

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

**MOTION RECORD OF
CANADIAN UNION PROMOTIONS INC.
(Extension of Time to File a Proposal and Approval & Vesting Order)
(returnable December 7, 2020)**

December 1, 2020

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Lawyers for Canadian Union Promotions Inc.

TO: THE SERVICE LIST

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Tab 1

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

NOTICE OF MOTION

**(extension of time to file a proposal and approval & vesting order)
(returnable December 7, 2020)**

Canadian Union Promotions Inc. (“CUP”) will make a motion to Mr. Justice McEwen of the Commercial List at 330 University Avenue, Toronto, Ontario, on Monday, December 7, 2020 at 9 a.m. or as soon thereafter as the motion can be heard, via Zoom teleconference, the details for which are set out in the attached **Schedule “A”**.

THE PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR an order substantially in the form of the suggested draft in the motion record, for:

- a. the extension from December 7, 2020 to December 21, 2021 of the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”),
- b. the approval of the transaction (the “**Transaction**”) contemplated by the “stalking horse” asset purchase agreement dated October 16, 2020 (the “**Stalking Horse APA**”) between CUP and Younion Travels, Inc., as purchaser (the “**Purchaser**”), and the vesting of the assets purchased thereunder in the Purchaser, and
- c. attendant relief and such further and other relief as counsel may request and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

I. EXTENSION OF TIME TO FILE A PROPOSAL

1. The time was extended to December 7, 2020 by order dated October 22, 2020.
2. Save unforeseen events, this extension should be the last one provided the Transaction is approved because CUP will make its proposal from the proceeds.
3. CUP had acted and is acting in good faith and with due diligence, and no creditor would be materially prejudiced by the extension.

II. APPROVAL AND VESTING ORDER

4. By order dated October 22, 2020, the court approved a sale process wherein the Stalking Horse APA was approved as the “stalking horse” bid.
5. The sale process was run in good faith and accordance with the order.
6. The Transaction is the best transaction located. The Trustee received no other offer being a “Qualified Bid” within the meaning of the court-approved sale process terms.
7. The Transaction is for substantially all CUP’s assets, provides for the Purchaser’s assumption of CUP’s employees and equipment leases and liabilities, and its price will allow a viable proposal.
8. The Transaction is conditional on a vesting order substantially in the form of the Commercial List model, as is sought.
9. Notice to Royal Bank of Canada, the only secured creditor, is given hereby.
10. The Trustee supports the relief sought and CUP is not aware of any opposition.

III. STATUTORY PROVISIONS

11. Sections 50.4(9) and 65.13 of the BIA.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- a. the affidavit of Shy Jacoby sworn December 1, 2020,
- b. the third report of the Trustee to be filed, and
- c. such further and other evidence as counsel may advise and this Honourable Court may permit.

DATE: December 1, 2020

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Lawyers for Canadian Union Promotions Inc.

TO: THE SERVICE LIST

Schedule “A”

Conference Details to join Motion via Zoom

Join Zoom Meeting

<https://zoom.us/j/92237796518?pwd=bXhCWjJyU1hjZ0VyZ2srSXdITzg3dz09>

Meeting ID: 922 3779 6518

Passcode: 777609

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANADIAN UNION PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

**NOTICE OF MOTION
(extension of time to file a proposal and approval
and vesting order)
(returnable December 7, 2020)**

GOLDMAN SLOAN NASH & HABER LLP
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Lawyers for Canadian Union Promotions Inc.

Tab 2

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

**AFFIDAVIT OF SHY JACOBY
(sworn December 1, 2020)**

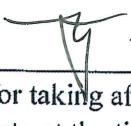
I, Shy Jacoby, of the Town of Maple, Ontario, **MAKE OATH AND SAY**:

1. I am the founder, the president, and a director of Canadian Union Promotions Inc. (“CUP”), and as such have knowledge of the matters attested herein. In preparing this affidavit, I consulted with legal, financial and other advisors of CUP and other members of CUP’s management. Where this affidavit is on information and belief, I have stated the source of that information and believe it true.
2. I attach here as **Exhibits “A” and “B”** my previous affidavits sworn September 4 and October 16, 2020 (without exhibits) which provide background on CUP, its business, its insolvency, its creditors (the most important one is RBC, the only secured creditor), its restructuring efforts including continued operations, lowered expenses, negotiations with RBC, attempts to locate investors or alternate lenders, the decision to sell assets, and the development of a sale process and the negotiation of the “stalking horse” asset purchase agreement dated October 16, 2020 between CUP and Younion Travels, Inc., and the reasons why court approval of the sale process and of the Stalking Horse APA as the stalking horse bid therein was reasonable.
3. I am advised by the trustee and CUP’s counsel that the trustee will make a report in support of CUP’s motion returnable December 7, 2020. I am also advised of the likely content of the report such that this affidavit need not repeat it.

[2]

4. CUP requests a brief extension of the period of time to file a proposal to creditors so that the transaction with Younion Travels, Inc. can close and CUP can then review its options for a proposal.
5. CUP's management and counsel are not aware of any opposition to the relief sought on this motion.

SWORN BEFORE ME via Zoom at the City of Toronto, in the Province of Ontario, this 1st day of December, 2020 in accordance with O. Reg. 431/20, *Administering Oath or Declaration Remotely*



Commissioner for taking affidavits
(present at Toronto at the time of swearing)



Shy Jacoby December 1/20
(present at Toronto at the time of swearing)



Notary # 30984 R.

This is **Exhibit “A”** to the affidavit of Shy Jacoby sworn before me via Zoom this 1st day of December, 2020 in accordance with O. Reg. 431/20, *Administering Oath or Declaration Remotely*



A Commissioner, etc.

Shy Jacoby

LSO # 80984R

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

AFFIDAVIT OF SHY JACOBY
(sworn September 4, 2020)

I, Shy Jacoby, of the Town of Maple, Ontario, **MAKE OATH AND SAY**:

1. The affidavit is in support of a motion by Canadian Union Promotions Inc. (“CUP”) for an order extending from September 7, 2020 (effectively September 8, 2020 on account of the Labour Day holiday) to October 22, 2020 the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”).

2. I am the founder, the president, and a director of CUP, and as such have knowledge of the matters attested herein. Where this affidavit is on information and belief, I have stated the source of that information and believe it true. In preparing this affidavit, I consulted with legal, financial and other advisors of CUP and other members of CUP’s management.

I. OVERVIEW OF CUP

3. CUP was incorporated on November 7, 2007, as appears from a corporation profile report for CUP, **Exhibit “A”**.

4. CUP’s business is to offer physical and software products and services that assist trade unions, notably in their marketing, management and communications. CUP started off offering promotional materials such as shirts, pens and banners. It then expanded its activities to the creation of various software solutions specifically tailored for unions, including a membership management and grievance platform, as well as a comprehensive

communications platform, a mobile application, website services, and a members' portal, in addition to providing managed (expert) services and support.

5. CUP has approximately 50 clients, ranging from small, local unions (representing from 250 to 50,000 workers) to provincial unions (representing from 20,000 to 150,000 workers). CUP works for example with the Ontario Public Service Employees Union, which represents approximately 150,000 workers.
6. As of today, CUP has 17 employees and 3 contractors. It is a private company primarily owned by myself and family members.

II. CAUSES OF INSOLVENCY

7. Around 2014, after years of experience working with union clients, learning about their needs and collecting their feedback, I identified an opportunity for CUP to grow by developing a scalable, comprehensive software platform specifically tailored to address the special needs of unions and their members with regard to, among other things, management, duties, and communications. Such platform would also allow CUP to both continue to service larger, national-level union clients, but also the smaller and medium size union clients who operate either regionally or as a union local.
8. The development of such a platform began around 2014. From this time, CUP has been growing, hiring more people, acquiring new clients and perfecting its software. CUP's plan was to launch a final product in early 2020 and initiate a large-scale marketing initiative.
9. In the middle of 2018, as part of its growth, CUP secured its first comprehensive loan facility with what was intended to become a long-time financial partner, the Royal Bank of Canada ("RBC"). The loan structure includes a revolving demand facility that was initially \$650,000 and later increased to \$850,000, a Visa facility, and the execution by CUP of a general security agreement in favour of RBC. A copy of the loan documentation is collectively attached as **Exhibit "B"**.

