

**SUPERIOR COURT**  
**(Commercial Division)**

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL  
No. 500-11-055853-192  
DATE: March 6, 2019

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PRESIDING: ~~Me Chantal Flamand, registraire~~

JF0200

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

8738971 CANADA INC. (formerly known as "Pazazz Printing Inc./Imprimerie Pazazz inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

THE REGISTRAR OF THE REGISTER OF PERSONAL AND MOVABLE REAL RIGHTS

-and-

THE PARTIES LISTED IN THE ATTACHED SERVICE LIST

Mises-en-cause

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**APPROVAL AND VESTING ORDER**

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- [1] **ON READING** 8738971 Canada Inc.'s (the "**Debtor**") *Motion for Sale Approval, Vesting and Extension Order* (the "**Motion**"), the affidavit and the exhibits in support thereof, as well as the Report of the Trustee (the "**Report**");
- [2] **SEEING** the notification/service of the Motion;
- [3] **SEEING** the submissions of counsel;
- [4] **SEEING** that it is appropriate to issue an order approving the sale and other transactions (the "**Transaction**") contemplated by the agreement entitled Offer to

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Purchase, made on February 22, 2019 and accepted on February 26, 2019 (the "**Offer**") by and between the Debtor (the "**Vendor**"), as vendor, and a corporation to be designated and controlled by James Garfinkle (without personal liability) (the "**Purchaser**"), as purchaser, copy of which was filed as Exhibit P-3 to the Motion, and vesting in the Purchaser all the property described in the Offer and as set forth in Schedule "**A**" hereto (the "**Purchased Property**").

**WHEREFORE THE COURT:**

[5] **GRANTS** the Motion.

**NOTIFICATION/SERVICE**

[6] **ORDERS** that any prior delay for the presentation of this Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further notification/service thereof.

[7] **PERMITS** notification/service of this Order at any time and place and by any means whatsoever.

**SALE APPROVAL**

[8] **ORDERS** and **DECLARES** that the Transaction is hereby approved, and the execution of the Offer by the Vendor is hereby authorized and approved, with such non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to by Vendor and Purchaser, but only with the consent of the Trustee.

**EXECUTION OF DOCUMENTATION**

[9] **AUTHORIZES** the Vendor and the Purchaser to perform all acts, sign all documents and take any necessary action to execute any agreement, contract, deed, provision, transaction or undertaking stipulated in the Offer (**Exhibit P-3**) and any other ancillary document which could be required or useful to give full and complete effect thereto (including the execution of the "Definitive Agreements" as defined in the SSP Procedure Document authorized pursuant to the *Order for Interim Financing, Charges and a Sale Process* issued by this Court on January 29, 2019 and the "Agreement of Sale" contemplated by the Offer), subject to non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to by Vendor and Purchaser, but only with the consent of the Trustee, and to execute all other agreements, contracts, deeds or any other documents and do all other things necessary in order to give full and complete effect to the Transaction.

**AUTHORIZATION**

[10] **ORDERS** and **DECLARES** that this Order shall constitute the only authorization required by the Vendor to proceed with the Transaction and that no shareholder or regulatory approval, if applicable, shall be required in connection therewith.

[11] **ORDERS** and **DECLARES** that upon the issuance of a Trustee's certificate substantially in the form appended as **Schedule "B"** hereto (the "**Certificate**"), all

rights, title and interest in and to the Purchased Property shall vest absolutely and exclusively in and with the Purchaser, 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, rights of retention, charges, 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 favour of third parties, restrictions on transfer of title, contractual rights relating to the Purchased Property, 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 Encumbrances created by order of this Court and all charges or security evidenced by registration, publication or filing pursuant to the *Civil Code of Québec* or any other applicable legislation providing for a security interest in movable property, excluding however, the permitted encumbrances listed on **Schedule "C"** hereto (the "**Permitted Encumbrances**") and, for greater certainty, **ORDERS** that all of the Encumbrances affecting or relating to the Purchased Property, other than the Permitted Encumbrances, be cancelled and discharged as against the Purchased Property, in each case effective as of the applicable time and date of the Certificate.

