

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-060613-227

SUPERIOR COURT
(Commercial Division)

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

RISING PHOENIX INTERNATIONAL INC.

- and -

10864285 CANADA INC. doing business under
the trade name **M COLLEGE OF CANADA**

- and -

11753436 CANADA INC.

- and -

CDSQ IMMOBILIER INC.

- and -

COLLÈGE DE L'ESTRIE INC.

- and -

**ÉCOLE D'ADMINISTRATION ET DE
SECRÉTARIAT DE LA RIVE SUD INC.**

- and -

9437-6845 QUÉBEC INC.

- and -

9437-6852 QUÉBEC INC.

Applicants

- and -

RICHTER INC.

Monitor

**APPLICATION FOR THE ISSUANCE OF
AN ORDER EXTENDING THE STAY PERIOD**

(Section 11.02(2) of the *Companies' Creditors Arrangement Act*)

TO THE HONOURABLE DAVID R. COLLIER OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTREAL, THE APPLICANTS RESPECTFULLY SUBMIT THE FOLLOWING:

I. ORDER SOUGHT

1. By way of the present *Application for the Issuance of an Order Extending the Stay Period* (the "**Application**"), Rising Phoenix International Inc., 10864285 Canada Inc., 11753436 Canada Inc., CDSQ Immobilier Inc., Collège de l'Estrie Inc., École d'Administration et de Secrétariat de la Rive-Sud Inc., 9437-6845 Québec Inc. and 9437-6852 Québec Inc. (collectively, the "**Applicants**") seek the issuance of an order substantially in the form of the draft order communicated herewith as **Exhibit R-1** extending the Stay Period (as defined below) until June 30th, 2022.

II. PROCEDURAL BACKGROUND

2. On January 5, 2022, the Applicants filed an application pursuant to the *Companies Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, (the "**CCAA**") entitled *Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order* (the "**Initial Application**").
3. On January 6, 2022, the Superior Court of Quebec (Commercial Division) (the "**Court**") partially granted the Initial Application and rendered a First-Day Initial Order (the "**First Day Order**"), which, *inter alia*, stayed all proceedings and remedies taken or that might be taken in respect of the Applicants, or any of their property, and their Directors and Officers, until January 14, 2022 (the "**Stay Period**").
4. On January 13, 2022, Firm Capital Mortgage Fund Inc. ("**Firm Capital**") filed a Contestation (the "**FC Contestation**") to the Applicants' request for the issuance of an Amended and Restated Initial Order (as defined hereinafter) which was sought pursuant to the Initial Application.
5. On January 14, 2022, the Court agreed to postpone the hearing on the issuance of the Amended and Restated Initial Order to January 17, 2022 and rendered an order extending the Period to January 17, 2022.
6. Firm Capital did not proceed with the FC Contestation in view of the settlement that preceded the hearing on January 17, 2022, and has since provided financing to the Applicants on the terms and conditions set forth in the interim financing facility term sheet (the "**Interim Financing Term Sheet**") approved by the Court which provides for a credit facility in the principal amount of \$1,750,000 plus Lender's Costs (the "**Interim Financing Facility**").
7. On January 16, 2022, the Applicants filed an *Amended Application for the Issuance of a First Day Initial Order and an Amended and Restated Initial Order* (the "**Amended Initial Application**").
8. On January 17, 2022, the Court granted the Amended Initial Application and rendered an order (the "**Amended and Restated Initial Order**") and extended the Stay Period until February 28, 2022.