10. In 2019, CUP experienced a setback in the loss of the Power Workers Union as a major client, which CUP believes was the result of a change in leadership at that union. In addition, the new leadership of that union has withheld payment of an account payable to CUP of more than \$1 million, which sets back CUP's financial situation.
11. In the fall of 2019, RBC placed CUP into special loans. CUP worked with RBC special loans to reduce the amount of the operating line from \$850,000 to \$650,000.
12. By the end of 2019, CUP had gained considerable momentum, and was potentially months away from a product release after years of work and investment. But in early 2020, the effects of the COVID-19 worldwide pandemic reached Canada. As union offices dramatically reduced their attendance and activities, the demand for CUP's services likewise diminished, and the economic situation forced CUP to temporarily downsize its operations. Further, the COVID-19 restrictions eroded most if not all hopes for a short-term launch of the new software product.
13. During this COVID crisis, CUP has been proactively streamlining its expenses in an effort to limit its losses. Among other things, the company cut its management's compensation by deferring executive salaries from January through August, negotiated lease payment deferrals through October, and restructured the rent for CUP's leased premises. CUP also applied for and was approved into the federal government's temporary wage subsidy program. Thanks to those efforts, CUP remains cashflow positive, as appears from a 13-week cashflow statement for the weeks starting August 21, 2020 to November 13, 2020, **Exhibit "C"**.
14. Moreover, despite the decline in revenues occasioned by the COVID-19 pandemic, CUP's line of credit with RBC has remained current in principal and interest. In fact, in the course of 2019, CUP had reduced its maximum borrowing ability under the RBC facility by \$200,000.
15. However, according to RBC, CUP did go in default under the RBC loan facility in the summer of 2020 when its borrowing ratios exceeded those allowed as of

December 31, 2019, CUP's last financial year-end. RBC also advised that the Visa cards had exceeded their maximum balances.

16. The advice from RBC about being over on the Visa cards was news to CUP. When Elena Jacoby contacted Visa card services to discuss what RBC told CUP about the Visa cards, she was told that Visa had ceased notifications during the first few months of the COVID-19 restrictions.
17. Despite further communications with RBC special loans, on July 29, 2020, RBC's lawyers served CUP with a demand letter and a notice pursuant to section 244 of the BIA, copies of which are attached as **Exhibit "D"**, demanding an immediate payment of \$832,297.65 in principal and interests, plus costs and expenses, and reserving the right to put CUP into receivership.
18. For those reasons, and following consultations with the Trustee as well as legal and other advisors, it was determined that CUP was insolvent, and that the best option available to it was to effect a financial restructuring through the notice of intention process of the BIA, allowing the company to continue as a going concern which is to the benefit of all its stakeholders.
19. Accordingly, on August 8, 2020, the Trustee filed with the Official Receiver, on behalf of CUP, a notice of intention to make a proposal to creditors, a copy of which is attached as **Exhibit "E"**.

III. EXTENSION OF TIME TO FILE A PROPOSAL

20. As recounted above, CUP has been acting in good faith and with due diligence through the COVID crisis and has continued to do so since the filing of its notice of intention.
21. Among other things, since such filing, CUP has, and continues to:
 - i. operate its business and serve its clients to the best of its ability while complying with social distancing and personal protection measures and best practices,

- ii. follow-through with the expense limitation measures described above,
- iii. actively work with the Trustee to evaluate its financial position and restructuring options, including to build the Exhibit “C” 13-week cashflow and other financial models,
- iv. keep communication channels opened with RBC, notably to inform them of CUP’s objective to replace RBC by an alternative lender, as further described below, and to show openness in sharing information to facilitate the transition, and
- v. with the assistance of the Trustee, work towards locating and negotiate with lenders to replace RBC going forward.

22. As of the date hereof, the main focus of CUP’s restructuring efforts is to obtain the financing of an acceptable exit for RBC and to locate an alternative lender with which to build a constructive relationship going forward.

23. I believe that, once the above is secured and assuming no material adverse change, CUP will be in a position to pay make a proposal to its creditors wherein unsecured claims should be paid a substantial amount of the pre-filing debts owing.

24. At this stage, CUP is not considering a sale of assets or its business. CUP is however evaluating whether and how to monetize its \$1,000,000+ account receivable from the Power Workers Union discussed above, including through litigation funding.

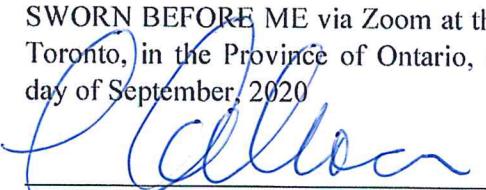
25. CUP is managing its business from its revenues and is paying its professional advisors through cash on hand. It accordingly does not seek any “debtor-in-possession financing” or the creation of any administration or other charge priming RBC’s or any creditor’s rights.

26. I believe that, following the one time event of restructuring expenses, the notice of intention process and a proposal to creditors will allow CUP to remain a going concern, to the benefit of all its stakeholders including its employees, shareholders and creditors. I believe that since CUP is essentially a services company with few hard assets, its prospects through

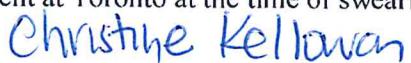
[6]

continued operation will likely afford greater recovery to creditors than any receivership/liquidation scenario.

SWORN BEFORE ME via Zoom at the City of
Toronto, in the Province of Ontario, this 4
day of September, 2020



Commissioner for taking affidavits
(present at Toronto at the time of swearing)



Sly Jacoby
(present at _____ at the time of swearing)



This is **Exhibit "B"** to the affidavit of Shy Jacoby sworn before me via Zoom this 1st day of December, 2020 in accordance with O. Reg. 431/20, *Administering Oath or Declaration Remotely*



A Commissioner, etc.

Shy Jacoby
LSO # 30984R.

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

AFFIDAVIT OF SHY JACOBY
(sworn October 16, 2020)

I, Shy Jacoby, of the Town of Maple, Ontario, **MAKE OATH AND SAY**:

1. I am the founder, the president, and a director of Canadian Union Promotions Inc. (“CUP”), and as such have knowledge of the matters attested herein. In preparing this affidavit, I consulted with legal, financial and other advisors of CUP and other members of CUP’s management. Where this affidavit is on information and belief, I have stated the source of that information and believe it true.
2. The affidavit is in support of a motion by CUP for an order:
 - a) extending from October 22, 2020 to December 7, 2020 the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”),
 - b) approving a sale process,
 - c) approving the “stalking horse” asset purchase agreement dated October 16, 2020 between CUP and Younion Travels, Inc. as purchaser (the “**Purchaser**”) for the purpose of constituting a stalking horse bid under the sale process,
 - d) granting a charge in favour of the Trustee, and
 - e) sealing confidential exhibits “D” and “F” to this Affidavit.

3. I make this Affidavit further to my Affidavit sworn September 4, 2020 (the “**September 4 Affidavit**”), which remains true and is included in CUP’s Motion Record.

I. OVERVIEW OF CUP

4. The following overview is substantially the same as set out in my Affidavit sworn September 4, 2020.
5. CUP was incorporated on November 7, 2007, as appears from a corporation profile report for CUP that was Exhibit “A” to the September 4 Affidavit.
6. CUP’s business is to offer physical and software products and services that assist trade unions, notably in their marketing, management and communications. CUP started off offering promotional materials such as shirts, pens and banners. It then expanded its activities to the creation of various software solutions specifically tailored for unions, including a membership management and grievance platform, as well as a comprehensive communications platform, a mobile application, website services, and a members’ portal, in addition to providing managed (expert) services and support.
7. CUP has approximately 50 clients, ranging from small, local unions (representing from 250 to 50,000 workers) to provincial unions (representing from 20,000 to 150,000 workers). CUP works for example with the Ontario Public Service Employees Union, which represents approximately 150,000 workers.
8. As of today, CUP has 17 employees and 3 contractors. It is a private company primarily owned by myself and family members.

II. CAUSES OF INSOLVENCY

9. Around 2014, after years of experience working with union clients, learning about their needs and collecting their feedback, I identified an opportunity for CUP to grow by developing a scalable, comprehensive software platform specifically tailored to address the special needs of unions and their members with regard to, among other things, management, duties, and communications. Such platform would also allow CUP to both

continue to service larger, national-level union clients, but also the smaller and medium size union clients who operate either regionally or as a union local.