- [12] **ORDERS** and **DECLARES** that upon the issuance of the Certificate, the rights and obligations of the Vendor under the Agreements listed on **Schedule "D"** hereto (the "**Assigned Agreements**") are assigned and transferred to the Purchaser.
- [13] **ORDERS** that any anti-assignment and consent to assignment provisions in the Assigned Agreements and any right of a landlord or lessor to cancel any such agreement in the event of an assignment shall not apply to the transfer and assignment of the Assigned Agreements by the Vendor to the Purchaser and shall not restrict, limit, impair, prohibit or otherwise affect the transfer and assignment of the Assigned Agreements.
- [14] **ORDERS** that all monetary defaults in relation to the Assigned Agreements occurring, arising or accruing prior to the date of the assignment or transfer to the Purchaser, other than those arising by reason only of the Vendor's insolvency or failure to perform a non-monetary obligation, shall be remedied by the Purchaser within thirty (30) days from the issuance of the Certificate.
- [15] **DECLARES** that upon issuance of the Certificate, the Transaction shall be deemed to constitute and shall have the same effect as a sale under judicial authority as per the provisions of the *Code of Civil Procedure* and a forced sale as per the provisions of the *Civil Code of Quebec*.
- [16] **ORDERS** and **DIRECTS** the Trustee to serve a copy of this Order to every party to the Assigned Agreements by email or by registered mail.
- [17] **ORDERS** and **DIRECTS** the Trustee to file with the Court a copy of the Certificate, forthwith after issuance thereof.

## CANCELLATION OF SECURITY REGISTRATION

- [18] **ORDERS** that, upon issuance of the Certificate, the Registrar of the Quebec Register of Personal and Movable Real Rights shall, upon presentation of the required form with a true copy of this Order and the Certificate, strike, cancel and discharge the following publication in order to allow the transfer to the Purchaser of the Purchased Property free and clear of such registration and that, although it may not be all of the Vendor's property that is being sold to the Purchaser, **ORDERS** that the following registration be totally and entirely radiated in respect of all of the Vendor's property and not only in respect of the Purchased Property:

NATURE OF SECURITY REGISTRATION	PUBLICATION NO. (registration)	DATE OF PUBLICATION	SECURED PARTY
Conventional hypothec without delivery	13-0865102-0002	2013-09-30	THE TORONTO-DOMINION BANK

- [19] **ORDERS** that, upon filing of the Certificate with the Court, the "Interim Financing Charge" and the "Administration Charge" created pursuant to the *Order for Interim Financing, Charges and a Sale Process* issued by this Court on January 29, 2019, shall be cancelled, radiated and discharged against the Purchased Property and shall be deemed to be cancelled, radiated and discharged for all purposes.
- [20] **ORDERS** The Toronto-Dominion Bank ("TD") to execute all documents necessary in order to release and cancel the security existing under Section 427 of the *Bank Act*, Canada given by the Debtor to TD in respect of which a notice of intention has been registered at the Bank of Canada on June 17, 2010 under registration no. 01253895.

## NET PROCEEDS

- [21] **ORDERS** that any net proceeds from the sale of the Purchased Property (the "**Net Proceeds**") shall be either:
- (i) remitted to the Trustee and distributed by the Trustee in accordance with applicable legislation; or
  - (ii) remitted in accordance with applicable legislation with the Trustee's approval.
- [22] **ORDERS** that for the purposes of determining the nature and priority of the Encumbrances, the Net Proceeds from the sale of the Purchased Property shall stand in the place and stead of the Purchased Property, and that upon payment of the "Purchase Price" (as defined in the Offer) by the Purchaser, all Encumbrances except for the Permitted Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Property immediately prior to the sale, as if the Purchased Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

## VALIDITY OF THE TRANSACTION

[23] **ORDERS** that notwithstanding:

- (i) the pendency of these proceedings;
- (ii) any petition for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, Canada (the "BIA") and any order issued pursuant to any such petition; or
- (iii) the provisions of any federal or provincial legislation,

the vesting of the Purchased Property contemplated in this Order, as well as the execution of the Offer pursuant to this Order, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, as against the Vendor, the Purchaser or the Trustee.

