

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 April 29, 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*:
 - (a) declared that the Applicants are corporations to which the CCAA applies;
 - (b) stayed 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 Order or as otherwise permitted by law, until January 14, 2022, in accordance with the CCAA (the "**Stay Period**");
 - (c) ordered the procedural consolidation of these CCAA proceedings (the "**CCAA Proceedings**") in respect of each of the Applicants, for administrative purposes only;
 - (d) appointed Richter Inc. (formerly Richter Advisory Group Inc., "**Richter**" or the "**Monitor**") as the Monitor of the Applicants in these CCAA Proceedings with certain extended powers;
 - (e) granted an Administration Charge and a Directors' Charge (as such terms are defined in the Initial Application); and
 - (f) sealed the confidential exhibits which were filed in support of the Initial Application.
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. Firm Capital has since been providing 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 (the "**Interim Financing Facility**"). As described below, Firm Capital has fully assisted the Applicants to further their restructuring efforts.
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**") which, *inter alia*:
 - (a) extended the Stay Period until February 28, 2022;
 - (b) confirmed the appointment of Richter as Monitor of the Applicants in these CCAA Proceedings;
 - (c) confirmed the Directors' Charge previously granted in the First Day Order, and granted the Senior Administration Charge and Junior Administration Charge, which replaced the Administration Charge previously granted in the First Day Order (as such terms are defined in the Amended Initial Application);
 - (d) approved an Interim Financing Term Sheet (as defined in the Amended Initial Application) and allowed the Applicants to borrow thereunder the amounts required to fund their liquidity needs, as well as granted a related Interim Financing Charge (as defined in the Amended Initial Application); and
 - (e) confirmed the sealing of the confidential exhibits filed in support of the Amended Initial Application.
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 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 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**").

III. RESTRUCTURING EFFORTS SINCE THE COMMENCEMENT OF THE CCAA PROCEEDINGS

11. 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**") which 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**").

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

A. Operational Activities

13. Following the issuance of the First Day Order, the Applicants have been dealing with their operational and administrative activities and have been in constant communication with teachers and other staff members to ensure that a maximum number of Students can graduate without being impacted by the CCAA Proceedings. 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 with a view to graduating 516 students in January and February 2022.

14. In so doing, the Applicants have inputted grades and coordinated with the *Ministère de l'éducation* and the *Ministère de l'enseignement supérieur* (collectively, the "**Education Ministries**"), for the issuance of diplomas.

15. As a result, as of the date hereof, 406 students have completed their curriculum and graduated, and the Applicants have continued to provide education services to a further 110 Students in order to allow them to graduate by the end of February 2022.

16. As for the other (740 active students) Students whose academic training has been temporarily suspended, the Applicants, in consultation with the Monitor, have been working towards identifying a solution which would permit these Students to restart their education as soon as possible, including, in particular, identifying a transaction that would prioritize Students in this regard.

17. 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 Mastantuonos, have been working, in order to:

- a) answer over 5500 queries from Students, in a timely manner, over and above queries directed to the Monitor;
- b) regularly update the Monitor on financial and accounting matters in order to update the current financial landscape for each of the Applicants;
- c) meet the T4 deadlines for all the employees and Students.

18. 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 in the context of the SISP, for the benefit of all stakeholders, and in particular, the Students.

B. The SISP

19. Following the commencement of these CCAA Proceedings, the Monitor launched the SISP, in consultation with the Applicants and Firm Capital. The SISP included the following milestones:

Date	Steps	Update
January 24, 2022	Launching of the SISP including the issuance of a teaser to more than 200 potential interested parties	In the context of the SISP, 25 interested parties have signed non-disclosure agreements and were granted access to the Data Room.
January 24 to February 11, 2022	Due diligence period	The Monitor and the Applicants worked with interested parties to enable them to perform the necessary due diligence including responding to information requests, meetings with management, tours of the Colleges, etc.
February 11, 2022	Deadline for the receipt by the Monitor of Bids and Deposits.	Bids were received from six (6) interested parties
By no later than February 18, 2022	Date of the Auction (if needed) and selection of the Successful Bid(s).	As discussed below, it was determined that an auction was not necessary or in the best interest of all interested parties
Subject to the availability of the Court, no later than seven (7) calendar days following either the conclusion of the Auction or the date on which a determination is made by the RPI Group, with the consent of the Monitor and Firm Capital, not to proceed with an Auction.	Hearing of the Approval Motion	As discussed below, the Applicants intend to return to Court in the next 2-3 weeks in order to have a transaction approved

