the Consumer Product space. The professionals involved on both the inventory and accounts receivable side have direct dealings with the top 6 customers of Carpet Art Deco on a regular basis and have developed strong on-going relationships that will allow for the highest recovery possible.

The Guarantee Structure only is subject to more comprehensive additional due diligence, confirmation and documentation for a transaction of this nature. We would expect to take approximately 7-10 business days to complete our final due diligence if provided with full access and information and 14 days to execute a definitive Asset Purchase Agreement if the agreement is negotiated simultaneously with performing our final due diligence.

The additional due diligence would require complete access to management and employees of the company as well as receipt of data not previously provided as part of the last due diligence trip:

- I. Verification of the Inventory & Asset Levels (time frame 1-2 days). Specific attention needs to be paid to current programs and correctly identifying private label merchandise.

- II. Review of customer order book, agreements, commitments and discussion with sales personnel (1-2 Days) if provided complete access.
- III. On-Site Verification of the Accounts Receivable & supporting documentation, recent payment history, customer agreements and settlement discussions to date (2 days).
- IV. Detailed review of current expense run rates/13 week cash flow for the operations as it exists today. Including discussions/time studies around the costs of re-banding and labeling the private label inventory (particularly the Walmart private label product).
- V. Review of Intellectual Property Information.

Any definitive Agreement would be subject to the following additional terms and conditions:

- i. All Assets being free and clear of liens and claims, but understanding that the Assets will be sold "as is where is" with limited representations or warranties, written or implied, but including free, clear and marketable title for all the assets.
- ii. There are no material adverse changes with the operations of the Company from the date of execution of this letter to the date of closing.
- iii. Obtaining required consents under law or contract necessary to consummate the transactions contemplated by this letter.
- iv. Peaceful Use & Occupancy for up to 120 days at the facilities.
- v. Company will provide the employees, systems and operating support necessary to conduct the sale in a commercial manner. Agent will work with consultant during due diligence period to provide a budget once provided full access to all employees and detailed expenses.
- vi. The foregoing is based upon the Assets being of the same items, levels, quality and condition as reflected in the attached Exhibits and as inspected previously.
- vii. Mutually agreeable documents that include usual terms, conditions, covenants, indemnities, remedy schedules and representations customarily contained in documents for similar transactions, subject to final approval and execution by all parties.
- viii. Upon acceptance of our general terms and conditions, GB would require 21 days of exclusivity in order to execute a definitive agreement.

- ix. To the extent the Company seeks to conduct an auction under the guarantee structure GB would be granted appropriate bid protections, expense reimbursement and break-up fees.
- x. Under the definitive documentation on the guarantee or the fee deal, GB would be granted a first priority, senior security interest in and lien upon the Assets. The Company shall execute all documents necessary or appropriate to document and perfect such security interest and lien and shall obtain any necessary subordination agreements

We look forward to your response to this letter and its basic conditions, so that we can move forward with our due diligence and the drafting of a definitive Agreement as soon as is practical. The terms and conditions of this offer are subject to the mutual confidentiality provisions between both parties. As timing is critical, this offer shall expire on December 21, 2018 at 5:00 pm Eastern Standard Time.

Very truly yours,

On Behalf of Gordon Brothers Canada ULC

Jim Lightburn

By: _____

Jim Lightburn

Digitally signed by Jim Lightburn
DN: cn=Jim Lightburn, o=Gordon Brothers
Group, ou=GBCL,
email=jlightburn@gordonbrothers.com,
c=US
Date: 2018.12.19 11:27:43 -05'00'

SUPERIOR COURT
Commercial Division
District of Montréal
File No.: 500-11-055629-188

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

EXHIBIT R-3

ORIGINAL

BLG

1000, De La Gauchetière Street West
Suite 900
Montréal, QC, Canada H3B 5H4
Tel. 514.879.1212
Fax: 514.954.1905
otadlaoui@blg.com

Borden Ladner Gervais

B.M. 2545

Mtre Ouassim Tadiaoui
File: 296368-000004

GORDON BROTHERS CANADA ULC

VIA EMAIL

2964-3277 Quebec Inc.
480 Avenue Lafleur
Montreal, Quebec H8R 3H9
Attn: Mr. Fadi Melki

Re: Letter Agreement Governing Asset Disposition

Dear Ladies and Gentlemen:

This letter shall serve as an agreement ("Consulting Agreement" or this "Agreement") between Gordon Brothers Canada ULC, an affiliate of Gordon Brothers Commercial & Industrial, LLC, on the one hand ("Consultant" or a "Party"), and 2964-3277 Quebec Inc. (doing business as Carpet Art Deco), on the other hand ("Merchant" or a "Party" and together with the Consultant, the "Parties"), under which Consultant shall act as exclusive consultant to Merchant for the purpose of advising with respect to a sale of certain Assets (as defined below), including those located at Merchant's facilities identified on Exhibit A (each a "Location" and collectively, the "Locations") (the "Sale").

