

CITATION: Re 1242939 B.C. Unlimited Liability Company et al (formerly Hudson's Bay Company ULC et al), 2026 ONSC 898

COURT FILE NO.: CV-25-00738613-00CL

DATE: 20260213

SUPERIOR COURT OF JUSTICE – ONTARIO (COMMERCIAL LIST)

RE: 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 1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C. LTD., 1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608 B.C. UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270 ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., AND 2472598 ONTARIO INC., Applicants

BEFORE: Kimmel J.

COUNSEL: *Elizabeth Pillon and Brittney Ketwaroo*, for the Applicants

Karen Ensslen and Susan Ursel, Employee Representative Counsel

Sean Zweig and Thomas Gray, for the Court-Appointed Monitor

Caitlin McIntyre, for the FILO Lenders

HEARD: February 11, 2026

ENDORSEMENT
(EMPLOYEE HARDSHIP FUND)

Background – CCAA Proceedings and Implications for Vulnerable Employees and Former Employees

[1] On March 7, 2025, 1242939 B.C. Unlimited Liability Company (at the time, known as Hudson's Bay Company ULC Compagnie de la Baie d'Hudson SRI) ("Hudson's Bay" or the "Company"), and the other applicants (together, the "Applicants"), were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to an initial order of this court (the "Initial Order"). Alvarez & Marsal Canada Inc. ("A&M" or the "Monitor"), was appointed as the monitor of the Applicants.

[2] After the Initial Order was granted, the Applicants' 96 stores across the country closed and all but eight of their approximately 9,364 employees were terminated from their employment. The Applicants notified 188 disabled employees and former employees that their LTD benefits would terminate effective June 15, 2025. While many employees receive LTD benefits through insurance policies that provide protection against the insolvency of the employer, this group had been receiving LTD benefits that were funded

through the Company's general revenues and administered under various administrative-services only ("ASO") plans.

- [3] Most of these individuals were covered by an ASO plan with Manulife under Group Policy G0083432 (the "ASO Plan Document") (collectively, the "ASO LTD Recipients"). In addition, there was also one former Woodward/Simpsons employee who was covered by an ASO plan under Group Policy 83002 (the "Woodwards Plan Document"), also administered by Manulife (the "Woodwards LTD Recipient"). The ASO LTD Recipients and the Woodward LTD Recipient are a highly vulnerable groups of stakeholders in these proceedings, as the vast majority have been determined to be completely disabled from performing any occupation.
- [4] Capitalized terms not otherwise defined in this endorsement shall have the meanings ascribed to them in the factum filed in support of this motion by the court-appointed Employee Representative Counsel ("ERC"). The written materials submitted by ERC, the Applicants and the Monitor are the source of the description of the motion, the background, the specifics of the Term Sheet, and the proposed Hardship Programs.

The Motion

- [5] As outlined in their factum filed in support of this motion, the ERC brings this motion to approve the Hardship Programs Term Sheet dated February 3, 2026 (the "Term Sheet") providing for three programs designed to alleviate various forms of hardship experienced by the Applicants' non-unionized employees and granting incidental orders and releases associated with the Hardship Programs.

Approval of Hardship Programs Term Sheet

- [6] The Hardship Programs include:
- (a) The Trust Program, to extend and settle future claims for long-term disability ("LTD") benefits for approximately 157 former employees of the Applicants whose LTD benefits would otherwise have terminated;
 - (b) The Woodward Replacement Policy, to continue and settle LTD benefits owing to a former employee of Woodward Stores Limited/Simpsons, Limited (both predecessors of the Applicants) through a paid-up contract of insurance, whose LTD benefits would otherwise have terminated; and
 - (c) The Employee Hardship Program, to provide an avenue for the Applicants' former employees and retirees facing extraordinary hardship to obtain some relief, provided certain conditions in the Term Sheet and eligibility requirements are met.
- [7] The Applicants support ERC's motion. The motion is also supported by the Monitor and the FILO Agent, and there has been no indication of any opposition from other Secured Lenders.
- [8] No one raised any concerns about or opposition to the relief sought or the form of order to be signed, other than Mr. Robert Rene Turpin, whose assertions will be addressed later in this endorsement.
- [9] Any delay in approving the Term Sheet risks delaying the payment of interim Extended LTD Benefits to the Extended LTD Recipients (defined below), as proposed in the Term Sheet, the first installment of which is due February 15, 2026.

