

Weston T. Eguchi
Jeffrey Pawlitz
Jamie M. Eisen
Courtenay W. Cullen
WILLKIE FARR & GALLAGHER LLP
787 Seventh Avenue
New York, New York 10019
Telephone: (212) 728-8000
Facsimile: (212) 728-8111

Counsel to the Foreign Representative

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 15
)	
Inscape Corporation, <i>et al.</i> , ¹)	Case No. 23-
)	
Debtors in a Foreign Proceeding.)	(Joint Administration Requested)
)	

**VERIFIED PETITION FOR ENTRY OF
ORDER RECOGNIZING FOREIGN MAIN
PROCEEDINGS AND GRANTING ADDITIONAL RELIEF**

Inscape Corporation is the authorized foreign representative ("Foreign Representative") of the above-captioned debtors (the "Debtors" or the "Company"), which are the subject of jointly-administered proceedings under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the "CCAA") in the Ontario Superior Court of Justice, in Toronto, Ontario, Canada (the "Canadian Proceedings" and such court, the "Canadian Court"). Concurrently herewith, the Foreign Representative has filed chapter 15 petitions for each of the Debtors (the chapter 15 petitions, together with this Verified Petition, the "Petitions"), and respectfully seeks entry of an order substantially in the form attached hereto as **Exhibit A** (the

¹ The Debtors in these Chapter 15 cases, along with the last four digits of each Debtor's U.S. Federal Employer Identification Number ("FEIN") or Canada Revenue Agency Business Number ("BN"), are: (i) Inscape Corporation ("Inscape") (BN 1738), (ii) Inscape Inc., a Delaware Corporation ("Inscape Delaware") (FEIN 1804), and (iii) Inscape (New York) Inc., a New York Corporation ("Inscape New York") (FEIN 7231).

“Order”) pursuant to sections 105(a), 362, 1517, 1520, and 1521 of title 11 of the United States Code (the “Bankruptcy Code”): (i) recognizing the Canadian Proceedings as “foreign main proceedings” or, in the alternative, as “foreign nonmain proceedings” pursuant to section 1517 of the Bankruptcy Code; (ii) recognizing the Foreign Representative as the “foreign representative,” as defined in section 101(24) of the Bankruptcy Code, in respect of the Canadian Proceedings; (iii) recognizing and enforcing the initial order issued on January 12, 2023 by the Canadian Court (the “Initial CCAA Order”) and the amended and restated initial order issued on January 20, 2023 by the Canadian Court (the “Amended Initial CCAA Order,” and, together with the Initial CAA Order, the “Initial CCAA Orders”); and (iv) granting a stay of execution against the Debtors’ assets and certain other actions against the Debtors or their assets, solely within the territorial jurisdiction of the United States, and applying section 362 of the Bankruptcy Code in these Chapter 15 Cases (as defined below) pursuant to sections 1520(a)(1), 1521(a), and 105(a) of the Bankruptcy Code.

PRELIMINARY STATEMENT

The Company, which has been in operation for approximately 130 years, is in the business of designing, manufacturing and selling office furniture and architectural walls to customers across North America and Europe. Over the last decade, the Company’s business has experienced declining financial performance. These challenges were exacerbated by the impact of the COVID-19 pandemic and its detrimental effect on the entire office furniture industry. The Company is currently operating at a net loss and no longer has access to sufficient working capital. As a result, the Company is insolvent, is unable to meet its obligations as they become due, and is in need of protection from its creditors. Without access to capital, the significant losses incurred by the Company can no longer be sustained and, despite the Company’s best efforts, its value continues to erode.

After consultation with its advisors and with Alvarez & Marsal Canada Inc., the monitor appointed by the Canadian Court (the “Monitor”),² the Company believes it is in the best interests of all of its stakeholders to pursue a strategy that focuses on liquidating the Company’s assets and ultimately effecting an orderly wind up of the affairs of its business through a court-supervised CCAA process. Accordingly, on January 11, 2023, the Company filed the Canadian Proceedings before the Canadian Court. On the date hereof, the Foreign Representative filed these chapter 15 cases (the “Chapter 15 Cases”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on behalf of the Debtors as part of a multi-jurisdictional process to aid the Company in effectuating an orderly cross-border liquidation under the protections offered by the CCAA. The purpose of the Chapter 15 Cases is twofold: (i) to grant recognition to the Initial CCAA Orders and other orders that are entered by the Canadian Court and to the Canadian Proceedings generally as foreign main proceedings and (ii) to grant a stay against creditor recovery efforts or attempts to obtain possession of property of the Debtors in the United States. With this Court’s cooperation and assistance, the Debtors (with the oversight of the Monitor) will seek to maximize proceeds available for distribution to their creditors on an orderly, timely, and cost-effective basis.