The Merchant has filed a Notice of Intention to Make a Proposal ("NOI") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3. ("BIA"), and Richter Advisory Group Inc. was appointed as the Proposal Trustee of the Merchant (the "Proposal Trustee"). The Merchant shall file an application with the Superior Court of Quebec (Commercial Division) (the "Court") seeking an order, in form and substance acceptable to the Consultant, approving, among other things, this Agreement and the conduct of the Sale, in accordance with the terms hereof (the "Order").

The Consultant and the Merchant agree and acknowledge that the entering into of this Agreement by the Merchant is subject to the issuance of the Order approving, among other things, this Agreement and the conduct of the Sale and that should the Order not be obtained, this Agreement shall have no force or effect.

A. Assets

For purposes hereof, "Assets" shall mean (i) all inventory, supplies, finished goods, raw materials, work-in-process, samples, in-transit goods, packaging materials and other inventory of the Merchant, including without limitation, those set forth on Exhibit B attached hereto (collectively, the "Inventory"), (ii) all accounts receivable owed to Merchant as of the Sale Commencement Date, including without limitation, those set forth on Exhibit C attached hereto (collectively, the "Accounts Receivable"); and (iii) all intellectual property, including without limitation, all tradenames, trademarks, patents, molds, artwork, customer lists, vendor IDs, domain names, social media sites, and designs, including without limitation, those set forth on Exhibit D (collectively, the "Intellectual Property").

B. Sale Term

The Sale shall commence on the first calendar day after issuance of the Order (the "Sale Commencement Date") and conclude by no later than one hundred and twenty (120) days thereafter (the "Sale Termination Date"); provided, however, that (i) solely with respect to Accounts Receivable, the Sale Termination Date may be extended by the Consultant, in its sole discretion, for one or more periods up to a total of an additional eight (8) months (subject to the provisions of applicable law), in which case, to the extent required by the Merchant and the Proposal Trustee, Consultant will be responsible for transferring any information and/or documentation in respect of such accounts onto Consultant's systems for managing and processing thereafter; and (ii) the Parties, with the prior approval of the Proposal Trustee, may mutually agree in writing to extend the Sale Termination Date as to any other Assets or to terminate it early as to any Assets. The period between the Sale Commencement Date and the Sale Termination Date shall be referred to as the "Sale Term". Merchant shall bear all costs and expenses associated with surrendering the premises of the Locations to the landlords (including leaving such Locations in "broom swept" and clean condition) according to the budget to be established by Merchant and Consultant. As regards the New York showroom Location, the Consultant anticipates that this Location shall not be needed after January 30th, 2019.

C. Project Management

(i) Consultant's Undertakings

During the Sale Term, Consultant shall (a)(i) develop an advertising and marketing plan for the sale or auction of, or other disposition strategy for all Inventory, and Intellectual Property; (ii) recommend that Merchant accept or reject certain offers therefor and negotiate the terms and conditions of any such sales or auctions; (iii) prepare for the sale of the Assets, including gathering specifications and photographs for brochures and arranging the Assets in a manner, which in Consultant's reasonable judgment, would be designed to enhance the value of the Assets; (iv) recommend and consult with the Merchant and the Proposal Trustee in connection with the appropriate pricing [REDACTED] in respect of the Assets; (v) with the consent of the Merchant and the Proposal Trustee, conduct any auction for the Assets and assist the Merchant in the sale of any Assets to the highest bidder or offeror "as is," "where is," pursuant to a form Bill of Sale to be approved by Merchant (as may be required) and in accordance with the terms of this Agreement; (vi) charge and collect on behalf of Merchant from all purchasers of the Assets any purchase price together with all applicable taxes in connection therewith and remit same to the Merchant; and (vii) oversee the removal of the Assets by purchasers; (b)(i) collect, service, settle, and otherwise resolve the Accounts Receivable on Merchant's behalf in compliance with applicable law [REDACTED]

[REDACTED]; (ii) direct the obligors on the Accounts Receivables to make payment to Merchant [REDACTED]; (iii) receive cash, drafts, checks, wire transfers, credit cards, and money orders on account or in satisfaction of the Accounts Receivables, and endorse and negotiate any of the foregoing received by Consultant; and (iv) if Merchant requests, identify and oversee third party collection attorneys to collect those Accounts Receivables Consultant is otherwise unable to collect; (c) to the extent that information is available, provide sales reporting and monitor expenses; (d) maintain the confidentiality of all proprietary or non-public information regarding Merchant in accordance with the provisions of the

confidentiality agreement signed by the Parties; (e) advise on the appropriate Sale Termination Date of each Location (other than the New York showroom Location which is dealt with above); and (f) provide such other related services deemed necessary or appropriate by Merchant and Consultant.