The Term Sheet

- [10] The Term Sheet was negotiated over an extended period of time. Those negotiations were multi-faceted, and involved financial, legal, tax, and benefits considerations. Significant effort was made to ensure that the benefits could be provided in the most economical fashion, while protecting all parties from undue liabilities. The Monitor, the Secured Lenders and the Company extended ASO LTD benefits to facilitate these ongoing negotiations and due diligence. As of February 15, 2026, the Company will have paid approximately \$1,050,000 in Post Filing LTD Payments to the ASO LTD Recipients and the Woodward's LTD Recipient, which amounts are subject to reimbursement under the Term Sheet.
- [11] During this period, several ASO LTD Recipients reached age 65 and ceased to be entitled to LTD benefits under their respective plans. As of February 4, 2026, there were 157 ASO LTD Recipients who continue to receive ASO LTD benefits under the ASO Plan Document (the "Extended LTD Recipients") in addition to the Woodward's LTD Recipient.
- [12] There were two potential sources of funds that could be used to alleviate the hardships faced by the Applicants' former employees. Those funds consist of (1) \$9.9 million held in a trust originally established by Zellers Limited ("Zellers"), that was continued by the Company following its merger with Zellers; and (2) \$1.6 million held by Manulife as a reserve to fund various benefits in accordance with contractual arrangements between Manulife and the Company. Specifically:
- (a) The Zellers "Trust" was established on June 1, 1980. The Company assumed the responsibilities of the settlor of the Trust (*mutatis mutandi* for Zellers) and as Participating Employer under art. 1.06 of the Trust Agreement when Zellers and the Company later amalgamated. The Trust currently has approximately \$9.9 million in assets, held in an account at the Bank of Nova Scotia and its affiliates ("ScotiaWealth").
 - (b) The Company contracted with Manulife to administer various ASO group benefits and other policies for its employees, former employees, and retirees and employees of certain legacy employers. Manulife held a reserve of funds to pay for the payment of benefits, administrative service charges and applicable taxes (the "Company Reserve Fund"). This reserve was not held in a formal trust arrangement. Manulife continues to hold the Company Reserve Fund, which was in the approximate amount of \$1,639,000 as of January 31, 2026.
- [13] Entitlement to these funds was one of the main points of negotiation among the stakeholders participating in the negotiation of the Term Sheet. The Secured Lenders previously asserted entitlement to all of the assets that would allow for the funding for the contemplated Hardship Programs. Following extensive negotiations, the Hardship Programs Term Sheet represents a consensual resolution of issues between ERC, the Applicants and the Secured Lenders based upon the sources and proposed uses of funding under the Term Sheet summarized below.
- [14] The Term Sheet proposes to establish three separate programs: (a) the Trust Program; (b) the Woodward's Replacement Policy; and (c) the Employee Hardship Program. The Hardship Programs would be funded through the Trust, the Company Reserve Fund, and, in the case of the Employee Hardship Program, the Applicant's cash on hand representing foregone payments owing to the Secured Lenders in the amount of \$250,000, if the conditions for that funding are met.
- [15] The Trust Program contemplates that the Trustees will arrange to wind up the Trust, clear its outstanding tax liabilities, reimburse the Applicants for trust expenses advanced by the Company, and distribute the remaining assets to the Extended LTD Recipients. This requires a significant degree of planning, coordination and cooperation, particularly on the part of current Trustees. Target distributions will consist of: (a) \$3.95 million to the Company to be applied to the Trust Program (for the benefit of the Extended LTD Recipients); and (b) \$4.1 million to the Monitor, on behalf of the Company, as part of the agreed upon Reimbursement to the Company for specified LTD-related expenses.