9. On February 9, 2022, Anish Sachdeva, Manjot Singh, Sukhrajpreet Singh, Sukhmanpreet Singh and Jaspreet Singh (the “**Proposed Student Representatives**”) filed an Application for the Issuance of a Student Representation Order (the “**Representation Application**”).
10. On February 15, 2022, the Court granted in part the Representation Application and issued an order (the “**Student Representation Order**”) pursuant to which, McCarthy Tétrault LLP was appointed as representative counsel (the “**Students’ Representative Counsel**”) in these proceedings (the “**CCAA Proceedings**”) to represent the interests of all persons who are creditors of the Applicants as a result of their status as a currently enrolled student at the Colleges (as defined hereinafter), pipeline student of the Colleges or in light of tuition fees paid to the Applicants (collectively, the “**Students**”).
11. On February 28th, 2022, the Court extended the Stay Period until April 29th, 2022.
12. On March 14th, 2022, pursuant to the Applicants’ Application for (I) The Issuance of an Approval and Vesting Order (II) The Approval of a Junior Interim Financing Agreement and (III) A Re-Amended and Restated Initial Order dated March 10th, 2022, the Court rendered two orders, namely:
 - (a) a Re-Amended and Restated Initial Order (the “**Re-Amended and Restated Initial Order**”) which restated the conclusions of the Amended and Restated Initial Order and, in addition thereto, *inter alia*:
 - i. confirmed the extension of the Stay Period until April 29, 2022; and
 - ii. approved a Junior Interim Financing Agreement (as defined therein) of \$2.5 million;
 - (b) an Approval and Vesting Order (the “**Approval and Vesting Order**”) which approved the sale as a going concern of the Colleges and other identified assets of the Applicants to a third party purchaser, 6815464 Canada Ltd., (the “**Purchaser**”).
13. On March 15, 2022, Les Consultants 3 L M Inc. (hereafter “**ISI**”), filed a « *Demande de Bene Esse en Déclaration d’Inapplicabilité de la Suspension des Procédures et, Subsidiairement, pour Lever la Suspension des Procédures en faveur des Administrateurs et Dirigeants* » (the “**ISI Application**”).
14. On, April 8, 2022, the Applicants filed an application for the continuance of the ISI Application, filed on April 8, 2022 (the “**Stay Application Continuance**”).
15. On April 8, 2022, the Student Representative Counsel filed an *Application for an Order Extending the CAQ and/or Study Permit of Certain Students and Implementing a Streamlined Process for the Reconsideration of Refused Study Permit Applications* (the “**Immigration Application**”).
16. On April 13, 2022, a hearing took place for the presentation of the Immigration Application, and considering the availability of the Court, it was determined that the

ISI Application and the Stay Application Continuance would be presented on April 19, 2022 and April 20, 2022.

III. RESTRUCTURING EFFORTS SINCE THE COMMENCEMENT OF THE CCAA PROCEEDINGS

17. Since the commencement of these CCAA Proceedings, the Applicants, all directly or indirectly owned and/or controlled by members of the Mastantuono family, namely Caroline Bonneville Mastantuono, Christina Mastantuono and Joseph Mastantuono (the "**Mastantuonos**") who are all, together with Giuseppe Mastantuono, current or former directors of one or another of the Applicants (the "**Directors**"), have worked with the Monitor towards stabilizing their operations and commencing the sale and investment solicitation process (the "**SISP**").

18. Below is a summary of the Applicants' restructuring efforts to date.

A. Operational Activities

19. Following the issuance of the First Day Order, the main focus of the Applicants has been to resume the educational services to the Students to ensure that a maximum number of Students could graduate without being overly impacted by the CCAA Proceedings.

20. In this respect, the Colleges, which had been closed for approximately six weeks due to Covid related issues and the holiday period, recommenced operations, albeit on a more limited scale, on January 10th, 2022, and have since been able to allow 505 students to complete their educational program and 733 other Registered Students to resume their studies.

21. To that end, 41 teachers have been rehired and it is expected that 258 of the 733 currently Registered Students will have completed their program by the end of August 2022;

22. All of the administrative tasks, which were handled by over 70 employees before the CCAA filing, are now being provided by the Mastantuonos and ten employees.

23. In addition to working towards the graduation and education of as many Students as possible, since the commencement of the CCAA proceedings, the Applicants, namely through the Directors, have been answering thousands of requests from Students, as well as all requests from the Monitor, the Student Representative Counsel, the *Ministère de l'éducation* and the *Ministère de l'enseignement supérieur* (the "**MEES**") and the Purchaser.

24. In sum, the Applicants have been working, in good faith, in ensuring that the Colleges can continue to operate such that they can be sold as going concerns, for the benefit of all stakeholders, and in particular, the Students.

B. The Sale Transaction

25. Following the commencement of these CCAA Proceedings, the Monitor launched an accelerated sale process, in consultation with the Applicants and Firm Capital,

which culminated in the signing of an asset purchase agreement (the “**APA**”) with the Purchaser, for the sale, as going concerns, of the Colleges (the “**Transaction**”).

26. The APA was approved by this Court with the issuance of the Approval and Vesting Order.
27. The Transaction, if and when it closes, will allow all of the Registered Students to complete their program and, in the case of the Pipeline and Other Students, to attend the College they applied to and obtain their education, if they satisfy the government requirements and obtain a Study Permit.
28. As noted in the Monitor’s report, while an APA has been signed, there are numerous steps that need to be completed to close the Transaction and ensure the smooth transfer of the Colleges to the Purchaser.
29. The closing of the Transaction is conditional on the following conditions precedent:
 - (a) The transfer of the education permits granted by the *Ministère de l’éducation* and the *Ministère de l’enseignement supérieur* (the “**Education Ministries**” or “**MEES**”) to the Purchaser; and
 - (b) The execution of a *Transition Services Agreement* (“**TSA**”) between the Purchaser and the Debtors, to cover the interim period until the closing of the Transaction as well as transition services required following the closing.
30. The Directors and Officers are the primary source of information required by the Purchaser both in connection with their application to transfer the permits, to prepare for a smooth transition and closing of the Transaction and to potentially assist in the renewal of the permits by the Purchaser before they expire on June 30, 2022.
31. The Applicants have entered into the pre-closing required TSA with the Purchaser to facilitate a seamless transition of the Colleges to the Purchaser, which provides for transitional services arrangements for the periods both before and after the closing of the Transaction and which could not be fulfilled without the constant and dedicated involvement of the Directors and Officers.
32. With the unfailing support and commitment of their Directors and Officers, the Applicants are confident that the Transaction can close and the Colleges transition to the Purchaser before June 30th, 2022.

