

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.
1985, c. C-44

AND

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

PETITIONERS

NOTICE OF APPLICATION

Names of applicants: Sterling Shoes Inc. and Sterling Shoes GP Inc.

To: The Service List as set out in Schedule "A"

TAKE NOTICE that an application will be made by the applicants to Mr. Justice Pearlman at the courthouse at 800 Smithe Street, Vancouver, BC, V6Z 2E1, on Thursday, the 14th day of June, 2012 at 9:00 a.m. for the Order as set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. An Order in the draft form attached as Schedule "B".

Part 2: FACTUAL BASIS

1. The Applicants seek an extension of the stay of proceedings until October 15, 2012.
2. On May 22, 2012, the asset purchase agreement among the Applicants, Town Shoes Limited ("**Town Shoes**") and Alvarez & Marsal Canada Inc., dated April 16, 2012 ("**Purchase Agreement**"), and approved by Order of the Court, dated April 30, 2012, closed and the Applicants received the proceeds from the Purchase Agreement. A number of post-closing matters as contemplated in the Purchase Agreement are currently being attended to.
3. The Applicants conducted a request for proposal process to engage a third-party liquidator to conduct a liquidation sale at the Applicants' remaining 36 retail locations (the "**Liquidation Sale**"), which locations were not subject to the Purchase Agreement. On May 3,

2012, Sterling Shoes Limited Partnership entered into an agency agreement with Great American Group LLC (the “**Agent**”), which agreement was approved by Order of the Court dated May 8, 2012 (the “**Agency Agreement**”). The Liquidation Sale is scheduled to complete by July 31, 2012, subject to an agreement to extend the term thereof among the Applicants, the Agent and any affected landlord(s).

4. The Company is continuing to attend to issues in respect of the claims process, approved by Order of the Court dated April 2, 2012 (the “**Claims Process Order**”).

5. The Applicants require time to attend to the outstanding issues arising from:

- (a) the Purchase Agreement;
- (b) the Liquidation Sale;
- (c) Claims Process Order; and
- (d) the distribution of proceeds to creditors.

6. The Applicants continue to act in good faith and with due diligence.

Part 3:LEGAL BASIS

1. The applicants will rely on the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended,
2. Supreme Court Civil Rules, Rule 8-1, 13-1; and
3. The inherent jurisdiction of this court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Daniel Gumprich, affirmed October 20, 2011;
2. Affidavit #2 of Daniel Gumprich, affirmed November 15, 2011;
3. Affidavit #3 of Daniel Gumprich, affirmed December 6, 2011;
4. Affidavit #5 of Daniel Gumprich, affirmed March 28, 2012;
5. Affidavit #6 of Daniel Gumprich, affirmed April 18, 2012;
6. Affidavit #7 of Daniel Gumprich, affirmed May 3, 2012; and
7. Affidavit #8 of Daniel Gumprich, affirmed June 7, 2012.

The applicants estimate that the application will take 20 minutes.

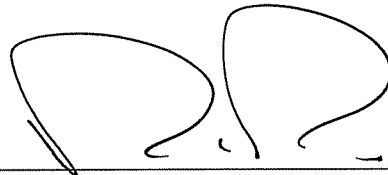
☐ This matter is within the jurisdiction of a master.

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

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

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: June 7, 2012



Signature of
☐ applicant ☒ lawyer for the applicants
Peter L. Rubin

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs of Part 1 of this notice of application

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Master

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

[Check the box(es) below for the application type(s) included in this application.]

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

Schedule "A"

