



No. S117081  
Vancouver Registry

IN THE MATTER OF 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 March 26, 2013 at 10:00 a.m. for the orders set out in Part 1 below.

#### **Part 1 ORDERS 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 March 26, 2013.
2. An order extending the stay of proceedings in the within proceedings to June 28, 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 March 29, 2013, to enable the Petitioners to, among other things, resolve outstanding claims against the Petitioners.
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 Petitioners and Sterling Shoes Limited Partnership (the “**Partnership**”, and collectively with the Petitioners, 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. (“**Sterling GP**”) 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 Petitioners and Sterling Shoes Limited Partnership (collectively, 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. On February 15, 2013, the Monitor made an interim distribution to the unsecured creditors of Sterling GP and the Partnership, in the total amount of \$9.01 million representing 40% of Allowed Claims that were eligible for distribution.
7. Based on the latest available information, the Monitor’s calculations indicate an estimated total overall distribution to creditors of 58.1%, representing a further additional (and final) estimated distribution of 18.1% (the “**Final Distribution**”) to creditors with Allowed Claims.
8. A total of 614 creditor claims had been filed by March 22, 2013, of which three remain outstanding, being:
  - (a) two pre-filing claims, including a claim by Canada Revenue Agency (“**CRA**”); and
  - (b) one employee claim.
9. Discussions with CRA in respect of its claim are ongoing and the Monitor hopes that the claim will be resolved shortly. With respect to the other two remaining claims, the Monitor has requested further information from the creditors in support of their respective claims. If sufficient information is not provided in a timely manner, the Monitor intends to apply to this Honourable Court to settle the claims pursuant to the Claims Process Order. Once the outstanding claims have been resolved, the Monitor will

make the Final Distribution to creditors as soon as possible thereafter, which it expects to be before June 28, 2013.

10. The Monitor has prepared an updated weekly cash flow forecast for the period ending June 28, 2013 (the “**Forecast Period**”). The estimated net cash in-flow from operations for the period is approximately \$4,000.
11. Presently, the stay of proceedings will expire on March 29, 2013.
12. The Monitor requests that the stay of proceedings be extended until June 28, 2013, in order to allow the Monitor (on behalf of the Company) to resolve the outstanding claims and make the Final Distribution.
13. 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 June 28, 2013 is reasonable in the circumstances.

### **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. Eleventh Report of the Monitor and the appendices thereto; and
2. Such further and other materials as counsel may advise and the Court may permit.

The applicant estimates that the application will take 30 minutes.

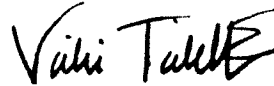
This matter is not within the jurisdiction of a master. Mr. Justice Pearlman is seized of this matter.

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: 22-Mar-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:

.....  
.....  
.....

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.**

<p><i>Counsel for the Petitioners</i>  <b>Blake, Cassels &amp; Graydon LLP</b>  Attention: Peter L. Rubin  Andrew Crabtree  Kim Grierson  Email: peter.rubin@blakes.com  andrew.crabtree@blakes.com  kim.grierson@blakes.com</p>	<p><i>Counsel for the Bank of Montreal</i>  <b>Gowlings</b>  Attention: Colin D. Brousson  David Cohen  Email: colin.brousson@gowlings.com  david.cohen@gowlings.com</p>
<p><i>Monitor</i>  <b>Alvarez &amp; Marsal Canada Inc.</b>  Attention: Todd M. Martin  Pam Boparai  Email: tmartin@alvarezandmarsal.com  pboparai@alvarezandmarsal.com</p>	<p><i>Counsel for the Monitor</i>  <b>Fasken Martineau</b>  Attention: John F. Grieve  Kibben Jackson  Vicki Tickle  Email: jgrieve@fasken.com  kjackson@fasken.com  vtickle@fasken.com</p>
<p><i>Counsel for BII Acquisition Inc.</i>  <b>Borden Ladner Gervais LLP</b>  Attention: Magnus C. Verbrugge  Email: mverbrugge@blg.com</p>	<p><i>BII Acquisition Inc.</i>  <b>Belcorp Group Of Companies</b>  Attention: Randy Smith  Email: rsmith@belcorp.com</p>
<p><i>Counsel for Ivanhoe Cambridge</i>  <b>Mccarthy Tetrault</b>  Attention: Warren Milman  Email: wmilman@mccarthy.ca</p>	<p><i>Sports Industry Credit Association (Footwear Credit Group)</i>  Attention: William Anidjar  Email: william@sica.ca</p>
<p><i>Counsel for The Cadillac Fairview Corporation Limited</i>  <b>Torys LLP</b>  Attention: David Bish  Email: dbish@torys.com</p>	<p><i>The Clarks Companies</i>  <b>Clarks, Bostonian, Indigo, Privo</b>  Attention: Dan Logan, Credit Manager  Email: dan.logan@clarksna.com</p>
<p><i>Counsel for Morguard Investments Limited, Morguard Real Estate Investment Trust, Primaris Retail Estate Investment Trust, 20 VIC Management Inc., Oxford Properties Group Inc. and Retrocom Mid-Market REIT</i>  <b>Alexander Holburn Beaudin &amp; Lang LLP</b>  Attention: Sharon Urquhart  Email: surquhart@ahbl.ca</p>	<p><i>Western Compensation &amp; Benefits Consultants</i>  Attention: Barry Cook  Email: barry_cook@wcbc.ca</p>

<i>Counsel for MC Leaseholds Ltd.</i> <b>Borden Ladner Gervais LLP</b> Attention: Blair A. Rebane Email: brebane@blg.com	<i>Counsel for adidas AG</i> <b>Gowlings</b> Attention: Martha J. Savoy Email: martha.savoy@gowlings.com
<i>Counsel for Rocket Dog Brands LLC</i> <b>Goodmans LLP</b> Attention: Brian F. Empey Email: bempey@goodmans.ca	<i>Counsel for Canada Revenue Agency</i> <b>Department Of Justice Canada</b> Attention: Kirat K. Khalsa Email: kirat.khalsa@justice.gc.ca
<i>Counsel for Jackson Lam and Yvonne Yee Wan Lau, Landlords</i> <b>Miller Thomson</b> Attention: Gordon Plottel Email: gplottel@millerthomson.com	<i>Counsel for the Directors of Sterling Shoes Inc. and Sterling Shoes GP Inc.</i> <b>Davis LLP</b> Attention: Mary I.A. Buttery Email: mbuttery@davis.ca
<i>Shaw Cablesystems G.P.</i> Attention: Sandra Bazian Email: sandra.bazian@sjrb.ca	<i>Counsel for Town Shoes Limited</i> <b>Torys LLP</b> Attention: Lee J. Cassey Email: lcassey@torys.com
<i>Counsel for Peritas Solutions Ltd.</i> <b>Carscallen LLP</b> Attention: Brent Robinson Email: robinson@carscallen.com	<i>Counsel for Vanprop Investments Ltd.</i> <b>Bull Housser Tupper LLP</b> Attention: Decatur Howe Email: cdh@bht.com
<i>Counsel for Dave Alves</i> <b>Yeager &amp; Company</b> Attention: Robert Yeager Email: ryeager@dismissal.ca	