C. The Claim Process Sale Transaction

33. The extension of the Stay Period, and the visibility afforded by time, with respect to the status of the various Students and their claims, will allow the Applicants and the Monitor to initiate a claims process.
34. The extension and reaffirmed Stay of proceedings against the Applicants and their Directors and Officers, will allow the Applicants the opportunity to submit a plan of

compromise and arrangement to their creditors, which is expected to include a significant financial contribution by the Directors and Officers.

IV. RELIEF SOUGHT

35. Since the commencement of these CCAA Proceedings, the Applicants have acted in good faith, with due diligence and have worked with the Monitor and other stakeholders to resume their educational operations, implement an expedited sale process, negotiate an APA and facilitate a smooth transition to the Purchaser.
36. The Applicants believe and respectfully submit that an extension of the Stay Period until June 30th, 2022 is reasonable in the circumstances, as it will allow the Applicants to close the Transaction and ensure a transition with the Purchaser, for the benefit of all stakeholders.
37. Should the Stay Period not be extended, the progress realized to date by the Applicants, the Monitor and various other stakeholders towards the goal of selling the Applicants' business and the Colleges as a going concern will fail, to the detriment of all stakeholders, including the Students.
38. The Applicants understand that the Monitor, Firm Capital, the Student Representatives and the Purchaser are supportive of their request to extend the Stay Period.
39. The Applicants also submit that no creditor will be materially prejudiced by the extension of the Stay Period, as requested herein.
40. In light of the foregoing, the Applicants respectfully submit that the present Application should be granted in accordance with its conclusions.

WHEREFORE, MAY THIS COURT:

GRANT this *Application for the Issuance of an Order Extending the Stay Period* (the "**Application**").

ISSUE orders substantially in the form of the amended draft order communicated as **Exhibit R-1**;

WITHOUT COSTS, save and except in case of contestation.

MONTRÉAL, April 19, 2022



KAUFMAN LAWYERS LLP

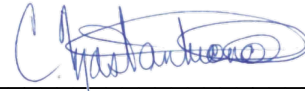
Att. Me Martin P. Jutras
800 Boulevard René-Lévesque O, Bureau 2220
Montréal (Québec) H3B 1X9
Attorneys for the Applicants

SWORN STATEMENT

I, the undersigned, **Caroline Bonneville (Mastantuono)**, having my principal place of business at 2140 rue de la Montagne, 3rd Floor, in the city of Montreal, Province of Quebec, solemnly declare the following:

1. I am the president of Rising Phoenix International Inc.;
2. All the facts alleged in the *Application for the Issuance of an Order Extending the Stay Period* are, to the best of my knowledge, true.

AND I HAVE SIGNED



Caroline Bonneville

Solemnly declared before me at Montreal,
on the 19th day of April, 2022



Commissioner of oath for the Quebec

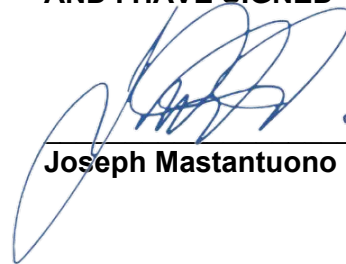


SWORN STATEMENT

I, the undersigned, **Joseph Mastantuono**, having my principal place of business at 2140 rue de la Montagne, 3rd Floor, in the city of Montreal, Province of Quebec, solemnly declare the following:

1. I am the president of 10864285 CANADA INC., 11753436 CANADA INC., CDSQ IMMOBILIER INC., COLLÈGE DE L'ESTRIE INC., ÉCOLE D'ADMINISTRATION ET DE SECRÉTARIAT DE LA RIVE SUD INC., 9437-6845 QUÉBEC INC. and 9437-6852 QUÉBEC INC.
2. All the facts alleged in the *Application for the Issuance of an Order Extending the Stay Period* are, to the best of my knowledge, true.