SERVICE LIST

**IN THE MATTER THE CCAA AND STERLING SHOES
S.C.B.C. ACTION NO. S117081**

<p><i>Counsel for Petitioners</i> BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 2600 - 595 Burrard Street Vancouver, BC V7X 1L3 Attn: Peter L. Rubin / Andrew Crabtree</p> <p>Direct: 604.631.3315 / 4185 Fax: 604.631.3309 Email: peter.rubin@blakes.com andrew.crabtree@blakes.com</p>	<p><i>Counsel for the Bank of Montreal</i> GOWLINGS 2300 - 550 Burrard Street Vancouver, BC V6C 2B5 Attn: Colin D. Brousson / David Cohen</p> <p>Direct: 604.891.2286 / 416.369.6667 Fax: 604.683.3558 / 416.862.7661 Email: colin.brousson@gowlings.com david.cohen@gowlings.com</p>
<p><i>Monitor</i> ALVAREZ & MARSAL CANADA INC. 1680 - 400 Burrard Street Vancouver, BC V6C 3A6 Attn: Todd M. Martin / Pam Boparai</p> <p>Direct: 604.638.7445 / 7446 Fax: Email: tmartin@alvarezandmarsal.com pboparai@alvarezandmarsal.com</p>	<p><i>Counsel for the Monitor</i> FASKEN MARTINEAU 2900-550 Burrard Street Vancouver, BC V6C 0A3 Attn: John F. Grieve / Kibben Jackson</p> <p>Direct: 604.631.4772 / 4786 Fax: 604.632.4772 / 4786 Email: jgrieve@fasken.com kjackson@fasken.com</p>
<p><i>Counsel for BII Acquisition Inc.</i> BORDEN LADNER GERVAIS LLP 1200 - 200 Burrard Street Vancouver, BC V7X 1T2 Attn: Magnus C. Verbrugge</p> <p>Direct: 604.640.4198 Fax: 604.622.5898 Email: mverbrugge@blg.com</p>	<p><i>BII Acquisition Inc.</i> BELKORP GROUP OF COMPANIES 900 - 1508 West Broadway Vancouver, BC, V6J 1W8 Attn: Randy Smith, General Counsel</p> <p>Direct: 604.688.8533 (co.) Fax: 604.688.3569 Email: rsmith@belkorp.com</p>
<p><i>Counsel for Ivanhoe Cambridge</i> McCARTHY TETRAULT 1300 - 777 Dunsmuir Street Vancouver BC V7Y 1K2 Attn: Warren Milman</p> <p>Direct: 604.643.7104 Fax: 604.643.7900 Email: wmilman@mccarthy.ca</p>	<p><i>Sports Industry Credit Association (Footwear Credit Group)</i> 800 - 245 Victoria Avenue Montreal, QC H3Z 2M6 Attn: William Anidjar</p> <p>Direct: 514.931.5561 ext. 223 Fax: 514.931.2896 Email: william@sica.ca</p>

<p><i>Counsel for The Cadillac Fairview Corporation Limited</i> TORYS LLP 3000 – 79 Wellington Street West Toronto, ON M5K 1N2 Attn: David Bish</p> <p>Direct: 416.865.7353 Fax: 416.865.7380 Email: dbish@torys.com</p>	<p><i>The Clarks Companies</i> Clarks, Bostonian, Indigo, Privo 156 Oak Street Newton, MA 02464 U.S.A. Attn: Dan Logan, Credit Manager</p> <p>Direct: 800.842.9305 x 4334 Fax: 866.700.3041 Email: dan.logan@clarksna.com</p>
<p><i>Counsel for Morguard Investments Limited, Morguard Real Estate Investment Trust, Primaris Retail Estate Investment Trust, 20 VIC Management Inc., Oxford Properties Group Inc. and Retrocom Mid-Market REIT</i> ALEXANDER HOLBURN BEAUDIN & LANG LLP 2700 – 700 West Georgia Street Vancouver, BC V7Y 1B8 Attn: Sharon Urquhart</p> <p>Direct: 604.484.1757 Fax: 604.484.9757 Email: surquhart@ahbl.ca</p>	<p><i>Western Compensation & Benefits Consultants</i> 2000 – 1188 West Georgia Street Vancouver, BC V6E 4A2 Attn: Barry Cook</p> <p>Direct: 604.443.3706 Fax: 604.687.2315 Email: barry_cook@wcbc.ca</p>
<p><i>Counsel for MC Leaseholds Ltd.</i> BORDEN LADNER GERVAIS LLP 1200 – 200 Burrard Street Vancouver, BC V7X 1T2 Attn: Blair A. Rebane</p> <p>Direct: 604.640.4130 Fax: 604.622.5897 Email: brebane@blg.com</p>	<p><i>Counsel for adidas AG</i> GOWLINGS 2600 – 160 Elgin Street Ottawa, ON K1P 1C3 Attn: Martha J. Savoy</p> <p>Direct: 613.786.0180 Fax: 613.788.3471 Email: martha.savoy@gowlings.com</p>
<p><i>Counsel for Rocket Dog Brands LLC</i> GOODMANS LLP 3400 – 333 Bay Street Toronto, ON M5H 2S7 Attn: Brian F. Empey</p> <p>Direct: 416.597.4194 Fax: 416.979.1234 Email: bempey@goodmans.ca</p>	<p><i>Counsel for Canada Revenue Agency</i> DEPARTMENT OF JUSTICE CANADA 900-840 Howe Street Vancouver, BC V6Z 2S9 Attn: Kirat K. Khalsa</p> <p>Direct: 604.666.2390 Fax: 604.666.1462 Email: kirat.khalsa@justice.gc.ca</p>