## LIMITATION OF LIABILITY

[24] **DECLARES** that, subject to other orders of this Court, nothing herein contained shall require the Trustee to occupy or to take control, or to otherwise manage all or any part of the Purchased Property. The Trustee shall not, as a result of this Order, be deemed to be in possession of any of the Purchased Property within the meaning of environmental legislation, the whole pursuant to the terms of the BIA.

[25] **DECLARES** that no action lies against the Trustee by reason of this Order or the performance of any act authorized by this Order, except by leave of the Court. The entities related to the Trustee or belonging to the same group as the Receiver shall benefit from the protection arising under the present paragraph.

## DELAY TO MAKE A PROPOSAL

[26] **EXTENDS** the delay for the Debtor to make a proposal until April 15, 2019.

## GENERAL

[27] **ORDERS** that the Purchaser or the Trustee shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.

[28] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

[29] **DECLARES** that the Trustee 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 and, without limitation to the foregoing, an order under Chapter 15 of the U.S. Bankruptcy Code, for which the Trustee shall be the foreign representative of the Debtor. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide

such assistance to the Trustee as may be deemed necessary or appropriate for that purpose.

[30] **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.

[31] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

**THE WHOLE WITHOUT COSTS.**

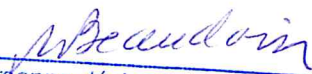


**Me Chantal Flamand, registraire**

**KUGLER KANDESTIN LLP**

Me Gerald F. Kandestin  
Me Jeremy Cuttler  
Me Éva Richard  
Attorneys for the Debtor/Petitioner

COPIE CERTIFIÉE CONFORME  
AU DOCUMENT DÉTENU PAR LA COUR

  
Personne désignée par le greffier

**SCHEDULE "A"**  
**PURCHASED PROPERTY**

All movable corporeal and incorporeal property, of any nature, form or location whatsoever which is, as of the "Closing Date" (as defined in the Offer), owned by 8738971 Canada Inc. (the "**Debtor**") or in which the Debtor has any interest (to the extent of such interest), with the sole exception of the hereafter defined "Excluded Property", but including, without limitation, all of the following, namely:

- A. all inventory (including raw materials, finished goods and work in progress) existing on the Closing Date;
- B. all claims of any nature whatsoever, including all trade or other accounts receivable existing on the Closing Date;
- C. all orders on hand and bookings for sales and/or purchases of products presently existing and existing on the Closing Date;
- D. all presently existing machinery and equipment (as well as all parts, attachments, tools and accessories thereto), all tools, all computers (and accessories thereto), all furniture and fixtures and all other corporeal movable property of any nature whatsoever and wherever located;
- E. all right, title and interest in and to all contracts (other than the hereafter defined "Premises Lease" and "Excluded Equipment Leases") presently existing and existing on the Closing Date;
- F. all intellectual property in the broadest possible sense including, without limitation, the trade name / corporate name "PAZAZZ" (and all derivatives thereof), all other trade names, all registered or unregistered trademarks, all registered and unregistered copyrights, all actual and pending patents, all designs, all artwork, all websites all domain names, all customer lists and information and all other intangible property pertaining to and/or supporting all businesses previously and presently carried on by the Debtor and all property previously and presently owned by the Debtor;
- G. all accounting systems, design and printing systems, computer systems and software, programs and data;
- H. the full benefit of all deposits, prepayments, prepaid expenses and similar benefits or items; and
- I. all of the Debtor's right, title and interest in and to all leases or finance leases (other than the Excluded Equipment Leases) for the Debtor's leasing (and/or eventual purchase) of equipment and other corporeal movable property and all of the Debtor's right, title and interest in and to all equipment and other corporeal movable property

forming the object thereof, including, without limitation, those leases or finance leases enumerated in **Schedule D** hereto forming part hereof (the "**Assumed Equipment Leases**"),

but excluding the following (the "**Excluded Property**"):

