



CANADA

HEALTH STARTS AT HOME

POSTED ON WWW.TRANSITION.CA/

MEMO

SUBJECT: VON Restructuring Update –“Plan of Arrangement”
DATE: October 20, 2016

The following provides information about a package sent by Collins Barrow Toronto Limited, the Monitor appointed by the Ontario Superior Court of Justice to oversee the Companies Creditors' Arrangement Act (CCAA) proceedings related to VON Canada, VON East and VON West. THIS MEMO PERTAINS ONLY TO CREDITORS OF VON CANADA.

ALL CREDITORS ARE ENCOURAGED TO READ THE PACKAGE SENT BY COLLINS BARROW TORONTO LIMITED IN FULL. IF THERE ARE DISCREPANCIES BETWEEN THE PACKAGE SENT ON OCTOBER 19th, 2016 AND THE INFORMATION BELOW, THESE ARE UNINTENTIONAL. CREDITORS ARE ADVISED THAT THE COLLINS BARROW PACKAGE IS ACCURATE AND IS TO BE USED BY CREDITORS FOR DECISION-MAKING.

WHAT IS HAPPENING

On October 19 2016, creditors of VON Canada received¹ a package of information that included a cover letter; a “Plan of Arrangement” (also called a “Plan of Compromise” or just the VON Canada “Plan”); a Monitor’s report on the Plan; notice of a Nov. 3 meeting at which creditors will be asked to vote on the Plan; and other information pertaining to settlement of their claim with VON Canada. This is the next step in the Companies Creditors’ Arrangement Act (CCAA) proceedings for VON Canada.

Creditors of VON Canada include VON Canada employees terminated under the restructuring as well as trade creditors, suppliers and others whose bills or debts were not paid as a result of the restructuring. All VON Canada creditors received and were obliged to respond to information from the Monitor confirming the amount of their claim in April of this year.

The Plan in essence is an offer that tells VON Canada creditors how much VON Canada is able to pay on amounts owed. It has been reviewed and assessed by the Monitor appointed by the Court to oversee VON Canada’s restructuring. In order to assess the plan, the Monitor completed a review of VON Canada’s financial position. As a result of this assessment, the Monitor has recommended that the creditors vote to accept the Plan.

The Monitor report states that if the Plan is accepted by creditors (and subsequently by the Court), creditors will receive between 7.45 and 9.1 cents for each dollar owed. The report goes on to say that if the Plan is not accepted, and should VON Canada be forced to liquidate, only between 3.49 and 5.25 cents could be paid for each dollar owed. The Plan provides for relatively immediate payment to creditors, whereas the alternative would result in payments being delayed.

¹ Most creditors will receive their package by email on October 18th. A few creditor packages were faxed on October 19th or sent by regular post.

[Victorian Order of Nurses for Canada | National Office](#)

2315 St. Laurent Blvd Suite 100, Ottawa, ON K1G 4J8 | T. 613-233-5694 | Toll Free 1-888-866-2273 | Fax 613-230-4376 | www.von.ca
VON is accredited with Exemplary Standing by Accreditation Canada | VON Canada Charitable Registration # 129482493RR0001

All creditors owed \$5,000 or less have been included in what is called a “Convenience Class”, meaning that, should the Plan be accepted and approved, they will receive the full amount they are owed. Creditors owed more than \$5,000 may also opt to be part of the Convenience Class, should they wish to, meaning they would receive \$5,000 rather than a percentage of the amount they are owed.

Claims settlement for former employees of VON Canada will be reduced by an amount equal to any payments they received from the Wage Earner Protection Program (WEPP) and those amounts will be returned to WEPP.

NEXT STEPS²

- Oct. 19 – Plan, notice of creditor meeting, creditor proxy and other materials sent to VON Canada creditors by Monitor
- Nov. 2, 10:00 am Eastern – **Deadline** for creditors to submit creditor proxy to Monitor (not required for Convenience Class creditors)
- Nov. 2, 10:00 am Eastern – **Deadline** for creditors to submit Convenience Class Claims Election to Monitor
- Nov. 3, 10:00 am Eastern – Creditor Meeting, 200 Bay Street, Suite 3800, Toronto
- Nov. 23 – tentative date for “Sanction Hearing” for Court to approve Plan (if it has been approved by creditors)
- Feb. 27 – Latest date for creditor payments to be completed

QUESTIONS AND ANSWERS

Q1 How does the voting work at the creditors’ meeting?

A1 Each creditor votes for or against the plan, and each creditor’s vote counts for a percentage equivalent to their share of the total amount owed to creditors. For the Plan to be approved by creditors, a majority must vote in favour of the plan, and the total value of those positive votes must equal or exceed two-thirds of the total amount owed to creditors.

Creditors have received a **Creditor Proxy** in their package, along with information on how to complete it and where to send it. Should a creditor wish to appoint a proxy rather than attending the meeting in person, the form must be returned to the Monitor’s office by 10am Eastern Time on November 2.

All Convenience Class creditors – whether they are automatically part of the Convenience Class because they are owed \$5,000 or less, or whether they opt to join the Convenience Class – are deemed to have voted for the Plan.

Q2 How can a creditor become part of the Convenience Class?

A2 All creditors owed \$5,000 or less are included in the Convenience Class. These creditors will receive the full amount they are owed, should the plan be accepted and approved. Other creditors may opt to become part of the Convenience Class in order to receive a \$5,000 payment in lieu of their portion of the pool of funds remaining for disbursement to creditors. A **Convenience Class Claim Election form** is included in the package sent to creditors, and this must be appropriately completed and returned to the Monitor by 10 am Eastern on November 2.

² Note: changes to some of these dates would result in other date changes

Note that Convenience Class creditors are deemed to have voted in favour of the plan and are not required to either vote or to assign a proxy.

Q3 Do creditors have to attend the meeting in person?

A3 No. Creditors have received a **Creditor Proxy** form as part of their package. They must return their proxy by 24 hours prior to the creditor meeting at the latest.

Q4 What happens if a creditor doesn't go to the meeting and doesn't appoint a proxy?

A4 That creditor would not have a vote.

Q5 Do former employees receive special treatment?

A5 Former employees are entitled to up to \$2,000 in priority to all other creditors. Most former employees have already received this payment through the Wage Earner Protection Plan (WEPP).

Note that former employees will see their final payment reduced by the amount they received from WEPP, as that money will be repaid to WEPP. For example, if a former employee is owed \$5,000 but has already received \$2,000 through WEPP, their final payment will be \$3,000.

Q6 Does the Court also have to approve the Plan?

A6 If the Plan is approved by creditors, VON Canada will appear before the Court at a Sanction Hearing to receive Court approval of the Plan.

Q7 Will any donor money be going in to the pool of money set aside for creditors?

A7 Endowments, Bequests and Cash donated in trust are not included in the pool of money available for creditors.

-end-