<p><i>Counsel for Jackson Lam and Yvonne Yee Wan Lau, Landlords</i> MILLER THOMSON 1000 – 840 Howe Street Vancouver, BC V6Z 2M1 Attn: Gordon Plottel</p> <p>Direct: 604.643.1245 Fax: 604.643.1200 Email: gplottel@millerthomson.com</p>	<p><i>Counsel for the Directors of Sterling Shoes Inc. and Sterling Shoes GP Inc.</i> DAVIS LLP 2800 – 666 Park Place Vancouver, BC V6C 2Z7 Attn: Mary I.A. Buttery</p> <p>Direct: 604.643.6478 Fax: 604.605.3768 Email: mbuttery@davis.ca</p>
<p><i>Shaw Cablesystems G.P.</i> 900, 630 – 3rd Avenue SW Calgary, AB T2P 4L4 Attn: Sandra Bazian</p> <p>Direct: 403.750.4709 Fax: 403.716.6544 Email: sandra.bazian@sjrb.ca</p>	<p><i>Counsel for Town Shoes Limited</i> LAWSON LUNDELL LLP 1600 – 925 West Georgia Street Vancouver, BC V6C 3L2 Attn: Heather M.B. Ferris</p> <p>Direct: 604.631.9145 Fax: 604.694.2957 Email: hferris@lawsonlundell.com</p> <p>TORYS LLP 3000 – 79 Wellington Street West Toronto, ON M5K 1N2 Attn: Lee J. Cassey</p> <p>Direct: 416.865.7960 Fax: 416.865.7380 Email: lcassey@torys.com</p>
<p><i>Counsel for Mythel Holdings Ltd.</i> WATSON GOEPEL MALEDY LLP 1700 - 1075 West Georgia Street Vancouver, BC V6E 3C9 Attn: Shael E. Smith</p> <p>Direct: 604.642.4555 Fax: 604.688.8193 Email: ssmith@wgmlaw.com</p>	<p><i>Counsel for Vanprop Investments Ltd.</i> BULL HOUSSE TUPPER LLP 3000 - 1055 West Georgia Street Vancouver, BC V6E 3R3 Attn: Decatur Howe</p> <p>Direct: 604.641.4838 Fax: 604.646.2633 Email: cdh@bht.com</p>

Schedule "B"

**No. S117081
Vancouver Registry**

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE)	THE HONOURABLE)	Thursday, the 14 th day of
)	MR. JUSTICE PEARLMAN)	June, 2012
))	

ON THE APPLICATION of the Petitioners coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on the 14th day of June, 2012, AND ON HEARING Peter L. Rubin on behalf of the Petitioners, and those counsel listed on Schedule "A";

THIS COURT ORDERS that:

1. The stay of proceedings provided in the Order of this Court made herein on October 21, 2011 (the "**Initial Order**"), as extended by Orders dated November 18, 2011 and April 2, 2012, is hereby extended to October 15, 2012 or such other date as this Court may subsequently order.

2. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of
[] party [X] lawyer for the Petitioners
Peter L. Rubin

BY THE COURT.

Registrar

Schedule “A”

List of Counsel

Name of Counsel	Party
	The Monitor, Alvarez & Marsal Canada Inc.