(ii) Merchant's Undertakings

All sales of Assets during the Sale Term shall be made by Merchant for its own account. Accordingly, during the Sale Term, Merchant shall (a) be the employer of Merchant's employees at the Locations and any other employees of Merchant utilized in the Sale (the "Employees") and shall ensure such Employees are available to, among other things, pick, pack, re-label, receive and ship the Inventory as directed by Consultant; (b) pay all taxes, costs, expenses, accounts payable, and other liabilities relating to the Locations, the Employees and other representatives of Merchant and ensure Consultant has peaceful use and occupancy to the Locations; (c) prepare and process all tax forms and other documentation; (d) collect all HST/GST and other applicable taxes assessed on the sale of the Assets and pay them to the appropriate taxing authorities; (e) use reasonable efforts to cause Employees to cooperate with Consultant; (f) execute all agreements determined by the Merchant or Consultant in form acceptable to their respective counsel, to be necessary or desirable for the operation of the Locations during the Sale and to reflect the sale of any Assets as may be required or necessary to complete any such sales; (g) arrange for the ordinary maintenance of all equipment and systems required at the Locations, including without limitation, all inventory and warehouse management systems, EDI systems, and all systems necessary to prepare invoices and shipping documentation; (h) prepare all necessary export documents and paperwork required for shipments of Inventory outside of Canada; (i) use commercially reasonable efforts to obtain trademark releases on any private label merchandise included as Inventory to permit the resale thereof; and (j) provide throughout the Sale Term central administrative services necessary for the Sale, including (without limitation) customary POS administration, sales audit, cash reconciliation, accounting, and payroll processing, all at Merchant's cost and expense.

The Parties expressly acknowledge and agree that Consultant shall have no liability to Merchant's employees (including the Employees) for wages, benefits, severance pay, termination pay, vacation pay, pay in lieu of notice of termination or any other liability arising from Merchant's employment, hiring or retention of its employees, and such employees shall not be considered employees of Consultant.

D. The Sale

Consultant does not have, nor shall it have, any right, title or interest in the Assets. All sales of Assets shall be paid to Merchant by cash, credit or debit card, or wire transfer and shall be "as is, where is" and "final" with no returns accepted or allowed, unless otherwise directed by Merchant. All sales of Assets shall be free and clear of any and all liens, claims, encumbrances, or interests and shall be free of any trademark or other Intellectual Property-related restrictions on the resale thereof.

E. Consultant Fees and Expenses in Connection with the Sale

As used in this Consulting Agreement, "Gross Sale Proceeds" shall mean the sum of the gross proceeds from all sales of Inventory and Intellectual Property and from all collections of Accounts Receivable, during the Sale Term, net of applicable HST/GST and other applicable taxes.

In consideration of its services hereunder, Consultant shall earn a fee equal to three percent (3%) of the aggregate Gross Sale Proceeds ("Consultant's Incentive Fees").

Merchant shall be responsible for all expenses of the Sale, including (without limitation) all Sale-related and Location-level operating expenses, all costs and expenses related to Merchant's other operations, and Consultant's reasonable, documented out of pocket expenses scheduled on Exhibit E attached hereto (such scheduled expenses, "Consultant Controlled Expenses"). Consultant Controlled Expenses shall not exceed \$100,000 in the aggregate without the prior approval of the Merchant and Proposal Trustee.

Gross Sale Proceeds shall be distributed following each weekly reconciliation (as provided for below) as follows: First, to Consultant to reimburse it for any Consultant Controlled Expenses; Second, to Consultant on account of Consultant's Incentive Fees; and thereafter, to Merchant.

All accounting matters (including, without limitation, all fees, expenses, or other amounts reimbursable or payable to Consultant) shall be reconciled on every Wednesday for the prior week and shall be paid within forty-eight (48) hours after each such weekly reconciliation. The Parties shall complete a final reconciliation and settlement of all amounts payable to Consultant and contemplated by this Consulting Agreement (including, without limitation, Expense Budget items, and fees earned hereunder) no later than forty five (45) days following the Sale Termination Date.