- [16] The assets in the Trust are insufficient to fully insure or otherwise provide complete replacement of the Extended LTD Recipients' LTD benefits. The Term Sheet contemplates that the LTD component of the ASO Plan Document and the Woodward's Plan Document will be terminated, given that the benefit plans can no longer continue because of the Applicants' insolvency. In lieu thereof, in addition to the Post-Filing LTD Payments, the Trust Program contemplates three forms of payment to the Extended LTD Recipients from the Trust (together, the "LTD Settlement Payments").
- [17] The Trust assets cannot be used to fund benefits for the Woodward's LTD Recipient because they were never a beneficiary of the Trust. This is because the Woodward's LTD Recipient was never actively employed by Zellers or the Company, did not fall within the definition of Participating Member under the Trust Agreement, and did not receive benefits under the Trust Plan. As such, the Term Sheet provides for the purchase of a contract of a substantially similar insurance at the cost of approximately \$57,000 to fully satisfy all obligations to the Woodward's LTD Recipient under the Woodward's LTD Policy.
- [18] As long as the Reimbursement reaches the minimum target amount of \$4,100,000, the Secured Lenders have agreed to forego \$250,000 in indebtedness owing to them to establish the Employee Hardship Program. For this reason, the Employee Hardship Program will not be funded or available until after the Tax Comfort is received and the Wind-Up Reserve is determined, which will in turn determine the amount of the Reimbursement in the future.
- [19] The Employee Hardship Program will allow former employees who were terminated on or after the Filing Date, as well as certain retirees and other eligible individuals such as dependents, to apply for funds to alleviate exceptional hardships. Applicants who meet the criteria in s. C(4) of the Term Sheet can receive up to a maximum payment of up to eight (8) weeks' of their regular wages (as determined by applicable employment standards legislation), up to a maximum gross weekly amount of \$1,200 per week, with the possibility of also receiving further payment of up to \$2,500 on a discretionary basis in cases of medical and other emergencies.
- [20] The Monitor has agreed to administer the application process, which will run from the date of the funding of the Employee Hardship Program to six (6) months thereafter or until such earlier date as funds no longer exist in the Employee Hardship Program. If the Monitor denies an application, the Term Sheet provides for the ability to appeal to a Hardship Committee that consists of one appointee of the Applicants, one appointee of ERC, and one appointee of the Monitor.
- [21] Many of those involved in maintaining and administering the existing arrangements and negotiating the new arrangements under the Term Sheet will need to continue to be involved, to various degrees, until all of the contemplated implementation and distribution steps have been completed.

Approval of The Term Sheet

- [22] In determining whether to exercise its discretion to approve a settlement agreement, the court considers three factors: (a) whether the settlement is fair and reasonable in the circumstances; (b) whether the settlement will benefit the debtor and its stakeholders generally; and (c) whether the settlement is consistent with the purpose and spirit of the CCAA: see *In Re DCL Corporation*, 2025 ONSC 4976, at para. 14; *Robertson v. ProQuest Information & Learning Co.*, 2011 ONSC 1647, at para. 22; *Labourers' Pension Fund of Central and Eastern Canada v. Sino-Forest Corp.*, 2013 ONSC 1078, 100 C.B.R. (5th) 30 ("*Sino-Forest*"), at para. 49, leave to appeal to Ont. C.A. refused, 2013 ONCA 456, leave to appeal refused, [2013] S.C.C.A. No. 395; *The Cash Store Financial Services Inc. (Re)*, 2015 ONSC 7538, 33 C.B.R. (6th) 110, at para. 14.
- [23] These factors support the approval of the Term Sheet and each of the three Hardship Programs that it provides for:

- (a) The settlement reflected in the Term Sheet is fair and reasonable in the sense that it moves the CCAA proceedings towards a successful compromise, and permits the Applicants to move on to the remaining steps that need to be accomplished before the CCAA proceedings can be concluded: see *Air Canada, Re* (2004), 47 C.B.R. (4th) 169 (Ont. S.C.), at para. 9. Given the competing claims to both the Trust assets and the Company Reserve Fund (some of which may have required determinations to be made pursuant to the Quebec law under which the Trust Agreement is to be construed), a resolution that allows the orderly wind-up of the Trust, the return of the Company Reserve Fund, currently held with Manulife, to be refunded to the Monitor and held pending distribution to the FILO Agent or pursuant to further court Order, and the consolidation of all long term disability benefits brings certainty and predictability for the next steps that the Company and its stakeholders will face as they work through the CCAA process.
- (b) The Term Sheet not only benefits the Extended LTD Recipients, the Woodward's LTD Recipient, and other eligible employees, but also the Applicants' creditors by avoiding litigation that would be costly, time consuming, and uncertain. The perceived benefits to other stakeholders can be inferred from their support or lack of opposition to the court's approval of the Term Sheet.
- (c) The settlement is consistent with the purpose and spirit of the CCAA insofar as it efficiently resolves competing claims to the disputed funds, including the Trust and Company Reserve Fund, and provides a scheme for the orderly consolidation and distribution of benefits to eligible recipients. The Term Sheet is a global resolution, consistent with the CCAA's objective of enabling an orderly wind-up of the debtor company's affairs.

