

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.B.C. 2002, c. 57

AND

IN THE MATTER OF STERLING SHOES INC. and STERLING SHOES GP INC.

NOTICE OF APPLICATION

Name of applicant: Alvarez & Marsal Canada Inc. (the “**Monitor**”)

To: The Service List as set out in Schedule “A”

TAKE NOTICE that an application will be made by the Monitor to Mr. Justice Pearlman at the courthouse at 800 Smithe Street, Vancouver, British Columbia on June 27, 2013 at 4:00 p.m. for the orders set out in Part 1 below.

Part 1 ORDERS AND DECLARATIONS SOUGHT

1. An order abridging the time for service of this Notice of Application and the materials herein such that the application is properly returnable on June 27, 2013.
2. An order extending the stay of proceedings in the within proceedings to August 30, 2013.
3. An order that the endorsement of the order by counsel appearing on this application, other than counsel for the Monitor, be dispensed with.
4. Such further and other relief as this Honourable Court may consider appropriate.

Part 2 FACTUAL BASIS

1. On October 21, 2011, Madam Justice Brown granted the Initial Order pursuant to the *Companies' Creditors Arrangement Act* (the “**CCAA**”), inter alia, staying the proceedings against the Petitioners until and including November 18, 2011, and appointing the Monitor in the within proceedings.

2. Since the Initial Order, the stay of proceedings has been extended a number of times, most recently to June 28, 2013, to enable the Petitioners to, among other things, resolve outstanding claims against the Petitioners and Sterling Shoes Limited Partnership (the “**Partnership**”, and collectively with the Petitioners, the “**Company**”).
3. On April 2, 2012, this Honourable Court made an Order (the “**Claims Process Order**”) approving, among other things, a claims process (the “**Claims Process**”) for the determination of the nature and quantum of claims against the Company.
4. On December 12, 2012, this Honourable Court made an Order (the “**Distribution Order**”) permitting the Company to make one or more distributions to the creditors of Sterling Shoes GP Inc. and the Partnership.
5. On January 23, 2013, this Honourable Court granted an Order, *inter alia*, authorizing and empowering the Monitor, fully and exclusively, to take any and all actions and steps on behalf and in the name of the Company, including any steps as, in the sole opinion of the Monitor, are necessary and appropriate to complete the Claims Process, to make distributions to creditors in accordance with the Distribution Order, and to allow the Monitor to discharge or exercise its rights, powers or duties, or to complete the administration of these proceedings.
6. A total of 614 creditor claims had been filed by March 22, 2013, of which one employee claim remains outstanding. The Monitor (on behalf of the Company) has attempted to settle this claim, but to date has been unable to do so.
7. Presently, the stay of proceedings will expire on June 28, 2013.
8. The Monitor requests that the stay of proceedings be extended until August 30, 2013, in order to allow the Monitor (on behalf of the Company) to resolve the outstanding employee claim and certain issues with Canada Revenue Agency relating to the refund of HST and interest and penalties charged, and to make a final distribution and deal with any queries received from creditors in respect thereof.
9. As of June 22, 2013, the actual cash balances on hand were \$4.95 million. The Monitor estimates that professional fees for the Monitor and its legal counsel and consultant fees, to deal with the outstanding matters referred to above, will be approximately \$150,000 to \$200,000 (including fees incurred to date but which have not yet been billed).
10. The Monitor (in its capacity as such) has considered whether there would be any material financial prejudice to any of the Company’s creditors as a result of the requested stay extension, and is of the view that an extension of the stay of proceedings until August 30, 2013 is reasonable in the circumstances.

11.

Part 3 LEGAL BASIS

1. The CCAA, including section 11.02 thereof; and
2. The inherent and equitable jurisdiction of the Court.

Part 4 MATERIAL TO BE RELIED ON

1. Twelfth Report of the Monitor dated June 25, 2013; and
2. Such further and other materials as counsel may advise and the Court may permit.

The applicant estimates that the application will take 5 minutes.

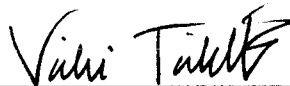
This matter is not within the jurisdiction of a master. Mr. Justice Pearlman is seized of this matter.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days after service of this Notice of Application,

- (a) file an Application Response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) service on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed Application Response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Dated: 25-Jun-2013



Signature of Vicki Tickle
Lawyer for Applicant

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs of Part 1 of
this Notice of Application

☐ with the following variations and additional terms:

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.....
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Date:

.....
Signature of ☐ Judge ☐ Master

The Solicitors for the Monitor, Alvarez & Marsal Canada Inc., are Fasken Martineau DuMoulin LLP, whose office address and address for delivery is 2900 - 550 Burrard Street, Vancouver BC V6C 0A3 Telephone: +1 604 631 3131 Facsimile: +1 604 631 3232. (Reference: Vicki Tickle/285937.00003)

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

Schedule "A"

SERVICE LIST

**IN THE MATTER OF THE CCAA, THE BUSINESS CORPORATIONS ACT
AND STERLING SHOES INC. AND STERLING SHOES G.P. INC.**

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