JURISDICTION AND VENUE

1. This Court has subject-matter jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P). Section 1401(1) of title 28 of the United States Code provides that “[a] case under chapter 15 of title 11 may be commenced in the district court of the United States for the district . . . in which the debtor has its principal place of business or principal assets in the United States.” 28 U.S.C. § 1410(1). Venue is proper

² The Monitor functions as an independent observer of the CCAA Proceedings and, among other things, (i) monitors the Debtors’ ongoing operations and (ii) reports to the Canadian Court on any major events affecting the Debtors.

in this district pursuant to 28 U.S.C. § 1410(1) because Inscape New York (a) is a New York corporation and (b) maintains its principal U.S. retail sales showroom in New York City. Further, each of the Debtors has property located in New York consisting of an undrawn retainer in a non-interest bearing account located with Citibank in New York, New York held for each of the Debtors by Willkie Farr & Gallagher LLP, as counsel to the Debtors (the “Retainer Account”). Such funds remain in the Retainer Account as of the date hereof and are the Debtors’ property (subject to rights under the engagement letter and the Initial CCAA Orders), providing a sufficient basis for venue in New York. *See In re Inversora Eléctrica de Buenos Aires S.A.*, 560 B.R. 650, 655 (Bankr. S.D.N.Y. 2016) (holding that deposits in a New York bank account and an attorney retainer on deposit in New York “whether considered alone or together . . . provide a sufficient basis for jurisdiction and venue in New York”); *In re Suntech Power Holdings Co., Ltd.*, 520 B.R. 399, 413-16 (Bankr. S.D.N.Y. 2014) (holding that a New York bank account over which a chapter 15 debtor possessed power to direct disbursement of funds was property sufficient to establish venue for chapter 15 case in New York).

2. The statutory predicates for the relief requested herein are sections 105(a), 1504, 1507, 1515, 1517, and 1521 of the Bankruptcy Code.

BACKGROUND³

I. The Debtors' Business, Corporate Structure, and Prepetition Assets and Liabilities

A. The Debtors' Business

3. As described in the Ehgoetz Declaration, the Company is in the business of designing, manufacturing and selling office furniture and architectural walls. The Company's business began in 1888 as a New York-based full-service provider of office furniture under the name Office Specialty. In the early 1900s, Office Specialty moved to Canada and eventually relocated to Holland Landing, a community in the town of East Gwillimbury, north of Toronto. Office Specialty Inc. became public on the Toronto Stock Exchange ("TSX") in 1997 and ultimately changed its name to Inscape Corporation. Today, the Company operates under two primary brand names, Inscape and Office Specialty.

4. The Company operates within the contract office furniture market, only producing products for customers based on firm purchase orders. As further described below, the Company's products are manufactured and produced out of two manufacturing facilities and are used to fulfill orders in Canada and in the United States.

5. Among other things, the Company designs, manufactures and distributes cubicles, movable walls, filing cabinets, bookcases and other ergonomic furniture for customers across North America and Europe, marketing its products to both the commercial and consumer markets. The Company has two divisions: (i) the "furniture" division, which provides storage, benching, and seating solutions; and (ii) the "wall" division, which provides architectural and

³ The factual statements in this background section are drawn from the Affidavit of Eric Ehgoetz, dated January 11, 2023, filed in support of the Initial CCAA Order in the Canadian Proceedings (the "Ehgoetz Affidavit") and the second Affidavit of Eric Ehgoetz, dated January 17, 2023, filed in support of the Amended Initial CCAA Order (the "Second Ehgoetz Affidavit"). The Ehgoetz Affidavit is attached as Ex. B and the Second Ehgoetz Affidavit is attached as Ex. C to the Declaration of Eric Ehgoetz in Support of Verified Petition for Entry of an Order Recognizing Foreign Main Proceedings and Granting Additional Relief (the "Ehgoetz Declaration").

movable partition walls for office spaces. The Company's design and manufacturing business operates out of two leased facilities: (i) a facility in Holland Landing, East Gwillimbury, Ontario, Canada; and (ii) a facility in Jamestown, New York. The Company also maintains leased premises for showrooms in Chicago, Washington, and New York City.