10. The development of such a platform began around 2014. From this time, CUP has been growing, hiring more people, acquiring new clients and perfecting its software. CUP's plan was to launch a final product in early 2020 and initiate a large-scale marketing initiative.
11. In the middle of 2018, as part of its growth, CUP secured its first comprehensive loan facility with what was intended to become a long-time financial partner, the Royal Bank of Canada ("RBC"). The loan structure includes a revolving demand facility that was initially \$650,000 and later increased to \$850,000, a Visa facility, and the execution by CUP of a general security agreement in favour of RBC. A copy of the loan documentation was collectively attached as Exhibit "B" to the September 4 Affidavit.
12. In 2019, CUP experienced a setback in the loss of the Power Workers Union as a major client, which CUP believes was the result of a change in leadership at that union. In addition, the new leadership of that union has withheld payment of an account payable to CUP of more than \$1 million, which sets back CUP's financial situation. Attempts to secure payment of that receivable were strongly resisted, with the Power Workers Union retaining Blake, Cassels & Graydon LLP to oppose all attempts made by CUP's counsel to collect payment.
13. In the fall of 2019, RBC placed CUP into special loans. CUP worked with RBC special loans to reduce the amount of the operating line from \$850,000 to \$650,000.
14. By the end of 2019, CUP had gained considerable momentum, and was potentially months away from a product release after years of work and investment. But in early 2020, the effects of the COVID-19 worldwide pandemic reached Canada. As union offices dramatically reduced their attendance and activities, the demand for CUP's services likewise diminished, and the economic situation forced CUP to temporarily downsize its operations. Further, the COVID-19 restrictions eroded most if not all hopes for a short-term launch of the new software product.

15. During this COVID crisis, CUP has been proactively streamlining its expenses in an effort to limit its losses. Among other things, the company cut its management's compensation by deferring executive salaries from January through August, negotiated lease payment deferrals through October, and restructured the rent for CUP's leased premises. CUP also applied for and was approved into the federal government's temporary wage subsidy program.
16. Thanks to those efforts, CUP remained cashflow positive, as appears from the first 13-week cashflow statement for the weeks starting August 21, 2020 to November 13, 2020, that was attached as Exhibit "C" to the September 4 Affidavit.
17. Moreover, despite the decline in revenues occasioned by the COVID-19 pandemic, CUP's line of credit with RBC has remained current in principal and interest. In fact, in the course of 2019, CUP had reduced its maximum borrowing ability under the RBC facility by \$200,000.
18. However, RBC asserted that CUP did go in default under the RBC loan facility in the summer of 2020 when its borrowing ratios exceeded those allowed as of December 31, 2019, CUP's last financial year-end. RBC also advised that the Visa cards had exceeded their maximum balances.
19. The advice from RBC about being over on the Visa cards was news to CUP. When Elena Jacoby contacted Visa card services to discuss what RBC told CUP about the Visa cards, she was told that Visa had ceased notifications during the first few months of the COVID-19 restrictions.
20. Despite further communications with RBC special loans, on July 29, 2020, RBC's lawyers served CUP with a demand letter and a notice pursuant to section 244 of the BIA, copies of which were attached as Exhibit "D" to the September 4 Affidavit, demanding an immediate payment of \$832,297.65 in principal and interests, plus costs and expenses, and reserving the right to put CUP into receivership.

21. For those reasons, and following consultations with the Trustee as well as legal and other advisors, it was determined that CUP was insolvent, and that the best option available to it was to effect a financial restructuring through the notice of intention process of the BIA, allowing the company to continue as a going concern which is to the benefit of all its stakeholders.
22. Accordingly, on August 8, 2020, the Trustee filed with the Official Receiver, on behalf of CUP, a notice of intention to make a proposal to creditors (“NOI”), a copy of which was attached as Exhibit “E” to the September 4 Affidavit.

III. THE FIRST EXTENSION OF TIME TO FILE A PROPOSAL

23. Following the filing of the NOI, CUP had continued to:
 - i. operate its business and serve its clients to the best of its ability while complying with social distancing and personal protection measures and best practices,
 - ii. follow-through with the expense limitation measures described above,
 - iii. actively work with the Trustee to evaluate its financial position and restructuring options, including to build the 13-week cashflow and other financial models, and
 - iv. with the assistance of the Trustee, work towards locating and negotiate with lenders or equity participants to replace RBC going forward.
24. Following the NOI, the main focus of CUP’s restructuring efforts had been to obtain the financing of an acceptable exit for RBC and to locate an alternative lender with which to build a constructive relationship going forward.
25. At that point, CUP was not considering a sale of assets or its business. CUP was however evaluating whether and how to monetize its \$1,000,000+ account receivable from the Power Workers Union discussed above, including through litigation funding.
26. Leading up to the first NOI extension period, CUP had been managing its business from its revenues and paying its professional advisors through cash on hand. It accordingly did

not seek any “debtor-in-possession financing” or the creation of any administration or other charge priming RBC’s or any creditor’s rights.

27. It is important to note that the payments on equipment loans with RBC do not appear to have been withdrawn from CUP’s bank account by RBC after the filing of the NOI. That was, however, not as a result of anything that CUP did. Instead, that seems like it was the continuation of a lease payment postponement that RBC had already initiated prior to the NOI filing due to the pandemic.
28. I am advised by Brendan Bissell, counsel for CUP in these proceedings, that prior to the first NOI extension motion he had been in contact with counsel for RBC by email. In an email exchange, a copy of which is attached as **Exhibit “A”**, counsel for RBC advised that:

Subject in all respects to seeing satisfactory motion materials from your client and/or the proposal trustee, as applicable, RBC is prepared to support one 45-day stay extension of the NOI proceedings, provided that no request is made at any time for the granting of any prior-ranking Court charges to RBC’s position (whether administration charge, D&O charge, DIP charge or otherwise) and that the intention is to see RBC’s position be paid out in full by no later than the end of the 45-day stay extension period.

RBC does not intend to support any further stay extension request beyond the one 45-day request now being proposed.

29. In response, Mr. Bissell advised “Your client’s position matches the request so I think we are set to proceed.”
30. As a result, Justice Hainey issued an endorsement and Order extending the NOI period to October 22, 2020, copies of which are attached as **Exhibits “B” and “C”**.

IV. ATTEMPTS TO ARRANGE NEW DEBT OR EQUITY FINANCING

31. Following the September 8, 2020 NOI extension, CUP continued its efforts to attempt to find new debt or equity financing in order to repay RBC, which was and remains the only factor that made CUP have to file under the BIA.

32. CUP made contact with the following lenders, either directly or through the assistance of the Trustee, in attempts to secure new financing, the details of which are as follows:

- a) CUP engaged the PricewaterhouseCoopers Capital Finance LLC to prepare a Confidential Information Memorandum to provide to interested lenders or equity participants. A copy of that document is attached as **Confidential Exhibit “D”**. CUP asks that this document be sealed pending the completion of a sales process so that its disclosure without adequate confidentiality restrictions on recipients does not jeopardize the realizable value of CUP’s asset.
- b) CUP contacted Sallyport Commercial Finance in August, which provided a proposal for lending against eligible accounts receivable. This was not viable because the level of CUP’s accounts receivable is typically not large, with the exception of the Power Workers Union receivable that would not have qualified for financing. Since most of CUP’s accounts receivable are paid within a short period, the financing would also have just added loan and administration fees to diminish cash flow at a time when CUP’s revenues are already down due to the impact of the pandemic.
- c) CUP contacted Lazarus Litigation Funding. The offer that was made was for a loan of an amount much less than the debt to RBC in exchange for a significant percentage of the receivable from the Power Workers Union, which would not have achieved repayment of the loan to RBC in time and would have impaired recovery to the CUP due to the fees payable.
- d) Hans Rizarri of the Trustee advises that he contacted Accord Financial. Mr. Rizarri advises that Accord was unwilling to provide a loan other than a small debtor-in-possession loan to go in first position, which would not have allowed repayment of the amounts due to RBC.
- e) Hans Rizarri of the Trustee advises that he contacted the commercial lending group of Bank of Montreal. Mr. Rizarri advises that, due to CUP’s business being primarily in the provision of services and most of its hard assets already being encumbered by leases, a loan would not be possible.