F. Indemnification

(i) Merchant's Indemnification

Merchant shall indemnify, defend, and hold Consultant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, lenders, potential co-investors, principals, and affiliates (collectively, "Consultant Indemnified Parties") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees) arising from or related to: (a) the willful or negligent acts or omissions of Merchant or the Merchant Indemnified Parties (as defined below); (b) the material breach of any provision of this Consulting Agreement by Merchant; (c) any liability or other claims, including, without limitation, product liability claims, asserted by customers, any Merchant employees (under a collective bargaining agreement or otherwise), or any other person (excluding Consultant Indemnified Parties) against Consultant or a Consultant Indemnified Party, except claims arising from Consultant's negligence, willful misconduct or unlawful behavior; (d) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of Consultant's Indemnified Parties or buyers of Assets by Merchant or Merchant's Indemnified Parties; and (e) Merchant's failure to pay over to the appropriate taxing authority any taxes required to be paid by Merchant during the Sale Term in accordance with applicable law.

(ii) Consultant's Indemnification

Consultant shall indemnify, defend and hold Merchant and its consultants, members, managers, partners, officers, directors, employees, attorneys, advisors, representatives, lenders, potential co-investors, principals, and affiliates (other than the Consultant or the Consultant Indemnified Parties) (collectively, "Merchant Indemnified Parties") harmless from and against all liabilities, claims, demands, damages, costs and expenses (including reasonable attorneys' fees)

arising from or related to (a) the willful or negligent acts or omissions of Consultant or the Consultant Indemnified Parties; (b) the material breach of any provision of, or the failure to perform any obligation under, this Consulting Agreement by Consultant; (c) any liability or other claims made by Consultant's Indemnified Parties or any other person (excluding Merchant Indemnified Parties) against a Merchant Indemnified Party arising out of or related to Consultant's services hereunder, except claims arising from Merchant's negligence, willful misconduct, or unlawful behavior; (d) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of Merchant Indemnified Parties, or buyers of Assets by Consultant or any of the Consultant Indemnified Parties and (e) any claims made by any party engaged by Consultant as an employee, agent, representative or independent contractor arising out of such engagement.

G. Insurance

(i) Merchant's Insurance Obligations

Merchant shall maintain throughout the Sale Term, liability insurance policies (including, without limitation, products liability (to the extent currently provided), comprehensive public liability insurance and auto liability insurance) covering injuries to persons and property in or in connection with the Locations, and shall cause Consultant to be named an additional insured with respect to all such policies. At Consultant's request, Merchant shall provide Consultant with a certificate or certificates evidencing the insurance coverage required hereunder and that Consultant is an additional insured thereunder. In addition, Merchant shall maintain throughout the Sale Term, in such amounts as it currently has in effect, workers compensation insurance in compliance with all statutory requirements.

(ii) Consultant's Insurance Obligations

As an expense of the Sale, Consultant shall maintain throughout the Sale Term, liability insurance policies (including, without limitation, products liability/completed operations, contractual liability, comprehensive public liability and auto liability insurance) on an occurrence basis in an amount of at least Two Million dollars (\$2,000,000) and an aggregate basis of at least five million dollars (\$5,000,000) covering injuries to persons and property in or in connection with Consultant's provision of services at the Locations. Consultant shall name Merchant as an additional insured and loss payee under such policy, and upon execution of this Consulting Agreement provide Merchant with a certificate or certificates evidencing the insurance coverage required hereunder. In addition, Consultant shall maintain throughout the Sale Term, workers compensation insurance compliance with all statutory requirements. Further, should Consultant employ or engage third parties to perform any of Consultant's undertakings with regard to this Consulting Agreement, Consultant will ensure that such third parties are covered by Consultant's insurance or maintain all of the same insurance as Consultant is required to maintain pursuant to this paragraph and name Merchant as an additional insured and loss payee under the policy for each such insurance.

H. Representations, Warranties, Covenants and Agreements

(i) Merchant warrants, represents, covenants and agrees that (a) Merchant is a company duly organized, validly existing and in good standing under the laws of its province of organization, with full power and authority to execute and deliver this Consulting Agreement and to perform its

obligations hereunder, and maintains its principal executive office at the address set forth herein, and (b) subject to the issuance of the Order, the execution, delivery and performance of this Consulting Agreement has been duly authorized by all necessary actions of Merchant and this Consulting Agreement constitutes a valid and binding obligation of Merchant enforceable against Merchant in accordance with its terms and conditions, and the consent of no other entity or person is required for Merchant to fully perform all of its obligations herein.

