



No. S209201
Vancouver Registry

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 1077 HOLDINGS CO-OPERATIVE (FORMERLY, MOUNTAIN EQUIPMENT CO-
OPERATIVE) AND 1314625 ONTARIO LIMITED**

PETITIONERS

**SEVENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

April 29, 2021



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On September 14, 2020, Mountain Equipment Co-operative (subsequently renamed 1077 Holdings Co-operative) and 1314625 Ontario Limited (together, the “**Petitioners**” or “**1077**”) were granted an initial order (the “**Initial Order**”) by the Supreme Court of British Columbia commencing proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. as monitor of 1077 (the “**Monitor**”) during the CCAA Proceedings.
- 1.2 On November 27, 2020, this Honourable Court pronounced an order enhancing the powers of the Monitor and an order (the “**Claims Process Order**”) setting a claims process (the “**Claims Process**”) by which creditors may confirm or prove their claims against the Petitioners.
- 1.3 Further information regarding these CCAA Proceedings, including the Initial Order, affidavits, reports of the Monitor and all other Court-filed documents and notices are available on the Monitor’s website at www.alvarezandmarsal.com/mec.

2.0 PURPOSE

- 2.1 This seventh report prepared by the Monitor (the “**Seventh Report**”) is a special purpose report intended to provide this Honourable Court with an update of the Claims Process as well as disclosure of the number and quantum of claims received by the Monitor pursuant to paragraph 32 of the Claims Process Order.

3.0 REPORTING OF CLAIMS

Update of Claims Process

- 3.1 Capitalized terms used but not defined in this section of the Seventh Report have the meaning ascribed to them in the Claims Process Order.
- 3.2 A comprehensive update to the Claims Process was detailed in the Monitor’s Sixth Report dated April 1, 2021 (the “**Sixth Report**”).
- 3.3 Tabled below is an updated summary of the claims including the number and quantum of the Claims Packages issued, Proofs of Claims submitted by Claimants and Employee Claimants, Notices of Revision or Disallowance (“**NORDs**”) issued by the Monitor, and Notices of Dispute (“**NODs**”) received by the Monitor as of April 27, 2021:

1077 Holdings Co-operative and 1314625 Ontario Limited
Summary of Claims
In CAD 000's

	Claims Packages		Proof of Claim		Notice of Revision or Disallowance		Accepted Claims		Notice of Dispute	
	Amount per Books and		Claim		Disallowed		Accepted		Disputed	
	No.	Records (\$)	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)
Landlord	6	\$ 582	7	\$ 68,104	7	\$ 72,130	3	\$ 575	2	\$ 8,693
Employee (*)	226	6,449	47	3,750	44	2,080	226	7,776	7	848
Trade and other	97	527	35	9,674	30	7,758	10	1,845	10	3,945
Equity	1	-	2	1	2	1	-	-	-	-
Total	330	\$ 7,558	91	\$ 81,530	83	\$ 81,968	239	\$ 10,195	19	\$ 13,485

* 226 Employee Claims with a total claim value of \$7.8 million have been deemed accepted by the Monitor

- 3.4 As at the date of this Seventh Report, the Monitor has received 91 Proofs of Claim with a total claim value of approximately \$81.5 million. Subsequent to filing the Sixth Report, the Monitor received three additional Proofs of Claim including one from a former employee of 1077 and a trade creditor which together totaled \$122,053.10, as well as an amended Proof of Claim from a landlord revising its Claim downward by approximately \$4.6 million.
- 3.5 The additional Proofs of Claim are currently under review by the Monitor and its legal counsel and NORDs, if applicable, have not yet been issued in respect of these additional Claims. Accordingly, there have been no changes to the number of NORDs issued on March 22, 2021.
- 3.6 Pursuant to the Claims Process Order, Claimants and Employee Claimants may submit a NOD within 30 days of receiving a NORD (i.e. April 21, 2021), or such other date as may be agreed to by the Monitor in writing. Any Claim that is unable to be resolved between a Claimant and the Monitor will be adjudicated by the Court or a Claims Officer at the sole discretion of the Monitor.
- 3.7 To date, the Monitor has received 19 NODs with a total claim value of \$13.5 million and has granted NOD extensions to six Claimants, including several landlords and the Canada Revenue Agency. The submitted NODs are currently being reviewed by the Monitor and its legal counsel and are further described below.

Landlord Claims

- 3.8 The Monitor and its legal counsel have held and continue to hold discussions with landlords who submitted claims (the “**Landlord Claimants**”) for the purpose of resolving their Claims (or as much as possible), to the satisfaction of both parties, thereby limiting or narrowing the issues prior to advancing the respective claims to the Court or Claims Officer, if required.

3.9 As at the date of this report, one Landlord Claimant has submitted an amended Proof of Claim and another has submitted a NOD. It is expected that most of the Landlord Claimants will be submitting an amended Proof of Claim or NOD within the extension period granted to them, if the matters are not resolved.

Employee Claims

- 3.10 The Monitor has received 47 Proofs of Claims for disputed Employee Claims totaling approximately \$3.8 million.
- 3.11 One Proof of Claim was received on April 1, 2021, subsequent to the Claims Bar Date and filing of the Sixth Report, and seven NODs have been submitted by Employees, which are all currently under review by the Monitor and its legal counsel.
- 3.12 As at the date of this report, 226 Employee Claims with a total claim value of \$7.8 million have been deemed accepted by the Monitor.

Trade and Other Claims

- 3.13 The Monitor has received 10 NODs with a total disputed claim value of \$3.9 million, which are comprised of the following:
- a) six NODs submitted by Claimants that are parties to litigation or insurance proceedings against the Petitioners and have a total disputed claim value of \$3.0 million; and
 - b) four NODs submitted by trade creditors with a total disputed claim value of approximately \$900,000. One trade creditor subsequently withdrew its NOD.
- 3.14 The Monitor, its legal counsel, and the Petitioners' legal counsel are considering the appropriate next steps and reviewing the merits and validity of the disputed claims submitted by trade and other creditors.

Summary

- 3.15 This report has been prepared in accordance with paragraph 32 of the Claims Process Order which requires that "...on or before April 30, 2021, the Monitor shall serve on the Service List and file with the Court a list of all Claims." The Monitor has disclosed the details of claims received to date in summary form as opposed to a detailed listing of the names of all claimants (which would include approximately 226 former employees) and the respective claim amounts given the sensitivity surrounding release of such information and given the fact that adjudication of a number of claims remain unresolved and/or subject to NODs.

All of which is respectfully submitted to this Honourable Court this 29th day of April, 2021.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1077 and not in its personal or corporate capacity**

P.P. 

Todd M. Martin
Senior Vice President