- f) CUP was in contact with Upper Stage Capital about a possible loan and/or equity injection. They advised that due to other pending commitments they would be unable to consider a loan or equity placement before the first quarter of 2021.
- g) CUP contacted its existing shareholders as well as parties who are friendly to it in order to attempt to get non-institutional lending. The timeframe and current circumstances of CUP's position in special loans at RBC while undergoing revenue shrinkage due to the pandemic did not permit any successful agreements to be reached.
- h) CUP was put in touch by the Trustee with CFR Solutions Inc., which offered an engagement on October 13, 2020 to find replacement financing, which Hans Rizarri of the Trustee explained was expected to involve a high commitment fee, a high rate of interest above 18% per annum, and a requirement for collateral security and/or guarantees. Given the present circumstances of CUP, such a high rate of interest would be untenable beyond a very short period of time, and the current credit markets do not seem like they will permit lending to a business like where CUP is at present for a longer period than that. Moreover, there are no guarantees for RBC's current facilities, so the prudence of this offer is doubtful.
- i) CUP contacted Liquid Capital Advance Corporation in September on a referral from Business Development Corporation. They provided a proposal for Debtor in Possession financing for an amount less than the RBC debt, and which would also go against the position of RBC that this type of financing would not be appropriate.
- j) CUP contacted Business Development Corporation for financial relief during COVID generally, who advised that they did not receive an acknowledgement from RBC to support any government of Canada lending programs during COVID-19 so nothing could be made available.

V. CONSIDERATION OF ALTERNATIVES – THE STALKING HORSE OFFER

- 33. In light of the lack of success to date in securing any new equity or lending to repay RBC, CUP discussed its options with its counsel and with the Trustee.

34. As a result of those discussions, I concluded on behalf of CUP that there is no feasible way to repay the amounts being demanded by RBC within the timeframes it has stipulated (i.e. by October 22, 2020 when the first NOI extension expires). While the outstanding receivable against the Power Workers Union would, if collected, provide enough funds to repay RBC, it appears that it will be necessary to pursue that claim through litigation, which will take months if not years to get to any results – all of which is much longer than the timeline that RBC demands.
35. As a result, I further concluded that the only remaining step forward is to agree to sell CUP's assets and business in an attempt to repay as much of the debt owing to creditors, which I expect will be principally if not exclusively RBC given the likely recoveries, from that process. I do not expect
36. In considering and discussing possible sale options with counsel and with the Trustee, it occurred to me that the business of CUP is likely worth more than its hard assets. I came to that conclusion because, among other things, CUP has remained largely current on its cash flow even during the NOI process and the impacts of the pandemic, which to me suggests that CUP's business has a chance to remain viable and to grow again once the impact of the pandemic eases.
37. I and Tim Hirasawa of CUP therefore approached some of the existing shareholders and friends of CUP (who we had approached about a possible loan or equity injection to repay RBC) about making an offer for CUP's assets and business. As a result of those discussions, the Purchaser, which is an existing company that is related to CUP, has been organized with new shareholders to provide financing to make the offer in the asset purchase agreement dated October 16, 2020 of purchasing CUP's assets for \$250,000 plus assumption of CUP's equipment leases. A copy of that offer is attached as **Exhibit "E"**.
38. Before the Purchaser made that offer, CUP commissioned a valuation report by a certified business valuator, a copy of which is attached as **Confidential Exhibit "F"**. CUP asks that this document be sealed pending the completion of a sales process so that its disclosure does not jeopardize the realizable value of CUP's asset.

39. In discussions with the valuator, I asked why the value of CUP's revenue that was included in the valuation was lower than CUP's actual revenue. I was told that the reason for this is that only the revenue from ongoing contracts (mostly for the provision of software services) would be valued by an arm's length purchaser, and that the other revenue that CUP gets from month to month for marketing or promotional material orders would not be recognized, even though that revenue is a significant component of CUP's revenue.
40. I believe that the price of the stalking horse offer of the Purchaser represents an appropriate level of recovery for the creditors of CUP, bearing in mind:
 - a) The valuation report's conclusions; and
 - b) The nature of CUP's business as primarily a services business without much inventory or hard assets that are not already encumbered by things like equipment leases.

41. I also believe that the stalking horse offer represents a way to protect CUP's 17 employees and 3 contractors, all of whom will be out of work if CUP goes bankrupt and its business does not continue.

VI. FURTHER COMMUNICATIONS WITH RBC

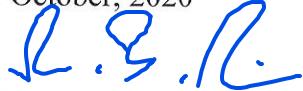
42. Once I came to the conclusions noted above about the necessity of a sale process for CUP and the feasibility of a stalking horse offer, I instructed Mr. Bissell to contact counsel for RBC to discuss those issues.
43. Mr. Bissell advises that he spoke with counsel for RBC and sent the email attached as **Exhibit "G"**.
44. In response counsel for RBC sent the email attached as **Exhibit "H"**.
45. The terms of what RBC proposed in that email were and are not acceptable to CUP. CUP is prepared to ensure that RBC receives a fair recovery for the assets subject to its security given that RBC has now made demand and a repayment of RBC's loan does not seem

possible with takeout financing or new equity. CUP and its principals are not, however, prepared to grant RBC more security or collateral than it took when it made the loan and in particular when RBC made demand on that loan in the middle of a pandemic.

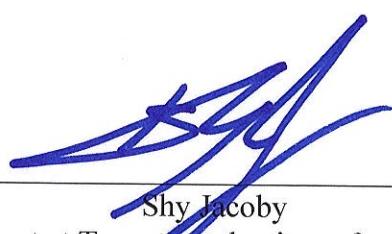
VII. NOI EXTNSION AND CHARGE FOR TRUSTEE'S FEES

46. CUP has updated its 13 week cash flow projections, a copy of which is attached as **Exhibit "I"**.
47. If not for the increased level of expense now necessary for the Trustee to conduct and oversee the proposed sales process, CUP would still be in a cash flow positive situation as shown in the projections. The Trustee has advised, however, that it requires a charge in order to ensure payment of its fees, and that similar fees would be incurred by any other licenced insolvency trustee whether acting as trustee in bankruptcy or as a receiver for RBC.
48. As part of its cash flow management, CUP has been and remains current on its HST and source deduction obligations.

SWORN BEFORE ME via Zoom at the City of Toronto, in the Province of Ontario, this 16th day of October, 2020



Commissioner for taking affidavits
(present at Toronto at the time of swearing)



Shy Jacoby
(present at Toronto at the time of swearing)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANADIAN UNION PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE CANADIAN BUSINESS CORPORATIONS ACT

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

AFFIDAVIT OF SHY JACOBY
(Sworn December 1, 2020)

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Lawyers for Canadian Union Promotions Inc.

Tab 3

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

THE HONOURABLE MR.

)

THURSDAY, THE 22ND

JUSTICE McEWEN

)

DAY OF OCTOBER, 2020

)

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

**ORDER
(Approval of Sale Process)**

THIS MOTION, made by Canadian Union Promotions Inc. (“CUP”), pursuant to Section 65.13 of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”), for an order, among other things, (i) approving a “stalking horse” sale process substantially on the terms set out in Schedule “A” hereto (the “Sale Process”), (ii) approving the “stalking horse” asset purchase agreement (the “Stalking Horse APA”) entered into on October 16, 2020 between the CUP and Younion Travel, Inc., (the “Purchaser”), for the purpose of constituting a stalking horse bid under the Sale Process, and (iii) approving the break fee (the “Break Fee”) set out in Section 6.4 of the Stalking Horse APA, was heard this day via Zoom videoconference due to the COVID-19 pandemic.

ON READING the Motion Record and Supplementary Motion Record of CUP, the Responding Motion Record of Royal Bank of Canada (“RBC”), the second report of Crowe Soberman Inc., in its capacity as proposal trustee of CUP (the “Trustee”), dated October 21, 2020 (the “Second Report”) and the Appendices thereto, and on hearing the submissions of counsel for CUP, counsel for the Proposal Trustee and counsel for RBC, no one else appearing

although duly served as appears from the Affidavit of Service of Karen Jones sworn October 19, 2020, filed, and on hearing the consent of the parties:

SERVICE

1. **THIS COURT ORDERS** that the timing and method of service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated and this Motion is properly returnable today.
2. **THIS COURT ORDERS** that CUP, the Trustee and/or their lawyers are at liberty to serve or distribute this Order and any other materials and orders as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding true copies thereof by electronic message to CUP' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation and notice requirements within the meaning of section 3(c) of the *Electronic Commerce Protection Regulations*, SOR/2013-221.