B. Corporate Structure

6. The Company's corporate structure is comprised of three legal entities:

a. Inscape is a corporation incorporated pursuant to the laws of the Province of Ontario, Canada. Its registered office is located at 67 Toll Road, Holland Landing, Ontario, Canada. Inscape is a publicly traded entity regulated by the Ontario Securities Commission. Its shares are traded on the TSX under the symbol "INQ."

b. Inscape Delaware is a holding company incorporated under the laws of the State of Delaware with a registered office located at 15 Tiffany Avenue, Jamestown, New York. Inscape Delaware is a wholly-owned subsidiary of Inscape.

c. Inscape New York is an operating company incorporated under the laws of the State of New York with a registered office of 15 Tiffany Avenue, Jamestown, New York. Inscape New York is a wholly-owned subsidiary of Inscape Delaware.

7. Eric Ehgoetz is the Chief Executive Officer and Jon Szczur is the Chief Financial Officer of each of the Debtors.

C. Employees and Pension Plans

8. As of January 9, 2023, the Company had a total of 218 employees in Canada and the United States. Of those employees, (i) Inscape New York employs 23 individuals, of which 9 are hourly employees and 14 are salaried employees and (ii) Inscape Delaware employs 11 individuals, all of which are salaried sales staff. Approximately 9 of Inscape New York's employees are unionized and are members of Local Union No. 112 of the Sheet Metal Workers'

International Association (“SMW”). Inscape New York and SMW are party to a collective agreement dated June 1, 2017, which was renewed effective June 1, 2021 for a five-year term.

9. The Company offers certain benefits to employees including life insurance, healthcare coverage, and dental health care coverage. As of the commencement of the Canadian Proceedings, the Company was current on payroll and source deductions.

10. The Company maintains a total of four pension plans for its employees, two of which are in the United States and administered by Inscape New York: (i) a defined benefit pension plan for certain employees with service frozen as of June 30, 1991 (for non-unionized employees) and as of August 15, 2013 (for unionized employees) and (ii) a defined contribution plan for salaried and hourly employees for which the Company’s contributions were current as of the commencement of the Canadian Proceedings.

D. Leased Premises

11. As noted above, the Company operates its business out of manufacturing and warehouse facilities (where the office equipment and walls are designed and manufactured) as well as through showrooms (where the completed pieces of office furniture and walls are showcased for viewing in support of contract orders). In this regard, the Company leases five premises in total.

12. The Company operates its manufacturing business out of the following two locations: (i) a manufacturing and warehouse facility in Canada located in an approximately 313,000 square foot building at the leased premises municipally known as 67 Toll Road, East Gwillimbury, Ontario, Canada (the “Holland Landing Facility”); and (ii) a manufacturing and warehouse facility in the United States located in an approximately 30,000 square foot building at the leased premises municipally known as 15 Tiffany Avenue, Falconer, Jamestown, New York (“Jamestown Facility”).

13. The products manufactured at the Holland Facility in Ontario and at the Jamestown Facility in New York are used to fulfill customer orders in both the United States and Canada and upon completion, are shipped to the appropriate customer location in order to complete the orders.

14. The Company operates showrooms out of three locations: Chicago, New York City, and Washington D.C. The leased premises are as follows: (i) a Chicago showroom located at 800 W. Fulton Market Street, 8th Floor, Chicago, Illinois (the “Chicago Showroom”); (ii) a New York showroom located at 414 West 14th Street, 6th Floor, New York, New York (the “New York Showroom”); and (iii) Washington D.C. showroom located 1090 Vermont Avenue, N.W., 11th Floor, Washington D.C. (the “Washington Showroom,” and, collectively with the Chicago Showroom and the New York Showroom, the “Showrooms”). Currently, the Company continues to occupy the Showrooms.