AND I HAVE SIGNED



Joseph Mastantuono

**Solemnly declared before me at Montreal,
on the 19th day of April, 2022**



Commissioner of oath for the Quebec



NEW NOTICE OF PRESENTATION


TO: the Service List

TAKE NOTICE that the *Application for the Issuance of an Order Extending the Stay Period* will be presented for adjudication before the honourable Justice R. Collier of the Superior Court of Quebec, Commercial Division, at the Montréal Courthouse located at 1 Notre-Dame Street East, on April 20th, 2022, in room 15.10, at a time to be determined.

The Teams link, to participate in the virtual hearing, is available on the site <http://www.tribunaux.qc.ca>

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, April 19, 2022

A handwritten signature in blue ink that reads "Kaufman".

KAUFMAN LAWYERS LLP
Attorneys for the Applicants

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

No.: 500-11-060613-227

IN THE MATTER OF THE PLAN OF
ARRANGEMENT AND COMPROMISE OF:

RISING PHOENIX INTERNATIONAL INC.

- and -

10864285 CANADA INC.

- and -

11753436 CANADA INC.

- and -

CDSQ IMMOBILIER INC.

- and -

COLLÈGE DE L'ESTRIE INC.

- and -

ÉCOLE D'ADMINISTRATION ET DE
SECRÉTARIAT DE LA RIVE SUD INC.

- and -

9437-6845 QUÉBEC INC.

- and -

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- and -

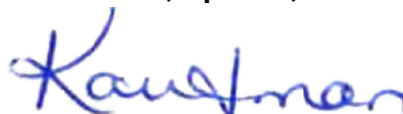
RICHTER INC.

Monitor

INVENTORY OF EXHIBITS

Exhibit R-1: Draft copy of the Order Extending the Stay Period;

MONTRÉAL, April 19, 2022



KAUFMAN LAWYERS LLP
Attorneys for the Applicants

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No: **500-11-060613-227**

DATE: **April 20, 2022**

PRESIDING: THE HONOURABLE DAVID R. COLLIER

**IN THE MATTER OF THE ARRANGEMENT OR COMPROMISE OF:
RISING PHOENIX INTERNATIONAL INC.**

- and -

10864285 CANADA INC.

- and -

11753436 CANADA INC.

- and -

CDSQ IMMOBILIER INC.

- and -

COLLÈGE DE L'ESTRIE INC.

- and -

ÉCOLE D'ADMINISTRATION ET DE SECRÉTARIAT DE LA RIVE SUD INC.

- and -

9437-6845 QUÉBEC INC.

- and -

9437-6852 QUÉBEC INC.

Applicants

- and -

RICHTER INC.

Monitor

ORDER EXTENDING THE STAY PERIOD

CONSIDERING the *Application for the Issuance of an Order Extending the Stay Period* (the “**Application**”) made by the Applicants pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the “**CCAA**”) and the affidavit filed in support thereof;

SEEING the service of the Application;

SEEING the submissions of the Applicant’s counsel and other counsel present at the hearing on the Application;

GIVEN the First Day Initial Order rendered by this Court on January 6, 2022 (the “**First Day Order**”), ordering, *inter alia*, a stay of all proceedings and remedies taken or that might be taken in respect of the Applicants or any of their property, except as otherwise set forth in the First Day Initial Order or as otherwise permitted by law, until January 14, 2022 (as further defined in the First Day Order, the “**Stay Period**”);

GIVEN the Order Extending the Stay of Proceedings rendered by this Court on January 14, 2022, *inter alia*, extending the Stay Period until January 17, 2022;

GIVEN the Amended and Restated Initial Order rendered by this Court on January 17, 2022, *inter alia*, extending the Stay Period until February 28, 2022;

GIVEN the Order Extending the Stay of Proceedings rendered by this Court on February 28, 2022, *inter alia*, extending the Stay Period until April 29, 2022;

SEEING that it is appropriate to extend the Stay Period until June 30, 2022;

GIVEN the provisions of the CCAA;

THE COURT:

[1] **GRANTS** the Application;

[2] **EXTENDS** the Stay Period until June 30, 2022;

[3] **ORDERS** the provisional execution of the Order notwithstanding appeal, and without requirement to provide any security or provision for costs whatsoever;

[4] **THE WHOLE** without costs.

Montreal, April 20, 2022

THE HONOURABLE DAVID R. COLLIER, J.S.C.

N°: 500-11-060613-227

SUPERIOR COURT
(Commercial Division)
DISTRICT OF MONTREAL
PROVINCE OF QUÉBEC

RISING PHOENIX INTERNATIONAL INC. AND AL.
Debtors
-and-
RICHTER ADVISORY GROUP INC.
Monitor

**APPLICATION FOR THE ISSUANCE OF AN ORDER
EXTENDING THE STAY PERIOD (Section 11.02(2) of
the Companies' Creditor Arrangement Act) AND
EXHIBIT R-1**

TRUE COPY

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Our file: **15480-2**

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