- [24] The termination and wind-up of the Trust and distribution of its assets is being undertaken in a manner consistent with the Trust Agreement, relying heavily upon the Trustees. That is a fair and reasonable way to access the Trust funds for their intended beneficiaries. The Term Sheet also provides a fair and reasonable way for a portion of the Company Reserve Fund to be used to purchase a replacement policy for the Woodward's LTD Recipient. The Woodward's Replacement Policy assists a vulnerable stakeholder in these proceedings, whose circumstances did not allow them to be included in the Trust Program.
- [25] The Employee Hardship Program creates a fair process for employees with extraordinary hardships to apply to the Monitor for hardship payments, as well as a mechanism to appeal a denial to an independent Hardship Committee. This program design also substantively mirrors the terms of the employee hardship fund approved in *Sears*: see *Re Sears Canada* (18 August 2017), Toronto, CV-17-11846-00CL (Ont. S.C.).
- [26] This Court has approved the creation of a hardship fund to mitigate the dislocation experienced by employees in other insolvencies: see e.g. *Target Canada Co. (Re)*, 2015 ONSC 303, 22 C.B.R. (6th) 323, at paras. 53-55; *Nortel Networks Corporation (Re)*, 2009 CanLII 41210 (Ont. S.C.), at para. 9.

Ancillary Relief

- [27] The proposed form of order contains various terms. They are all appropriate in the circumstances of this case. I will address certain of them that warrant specific attention.

Approval of Releases

- [28] When determining if a release is appropriate in the circumstances of a sale transaction, the court considers the same factors that are applicable to the approval of releases in connection with a plan of arrangement: see *Re Green Relief Inc.*, 2020 ONSC 6837, 88 C.B.R. (6th) 305. The test for approving releases in connection with a plan is as set out in *Lydian International Limited (Re)*, 2020 ONSC 4006, 81 C.B.R. (6th) 218, at para. 54.

The court's authority to approve releases is not express, but rather derived from the broad authority under s. 11 of the CCAA which is what is relied upon here to support the approval of releases in connection with a settlement approval under s. 11 of the CCAA. The same factors should be applied when considering releases in the context of a settlement.

- [29] In these circumstances, the court will assess: (a) whether the claims to be released are “rationally related to the purpose of the plan” [settlement]; (b) whether the claims to be released are “necessary for the plan of arrangement” [settlement]; (c) whether “the parties who have claims released against them [are] contributing in a tangible and realistic way”; and (d) Whether the [settlement] “plan benefit[s] the debtor and the creditors generally”: *Sino-Forest*, at para. 50.
- [30] The releases provided for in the proposed order on this motion are in favour of:
- (a) the Applicants, the Monitor, the Hardship Committee, the Trustees and all former trustees of the Trust, Employee Representative Counsel, Manulife and ScotiaWealth, as applicable, and their respective directors, officers, employees, legal counsel, and other advisors, releasing them from any and all present and future claims whatsoever in connection with their administration of the Trust, termination of the Trust Plan and LTD component of the ASO Plan Document, termination of the Trust, termination of the Woodward's LTD Policy, and implementation of the Hardship Programs Term Sheet, and the carrying out the terms of the Hardship Programs and the Hardship Programs Order; and
 - (b) the Monitor, Employee Representative Counsel and the Hardship Committee, none of whom are to incur any liability in connection with the Hardship Programs.
- [31] These releases are appropriate in scope and are rationally connected to the relief sought, as they are for the benefit of the vulnerable stakeholders intended to benefit under the Hardship Programs. The specific roles played, and to be played, by each of the releasees are summarized in paragraph 59 of the ERC factum on this motion and in section 4.0 of the Monitor's Thirteenth Report. The releases have the required carve outs for claims that are not permitted to be released pursuant to s. 5.1(2) of the CCAA and claims arising from fraud or wilful misconduct.
- [32] I have not gone into the specifics of the roles of the other releasees because the justification for granting releases being granted to those categories of individuals are apparent and customary in these types of situations where the requirements for granting releases have been satisfied, as they have been shown to be in this case. The involvement of former and current Trustees is more unique to this case and is deserving of some mention. It is a relevant additional consideration that the Trust Agreement contains release, indemnity and limitation of liability provisions in favour of the Trustees. Further, they have not personally benefitted from the settlement represented by the Term Sheet. The current Trustees are essential to the implementation of the Term Sheet and have agreed to continue their role as Trustees to facilitate that, on the condition that all of the Trustees receive protections being sought, including the receipt of Tax Comfort and releases in respect of the Trust and implementation of the Term Sheet, and protection against disclosure of personal information.
- [33] The protections being sought for the Trustees were reasonable when the motion was filed on February 4, 2026, and have become more poignant given the nature of the responses served by Mr. Turpin on the CCAA service list, which speak to the possibility of retaliation and attempts to hold the Trustees personally responsible for claims of unjust enrichment and the like. This is added justification for granting the requested protection for the former and current Trustees, both in terms of the releases and the sealing order (discussed below).