E. Cash Management System

15. In the ordinary course of business, the Company uses a centralized banking and cash management system (“Cash Management System”) to, among other things, collect funds and pay expenses associated with its operations. The Company’s funds are managed by the Company’s treasury team based in Canada. The Cash Management System is administered by the Company’s finance department at Inscape’s head office in Holland Landing, Ontario, Canada.

16. The Cash Management System has several functions, comprised of: (a) collection of accounts receivable from third parties; (b) disbursements to fund payroll and benefits, capital expenditures, maintenance costs, payments to inventory vendors and other service providers; and (c) intercompany cash transfers amongst Inscape, Inscape Delaware, and Inscape New York.

The Debtors have been authorized by the Canadian Court to continue to use the existing Cash Management System during the pendency of the Canadian Proceedings.

17. Generally, the Company's customers are invoiced as follows: (a) Canadian customers of the furniture segment are invoiced by Inscape; (b) U.S. customers of the furniture segment are invoiced by Inscape Delaware; and (c) all customers of the walls segment are invoiced by Inscape New York.

F. Prepetition Credit Facility

18. In the context of the Company's prepetition restructuring efforts, in the fall of 2022, Hilco Capital Limited ("Hilco"), through its subsidiary, HUK 116 Limited ("Hilco UK"), agreed to provide the Company with an interim loan to help fund ordinary course financial obligations.

19. Hilco UK (as lender), Inscape (as borrower), and Inscape New York and Inscape Delaware (as guarantors) are party to a credit agreement dated October 28, 2022 (the "Hilco Loan Agreement"). The Hilco Loan Agreement is governed by the laws of the Province of Ontario and the laws of Canada. Pursuant to the Hilco Loan Agreement, Hilco UK made available a revolving demand facility in the principal amount of \$5 million ("Hilco Loan Facility"), to be used for, among other purposes, the Company's working capital requirements. As of January 10, 2023, the total indebtedness outstanding under the Hilco Loan Facility was \$1,323,698.00, inclusive of interest, management fees and expenses.

20. Inscape is in default of certain of its obligations under the Hilco Loan Agreement due to financial results reported by the Company to Hilco UK which were not satisfactory to Hilco UK. Accordingly, on or about December 28, 2022, Hilco UK advised Inscape that it would not continue funding under the Hilco Loan Facility.

21. On January 10, 2023, Hilco UK (as lender), Inscape (as borrower), and Inscape New York and Inscape Delaware (as guarantors) entered into a Forbearance Agreement (the “Forbearance Agreement”), whereby Hilco UK has agreed to forbear from exercising its rights and remedies under the Hilco Loan Agreement and allow Inscape access to the Hilco Loan Facility in order to fund the CCAA Proceedings (the “Further Advances”), subject to the terms and conditions agreed upon therein. Pursuant to the Forbearance Agreement, among other things, Hilco UK has agreed to make Further Advances in accordance with the 16-week cash flow forecast that the Company has prepared with the assistance of the Monitor.

II. Events Preceding the Commencement of the Canadian Proceedings

A. Inscape’s Declining Financial Performance

22. The Company has operated at a net loss for the past five years. The following simple chart demonstrates the Company’s declining financial performance:

Audit Year	30-Apr-18	30-Apr-19	30-Apr-20	30-Apr-21	30-Apr-22	YTD Nov 2023
Sales						
Revenue	\$93,936,000	\$90,583,000	\$75,818,000	\$38,203,000	\$ 38,741,000	\$21,399,000
Net Loss	\$(2,992,000)	\$(8,746,000)	\$(5,406,000)	\$(891,000)	\$(839,000)	\$(15,337,000)
EBITDA	\$(2,454,000)	\$(4,708,000)	\$(1,609,000)	\$3,908,000	\$521,000	\$(11,943,000)

23. The Company’s Consolidated Audited Year End Financial Statements as of April 30, 2022 indicate that, as of April 30, 2022, the Company had total assets of approximately \$55,630,000 and total liabilities of approximately \$41,454,000. As of November 30, 2022, on a consolidated basis, the Company had (i) cash of approximately \$1,672,000, (ii) receivables in the

amount of approximately \$10,041,000, (iii) inventory in the amount of approximately \$5,445,000, and (iv) liabilities of approximately \$16,376,000, including accounts payable of approximately \$11,080,000.

