



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-23-00703933-00CL
CV-23-00703874-00CL

DATE: October 15, 2024

NO. ON LIST: 3/4

**TITLE OF PROCEEDING: QUALITY RUGS OF CANADA LIMITED v. WAYGAR CAPITAL INC.,
AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND LP et al**

**WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER
FUND LP v. QUALITY RUGS OF CANADA LIMITED**

BEFORE: JUSTICE PENNY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Kenneth Kraft Sara-Ann Wilson	Counsel for the Receiver	kenneth.kraft@dentons.com sara.wilson@dentons.com
Ken Pearl	Receiver – The Fuller Landau Group Inc	kpearl@fullerllp.com
Steven Graff Matilda Lici	Counsel for Waygar Capital Inc	sgraff@airdberlis.com mlici@airdberlis.com
Chris Besant	Counsel for certain former Directors & Officers of Quality Rugs of Canada Limited	Cbesant@grllp.com
Joe Latham Erik Axell	Counsel for the Monitor	jlatham@goodmans.ca eaxell@goodmans.ca
Haddon Murray	Counsel for Boa-Franc SENC/GP, Ceratec Inc., Lauzon – Planchers De Bois Exclusifs Inc., Metropolitan Hardwood Floors (Eastern), Inc. and Torlys Inc.	haddon.murray@gowlingwlg.com
Bryan Tannenbaum	Monitor – TDB Restructuring Limited	btannenbaum@tdbadvisory.ca

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Devon Goyo	Counsel for Ciot Inc.	dgoyo@parenteborean.com
Andrew Winton	Counsel for Alvarez and Marsal Canada Securities ULC.	
Danny Nunes	Counsel for Fuzion Flooring	Danny.nunes@dlapiper.com
Derek Ricci	Counsel for Ironbridge Equity Partners Management Limited	dricci@dwpv.com
Tushar Sabharwal	Counsel for Olympia Tile	tsabharwal@dakllp.com

ENDORSEMENT OF JUSTICE PENNY:

- [1] The relief sought today is not opposed. The Receiver seeks an order approving a distribution of funds on account of the DIP loan principal and interest. The Monitor seeks approval of reports and fees, and a discharge. The Receiver seeks appointment as replacement Monitor.
- [2] I am satisfied that the existing Monitor is no longer required. I am further satisfied that the Fifth and Sixth Reports of the Monitor are acceptable and they are approved. Finally, I am satisfied that the fees requested by the Monitor and those of its counsel are reasonable in the circumstances and they are approved.
- [3] While the existing Monitor is no longer required, there may yet be a need for CCAA processes, particularly in relation to the resolution of the lien and trust claims. In the circumstances, in order to preserve that option, the Receiver seeks appointment as a replacement Monitor. That makes sense and is efficient – there is no need for two professionals with their own counsel to keep this option open. Order to issue in the form signed by me this day.
- [4] The Receiver proposes to distribute funds to the DIP Lender in payment of the DIP Loan principal and interest. The funds are available; there is no dispute that the DIP Loan has priority. The distribution of DIP principal and interest is approved. Order to issue in the form signed by me this day.
- [5] However, the DIP Lender’s costs and expenses related principally to the priority dispute with Suppliers asserting trust claims, are in dispute. There is also a dispute about the Suppliers’ costs, and potentially the costs of others, also relating to the priority issue. It is to be hoped that fights over costs can be avoided, since even more costs will inevitably be incurred. However, there is a need to resolve this issue expeditiously. To that end, any party seeking costs shall do so by delivering a cost summary and brief written submission (not to exceed five typed, double-spaced pages) by October 29, 2024. Any party wishing to respond to a request for costs shall deliver a brief written submission (same page limit) by November 12, 2024. Any reply submissions (limited to three pages) shall be delivered by November 19, 2024. Parties shall make every reasonable effort to reach agreement on these claims for costs. Barring agreement, however, there shall be a hearing before me on December 12, 2024, at 10:00 AM, for two hours (virtual) to resolve this issue.

[6] Alvaraz & Marsales seeks approval for a payment of certain priority fees post-ARIO. There may (or may not) be opposition from Waygar, the fulcrum creditor. Counsel shall discuss the matter and seek to satisfy Waygar's concerns. If they reach accommodation, I will deal with the matter in writing. If they cannot, I may be spoken to at a scheduling conference.

A handwritten signature in blue ink, appearing to read "Penny J.", with a stylized flourish at the end.

Penny J.