20. As further described in the Third Report of the Monitor dated February 14, 2022 (the “**Third Report**”), as well as the table above and in the report the Monitor will be filing in advance of the hearing on this Application, the Monitor, in consultation with the Applicants and Firm Capital, as well as more recently, the Students’ Representative Counsel, has completed the review of the six (6) offers which were received as part of the SISP on or before February 11, 2022.
21. Among the six (6) bids received, one bidder (the “**Potential Purchaser**”) has been identified as submitting the best bid, the terms of which would be in the best interest of all stakeholders, and in particular, Students. The Monitor and the Potential Purchaser are in ongoing discussions and negotiations with the intent of finalizing transaction documents as soon as possible.
22. Although the terms and conditions of the offer remain confidential and subject to ongoing review and modifications, below is a high-level summary of certain important elements:
 - a) the transaction would be for a sale of virtually all the assets of the Applicants which will allow for a going-concern continuation of the activities of the Colleges subject to various terms and conditions, including the transfer of the applicable permits;
 - b) the 516 Students who have already restarted their courses would be permitted to finish their courses and graduate (note that 406 of the 516 have already graduated since the filing of the CCAA Proceedings);
 - c) 740 registered Students (the majority of whom are in Canada) would be given the opportunity resume their courses as soon as possible, with the aid of additional interim financing to be provided by the Potential Purchaser; and
 - d) additional Students (pipeline and others) would be provided with the opportunity to meet the necessary requirements, including obtaining a visa, in order to start their education at the Colleges.
23. As mentioned above, the Applicants intend to return to Court shortly in order to have a transaction approved, as soon as transaction documents have been fully negotiated and finalized.

C. Interim Financing

24. As part of its Interim Financing Facility which has been approved by this Court, Firm Capital has agreed to provide the additional tranche of \$650,000 post February 28, 2022 to support the operations of the Applicants, should the extension of the Stay Period sought herein be granted by this Court.
25. Further, the Potential Purchaser intends to provide additional interim financing, ranking after the secured debt and interim financing provided by Firm Capital, to support the operations of the Colleges and the education of the 740 Students during the transition period through to a closing.

IV. RELIEF SOUGHT

26. Since the commencement of these CCAA Proceedings, the Applicants have acted in good faith, with due diligence and have worked with the Monitor to assess and implement various cost-cutting measures while maintaining a positive cash-flow and implementing the SISP.
27. Therefore, the Applicants believe and respectfully submit that an extension of the Stay Period until April 29, 2022 is reasonable in the circumstances, as it will allow the Applicants to finalize an agreement with the Potential Purchaser which will allow for optimal recovery for all stakeholders.
28. 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.
29. The Applicants understand that the Monitor, Firm Capital and the Student Representatives are supportive of their request to extend the Stay Period, and that the Monitor will be filing, in advance of the hearing on this Application, a report confirming same.
30. The Applicant also submits that no creditor will be materially prejudiced by the extension of the Stay Period, as requested herein.
31. In light of the foregoing, the Applicants respectfully submit that the present Application should be granted in accordance with its conclusions.

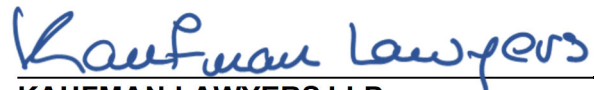
WHEREFORE, MAY THIS COURT:

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.

MONTREAL, February 24, 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, **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 24th day of February, 2022

R. N. J. 106202


Commissioner of oath for the Quebec

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 24th day of February, 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 February 28th, 2022, at 1:00 PM, in room 16.08.

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

DO GOVERN YOURSELVES ACCORDINGLY.

MONTRÉAL, February 24, 2022


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 -

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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

INVENTORY OF EXHIBITS

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

MONTRÉAL, February 24, 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: **February __, 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**”), the exhibits 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;

SEEING that it is appropriate to extend the Stay Period until April 29, 2022;

GIVEN the provisions of the CCAA;

THE COURT:

- [1] **GRANTS** the Application;
- [2] **EXTENDS** the Stay Period until April 29, 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, February ____, 2022

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

N^o: 500-11-060613-227

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

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

**RISING PHOENIX INTERNATIONAL INC.
10864285 CANADA INC. (M College of Canada)
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.
9437-6852 QUÉBEC INC.
Applicants
and
RICHTER ADVISORY GROUP INC.
Monitor**

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

ORIGINAL

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