24. Several factors have contributed to the Company's continued financial decline. The Company has faced a number of challenges as a result of the extended impact of the COVID-19 pandemic, which, given the work from home mandates in Canada and the United States, directly and detrimentally impacted the contract office furniture industry. This includes a dramatic decline in the size and sales mix of incoming orders and much lower than anticipated order volumes. Many of these challenges are reflected in (i) the slower than expected return-to-office by corporate employees throughout North America, (ii) varying degrees of hybrid/work from home policies, (iii) many companies instituting full-time work from home/virtual policies, and (iv) many companies transitioning to an entirely virtual office environment.

25. The Company has also suffered from a number of supply chain issues, including a shortage of production materials (*e.g.*, height adjustable bases and medium density fibreboard). These issues have perpetuated delays to the completion of existing customer projects and overall order fulfillment. Other general operating costs have increased dramatically over the last two years. Among other things, the Company has suffered from increases to the cost of steel, aluminum, petroleum-based products, and freight, all of which has had a negative impact on margins.

26. In light of the declining demand, the Company has become increasingly unable to sustain the high ongoing costs of running its business.

B. The Company's Attempts to Improve its Financial Situation

27. As a result of the aforementioned challenges, between March 2020 and December 2022, the Company's management implemented a number of cost-cutting measures and strategic initiatives in an effort to revitalize the Company's business and improve its financial performance and liquidity position.

28. The cost-cutting measures implemented by the Company included right-sizing its workforce and increasing automation, rationalizing excess space, refinancing the Company's debt, and expanding the availability of work from home furniture through online platforms. Most recently, in December, 2022, the Company terminated additional employees and further reduced spending on product research and development.

29. Beginning in early 2022, the Company also made a concerted effort to consider all of its strategic alternatives. In February of 2022, Inscape entered into a letter agreement with Stump & Co ("Stump"), a financial M&A advisory firm based in North Carolina specializing in the furniture industry, to formally seek potential strategic or financial buyers for the business. This effort proved unsuccessful, and the Company continued to struggle to meet its financial projections. By the end of the quarter ended July 31, 2022, the Company had incurred a net loss of \$6.2 million.

30. Despite these measures, the Company continues to face a liquidity crisis as it no longer has access to capital to complete its turnaround efforts, even as markets begin to recover, sales volumes begin to restore, and employees return to in-office work.

C. Hilco Engagement and Acquisition

31. In the summer of 2022, the Company engaged Hilco as part of its efforts to further explore restructuring opportunities. Hilco specializes in restructuring and refinancing

distressed companies across the globe. Among other service offerings, Hilco provides distressed companies with turnaround solutions to help maximize the value of a business, including by acquiring under-performing businesses and assets.

32. Throughout the month of August 2022, representatives of Hilco met with management of Inscape and conducted substantial due diligence on the Company's business and assets. Among other things, Hilco determined that the Company's equity value was extremely low, and significant financial investment was required for the Company to restructure. The Company worked directly with Hilco for several months to identify restructuring solutions for the business.

33. The decision was ultimately made by Hilco to submit an offer ("HUK Offer") to acquire all of the issued and outstanding subordinate voting shares of Inscape (the "SVS Shares") through a friendly take-over bid by a subsidiary of Hilco, HUK 121 Limited ("HUK"), pursuant to Canadian National Instrument 62-104 – Take-Over Bids and Issuer Bids ("NI 62-104").

34. On October 28, 2022, HUK and Inscape entered into a support agreement, pursuant to which HUK agreed to make the HUK Offer and the Company agreed to, among other things, support the HUK Offer and not solicit any competing proposals. The HUK Offer was launched on November 17, 2022 and, on December 23, 2022, the Company and HUK jointly announced that the conditions to the HUK Offer had been satisfied or waived and that the SVS Shares that had been deposited to the HUK Offer had been taken up by HUK. As a result, HUK currently owns 12,661,625 SVS Shares, representing approximately 88.05% of the issued and outstanding equity of Inscape.

D. The Canadian Proceedings

35. On January 11, 2023, the Debtors commenced the Canadian Proceedings to liquidate the Debtors' assets under the protections offered by the CCAA. Documents evidencing

the commencement of the Canadian Proceedings are attached as Exhibits A and B to the Ehgoetz Declaration.

36. Although each Debtor's respective management and board of directors remains in place, each Debtor's assets and affairs are subject to the supervision of the Canadian Court during the pendency of the Canadian Proceedings.