(ii) The Consultant warrants, represents, covenants and agrees that (a) Consultant is a company duly organized, validly existing and in good standing under the laws of its province of organization, with full power and authority to execute and deliver this Consulting Agreement and to perform the Consultant's obligations hereunder, and maintains its principal executive office at the addresses set forth herein, (b) the execution, delivery and performance of this Consulting Agreement has been duly authorized by all necessary actions of Consultant and this Consulting Agreement constitutes a valid and binding obligation of Consultant enforceable against Consultant in accordance with its terms and conditions, and the consent of no other entity or person is required for Consultant to fully perform all of its obligations herein, (c) Consultant shall comply with and act in accordance with any and all applicable federal, provincial and local laws, rules, and regulations, and other legal obligations of all governmental authorities, (d) Consultant will not take any disciplinary action against any employee of Merchant; and (e) Consultant is not a non-resident of Canada pursuant to the *Income Tax Act* and shall provide the Merchant with its relevant sales tax numbers prior to the Sale.

I. Termination

The following shall constitute "Termination Events" hereunder:

- (a) Merchant's or Consultant's failure to perform any of their respective material obligations hereunder, which failure shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting Party;
- (b) any representation or warranty made by Merchant or Consultant is untrue in any material respect as of the date made or at any time and throughout the Sale Term; or
- (c) the Sale is terminated or materially interrupted or impaired for any reason other than an event of default by Consultant or Merchant.

If a Termination Event occurs, the non-defaulting Party (in the case of an event of default) or either Party (if the Sale is otherwise terminated or materially interrupted or impaired) may, in its discretion, elect to terminate the term of this Consulting Agreement by providing seven (7) business days' written notice thereof to the other Party and, in the case of an event of default, in addition to terminating the term of this Consulting Agreement, pursue any and all rights and remedies and damages resulting from such default. If the term of this Consulting Agreement is terminated, Merchant shall be obligated to pay Consultant all amounts due under this Consulting Agreement through and including the termination date.

J. Notices

All notices, certificates, approvals, and payments provided for herein shall be sent by fax or by recognized overnight delivery service as follows: (a) To Merchant: at the address listed above and

by e-mail to the attention of Mr. Fadi Melki fmelki@carpetartdeco.com with a copy to Borden Ladner Gervais, Attn: Marc Duchesne (mduchesne@blg.clm) and Mr. Ouassim Tadlaoui (otadlaoui@blg.com) ; (b) To the Proposal Trustee: Richter Advisory Group Inc., Attn: Olivier Benchaya (obenchaya@richter.ca) and Andrew Adessky (aadessky@richter.ca) (c) To Consultant: c/o Gordon Brothers Commercial & Industrial, LLC, LLC, 800 Boylston Street, 27th Floor, Boston, MA 02199, fax: 617-531-7906, Attn: Mackenzie Shea, with a copy to Osler, Hoskin and Harcourt LLP, Attn: Sandra Abitan (sabitan@osler.com); or (d) such other address as may be designated in writing by Merchant, Consultant or other applicable person.

K. Independent Consultant

Consultant's relationship to Merchant is that of an independent contractor without the capacity to bind Merchant in any respect. No employer/employee, principal/agent, joint venture or other such relationship is created by this Consulting Agreement. Merchant shall have no control over the hours that Consultant or its employees or assistants work or the means or manner in which the services that will be provided are performed and Consultant is not authorized to enter into any contracts or agreements on behalf of Merchant or to otherwise create any obligations of Merchant to third parties, unless authorized in writing to do so by Merchant.

L. Non-Assignment

Neither this Consulting Agreement nor any of the rights hereunder may be transferred or assigned by either Party without the prior written consent of the other Party, provided, however, that with respect to the collection of Accounts Receivable or any auction required at the Location, Consultant shall be permitted to subcontract performance of certain of such services to a third party, provided that Consultant shall remain responsible hereunder therefor. No modification, amendment or waiver of any of the provisions contained in this Consulting Agreement, or any future representation, promise or condition in connection with the subject matter of this Consulting Agreement, shall be binding upon any Party to this Consulting Agreement unless made in writing and signed by a duly authorized representative or agent of such Party. This Consulting Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and permitted assigns.

M. Severability

If any term or provision of this Consulting Agreement, as applied to either Party or any circumstance, for any reason shall be declared by a court of competent jurisdiction to be invalid, illegal, unenforceable, inoperative or otherwise ineffective, that provision shall be limited or eliminated to the minimum extent necessary so that this Consulting Agreement shall otherwise remain in full force and effect and enforceable. If the surviving portions of the Consulting Agreement fail to retain the essential understanding of the Parties, the Consulting Agreement may be terminated by mutual consent of the Parties.

N. Governing Law and Jury Waiver

This Consulting Agreement, and its validity, construction and effect, shall be governed by and enforced in accordance with the internal laws of the Province of Quebec (without reference to the conflicts of laws provisions therein). Merchant and Consultant waive their respective rights to trial

by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Consultant against Merchant or Merchant against Consultant on any matter whatsoever arising out of, or in any way connected with, this Consulting Agreement, the relationship between Merchant and Consultant, any claim of injury or damage or the enforcement of any remedy under any law, statute or regulation, emergency or otherwise, now or hereafter in effect.