[34] I agree that the Trustees, as individuals who have contributed significantly to this process, should not be exposed to personal liability as a result of their past service and ongoing participation in implementing a now court-approved Term Sheet.

Declaratory Relief

[35] Paragraph 21 of the order seeks a declaration that payments from the Employee Hardship Program are not earnings arising from the employment of Hardship Applicants but are intended to alleviate particular hardships faced by those Hardship Applicants. This declaratory relief is relevant to whether receipt of Employee Hardship Fund payments will result in any Employment Insurance (“EI”) repayment obligations.

[36] The criteria for receipt of payments from the Employee Hardship Fund are the same as in the Sears case and, similar to Sears, those payments are being funded by foregone payments owing to the Secured Lenders. In these similar circumstances, the Social Security Tribunal in *Canada Employment Insurance Commission v. VA*, 2020 SST 400, determined that payments from the employee hardship fund established in the Sears insolvency did not constitute “earnings”.

[37] The proposed declaration in this case confirms that the payment of funds has been structured in a manner consistent with that prior ruling so that they can be characterized in the same way, and not constitute “earnings” that would be subject to withholding or repayment obligations that could defeat the purpose of the payments from the Employee Hardship Fund to qualified Hardship Applicants. Granting the declaratory relief allows the funds to be disbursed immediately and used for their intended purpose, which is to alleviate extraordinary hardships faced by eligible individuals.

[38] The Attorney General was on notice of this motion and asked for an additional paragraph to be added to the order, to ensure that it is provided with the names of successful Hardship Applicants, and with the amount of the applicable Employee Hardship Payment for each successful Hardship Applicant, within one business day of approval of an Application Form and prior to the transfer of any amount by the Monitor to the Company. This provision has been included in paragraph 22 of the Order, immediately after the declaratory relief. No objection was raised to the declaratory paragraph in the order.

[39] Declaratory relief can be granted under s. 11 of the CCAA in appropriate circumstances, such as exist here where: (a) the court has jurisdiction to hear the issue, (b) the dispute is real and not theoretical, (c) the party raising the issue has a genuine interest in its resolution, and (d) the responding party has an interest in opposing the declaration being sought: see *S.A. v. Metro Vancouver Housing Corp.*, 2019 SCC 4, [2019] 1 S.C.R. 99, at para. 60; see also *Bryton Capital Corp. GP Ltd. v. CIM Bayview Creek Inc.*, 2023 ONCA 363, 8 C.B.R. (7th) 22, at paras. 63-64.

[40] The declaratory relief sought in this case is directed to a real, not a theoretical, issue that this court has jurisdiction to decide under s. 11 of the CCAA, regarding the characterization of funds that will be distributed under the approved Employee Hardship Program to ensure that it achieves its intended objective of providing compensation to vulnerable employees. The interested stakeholders are all before the court. I find it to be appropriate to exercise my discretion to grant the declaratory relief requested in the circumstances of this case.