APPROVAL OF SALE PROCESS AND STALKING HORSE APA

3. **THIS COURT ORDERS** that the Sale Process is hereby approved and the Trustee is hereby authorized and directed to take such steps as it deems necessary or advisable (subject to the terms of the Sale Process) to carry out the Sale Process, subject to prior approval of this Court being obtained before completion of any transaction(s) under the Sale Process.
4. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by CUP of the Stalking Horse APA be and is hereby ratified, authorized and approved.
5. **THIS COURT ORDERS** that the Break Fee set out in Section 6.4 of the Stalking Horse APA is approved and that the Stalking Horse APA is hereby approved solely for the purposes of standing as the Stalking Horse Bid in the Sale Process, provided that if the Purchaser is the successful bidder under the Sale Process, implementation of the transaction contemplated by the Stalking Horse APA will be subject to the Court's approval upon further motion by CUP.

6. **THIS COURT ORDERS** that CUP and the Trustee their respective employees, advisors, agents or other representatives (“**Representatives**”) shall have no personal or corporate liability in connection with the Sale Process.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Trustee, CUP and their Representatives are hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their Representatives, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in CUP’s records pertaining to CUP’s past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale pursuant to the Sale Process (a “**Sale**”). Each Bidder or Representative to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Sale, and if it does not complete a Sale, shall return all such information to the Trustee, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Trustee. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction(s) contemplated in the Winning Bid(s) (as defined in the Sale Process), shall be entitled to use the personal information provided to it that is related to the assets acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by CUP, and shall return all other personal information to the Trustee, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Trustee.

EXTENSION OF TIME TO FILE A PROPOSAL

8. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the period within which CUP may file a proposal be and is hereby extended to December 7, 2020.

SEALING

9. **THIS COURT ORDERS** that Confidential Exhibits “D” and “F” to the Affidavit of Shy Jacoby sworn October 16, 2020, including as contained in the Compendium of CUP dated

October 16, 20202, and the Confidential Appendix to the Second Report be and hereby are sealed pending completion of a transaction to sell the assets of CUP as evidenced by the filing of a Certificate by the Trustee, or pending further Court Order..

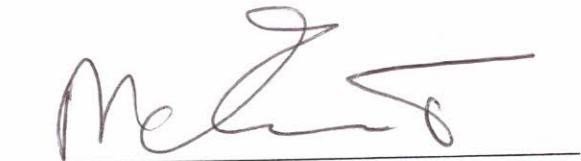
GENERAL

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give effect to this Order and to assist CUP, the Trustee, the Purchaser and their respective 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 CUP and to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding, or to assist CUP and the Trustee and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that each of CUP, the Trustee and the Purchaser shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that this Order is subject to the terms of the endorsement of today's date.

13. **THIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.

A handwritten signature in black ink, appearing to read "Melinda", is written over a horizontal line. The signature is fluid and cursive, with a large, stylized 'M' at the beginning.

Schedule “A” – Sale Process

1. **Definitions.** All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Stalking Horse APA.
2. **Advertisement.** Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall advertise for sale the Purchased Assets in The **National Post (National Edition)** and distribute a teaser document to potential interested parties.
3. **Due Diligence.** Not later than five (5) Business Days after the Sale Process Order is granted, the Trustee shall make available to prospective purchasers (collectively, the “**Prospective Purchasers**”), upon receipt of an executed confidentiality agreement from a Prospective Purchaser, access to a data room containing information reasonably required by Prospective Purchasers to consider submitting an offer for the Purchased Assets and facilitate the conduct of due diligence by the Prospective Purchasers. The Purchaser may have access to the data room.
4. **Bid Deadline.** Any offers to purchase the Purchased Assets must be submitted in writing to and received by the Proposal Trustee at Crowe Soberman Inc., 2 St. Clair Ave. East, Suite 1100 Toronto, ON M4T 2T5, attention: Hans Rizarri, or by email at hans.rizarri@crowesoberman.com, by 5:00pm (Toronto time) on November 23, 2020 (the “**Bid Deadline**”).
5. **Qualified Bid.** The Trustee in its sole discretion shall determine whether any offers are “**Qualified Bids**”. A Qualified Bid shall mean an offer to purchase substantially all of the Purchased Assets which is substantially the same or better than the Agreement, provided that no offer shall qualify as a Qualified Bid unless it meets, among other things, the following minimum criteria:
 - i. the Prospective Purchaser and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the offeror’s chief officer or other appropriate senior executive’s approval of the contemplated transaction must be submitted with the offer;
 - ii. the offer must be submitted in writing and include a blackline of the offer to the Agreement, reflecting the Prospective Purchaser’s proposed changes and a written commitment to close on the terms and conditions set forth therein;
 - iii. the offer must be accompanied by a deposit in the form of certified cheque payable to the Proposal Trustee which is equal to at least 10% of the aggregate purchase price payable under the offer;
 - iv. the offer must be open for acceptance by the Vendor until five (5) Business Days after the Auction (as hereinafter defined) or later;

- v. the offer must be on terms no less favourable and no more burdensome or conditional than the Agreement and shall not contain any provisions for a break fee or expense reimbursement;
- vi. the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction that are not otherwise contained in the Agreement;
- vii. the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources; and
- viii. the offer must be for a price equal to or greater than the sum of the Purchase Price, the Break Fee and **\$5,000**.

6. Auction. Only if the Trustee receives one or more Qualified Bids by the Bid Deadline, the Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Toronto time) on the third (3rd) Business Day after the Bid Deadline to all bidders who submitted Qualified Bids and to the Purchaser to attend an auction (the "**Auction**"). The Auction shall be held at 10:00 a.m. on the fifth (5th) Business Day after the Bid Deadline (or such other date and time as the Proposal Trustee may in its sole discretion designate) at the offices of the Trustee or virtually by videoconference facility established by the Trustee.

7. Conduct of the Auction. The Trustee shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$10,000, or such other amount as the Trustee determines to facilitate the Auction (the "**Incremental Amount**"). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and procedure for the Auction shall be determined by the Trustee in its sole discretion.

8. Winning Bid. In its sole discretion and based, *inter alia*, on the conduct of the Auction, the total financial and contractual terms of the Qualified Bids and various factors relevant to the speed and certainty of completing the sale of the Purchased Assets, the Trustee shall determine and accept the highest and/or best bid with respect to the Purchased Assets (the "**Winning Bid**"), subject to Court approval.

9. Court Approval of the Winning Bid. The Vendor shall make a motion to the Court to obtain approval of the Winning Bid and the Approval and Vesting Order as expeditiously as possible after the Auction, but in no event longer than ten (10) Business Days following the Auction.

10. Court Approval of Agreement if no Qualified Bid. If no Qualified Bid is received by the Bid Deadline (other than the Agreement), the Auction will not be held. Accordingly, the Agreement will be the Winning Bid and the Vendor shall seek, as expeditiously as possible, approval of the Court to consummate the Transaction contemplated by the Agreement, but in no event longer than ten (10) Business Days following the expiry of the Bid Deadline.

11. Return of Deposits. The deposits submitted with all Qualified Bids (except the Winning Bid), shall be held in escrow by the Trustee until five (5) Business Days after the date of the completion of the Auction and returned to those Prospective Purchasers thereafter. If the Winning Bid terminates pursuant to its terms or fails to close because of the Vendor's breach or failure to perform under the terms of the Winning Bid, the Trustee shall return the deposit submitted with such bid to the bidder that submitted the Winning Bid (the "**Winning Bidder**") forthwith. If the Winning Bidder fails to complete the approved sale because of its breach or failure to perform under the terms of the Winning Bid, the Trustee shall not have any obligation to return the deposit submitted with the Winning Bid and such deposit shall be retained by the Trustee as liquidated damages and the Purchaser shall be entitled to submit a new bid for the Purchased Assets, which the Trustee shall be at liberty to but not obligated to, accept on terms to be agreed upon between the Parties.
12. Modifications. Subject to the Sale Process Order, the Trustee shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT

22 Oct 20

[Motion Record Page No. 33]
Order to go on consent
as per the draft ~~Recd & Served~~
in my own context that the provisions
contained in the draft order are
fair & reasonable.

