

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

NO.: 500-11- 051309-165

SUPERIOR COURT
(Commercial Division)

*(Bankruptcy and Insolvency Act,
R.S.C. 1985, c. B-3)*

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

Estate No.: 41- 2167491

LE BARON OUTDOOR PRODUCTS LTD./
LE BARON PRODUITS DE PLEIN AIR
LTÉE.

Estate No.: 41- 2167485

LE BARON OUTDOOR PRODUCTS
(DUNDAS) INC./LE BARON PRODUITS DE
PLEIN AIR (DUNDAS) INC.

Estate No.: 41- 2167490

LE BARON OUTDOOR PRODUCTS
(MISSISSAUGA) LTD.

Estate No.: 41- 2167495

LE BARON OUTDOOR PRODUCTS
(TORONTO) INC./LE BARON PRODUITS
DE PLEIN AIR (TORONTO) INC.

Debtors/Petitioners

-and-

RICHTER ADVISORY GROUP INC./
RICHTER GROUPE CONSEIL INC.

Trustee

MOTION TO EXTEND THE DELAY TO MAKE A PROPOSAL
(Section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3)

TO ONE OF THE HONOURABLE JUSTICES OF THE SUPERIOR COURT, SITTING
IN THE COMMERCIAL DIVISION IN AND FOR THE DISTRICT OF MONTREAL, OR
TO ONE OF ITS REGISTRARS, PETITIONERS RESPECTFULLY SUBMIT:

INTRODUCTION

1. On September 19, 2016, each of Le Baron Outdoor Products (Dundas) Inc., Le Baron Outdoor Products (Mississauga) Ltd., Le Baron Outdoor Products (Toronto) Inc. (collectively the "**Lease Companies**") and Le Baron Outdoor Products Ltd. ("**Le Baron**" and collectively with the Lease Companies, the "**Debtors**" and each

individually a "**Debtor**"), filed a Notice of Intention to Make a Proposal (collectively the "**NOIs**") under the relevant provisions of the *Bankruptcy and Insolvency Act*, Canada ("**BIA**") and named Richter Advisory Group Inc. (the "**Trustee**") as trustee thereto, the whole as appears of record herein.

2. On September 27, 2016, the Debtors sought, and this Honourable Court issued, certain orders (collectively the "**Orders**"):
 - (i) authorizing and ratifying an advisory agreement (the "**Advisory Agreement**") whereby Continental Capital Investments Inc. ("**Continental**"), a well-known Québec based provider of liquidation and asset recovery services, will provide advisory services to the Debtors in connection with these insolvency proceedings including, *inter alia*, assistance with inventory liquidation and stakeholder recovery;
 - (ii) creating a charge over Le Baron's property in favour of Continental as security for its remuneration provided for under the Advisory Agreement; and
 - (iii) administratively consolidating each of the Debtors' insolvency filings (the "**Court Files**") under one single court number (the "**Consolidation Order**"),the whole as appears of record herein.
3. Le Baron is one of Canada's most well-known family owned and operated camping, hunting, fishing and outdoor equipment retailers (the "**Business**") and operates one (1) store in Montreal and three (3) stores in Ontario. The Business has been in existence since 1960 and continues to be run by the same family today.
4. Le Baron is the entity which operates the Business while the Lease Companies are the entities which, along with Le Baron, each lease individual retail store premises from various landlords throughout Ontario and in Montreal. All of the stores are the object of individual leases existing between a Debtor and various landlords (the "**Leases**").
5. As a result of competition from large national and international retailers and other adverse market factors, Le Baron experienced a severe decline in sales in 2015 and as a result, its financial performance suffered and it incurred significant losses, including tax losses (the "**Losses**").
6. Due to the significance of the Losses and the severity of the decline in its financial performance, Le Baron was in default under credit facilities provided to it by its then senior secured operating lender, The Bank of Nova Scotia (the "**Bank**"), pursuant to a commitment letter dated July 9, 2015 (the "**Credit Agreement**") and as a result, the Bank was no longer able to finance the Business without further financial assurances and undertakings, which, ultimately, were not provided. Accordingly, the Debtors had no choice but to file the NOIs.

