

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

N°: 500-11-058617-206

8003424 CANADA INC. (formerly Kidiway
Inc.)

Debtor/Petitioner

and

MNP LTD.

Trustee

MOTION TO EXTEND THE DELAY TO FILE A PROPOSAL
(50.4 (9) of the *Bankruptcy and Insolvency Act*)

IN SUPPORT OF THE PRESENT MOTION, DEBTOR/PETITIONER STATES:

A. INTRODUCTION

1. By way of the present Motion, 8003424 Canada Inc. (formerly Kidiway Inc.) (the “**Debtor**”) is asking this honourable Court to extend its time period to file a proposal, which is set to expire on September 11, 2020, until October 26, 2020.
2. As appears from the Trustee’s report (the “**Report**”), filed in support of this Motion as **Exhibit P-1**, the Trustee supports the request being made herein.

B. THE DEBTOR AND ITS INSOLVENCY

3. The Debtor was established in 2011 and its registered office is in Montreal, Quebec.
4. The Debtor specialized in products for babies, including nursery furniture and mattresses, which it sold predominately to major retail chains such as Walmart, Costco, Best Buy and TJ Maxx.

5. In 2018, as a result of the high cost of raw materials, the Debtor made a decision to shift its business from manufacturing its own products, to importing such products from China.
6. The significant costs of this transformation of its business model, together with significant losses on largely obsolete raw materials, and the increase in the US exchange rate, resulted in significant losses for the Debtor.
7. After many discussions with its bank, National Bank of Canada (“NBC”), on the subject of the substantial losses experienced by the company, as well as the issuance of demand letters, a notice pursuant to s. 244 of the *Bankruptcy and Insolvency Act* (the “BIA”) and a prior notice pursuant to the Civil Code of Quebec to sell the assets subject to its security by judicial authority, NBC gave the Debtor, and certain related companies, until October 31, 2020 to carry out a restructuring plan.
8. The restructuring plan developed by the Debtor, with its related companies, in consultation with the Trustee and their various lenders, foresaw, *inter alia*, the sale of substantially all of the Debtor’s assets (the “**Restructuring Plan**”).
9. As appears from the Court record herein, the Debtor:
 - a. filed a Notice of Intention to Make a Proposal on August 12, 2020;
 - b. filed a Motion to Authorize a sale of Assets and the issuance of an Approval and Vesting Order on August 18, 2020; and
 - c. obtained the authorization to sell the substantially all of its assets to a third party, pursuant to article 65.13 BIA, by way of an order rendered on August 20, 2020 (the “**Vesting Order**”).
10. The sale authorized in the Vesting Order (the “**Sale**”) was concluded on August 28, 2020, and the Trustee issued its certificate on August 31, 2020, which was filed into the Court record on September 1, 2020.
11. Certain assets of the Debtor were excluded from the Sale, including, its cash on hand, duty drawbacks and tax refunds.

C. REQUEST FOR AN EXTENSION OF THE DELAY TO FILE A PROPOSAL

12. The Debtor is seeking an extension of the delay to file a proposal, as it requires additional time:
 - a. in order to give effect to certain undertakings made to the purchaser in connection with the Sale, for example, relating to use of its vendor numbers with certain key customers and continued access to its bank account where the sold receivables are deposited;
 - b. to assess whether any other avenues of potential recovery exist, for example, relating to tax losses; and

- c. to consider whether a proposal is feasible.
13. The Debtor has acted, and is acting, in good faith, and with diligence throughout this process.
14. No creditor would be materially prejudiced if the extension being applied for were to be granted.
15. As appears from the Trustee's Report, the Trustee supports the request for an extension of the delay to file a proposal.

FOR THESE REASONS, MAY IT PLEASE THIS COURT TO:

16. **GRANT** the present Motion to Extend the Delay to File a Proposal (the "**Motion**");
17. **DECLARE** valid and sufficient the service of the Motion;
18. **ABRIDGE** the applicable delay for the presentation of the Motion, if necessary;
19. **EXTEND** the delay for the Debtor to file a proposal until October 26, 2020;
20. **THE WHOLE** without costs, except if contested.