McGill

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced in TORONTO

ORDER

(Approval of Sale Process)

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto (ON) M5G 1V2

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Tel: (416) 597-6489
Fax: (416) 597-3370

Joël Turgeon (Member of the Bar of Quebec;
Ontario Student-at-Law)

Lawyers for Canadian Union Promotions Inc

Estate No. 31-2663507

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

COUNSEL SLIP

R. Brendan Bissell and Joel Turgeon (student at law) for Canadian Union Promotions Inc.

Ian Aversa and Jeremy Nemers, for Royal Bank of Canada

Graham Phoenix, for Crowe Soberman Inc. in its capacity as trustee of the proposal

Hans. Rizarri of Crowe Soberman Inc., trustee of the proposal [not counsel]

The emails for those attending are as follows:

bissell@gsnh.com; turgeon@gsnh.com; iaversa@airdberlis.com; jnemers@airdberlis.com;
gphoenix@loonix.com; hans.rizarri@crowesoberman.com

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

ENDORSEMENT

R. Brendan Bissell and Joel Turgeon (student at law) for Canadian Union Promotions Inc. (“CUP”)

Ian Aversa and Jeremy Nemers, for Royal Bank of Canada (“RBC”)

Graham Phoenix, for Crowe Soberman Inc. in its capacity as trustee of the proposal

Hans. Rizarri and Daniel Posner of Crowe Soberman Inc., trustee of the proposal [not counsel]

The emails for those attending are as follows:

bissell@gsnh.com; turgeon@gsnh.com; iaversa@airdberlis.com; jnemers@airdberlis.com;
gphoenix@loonix.com; hans.rizarri@crowesoberman.com; daniel.posner@crowesoberman.com

The parties consented to an endorsement on the following terms:

1. The motion by CUP is granted in part as set out in the form of the order signed.
2. The motion by RBC is adjourned to the next hearing in this matter, which is set for December 7, 2020 at 9:00 am for one hour, before me.
3. There shall be no super-priority charge to the security interest of RBC in these proceedings, and both CUP and the Proposal Trustee are precluded going forward from seeking a super-priority charge to the interests of RBC in these proceedings.

4. CUP and the Proposal Trustee shall give RBC or its agents access during regular business hours on one day's notice for the purpose of inspecting and appraising the chattels subject to the RBC leases.
5. CUP shall pay the amounts owing for the RBC leases that come due in October within 7 calendar days of the date of this endorsement, and CUP shall pay future amounts for the said leases as they come due.
6. The parties reserve all of their rights on the next hearing on December 7, 2020, including the process points raised by RBC and how the disposition of CUP's property should be realized, such that, for greater certainty, the approval of the sale process today is not dispositive as to how such disposition should be ordered.
7. The confidential appendix to the Second Report of the Proposal Trustee dated October 21, 2020, and confidential Exhibits "D" and "F" to the affidavit of Shy Jacoby sworn October 16, 2020 (including for greater certainty as contained in the Compendium of CUP dated October 16, 2020) shall be sealed pending completion of a sale process or further order of the court, due to the harm that may occur to stakeholders of CUP if such materials are made public beforehand.



Tab 4

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)	MONDAY, THE 7 TH
)	
JUSTICE MCEWEN)	DAY OF DECEMBER, 2020

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT**

ORDER
(Extension of Time to File a Proposal and interim distribution)

THIS MOTION by Canadian Union Promotions Inc. (“CUP”) for an order extending from December 7, 2020 to December 21, 2020 the time for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Trustee**”) to file with the Official Receiver, on behalf of CUP, a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”) and for authority for the Trustee to make an interim distribution, was heard this day at 330 University Avenue, Toronto, Ontario, via Zoom teleconference.

ON READING the affidavit of Shy Jacoby sworn December 1, 2020 and the Third Report of the Trustee dated December _____, 2020 (the “**Third Report**”) and upon hearing the submissions of counsel for CUP, and those other parties present, if any, as indicated in the counsel slip, no other parties being present although duly served as appears from the affidavit of service of _____ sworn _____.

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service of the Third Report and the motion record in respect of this motion is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the period within which CUP may file a proposal be and is hereby extended to December 21, 2020.

INTERIM DISTRIBUTION

3. **THIS COURT ORDERS** that the Trustee be and hereby is authorized to distribute \$250,000 from the estate of CUP to Royal Bank of Canada as partial repayment of the indebtedness owed to it by CUP.
4. **HIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANADIAN UNION PROMOTIONS INC., A CORPORATION
INCORPORATED UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

Estate No. 31-2663507

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

ORDER
(Extension of Time to File a Proposal)
(returnable December 7, 2020)

GOLDMAN SLOAN NASH & HABER LLP
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Lawyers for Canadian Union Promotions Inc.

Tab 5

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) MONDAY, THE 7th
)
JUSTICE MCEWEN) DAY OF DECEMBER, 2020
)

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Canadian Union Promotions Inc. ("CUP") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement (the "APA") between CUP and Younion Travel Inc. (the "Purchaser"), dated October 16, 2020 and appended to the report (the "Report") of Crowe Soberman Inc. in its capacity as proposal trustee (the "Trustee") dated _____, and vesting in the Purchaser CUP's right, title and interest in and to the Purchased Assets (as defined in the APA) was heard this day at 330 via Zoom videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of CUP and the Report and on hearing the submissions of counsel for CUP, counsel for the Purchaser and counsel for the Trustee, no one appearing for any other person on the service list, although properly served as appears from the affidavit of _____ sworn _____, filed:

1. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meaning given to them in the APA.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the APA by CUP is hereby ratified, with such minor amendments as CUP and the Trustee may deem necessary. CUP and the Trustee are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. **THIS COURT ORDERS** that CUP is hereby authorized and directed to perform its obligations under the APA and any ancillary documents related thereto.
4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Trustee's Certificate**"), all of CUP's right, title and interest in and to the Purchased Assets described in the APA (including those assets listed in Schedule "B" hereto) and the proceeds thereof (including for greater certainty, any funds received by the Purchaser on account of any Accounts Receivable but not the Purchase Price proceeds) shall vest in the Purchaser free and clear of and from any and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts, constructive trusts, deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, claims (including, without limitation, any claim based on any theory that the Purchaser is a successor or continuation of CUP or CUP's business), demands, guarantees, restrictions, contractual commitments, right or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice McEwen dated October 22, 2020 and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**" which term shall not include the Permitted Encumbrances) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Trustee to file with the Court a copy of the Trustee's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that the Trustee may rely on the written notice from CUP regarding fulfillment of conditions to closing under the APA and shall incur no liability with respect to the delivery of the Trustee's Certificate.

8. **THIS COURT ORDERS** that, provided that the APA has not been terminated, any proposal filed by CUP pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) shall not derogate or otherwise affect any right or obligation of CUP or the Purchaser under the APA unless otherwise agreed by CUP and the Purchaser.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, CUP is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in CUP's records pertaining to CUP's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by CUP.

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

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of CUP and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of CUP;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of CUP and shall not be void or voidable by creditors of CUP, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ASSIGNMENT OF CONTRACTS

11. **THIS COURT ORDERS** that upon delivery of the Trustee's Certificate, (i) all of the rights and obligations of CUP under the Contracts listed in Schedule "C" hereto (collectively, the "**Assigned Contracts**") shall be assigned to the Purchaser pursuant to Section 3.2 of the APA and pursuant to Section 84.1 of the BIA; and (ii) CUP's right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all Encumbrances.

12. **THIS COURT ORDERS** that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from the assignment of the Assigned Contracts, the insolvency of CUP, the commencement of these proceedings under the BIA or any failure of CUP to perform a non-monetary obligation under the Assigned Contracts.