O. Entire Agreement

This Consulting Agreement, together with all additional schedules and exhibits attached hereto, constitutes a single, integrated written contract expressing the entire agreement of the Parties concerning the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any Party except as specifically set forth in this Consulting Agreement. All prior agreements, discussions and negotiations are entirely superseded by this Consulting Agreement.

P. Execution

This Consulting Agreement may be executed simultaneously in counterparts (including by means of electronic mail, facsimile or portable document format (pdf) signature pages), any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument. This Consulting Agreement, and any amendments hereto, to the extent signed and delivered by means of electronic mail, a facsimile machine or electronic transmission in portable document format (pdf), shall be treated in all manner and respects as an original thereof and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

Q. Court Approval

The Merchant shall seek Court approval of this Consulting Agreement pursuant to the Order, which shall be in form and substance acceptable to Merchant and Consultant. The Parties expressly acknowledge and agree that the entering into of this Consulting Agreement by the Merchant is subject to the issuance of the Order approving, among other things, this Consulting Agreement and the conduct of the Sale and that should the Order or Court approval of this Consulting Agreement not be obtained, this Consulting Agreement shall have no force or effect.

R. Language

The Parties do hereby agree that this Agreement and related documents be drawn up in the English language only. Les Parties aux présentes ont convenu que cette convention et les documents s'y rattachant soient rédigés en langue anglaise seulement.

[Signatures on next page.]

If this Consulting Agreement is acceptable to you, kindly execute a copy in the space provided, and return a countersigned version to the undersigned. Thank you again for this opportunity -- we look forward to working with you.

Very truly yours,

Gordon Brothers Canada ULC

By:
Its:

AGREED AND ACCEPTED as of the 11th day
of January, 2019:

2964-3277 QUÉBEC INC.



By: Fadi Melki
Its: President

INTERVENTION

Canadian Imperial Bank of Commerce, in its capacity as secured creditor of the Merchant, intervenes herein for the purposes of confirming its agreement with the terms set forth in this Consulting Agreement.

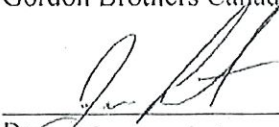
Canadian Imperial Bank of Commerce

By:
Its:

If this Consulting Agreement is acceptable to you, kindly execute a copy in the space provided, and return a countersigned version to the undersigned. Thank you again for this opportunity -- we look forward to working with you.

Very truly yours,

Gordon Brothers Canada ULC



By: *Jim Lightburn*
Its: *Senior Managing Director*

**AGREED AND ACCEPTED as of the ____ day
of January, 2019:**

2964-3277 QUÉBEC INC.

By: Fadi Melki
Its: President

INTERVENTION

Canadian Imperial Bank of Commerce, in its capacity as secured creditor of the Merchant, intervenes herein for the purposes of confirming its agreement with the terms set forth in this Consulting Agreement.

Canadian Imperial Bank of Commerce

By:
Its:

2964-3277 Québec Inc. D.B.A. Carpet Art Deco
Exhibit A
Locations

Address

2555 Dollard Avenue, Lasalle, QC, H8N 3A9

480 Avenue Lafleur, Lasalle , QC, H8R 3H9

7900 St-Patrick, Lasalle, QC, H8N 2H2

295 Fifth Avenue, Suite 1721, New York, NY 10016-7103

2964-3277 Québec Inc. D.B.A. Carpet Art Deco

Exhibit B

Inventory

REDACTED

2964-3277 Québec Inc. D.B.A. Carpet Art Deco
Exhibit C
Accounts Receivable

REDACTED

22964-3277 Québec Inc. D.B.A. Carpet Art Deco
Exhibit D
Intellectual Property



Canadian Trademarks Details

Third-party information liability disclaimer

Some of the information on this Web page has been provided by external sources. The Government of Canada is not responsible for the accuracy, reliability or currency of the information supplied by external sources. Users wishing to rely upon this information should consult directly with the source of the information. Content provided by external sources is not subject to official languages, privacy and accessibility requirements.