- J. all of the Debtor's right, title and interest in and to all leases or similar agreements between the Debtor and Olymbec Development Inc. for the Debtor's occupancy of premises situated at or about 5584 Côte-de-Liesse Road, Town of Mount Royal, Quebec (the "**Leased Premises**") including, without limitation, the lease or similar agreement dated June 3, 2008 between Olymbec Development Inc., as lessor, and the Debtor, as lessee, and all subsequent amendments or supplements thereto (the "**Premises Lease**"); and
- K. with the sole exception of the Assumed Equipment Leases, all of the Debtor's right, title and interest in and to any and all finance leases or leases for the Debtor's leasing (and/or eventual purchase) of equipment and other corporeal movable property and all of the Debtor's right, title and interest in and to all equipment and other corporeal movable property forming the object thereof (the "**Excluded Equipment Leases**").



SCHEDULE "B"  
DRAFT CERTIFICATE OF THE TRUSTEE

CANADA

PROVINCE OF QUEBEC  
DISTRICT OF MONTRÉAL

File N°: 500-11-055853-192

SUPERIOR COURT  
Commercial Division

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

8738971 CANADA INC. (formerly known as  
"Pazazz Printing Inc./Imprimerie Pazazz inc.")

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

-and-

THE REGISTRAR OF THE REGISTER OF  
PERSONAL AND MOVABLE REAL RIGHTS

-and-

THE PARTIES LISTED IN THE ATTACHED  
SERVICE LIST

Mises-en-cause

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CERTIFICATE OF THE TRUSTEE

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RECITALS:

**WHEREAS** on March \_\_\_\_\_, 2019 the Superior Court of Quebec (the "**Court**") issued an Approval and Vesting Order (the "**Vesting Order**") pursuant to the *Bankruptcy and Insolvency Act*, Canada (the "**BIA**") thereby, *inter alia*, authorizing and approving the execution by 8738971 Canada Inc. (the "**Debtor**") of that certain offer to purchase made by a corporation to be designated and controlled by James Garfinkle (without personal liability) (the "**Purchaser**") on February 22, 2019 and accepted by the Debtor on February 26, 2019 (the "**Offer**"), a copy of which was filed in the Court record, and into all the transactions

contemplated therein (the "**Transaction**") with such non-substantial modifications, changes, amendments, deletions or additions thereto, as may be agreed to by the Debtor and Purchase, with the consent of the Trustee.

**THE TRUSTEE CERTIFIES THE FOLLOWING:**

- (a) all conditions to "Closing" (as defined in the Offer) have been satisfied or waived by the parties thereto;
- (b) the "Purchase Price" (as defined in the Offer) has been paid; and
- (c) the "Definitive Agreements" (as set forth in the Offer) and the "Agreement of Sale" (as defined in the Offer) have been executed and delivered.

This Certificate was issued by the Trustee at \_\_\_\_:\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**RICHTER ADVISORY GROUP INC.**, in its capacity as Trustee to the Notice of Intention to Make a Proposal of 8738971 Canada Inc., and not in its personal capacity.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**SCHEDULE "C"**  
**PERMITTED ENCUMBRANCES**

- (1) Rights arising under a leasing agreement or finance lease for certain printing equipment now subsisting between NL LP (originally in favour of National Leasing Group Inc., now known as CWB National Leasing Inc.) and 8738971 Canada Inc. (the "**Debtor**"), published by notice thereof at the RDPRM on November 9, 2017 under no. 17-1193071-0002; and
  
- (2) Any and all rights and interests which may be held by De Lage Landen Financial Services Canada Inc. ("**De Lage**") with respect to printing equipment known as a Mimaki UCJV300-160 Print & Cut leased by the Debtor from De Lage under lease no. 653888.

SCHEDULE "D"

ASSIGNED AGREEMENTS

- (1) Lease now subsisting between NL LP (originally in favour of National Leasing Group Inc., now known as CWB National Leasing Inc.) and 8738971 Canada Inc. (the "**Debtor**") for certain printing equipment, published by notice thereof at the RDPRM on November 9, 2017 under no. 17-1193071-0002; and
  
- (2) Equipment Leasing Agreement between De Lage Landen Financial Services Canada Inc. and the Debtor under lease no. 653888 for the lease of equipment listed as Mimaki UCJV300-160 Print & Cut, including any and all amendments thereto.