37. On January 12, 2023, following a hearing, the Canadian Court entered the Initial CCAA Order. The Initial CCAA Order, among other things, (i) commenced the Canadian Proceedings pursuant to the CCAA; (ii) appointed Alvarez & Marsal Canada Inc. as Monitor in the Canadian Proceedings; (iii) granted a stay of proceedings in favor of the Company and its directors and officers up to and including January 20, 2023; (iv) granted priority charges in favor of (a) professionals employed by the Debtors and the Monitor and (b) directors and officers of the Debtors; and (v) authorized the Debtors to continue utilizing the Cash Management System (as defined below).

38. On January 20, 2023, following a hearing, the Canadian Court entered the Amended Initial CCAA Order which, among other things, (i) granted an extension of the stay of proceedings up to and including March 9, 2023; (ii) approved a key employee retention plan for the Debtors' senior management team as well as certain other key employees; (iii) amended the amounts of the priority charges previously approved by the court and approved a charge for the key employee retention plan; and (iv) authorized and empowered Inscape to act as the foreign representative in respect of the Canadian Proceedings for the purposes of having such proceedings recognized in the United States.

RELIEF REQUESTED

39. The Foreign Representative seeks (i) recognition of the Canadian Proceedings under sections 1515, 1517 and 1520 of the Bankruptcy Code (provisional relief pursuant to

section 1519 is not being sought),⁴ (ii) recognizing the Foreign Representative as the “foreign representative,” as defined in section 101(24) of the Bankruptcy Code, in respect of the Canadian Proceedings, (iii) recognizing and enforcing the Initial CCAA Orders, (iv) the grant of a stay of execution against the Debtors’ assets and applying section 362 of the Bankruptcy Code in these Chapter 15 Cases pursuant to sections 1520(a)(1), 1521(a) and 105(a) of the Bankruptcy Code, and (v) the grant of certain additional relief pursuant to section 1521 of the Bankruptcy Code. Accordingly, the Foreign Representative respectfully requests entry of the Order, substantially in the form attached hereto as **Exhibit A**, granting the following relief:

- (a) recognizing the Canadian Proceedings, pursuant to Bankruptcy Code section 1517, as foreign main proceedings or, in the alternative, as foreign nonmain proceedings, as such terms are defined in Bankruptcy Code section 1502(4) and 1502(5), respectively;
- (b) granting relief automatically and as of right upon recognition of the Canadian Proceedings as foreign main proceedings pursuant to section 1520(a), including, without limitation, section 362 of the Bankruptcy Code, which shall apply with respect to the Debtors and the Debtors’ property that is now or in the future located within the territorial jurisdiction of the United States;
- (c) granting certain additional relief pursuant to sections 1521 and 1507 (to the extent it is not granted automatically and as of right upon recognition of the Canadian Proceedings as foreign main proceedings pursuant to section 1520(a)), including an injunction prohibiting all persons and entities, other than the Foreign Representative and his representatives and agents, from:
 - i. execution against any of the Debtors’ assets;
 - ii. the commencement or continuation, including the issuance or employment of process, of a judicial, quasi-judicial, administrative, arbitral, or other action or proceeding, or to recover a claim, including, without limitation, any and all unpaid judgments, settlements or otherwise against the Debtors, which in either case

⁴ The Foreign Representative has elected not to seek provisional relief at this time because it is not aware of any imminent threat to the Debtors’ assets located in the United States. Should circumstances change or the Foreign Representative becomes aware of additional facts, however, the Foreign Representative reserves the right to seek the Court’s assistance to protect the Debtors’ assets.

is in any way related to, or would interfere with, the administration of the Debtors' estates in the Canadian Proceedings;

- iii. taking or continuing any act to create, perfect or enforce a lien or other security interest, setoff or other claim against the Debtors or any of their property or proceeds thereof;
- iv. transferring, relinquishing or disposing of any property of the Debtors to any person or entity other than the Foreign Representative;
- v. commencing or continuing an individual action or proceeding concerning the Debtors' assets, rights, obligations or liabilities; and
- vi. declaring or considering the filing of the Canadian Proceedings or these Chapter 15 Cases a default or event of default under any agreement, contract or arrangement;

provided, in each case, that such injunctions shall be effective solely within the territorial jurisdiction of the United States; and *provided, further*, that nothing herein shall: (x) prevent any entity from filing any claims against the Debtors in the Canadian Proceedings or (y) prevent any entity from seeking relief from the Canadian Court in the Canadian Proceedings or, to the extent applicable, this Court in these Chapter 15 Cases for relief from the injunctions contained in the Order;

- (d) granting comity to and giving full force and effect to the Canadian Proceedings; and
- (e) awarding the Foreign Representative such other relief as this Court deems just and proper.