13. **THIS COURT ORDERS** that the Cure Costs for the Assigned Contracts, if any, shall be in the amounts set out in Schedule "C" hereto and that upon Closing, the Purchaser shall pay any Cure Costs as set out therein with respect to each applicable Assigned Contract, in full and final satisfaction of any Cure Costs owing to the counterparty to the applicable Assigned Contract, by no later than the day that is ten (10) business days from the date that the Purchaser receives wire remittance instructions or other payment instructions from such counterparty.

14. **THIS COURT ORDERS AND DIRECTS** CUP to send a copy of this Order to all of the counterparties to the Assigned Contracts.

SEALING

15. **THIS COURT ORDERS** that the Appendix “_____” to the Third Report be sealed from the public record until the closing of the Transaction or further Order of this Court.

GENERAL

16. **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 Trustee 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 Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

Schedule A – Form of Trustee’s Certificate

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE *CANADIAN BUSINESS CORPORATIONS ACT***

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

- A. Canadian Union Promotions commenced these proceedings by filing a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), on August 8, 2020 (the “**NOI**”).
- B. Crowe Soberman Inc. was named proposal trustee (the “**Proposal Trustee**”) under the **NOI**.
- C. Pursuant to an Order of the Court dated December _____, 2020, the Court approved the asset purchase agreement made as of October 16, 2020 (the “**APA**”) between CUP and Younion Travel, Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser of CUP’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the cash consideration under Section 3.3 of the **APA**; (ii) that the conditions to Closing as set out in the **APA** been satisfied or waived by CUP and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the **Proposal Trustee**.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. CUP and the Purchaser have each delivered written notice to the Proposal Trustee that all applicable conditions under the APA have been satisfied and/or waived, as applicable;
2. The Proposal Trustee has received the cash consideration under Section 3.3 of the APA; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.

This Certificate was delivered by the Proposal Trustee at _____ on _____, 2020.

**Crowe Soberman Inc. in its capacity
as Proposal Trustee in the proposal
proceedings of Canadian Union
Promotions Inc., and not in its
personal or corporate capacity**

Per:

Name:

Title:

Schedule B – Purchased Assets

CLIENT CONTRACTS

- Service Contracts

Client Name

1. CUPE 4400
2. CUPE 1734
3. CUPE 1750
4. CUPE 3903
5. CUPE 4156
6. CUPE 2361
7. CUPE 2730
8. CUPE 2191
9. CUPE AC Component
10. CUPE AT Component
11. CUPE 218
12. ETFO Toronto
13. ETFO Peel
14. ETFO OT
15. UNIFOR 707
16. ERFP
17. CFLPA
18. CFAU
19. CUASA
20. OECTASA
21. USW 5296
22. NSGEU

Schedule C – Assigned Contracts**OBLIGATIONS**

• Leases:

Add Capital	27057 · Lease Payable - Add Capital Corp#16739
Add Capital	27058 · Lease payable-Add Capital#16755
AXIOM	27062 · Lease Payable-AXIOM # CAUNI 1
RBC	27034 · Lease Payable-RBC-Lease#35636
RBC	27035 · Lease Payable-RBC-Lease#36647
RBC	27036 · Lease Payable-RBC-Lease#37511
RBC	27042 · Lease Payable-RBC-Lease#39760
Dell	27033 · Lease Payable--Dell-Lease#6030244-006
Dell	27044 · Lease Payable- Dell-Lease#6030244-007
Dell	27050 · Lease Payable- - Dell #6030244-008
Dell	27054 · Lease Payable- - Dell #6030244-009
Grenke	27031 · Lease Payable--Grenke Lease#151-564
Grenke	27041 · Lease Payable--Grenke #151-001541
Grenke	27045 · Lease Payable-- Grenke #151-002178
Grenke	27049 · Lease Payable- - Grenke #151002298
Grenke	27052 · Lease Payable-Grenke#151002624
Grenke	27053 · Lease Payable-Grenke#151-002941
Grenke	27059 · Lease Payable--Grenke#151-003229
Grenke	27060 · Lease Payable--Grenke#151-03157
Indcom	27056 · Lease Payable-Indcom#14826
Gould	27055 · Lease Payable-Gould#09369
National	27040 · Lease Payable--National #2864851
LBC Capital	27061 · Lease Payable- - LBC Capital #53399
LBC Capital	27063 · Lease Payable- -LBC Capital #54923

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE *CANADIAN
BUSINESS CORPORATIONS ACT*

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced in TORONTO

APPROVAL AND VESTING ORDER

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto (ON) M5G 1V2

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Lawyers for Canadian Union Promotions Inc

Tab 6

~~Court File~~ Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) WEEKDAY MONDAY, THE #7th
JUSTICE MCEWEN)
) DAY OF MONTH DECEMBER, 20YR 2020

~~BETWEEN:~~

~~PLAINTIFF~~

Plaintiff

~~— and~~

DEFENDANT

~~Defendant~~

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT**

APPROVAL AND VESTING ORDER

THIS MOTION, made by [RECEIVER'S NAME] in its capacity as the Court appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor" Canadian Union Promotions Inc. ("CUP") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement of purchase and sale (the "Sale Agreement" "APA") between the Receiver and [NAME OF PURCHASER] (the "CUP and Younion Travel Inc. (the "Purchaser")), dated [DATE] October 16, 2020 and appended to the report (the "Report" of the Receiver dated [DATE] (the "Report")) of Crowe Soberman Inc. in its

capacity as proposal trustee (the "Trustee") dated _____, and vesting in the Purchaser ~~the Debtor~~^{CUP}'s right, title and interest in and to the ~~assets described in the Sale Agreement (the "Purchased Assets"), (as defined in the APA)~~ was heard this day at 330 University Avenue, Toronto, Ontario via Zoom videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of CUP and the Report and on hearing the submissions of counsel for ~~the Receiver, [NAMES OF OTHER PARTIES APPEARING]~~^{CUP}, counsel for the Purchaser and counsel for the Trustee, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~ sworn ~~[DATE]~~ filed¹ _____ sworn _____ filed:

1. THIS COURT ORDERS that unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meaning given to them in the APA.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the ~~Sale Agreement~~^{APA} by ~~the Receiver~~³^{CUP} is hereby ~~authorized and approved ratified~~, with such minor amendments as CUP and the ReceiverTrustee may deem necessary. ~~The Receiver is~~^{CUP} and ~~the Trustee are~~ hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS that CUP is hereby authorized and directed to perform its obligations under the APA and any ancillary documents related thereto.

4. 2. THIS COURT ORDERS AND DECLARES that upon the delivery of a ~~Receiver's~~ certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the

¹~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

²~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

"Receiver" "Trustee"'s Certificate"), all of the Debtor'CUP's right, title and interest in and to the Purchased Assets described in the Sale Agreement [and APA (including those assets listed ~~on~~in Schedule "B ~~hereto~~⁴ shall vest absolutely" hereto) and the proceeds thereof (including for greater certainty, any funds received by the Purchaser on account of any Accounts Receivable but not the Purchase Price proceeds) shall vest in the Purchaser, free and clear of and from any and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts~~or, constructive trusts~~, deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, claims (including, without limitation, any claim based on any theory that the Purchaser is a successor or continuation of CUP or CUP's business), demands, guarantees, restrictions, contractual commitments, right or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "Claims"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [NAME]McEwen dated [DATE]; October 22, 2020 and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; ~~and (iii) those Claims listed on Schedule C hereto~~ (all of which are collectively referred to as the "Encumbrances"⁵) which term shall not include the ~~permitted encumbrances, easements and restrictive covenants listed on Schedule D~~Permitted Encumbrances) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. ~~THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the Land Titles Act~~

⁴ ~~To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

~~and/or the *Land Registration Reform Act*⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “Real Property”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

5. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the ~~Receiver~~Trustee’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the ~~Receiver~~Trustee to file with the Court a copy of the ~~Receiver~~Trustee’s Certificate, forthwith after delivery thereof.

7. ~~6.~~ **THIS COURT ORDERS** that the Trustee may rely on the written notice from CUP regarding fulfillment of conditions to closing under the APA and shall incur no liability with respect to the delivery of the Trustee’s Certificate.