1153777 - S.T.Y.L.E.S BY CARPET ART DECO & DESSIN

S . T . Y . L . E . S
BY CARPET ART DECO

Application/Registration numbers

Application number 1153777
Registration number TMA605524

Status

CIPO status REGISTERED

Key Dates

Filed 2002-09-25
Registered 2004-03-17

Interested Parties

Registrant 4098790 Canada Inc. 2365, rue Saint-Patrick Montréal H3K 1B3 QUEBEC
Current owner 2964-3277 QUÉBEC INC. 480, avenue Lafleur Montréal H8R 3H9 QUEBEC
Representative for service LEGAULT JOLY THIFFAULT S.E.N.C.R.L. CENTRE DE COMMERCE MONDIAL 380, RUE SAINT-ANTOINE OUEST BUREAU 7100 MONTREAL QUÉBEC H2Y 3X7

Descriptive Reference

Name S.T.Y.L.E.S BY CARPET ART DECO & DESSIN
Type Design Mark
Category Trade-mark

Disclaimer text

The right to the exclusive use of the words CARPET et ART DECO is disclaimed apart from the trade-mark.

Index headings

S.T.Y.L.E.S. BY CARPET ART DECO

Vienna information

Code	Description
26.11.2	Two lines or bands
26.11.8	Horizontal lines or bands
26.11.10	Straight lines or bands
27.5.1	Letters presenting a special form of writing
27.5.11	Letters underlined, overlined, framed or barred by one or more strokes

Goods

(1) Décoration intérieure nommément tapis, meubles, objets de décoration nommément carpettes, divans, sofas, canapés, causeuses, fauteuils, chaises, tables, coussins, jetés, commodes, lits, matelas, literie, bibelots, lustres, plafonniers, luminaires, chandeliers, ustensiles de ménage, ustensiles de cuisine, vaisselles, verreries, cristalleries.

Classification data**Disclaimer**

The classification data is provided for information and searching purposes only. CIPO does not warrant the accuracy of the classes assigned to the trademark. This data has no legal value of any kind.

6 - Common metals
 11 - Environmental control items
 20 - Furniture, mirrors, articles not included in other classes
 21 - Household goods and glass
 24 - Textiles and textile goods
 25 - Clothing, footwear, headgear

Claims

Employée au CANADA depuis au moins aussi tôt que le 15 août 2002.

Associated marks

TMA957,832

Recordals (known also as Footnotes)

CHANGE IN TITLE/CHANGEMENT EN TITRE: TYPE OF CHANGE/GENRE DE CHANGEMENT: Assignment/Cession
 DATE REGISTERED/DATE DE L'ENREGISTREMENT: 09 fév/Feb 2016 DATE OF CHANGE/DATE DE CHANGEMENT:
 27 janv/Jan 2016 COMMENTS/COMMENTAIRES: FROM: 4098790 Canada Inc. TO: 2964-3277 QUÉBEC INC.
 Voir Preuve au dossier/See evidence on File No. 1153777

Actions

Action	Action date	Response date	Comments
Filed	2002-09-25		
Created	2002-09-30		
Formalized	2002-10-17		
Search Recorded	2003-07-09		
Examiner's First Report	2003-07-22	2003-11-22	
Approved	2003-10-24		
Extracted for Advertisement	2003-11-19		Vol.50 Issue 2562 2003/12/03
Advertised	2003-12-03		Vol.50 Issue 2562
Allowed	2004-02-20		
Allowance Notice Sent	2004-02-20	2004-08-20	
Registered	2004-03-17		
Rep for Service Changed	2004-04-20		From: 12648 To: / Voir Preuve au dossier/See evidence on File No. 1153777
Rep for Service Changed	2016-02-09		From: To: 9150 / Voir Preuve au dossier/See evidence on File No. 1153777
Change in Title Registered	2016-02-09		Assignment / Voir Preuve au dossier/See evidence on File No. 1153777
Nice Classification Courtesy Letter Sent	2018-08-10		

Date modified:

2018-10-25

Canadian Trademarks Details

Third-party information liability disclaimer

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1639376 - CARPET ART DECO

Application/Registration numbers

Application number	1639376
Registration number	TMA957832

Status

CIPO status	REGISTERED
-------------	------------

Key Dates

Filed	2013-08-14
Registered	2016-12-13

Interested Parties

Registrant	2964-3277 Québec inc. 480, Avenue Lafleur Montréal H8R 3H9 QUEBEC
Representative for service	LEGAULT JOLY THIFFAULT S.E.N.C.R.L. CENTRE DE COMMERCE MONDIAL 380, RUE SAINT-ANTOINE OUEST BUREAU 7100 MONTREAL QUÉBEC H2Y 3X7

Descriptive Reference

Name	CARPET ART DECO
Type	Word Mark
Category	Trade-mark

Index headings

CARPET ART DECO

Goods

- (1) Items for household interior decoration, namely, floor coverings.
- (2) Items for household interior decoration, namely, bedroom, living room, dining room, kitchen and patio furniture, curtains, curtain rails, rings and rods, shower curtains and liners, bed linen, kitchen linen, bathroom linen, table linen, decorative glassware, drinking glasses, tableware and dishes, cooking utensils, bakeware, pots and pans, bathroom fixtures, cushions and candles.
- (3) Lighting, namely, electric lighting fixtures for ceiling, table and floor for both residential and commercial uses, vanity lighting, lampshades, wall sconces, chandeliers, and ceiling fan lighting, outdoor lighting namely, garden landscape lighting, torches, lamps, string lights, electric and solar lighting fixtures; Lighting components, namely power supplies, drivers, controls and modules and related parts and accessories therefor.