Sealing Order

[41] ERC and the Applicants are seeking a sealing order (and permission to redact from the public record) confidential personal information contained in: (a) Schedule “A” to the Term Sheet, which identifies the

Extended LTD Recipients, their Pre-Determined Monthly Amounts and their Maximum Benefit (Age 65) dates; (b) para. B.1 of the Term Sheet which identifies the Woodward's LTD Recipient; c) portions of the Term Sheet and Trust Agreement which identify current and former Trustees (names) and their personal information (addresses). That information includes both their personal information and, in the case of the LTD Beneficiaries, because it reveals their receipt of LTD benefits, by implication, their personal health information and financial information.

[42] All three factors delineated in the *Sherman Estate v. Donovan*, 2021 SCC 25, [2021] 2 S.C.R. 75, at para. 38, are satisfied here:

- (a) The sensitive personal and compensation information of employees is an important public interest that should be protected: see *Tacora Resources Inc. (Re)*, 2023 ONSC 6126, 9 C.B.R. (7th) 234, at paras. 160-61; *Just Energy Group Inc. et al.*, 2021 ONSC 7630, 95 C.B.R. (6th) 264, at para. 28; *Canwest Global Communications Corp. (Re)* (2009), 59 C.B.R. (5th) 72 (Ont. S.C.), at para. 52; *Re Essar Steel Algoma Inc et al*, 2015 ONSC 7656, 31 C.B.R. (6th) 116, at paras. 22-26. Employees have a reasonable expectation that their names and financial and health information will be kept confidential: *Tacora*, at para. 160. Personal information about employees is sealed when dealing with employment incentive programs (for example, key employee retention plans, or KERPs) in insolvency situations: *Ontario Securities Commission v. Bridging Finance Inc.*, 2021 ONSC 4347, 90 C.B.R. (6th) 102, at paras. 25-27; *Just Energy Group Inc. et al.*, at paras. 26-29. The Trustees do not stand to gain anything from their continued involvement, which is essential to the establishment and implementation of the Hardship Program, and they should not be exposed, without some further involvement of the court, to threats of retaliation (such as have been made recently and directly in this case by Mr. Turpin, as discussed later in this endorsement). None of the parties whose Personal Information is redacted consented to the public disclosure of their Personal Information and publicly disclosing it could breach their privacy interests, which are important public interests.
- (b) There is no other reasonable alternative way to protect the Extended LTD Recipients' and the Woodward's LTD Recipient's and the Trustees' privacy interests that could be employed instead of granting the sealing relief requested. The sealing relief is only in respect of limited redacted personal information that is contained in documents that have been filed for this motion, but does not redact the substance of any information relevant to the court's determination of the issues to be decided on this motion.
- (c) The benefits of the sealing request outweigh any deleterious effects. The information over which confidentiality is sought to be maintained is discrete, proportional and limited. The public interest in transparency in how the Trust Program is administered is served by disclosing the aggregate amount of the benefits that will be paid, the time period over which they will be paid, and the number of individuals to whom they will be paid in the De Fazio Affidavit. The sealing order would not be for an unlimited duration, as the information would be sealed pending further Order of the Court, and the Monitor does not believe that any stakeholders will be prejudiced by the sealing request.

[43] It is the responsibility of counsel for the moving parties to make the appropriate arrangements for the unredacted and now sealed non-public version of their Motion Record to be properly sealed and filed in a sealed envelope with the court office, with a copy of the order granting the sealing request highlighted and attached to the outside of the sealed envelope.

Objections and Assertions of Robert Turpin

[44] The only party who has objected to the approval of the Hardship Programs Order is Mr. Robert Rene Turpin. The Monitor has provided a summary of communications with Mr. Turpin and the Monitor's

assessment of his various assertions in its Thirteenth Report at sections 3.21-3.24 and in the Supplement to its Thirteenth Report dated February 10, 2026. An oral summary of Mr. Turpin's last communication to the Monitor on the evening of February 10, 2026, was provided to the court during the hearing, with confirmation that it did not provide any new evidence or information or change the Monitor's prior assessment.