8. **THIS COURT ORDERS** that, provided that the APA has not been terminated, any proposal filed by CUP pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) shall not derogate or otherwise affect any right or obligation of CUP or the Purchaser under the APA unless otherwise agreed by CUP and the Purchaser.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, ~~the Receiver~~CUP is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷ ~~The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at “net proceeds”.~~

⁸ ~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

~~the Company~~CUP's records pertaining to ~~the Debtor~~CUP's past and current employees, ~~including personal information of those employees listed on Schedule "●" to the Sale Agreement~~. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by ~~the Debtor~~CUP.

10. **7. THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)*BIA in respect of ~~the Debtor~~CUP and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of ~~the Debtor~~CUP;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of ~~the Debtor~~CUP and shall not be void or voidable by creditors of ~~the Debtor~~CUP, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act (Canada)*BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ASSIGNMENT OF CONTRACTS

11. **THIS COURT ORDERS** that upon delivery of the Trustee's Certificate, (i) all of the rights and obligations of CUP under the Contracts listed in Schedule "C" hereto (collectively, the "Assigned Contracts") shall be assigned to the Purchaser pursuant to Section 3.2 of the APA and pursuant to Section 84.1 of the BIA; and (ii) CUP's right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all Encumbrances.

12. **THIS COURT ORDERS** that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults

thereunder arising from the assignment of the Assigned Contracts, the insolvency of CUP, the commencement of these proceedings under the BIA or any failure of CUP to perform a non-monetary obligation under the Assigned Contracts.

13. THIS COURT ORDERS that the Cure Costs for the Assigned Contracts, if any, shall be in the amounts set out in Schedule "C" hereto and that upon Closing, the Purchaser shall pay any Cure Costs as set out therein with respect to each applicable Assigned Contract, in full and final satisfaction of any Cure Costs owing to the counterparty to the applicable Assigned Contract, by no later than the day that is ten (10) business days from the date that the Purchaser receives wire remittance instructions or other payment instructions from such counterparty.

14. 8. THIS COURT ORDERS AND ~~DECLARIES that the Transaction is exempt from the application of the Bulk Sales Act (Ontario)~~ DIRECTS CUP to send a copy of this Order to all of the counterparties to the Assigned Contracts.

SEALING

15. THIS COURT ORDERS that the Appendix " " to the Third Report be sealed from the public record until the closing of the Transaction or further Order of this Court.

GENERAL

16. 9. 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~~Trustee 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~~Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the ~~Receiver~~Trustee and its agents in carrying out the terms of this Order.

Schedule A – Form of ReceiverTrustee’s Certificate

Court File No. _____ Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANADIAN UNION
PROMOTIONS INC., A CORPORATION INCORPORATED
UNDER THE CANADIAN BUSINESS CORPORATIONS ACT

BETWEEN:

PLAINTIFF

Plaintiff

—and—

DEFENDANT

Defendant

RECEIVERPROPOSALTRUSTEE’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated [DATE OF ORDER], [NAME OF RECEIVER] was appointed as the receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor").

A. Canadian Union Promotions commenced these proceedings by filing a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), on August 8, 2020 (the "NOI").

B. Crowe Soberman Inc. was named proposal trustee (the “Proposal Trustee” under the NOI.

C. B.—Pursuant to an Order of the Court dated [DATE], December , 2020, the Court approved the asset purchase agreement of purchase and sale made as of [DATE OF AGREEMENT] October 16, 2020 (the “Sale Agreement” “APA”) between the Receiver [Debtor] and [NAME OF PURCHASER] (the “CUP and Younion Travel, Inc. (the “Purchaser”)) and provided for the vesting in the Purchaser of the DebtorCUP’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the ReceiverProposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assetscash consideration under Section 3.3 of the APA; (ii) that the conditions to Closing as set out in section • of the Sale Agreement haveAPA been satisfied or waived by the ReceiverCUP and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the ReceiverProposal Trustee.

D. C.—Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale AgreementAPA.

THE RECEIVERPROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement; 2. TheCUP and the

Purchaser have each delivered written notice to the Proposal Trustee that all applicable conditions to Closing as set out in section • of the Sale Agreement under the APA have been satisfied and/or waived by the Receiver and the Purchaser, as applicable;

2. The Proposal Trustee has received the cash consideration under Section 3.3 of the APA; and

3. The Transaction has been completed to the satisfaction of the ReeeiverProposal Trustee.

4. This Certificate was delivered by the ReeeiverProposal Trustee at _____
[TIME] _____ on _____ [DATE], 2020.

~~[NAME OF RECEIVER]~~Crowe
~~Soberman Inc.~~ in its capacity as
~~Receiver of the undertaking, property~~
~~and assets of [DEBTOR]~~Proposal
Trustee in the proposal proceedings of
Canadian Union Promotions Inc., and
not in its personal or corporate
capacity

Per: _____

Name: _____

Title: _____

Schedule B – Purchased Assets

CLIENT CONTRACTS

• Service Contracts

Client Name

1. CUPE 4400
2. CUPE 1734
3. CUPE 1750
4. CUPE 3903
5. CUPE 4156
6. CUPE 2361
7. CUPE 2730
8. CUPE 2191
9. CUPE AC Component
10. CUPE AT Component
11. CUPE 218
12. ETFO Toronto
13. ETFO Peel
14. ETFO OT
15. UNIFOR 707
16. ERFP
17. CFLPA
18. CFAU
19. CUASA
20. OECTASA
21. USW 5296
22. NSGEU

Schedule C – ~~Claims to be deleted and expunged from title to Real Property~~Assigned Contracts

**Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

OBLIGATIONS

• Leases:

Add Capital 27057 · Lease Payable - Add Capital Corp#16739
Add Capital 27058 · Lease payable-Add Capital#16755
AXIOM 27062 · Lease Payable-AXIOM # CAUNI 1
RBC 27034 · Lease Payable-RBC-Lease#35636
RBC 27035 · Lease Payable-RBC-Lease#36647
RBC 27036 · Lease Payable-RBC-Lease#37511
RBC 27042 · Lease Payable-RBC-Lease#39760
Dell 27033 · Lease Payable--Dell-Lease#6030244-006
Dell 27044 · Lease Payable- Dell-Lease#6030244-007
Dell 27050 · Lease Payable- - Dell #6030244-008
Dell 27054 · Lease Payable- - Dell #6030244-009
Grenke 27031 · Lease Payable--Grenke Lease#151-564
Grenke 27041 · Lease Payable--Grenke #151-001541
Grenke 27045 · Lease Payable-- Grenke #151-002178
Grenke 27049 · Lease Payable- - Grenke #151002298
Grenke 27052 · Lease Payable-Grenke#151002624
Grenke 27053 · Lease Payable-Grenke#151-002941
Grenke 27059 · Lease Payable--Grenke#151-003229
Grenke 27060 · Lease Payable--Grenke#151-03157
Indcom 27056 · Lease Payable-Indcom#14826
Gould 27055 · Lease Payable-Gould#09369
National 27040 · Lease Payable--National #2864851
LBC Capital 27061 · Lease Payable- - LBC Capital #53399
LBC Capital 27063 · Lease Payable- -LBC Capital #54923

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT**

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced in TORONTO

APPROVAL AND VESTING ORDER

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Input:

[Motion Record Page No. 71]

Document 1 ID	file:///U:/BBissell/Canadian Union Promotions Inc - 102180.0001\Pleadings\3 - AVO\Commercial List Model AVO.doc
Description	Commercial List Model AVO
Document 2 ID	file:///U:/BBissell/Canadian Union Promotions Inc - 102180.0001\Pleadings\3 - AVO\Approval and Vesting Order - v.1.doc
Description	Approval and Vesting Order - v.1
Rendering set	Standard

Legend:InsertionDeletionMoved fromMoved to

Style change

Format change

Moved deletion

Inserted cell

Deleted cell

Moved cell

Split/Merged cell

Padding cell

Statistics:

	Count
Insertions	230
Deletions	142
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	374

Tab 7

Estate No. 31-2663507

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE *CANADIAN
BUSINESS CORPORATIONS ACT***

**SERVICE LIST
(as at Dec. 1, 2020)**

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IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CANADIAN UNION PROMOTIONS INC., A
CORPORATION INCORPORATED UNDER THE CANADIAN
BUSINESS CORPORATIONS ACT

Estate No. 31-2663507

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

MOTION RECORD
(Extension of Time to File a Proposal and
Approval & Vesting Order)
(returnable December 7, 2020)

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