

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) THURSDAY, THE 29TH DAY
JUSTICE NEWBOULD) OF JANUARY, 2015

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF MARTIN ROSS GROUP INC.



**ORDER
(approving inventory liquidation process
and extension of Stay Period)**

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order (i) approving a revised liquidation process for the liquidation of its finished goods inventory (the "**Inventory Liquidation Process**"); (ii) approving the Sixth Report (the "**Sixth Report**") of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the activities of the Monitor described therein, and, (iii) extending the Stay Period (as defined in the Order of Justice Penny dated August 7, 2014 (the "**Initial Order**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Allen Shechtman affirmed on January 26, 2015 (the "**Shechtman Affidavit**") and the Sixth Report of the Monitor, and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Kelly Barrett and Janice Chen, filed:

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record and the Sixth Report is hereby abridged, and service of the Motion Record and the Sixth Report

is hereby validated, such that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Applicant be and is hereby authorized and directed to conduct the Inventory Liquidation Process as described in the Shechtman Affidavit, and that the Applicant is hereby authorized and directed to take such steps as are necessary or desirable to carry out the Inventory Liquidation Process and any step taken by the Applicant in connection with the Inventory Liquidation Process prior to the date hereof be and is hereby approved and ratified.

3. **THIS COURT ORDERS** that the Applicant and the Monitor and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery by the Applicant of a bill of sale or similar evidence of purchase to a purchaser (the "**Purchaser Bill of Sale**") pursuant to the Inventory Liquidation Process, all of the Applicant's right, title and interest in and to the assets described in the Purchaser Bill of Sale (the "**Purchased Assets**") shall vest absolutely in such purchaser, free and clear of, and from, any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial

or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets pursuant to the Inventory Liquidation Process shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Purchaser Bill of Sale, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS** that, notwithstanding:

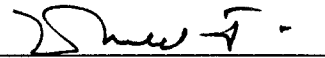
- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant,

the vesting of the Purchased Assets in a purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS AND DECLARES** that each of the sale transactions contemplated by this Order is exempt from the application of the *Bulk Sales Act* (Ontario).

8. **THIS COURT ORDERS** that the Sixth Report and the activities of the Monitor as described therein, be and are hereby approved.

9. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until May 1, 2015.



ENTERED RE REGISTRY AT TORONTO
ON FEBRUARY 12
LETTERS OF REGISTRY NO:

JAN 23 2015

MB

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER
**(approving inventory liquidation process and extension of
Stay Period)**

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Jan 29/15

Court File No. CV-14-10655-00CL

29 January, 2015
No relief sought is appropriate.
Order to go. Dues J.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD OF THE APPLICANT

(motion approving sale process
and extension of Stay Period)
(returnable January 29, 2015)

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