- [45] As set out in the Monitor's Reports, the Monitor is not aware of any evidence to substantiate Mr. Turpin's claims outlined in his extensive communications and does not believe that Mr. Turpin has articulated a legitimate or credible basis to object to the Hardship Programs Order. As further noted by the Applicants, Mr. Turpin has not presented a legitimate or credible claim and/or interest in the Term Sheet motion. Further, the sources of funds for the Hardship Programs are either trust funds or funds that had been earmarked for these former employees since prior to the CCAA filing, or are the subject to priority claims by secured creditors.
- [46] In contrast, Mr. Turpin did not raise his claims in connection with the widely publicized matters already decided by this court, that were the subject of multiple endorsements and eventual orders in respect of which appeal periods have expired, involving, for example, the sale of the Charter and approval of various auctions and other procedures to deal with historic artefacts. In that regard, the Monitor's Thirteenth report details resources and information that Mr. Turpin has been provided regarding some of the Company's historic assets.
- [47] Mr. Turpin's unsupported objections and concerns certainly should not delay the approval of the Term Sheet and requested ancillary relief.
- [48] Mr. Turpin requested various accommodations from the court and other parties, some of which have been accommodated. As was noted in the court's Stay Confirmation Endorsement dated January 27, 2026, and also confirmed for purposes of this motion:
- (a) Mr. Turpin was served with the Monitor's motion material and all other material that was sent to the Service List. He is on the Service List.
 - (b) Mr. Turpin has received assistance from the court (in connection with the earlier motion) and from counsel for the Monitor throughout to locate historic information and material previously filed in these CCAA proceedings.
 - (c) The court hearings offer a zoom/hybrid option to observers and participants who seek permission in advance. The court also made arrangements for the zoom functions of closed captioning and audio transcripts to be turned on and available to Mr. Turpin, and a court reporter was present throughout the hearing.
- [49] More details of the accommodations that were afforded to Mr. Turpin for this motion are summarized at paragraph 28 of the Applicants' Aide Memoire and in the Monitor's Thirteenth Report dated February 9, 2026, and the Supplement to the Thirteenth Report dated February 10, 2026.
- [50] Counsel for the Monitor has included Mr. Turpin's correspondence in its Reports and has provided some comments and observations about it, alerting Mr. Turpin in advance of the hearing and in writing as to what would be said about his assertions at the hearing. The Applicants did the same in their Aide Memoire served on the Service List, including Mr. Turpin, in advance of the hearing.
- [51] As occurred at the last hearing, Mr. Turpin advised shortly before this hearing that he did not intend to appear, and he did not appear at the hearing (or at least did not identify himself to be in attendance when the court inquired if he was present, and his name did not appear on the zoom screen among the identified

observers). The concerns noted in his correspondence were nonetheless addressed by counsel for the participating parties and considered by the court.

- [52] Mr. Turpin’s demand for all matters in this complex CCAA proceeding to be heard entirely in writing is not reasonable and cannot be accommodated.
- [53] In exercising that supervisory function, the court is satisfied that reasonable steps were taken to provide accommodations to Mr. Turpin, and that he had received the court material in a timely manner and had reasonable written notice of other parties’ positions in respect of his assertions. He had a reasonable and fair amount of time to analyze the contents of the material for this hearing having regard to his stated disabilities (which to date have not been medically documented), but also considering the broader context of the real time litigation that this court manages in a large and complex restructuring proceeding such as this one. In all of the circumstances, it was determined that it was appropriate to proceed with the ERC motion for approval of the Term Sheet and ancillary relief on February 11, 2026, as scheduled.
- [54] As this court has said previously in *Niang v. Lakeshore Gardens Co-operative Homes Inc.*, 2024 ONSC 3246, at para. 9: “The court cannot simply address the needs of one party alone where doing so may prejudice the other parties. Accommodations sought in legal proceedings must take into account that there are other people whose rights might be affected”. This concern is exacerbated in large insolvency and restructuring proceedings involving numerous stakeholders in which there are multiple motions to address settlements, sales transactions and distributions of proceeds, to name a few. This “real time litigation” involves a balancing act of competing interests, under the supervision of the Commercial Court. Certainty is one of the important hallmarks of large restructuring proceedings such as these, with each issue raised and decided in the progression towards a final resolution.

Final Disposition and Order

- [55] At the conclusion of the hearing on February 11, 2026, the court indicated that the requested relief would be granted and the order (amended to remove a redundant paragraph [27] identified during the hearing) would be signed by the end of the week.
- [56] The order dated February 11, 2026, and signed by me today, shall have effect as of February 11, 2026, without the necessity of formal issuance and entry.
- [57] The court asks that the Monitor’s counsel serve a copy of this endorsement and the signed order on the Service List.

Date: February 13, 2026



Jessica Kimmel