Services

- (1) Import, export, manufacture and distribution of floor coverings.
- (2) Import, export, manufacture and distribution of interior decoration accessories, furniture and lighting.

Classification data

Disclaimer

The classification data is provided for information and searching purposes only. CIPO does not warrant the accuracy of the classes assigned to the trademark. This data has no legal value of any kind.

- 4 - Industrial oils, greases and fuels
- 11 - Environmental control items
- 20 - Furniture, mirrors, articles not included in other classes
- 21 - Household goods and glass
- 24 - Textiles and textile goods
- 27 - Floor coverings

35 - Advertising, marketing, promotional and business
 40 - Treatment of materials

Claims

Used in CANADA since at least as early as August 1998 on goods (1) and on services (1).
 Registrability Recognized under Section 12(2) of the Trade-marks Act on goods (1) and on services (1).
 Declaration of Use filed December 07, 2016 on goods (2), (3) and on services (2).

Associated marks

TMA605,524

Records (known also as Footnotes)

Security Agreement Placed on File/Accord de sécurité inscrit au dossier DATE RECORDED/DATE CONSIGNÉE: 08 juil/Jul 2015 DATE OF CHANGE/DATE DE CHANGEMENT: 08 juil/Jul 2015 COMMENTS /COMMENTAIRES: CANADIAN IMPERIAL BANK OF COMMERCE Voir Preuve au dossier/See evidence on File No. 1725882

Action	Action date	Response date	Actions
			Comments
Filed	2013-08-14		
Created	2013-08-14		
Formalized	2013-08-16		
Search Recorded	2014-04-25		
Examiner's First Report	2014-05-20	2014-11-20	
Rep for Service Changed	2014-06-03		From: 6166 To: 9150 / Voir Preuve au dossier/See evidence on File No. 1639376
Agent Changed	2014-06-03		From: 6166 To: 9150 / Voir Preuve au dossier/See evidence on File No. 1639376
Extension of Time	2014-11-20	2015-05-20	Request Letter Date: 2014/11/14
Record Security Interest / License Agreement	2015-07-08		Security Agreement Placed on File / Voir Preuve au dossier/See evidence on File No. 1725882
Correspondence Created	2015-07-31	2016-01-31	
Approval Notice Sent	2016-04-19	2016-05-17	
Approved	2016-06-09		APPROVED BY PROGRAM EX200M1
Extracted for Advertisement	2016-06-24		Vol.63 Issue 3218 2016/06/29
Advertised	2016-06-29		Vol.63 Issue 3218
Allowed	2016-10-14		
Allowance Notice Sent	2016-10-14	2017-04-14	
Registered	2016-12-13		

Date modified:

2018-10-25

2964-3277 Québec Inc. D.B.A. Carpet Art Deco
Exhibit E
Consultant Controlled Expenses

Gordon Brothers Expense	Total
Supervision & Travel	\$ 50,000
Legal Fees	25,000
Sales & Marketing	15,000
Collection Fees	10,000
Total CAD	\$ 100,000

Note: While total expenses shall not exceed \$100,000 CAD, expense amounts may shift between line items.

SUPERIOR COURT
Commercial Division
District of Montréal
File No.: 500-11-055629-188

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

EXHIBIT R-4

ORIGINAL

BLG

Borden Ladner Gervais

B.M. 2545

1000, De La Gauchetière Street West
Suite 900
Montréal, QC, Canada H3B 5H4
Tel. 514.879.1212
Fax. 514.954.1905
otadlaoui@blg.com

Mre Ouassim Tadiouli
File: 296368-000004

SUPERIOR COURT
Commercial Division
District of Montréal
File No.: 500-11-055629-188

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF:

2964-3277 QUEBEC INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

GORDON BROTHERS CANADA ULC

Mise-en-cause

EXHIBIT R-4A
(UNDER SEAL)

ORIGINAL

BLG

1000, De La Gauchetière Street West
Suite 900
Montréal, QC, Canada H3B 5H4
Tel. 514.879.1212
Fax. 514.954.1905
otadlaoui@blg.com
B.M. 2545

Borden Ladner Gervais

Mtre Ouassim Tadiou
File: 296368-000004