7. At the time of the filing of the NOIs, Le Baron's senior secured lender was the Bank pursuant to the Credit Agreement. As security for indebtedness owing by Le Baron to the Bank under the Credit Agreement (the "**Bank Debt**"), Le Baron granted various hypothecs and security interests to and in favour of the Bank charging Le Baron's inventory and other property (the "**BNS Security**").
8. Since this Honourable Court's issuance of the Orders, the Debtors have implemented and continue to pursue their restructuring diligently and in good faith, as hereafter set forth.
9. The current expiry under the NOIs of the Debtors' delay to make a proposal is October 19, 2016 (the "**NOI Delay**"). This Motion seeks the extension of the Debtors' delay to make a proposal until December 2, 2016.

RESTRUCTURING EFFORTS AND EXTENSION SOUGHT

10. Following the issuance of the Orders, Continental purchased and acquired the Bank Debt and the BNS Security on a non-interest bearing basis.
11. Additionally, Le Baron, with the services of Continental pursuant to the Advisory Agreement, has been successful in its inventory liquidation and stakeholder recovery efforts. In particular, as a result of such recovery efforts, the Bank Debt has been repaid in full well in advance of the projected repayment date. Even with these results, there remains a considerable amount of inventory in the possession of Le Baron to sell.
12. As a result of this time of the year being the most crucial selling season for hunting and outdoor equipment products, it is critical to the success of the stakeholder recovery efforts that the NOI Delay be extended so as to allow Le Baron's inventory liquidation to continue.
13. Most recently, the Debtors have mandated the Trustee to assist with initiating and pursuing a sale and solicitation process (the "**Solicitation Process**") in order to market and solicit offers for the Business and assets related thereto including, without limitation, the Leases and Le Baron's intellectual property and goodwill, the whole with a view to maximizing recovery for the Debtors' stakeholders. The Solicitation Process will be described in detail in the Trustee's Report to be produced at the hearing of the present Motion as **Exhibit P-1**.
14. The Solicitation Process is in its early stages and the most crucial steps have yet to be completed. An extension of the NOI Delay would allow the Debtors and the Trustee to properly conduct the Solicitation Process in a fulsome manner.
15. The restructuring efforts of the Debtors and the Trustee are currently focused on maintaining and maximizing the Business and stakeholder recovery and pursuing an effective Solicitation Process. Accordingly, once such efforts have been completed, the Debtors will be in a better position to determine what kind of

proposal, if any, could be made to its creditors, including a proposal involving the Losses.

16. No prejudice would be caused to the Debtors' creditors generally by the extension of the NOI Delay sought herein. On the contrary, not extending the NOI Delay would result in:
 - (i) the Debtors' immediate bankruptcy;
 - (ii) a complete loss of the going concern value of the Debtors' assets and a loss of the goodwill of the Business;
 - (iii) a disruption to the momentum of the current stakeholder recovery efforts;
 - (iv) a diminished ability to maximize stakeholder recovery via the Solicitation Process; and
 - (v) the immediate loss of over 60 jobs.
17. To the extent that a creditor of Le Baron has a claim in respect of unpaid goods pursuant to Section 81.1 *BIA*, such claim will be dealt with in accordance with the *BIA*, as applicable.
18. The Debtors have acted, are acting and will continue to act in good faith and with due diligence.
19. The Trustee's report on the state of the Debtors' business and financial affairs will be produced in support of the present Motion (Exhibit P-1).
20. Given all of the foregoing, the Debtors are entitled to seek the extension of the delay to make a proposal until December 2, 2016.
21. As a result of the Consolidation Order, this Motion is being made jointly on behalf of all of the Debtors in the same court file and accordingly, any extension granted as a result of this Motion shall extend the NOI Delay in each of the Court Files.
22. The present Motion is well founded in fact and in law.

WHEREFORE, PETITIONERS PRAY FOR JUDGMENT OF THIS HONOURABLE COURT:

- (A) **SHORTENING** the delays to notify/serve and present the present Motion;
- (B) **GRANTING** the present Motion;
- (C) **EXTENDING** the delay for the Debtors/Petitioners, Le Baron Outdoor Products (Dundas) Inc., Le Baron Outdoor Products (Mississauga) Ltd., Le Baron Outdoor

Products (Toronto) Inc. and Le Baron Outdoor Products Ltd., to make a proposal until December 2, 2016;

(D) **ISSUING** any other order(s) the Court deems appropriate;

THE WHOLE without costs, save in the event of contestation.

