

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) TUESDAY, THE 7TH DAY  
 )  
JUSTICE JANE DIETRICH ) OF JANUARY, 2025

B E T W E E N:

**MARSHALLZEHR GROUP INC.**

Applicant

- and -

**LA PUE INTERNATIONAL INC.**

Respondents

**ANCILLARY AND INTERIM DISTRIBUTION ORDER**

**THIS MOTION**, made by KSV Restructuring Inc. in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets (the “**Property**”) of La Pue International Inc. (the “**Debtor**”) for an order, among other things, (i) approving an interim distribution to MarshallZehr Group Inc. (“**MarshallZehr**”); (ii) approving the Fourth Report of the Receiver dated December 11, 2024 (the “**Fourth Report**”) and the conduct and activities of the Receiver defined therein; and (iii) authorizing the Receiver to establish the Holdback Reserve (as defined below), was heard this day by judicial videoconference via Zoom.

**ON READING** the Motion Record of the Receiver dated December 11, 2024 including the Fourth Report, and on hearing the submissions of counsel for the Receiver, counsel to the Applicant, and such other counsel as were present and on the Counsel Slip, no one else appearing although properly served as appears from the Affidavits of Service of Daisy Jin sworn December 12, 2024 and January 2, 2025 and the Affidavit of Service of Cristian Delfino sworn December 13, 2024, filed.

## **DEFINITIONS**

1. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Fourth Report.

## **HOLDBACK RESERVE**

2. **THIS COURT ORDERS** that the Receiver is authorized and directed to establish, hold and maintain a reserve from the net sale proceeds of the Amended Transaction in the amount of \$1,400,000.00 (the “**Holdback Reserve**”) on account of the estimated maximum amount in respect of any construction lien claims (collectively, the “**Lien Claims**” and each a “**Lien Claim**”) that could have priority over the security interest of MarshallZehr against the real property located at 5528 Ferry Street, Niagara Falls, Ontario (the “**Real Property**”) pursuant to section 78(5) of the *Construction Act*, R.S.O. 1990, c. C.30 (the “**Construction Act**”), and the Receiver is authorized and directed to pay from time to time from the Holdback Reserve any amounts in respect of Lien Claims (in aggregate up to the remaining amount held in the Holdback Reserve and in each case in full and final satisfaction of the priority portion of such claim) according to:

- (a) any such amounts that the Receiver determines, with the consent of MarshallZehr and the consent of the holders of the Lien Claims listed in Schedule “A”, to have priority over the security interest of MarshallZehr against the Real Property pursuant to section 78(5) of the *Construction Act*; or
- (b) further order of this Court.

## **INTERIM DISTRIBUTION**

3. **THIS COURT ORDERS** that subject to the Receiver maintaining such reserves as the Receiver deems appropriate for the proper administration of the receivership estate, and the payment by the Receiver of the amounts secured under the Receiver's Borrowings Charge (as defined in the Receivership Order), the fees of the Receiver and its legal counsel, Aird & Berlis LLP and Chaitons LLP, and the Holdback Reserve, the Receiver be and is hereby authorized and directed to distribute MarshallZehr, in respect of its secured claim, the net sale proceeds from the

Amended Transaction, but not to exceed the amount of its secured claim (the “**MZ Interim Distribution**”).

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

- (a) the pendency of these proceedings and receivership proceedings in respect of the Debtor;
- (b) any applications for a bankruptcy order issued pursuant to the BIA in respect of the Debtor and any bankruptcy order issued pursuant to any such application;
- (c) any assignment in bankruptcy made in respect of the Debtor; and
- (d) any provisions of any federal or provincial legislation,

any payment or distributions made pursuant to this Order shall be made free and clear of any and all security interests (whether contractual, statutory or otherwise), 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, and shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Debtor and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

5. **THIS COURT ORDERS** that the Receiver or any other person facilitating payments and distributions pursuant to this Order shall be entitled to deduct and withhold from any such payment or distribution such amounts as may be required to be deducted or withheld under any applicable law and to remit such amounts to the appropriate governmental authority or other person entitled thereto as may be required by such law. To the extent that amounts are so withheld or deducted and remitted to the appropriate governmental authority or other person entitled thereto, such withheld or deducted amounts shall be treated for all purposes as having been paid pursuant to this Order.

**APPROVAL OF FOURTH REPORT**

6. **THIS COURT ORDERS** that the Fourth Report and the conduct and activities of the Receiver as set out therein be and are hereby approved, provided, however, that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize, in any way, such approvals.

**GENERAL**

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order

8. **THIS COURT ORDERS** that this Order is effective as of 12:01 a.m. from today's date and is enforceable without the need for entry and filing.



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J DIETRICH, J.

**Schedule “A”**

1. Astro Excavating Inc.
2. Buttcon Limited
3. HC Matcon Inc.
4. Kada Group Inc.
5. TT Galbraith Electric Ltd.

**MARSHALLZEHR GROUP INC**  
Applicant

- and -

**LA PUE INTERNATIONAL INC.**  
Respondent

Court File No. CV-23-00700695-00CL

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

**Proceedings commenced at Toronto**

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**INTERIM DISTRIBUTION AND**  
**ANCILLARY ORDER**

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