Montreal, September 8, 2020

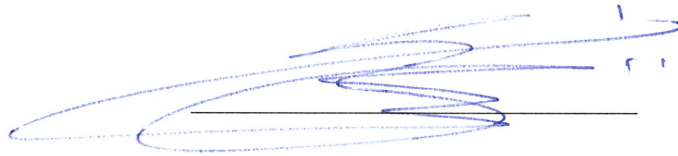
Fishman Flanz Meland Paquin LLP
FISHMAN FLANZ MELAND PAQUIN LLP
Attorneys for the Debtor/Petitioner

AFFIDAVIT


I, the undersigned Charbel Nassif, duly appointed representative of 8003424 Canada Inc. (formerly Kidiway Inc.), residing and domiciled for the purposes hereof at 2205 boulevard Industriel, Laval, Quebec, solemnly declare the following:

1. I am a director 8003424 Canada Inc. (formerly Kidiway Inc.);
2. All of the facts alleged in the *Motion to Extend the Delay to File a Proposal* are true.

AND I HAVE SIGNED



Solemnly declared before me at **Montreal**
on this 9th day of September, 2020



Commissioner of Oaths for Quebec



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NOTICE OF PRESENTATION

TO:	<p>Me Tiziana Di Donato tdidonato@morencyavocats.com</p> <p>Me Stephanie Poitras spoitras@morencyavocats.com</p> <p>Morency Société d'avocats s.e.n.c.r.l. 500, Place d'Armes, 25^e étage, Montréal (Québec) H2Y 2W2</p> <p>Counsel for National Bank of Canada</p>	<p>Mr. Eric Pelletier Eric.Pelletier@invest-quebec.com</p> <p>Investissement Québec 413, rue Saint-Jacques, bureau 500 Montréal (Québec) H2Y 1N9</p> <p>Investissement Québec</p>
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You are hereby advised that the attached *Motion to Extend the Delay to File a Proposal* will be presented for adjudication before the Bankruptcy Registrar, or one of the Judges, of the Superior Court of Quebec (Commercial Division) on **September 11 at 8:45 am in room 16.10** of the Montreal Courthouse, located at 1 Notre-Dame Street East, Montreal, Quebec, H2Y 1B6. Petitioner discloses the following exhibits in support of its Motion:

Exhibit P-1.	Trustee's Report
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Do govern yourselves accordingly.

Montreal, September 8, 2020

Fishman Flanz Meland Paquin LLP
FISHMAN FLANZ MELAND PAQUIN LLP
Attorneys for the Debtor/Petitioner

500-11-058617-206 - MOTION TO EXTEND THE DELAY TO FILE A PROPOSAL

1 message

Helene Bouthillette <hbouthillette@ffmp.ca>

Wed, Sep 9, 2020 at 2:50 PM

To: tdidonato@morencyavocats.com, Stéphanie Poitras <spoitras@morencyavocats.com>, Eric.pelletier@invest-quebec.com

Cc: Tina Silverstein <tsilverstein@ffmp.ca>

**Fishman Flanz Meland
Paquin LLP****BORDEREAU D'ENVOI (ART. 134 C.P.C.)/TRANSMISSION SHEET (ART. 134 C.C.P)
(NOTIFICATION PAR COURRIER ÉLECTRONIQUE)/(NOTIFICATION BY ELECTRONIC MAIL)****DATE, HEURE ET MINUTES DE L'ENVOI / DATE AND TIME OF TRANSMISSION:**

Montréal, August 18, 2020

Heure/Time : voir entête du courriel/see email header

EXPÉDITEUR/SENDER:

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Notre référence/ KIDIWA-1
Our reference :

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Your reference :

IDENTIFICATION DU DOSSIER ET NATURE DU DOCUMENT TRANSMIS/**IDENTIFICATION OF FILE AND NATURE OF DOCUMENT BEING TRANSMITTED:**

Numéro de dossier/ 500-11-058617-206
File Number:
Parties: In the matter of the Notice of Intention to Make a Proposal of
 8003424 Canada Inc. (formerly Kidiway Inc.) and MNP Ltd.
Nature du document/ **MOTION TO EXTEND THE DELAY TO FILE A PROPOSAL**
Nature of document: (50.4 (9) of the *Bankruptcy and Insolvency Act*)

IDENTIFICATION DU FICHIER TRANSMIS/**IDENTIFICATION OF DOCUMENT BEING TRANSMITTED :**

Nom du fichier/ 2020-09-08 - Motion to Extend the Delay to File a Proposal
Name of document:
Format du document/ PDF
Format of document:
Nombre de pages/ 7


Number of Pages :

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538K

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(50.4 (9) of the Bankruptcy and Insolvency Act)

ORIGINAL

File: KIDIWA-1

Nature:

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