MONTREAL, October 14, 2016

(SGD) KUGLER KANDESTIN LLP

KUGLER KANDESTIN LLP

Attorneys for Debtors/Petitioners

Me Gerald F. Kandestin / Me Jeremy Cuttler

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Kugler Kandestin LLP

KUGLER KANDESTIN LLP,
Attorneys for Debtors/Petitioners

AFFIDAVIT

I, the undersigned **STEVEN BARON**, businessman, carrying on business at 8601 Boulevard St. Laurent, Montreal, Québec H2P 2M9, solemnly affirm the following:

1. I am the President of each of the Petitioners, Le Baron Outdoor Products Ltd./Le Baron Produits De Plein Air Ltée., Le Baron Outdoor Products (Dundas) Inc./Le Baron Produits De Plein Air (Dundas) Inc., Le Baron Outdoor Products (Mississauga) Ltd. and Le Baron Outdoor Products (Toronto) Inc./Le Baron Produits De Plein Air (Toronto) Inc.;
2. I have knowledge of all the facts alleged in the annexed "Motion to Extend the Delay to Make a Proposal" and all the facts alleged therein are true.

And I have signed, in Toronto, Ontario

(SGD)



Steven Baron

Solemnly affirmed before me, in Toronto, Canada
this 14 day of **October, 2016**.

(SGD)

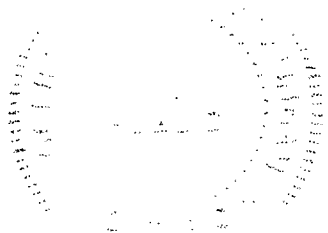


Commissioner for Oaths

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KUGLER KANDESTIN LLP,
Attorneys for Debtors/Petitioners



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PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

NO.: 500-11-051309-165

SUPERIOR COURT
(Commercial Division)

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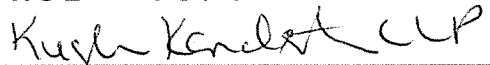
NOTICE OF PRESENTATION

TO: RICHTER ADVISORY GROUP INC.
Attention: Raymond Massi
1981 McGill College
Montreal, QC
rmassi@richter.ca
Trustee

GAGNON BRUNET KILANI
Attention: Me Raymond Gagnon
1440 Rue Sainte-Catherine
Suite 714
Montreal, QC
rgagnon@gbklegal.com
Counsel to Continental Capital Investments Inc.

TAKE NOTICE that the "Motion to Extend the Delay to Make a Proposal" will be presented for adjudication to a Judge of the Superior Court, of the Province of Québec, of the District of Montreal, or to the Registrar thereof, on **October 19, 2016** at 8:45 a.m. in Room 16.10 of the Montreal Court House, 1 Notre Dame East, Montreal, Quebec or so soon thereafter as counsel may be heard.

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KUGLER KANDESTIN LLP
Attorneys for Debtors/Petitioners

Montreal, October 14, 2016

(SGD) KUGLER KANDESTIN LLP
KUGLER KANDESTIN LLP
Attorneys for Debtors/Petitioners

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RICHTER ADVISORY GROUP INC./ RICHTER
GROUPE CONSEIL INC.

Trustee

LIST OF EXHIBITS

EXHIBIT P-1 Trustee's Report

Montreal, October 14, 2016

(SGD) KUGLER KANDESTIN LLP
KUGLER KANDESTIN LLP
Attorneys for Debtors/Petitioners

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Attorneys for Debtors/Petitioners

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**LE BARON OUTDOOR PRODUCTS (TORONTO) INC./
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Debtors/Petitioners

-and-

**RICHTER ADVISORY GROUP INC./
RICHTER GROUPE CONSEIL INC.**

Trustee

**MOTION TO EXTEND THE DELAY TO MAKE A PROPOSAL,
AFFIDAVIT, NOTICE OF PRESENTATION
AND LIST OF EXHIBITS
(Section 50.4(9) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3)**

COPY

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Me Jeremy Cuttler

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