BASIS FOR RELIEF

I. The Debtors Are Eligible for Chapter 15 Relief

40. To be eligible for chapter 15 relief, the Debtors must meet the general eligibility requirements under Bankruptcy Code section 109(a) as well as the more specific eligibility requirements under Bankruptcy Code section 1517(a). As demonstrated below, the Debtors meet all eligibility requirements.

A. The Debtors Meet the General Eligibility Requirements of Bankruptcy Code Section 109(a)

41. Bankruptcy Code section 103(a) provides that chapter 1, which includes section 109(a), “appl[ies] in a case under chapter 15.” 11 U.S.C. § 103(a). Thus, the Debtors must meet the eligibility requirements of Bankruptcy Code section 109(a) to obtain relief under chapter 15. The Second Circuit Court of Appeals has held that section 109(a) applies to a debtor in a foreign main proceeding under Chapter 15. *See Drawbridge Special Opportunities Fund LP v. Barnet (In re Barnet)*, 737 F.3d 238, 250 (2d Cir. 2013). Section 109(a) provides that “[n]otwithstanding any other provision of this section, only a person that resides or has a domicile, a place of business, or property in the United States, or a municipality, may be a debtor under this title.” In light of the foregoing, courts in this circuit have held that to be eligible for chapter 15, the debtor must have a presence in the United States.

42. Here, the Debtors satisfy section 109(a) on multiple fronts. As noted herein, the Debtors operate their business by designing, manufacturing, and selling office furniture and architectural walls in the United States and hold substantial property within the United States in the form of finished goods inventory. The Debtors maintain multiple places of business in the United States: (i) the New York Showroom (for which Inscape is a party to the lease); (ii) the Washington D.C. Showroom (for which Inscape Delaware is a party to the lease); (iii) the Chicago Showroom (for which Inscape Delaware is a party to the lease); and (iv) the Jamestown Facility (for which Inscape New York is a party to the lease). In addition, the Debtors’ U.S. inventory and equipment are located at the Jamestown Facility, the site of the Debtors’ manufacturing and warehouse in the United States.

43. Further, the Debtors each hold additional property in the United States. First, Inscape New York is the owner of several bank accounts with positive balances at Key Bank in

Cleveland, Ohio. Second, as previously stated herein, Willkie Farr & Gallagher LLP, as counsel to the Debtors, holds an undrawn retainer for each of the Debtors in the Retainer Account located with Citibank in New York, New York. Such funds remain in the Retainer Account as of the date hereof and are the Debtors' property (subject to rights under the engagement letter and the Initial CCAA Orders). For each of these reasons, the Debtors satisfy section 109(a) of the Bankruptcy Code.

B. The Debtors Meet the Specific Eligibility Requirements of Bankruptcy Code Section 1517(a)

44. Bankruptcy Code section 1517(a) provides that, after notice and a hearing, an order recognizing a foreign proceeding shall be entered if (i) the foreign representative applying for recognition is a person or body; (ii) such foreign proceeding for which recognition is sought is a foreign main proceeding or foreign nonmain proceeding within the meaning of section 1502; and (iii) the petition meets the requirements of section 1515." Each of the foregoing requirements has been satisfied, as described below.

(i) The Canadian Proceedings Are Foreign Main Proceedings or, in the Alternative, Foreign Nonmain Proceedings

45. In order to apply for recognition of the Canadian Proceeding under section 1515(a) of the Bankruptcy Code, Inscape must satisfy two principal requirements: (i) the Canadian Proceedings must qualify as "foreign proceedings" and (ii) Inscape must qualify as a "foreign representative." Both requirements are satisfied here.

a. The Chapter 15 Cases Concern Foreign Proceedings

46. Bankruptcy Code section 101(23) defines "foreign proceeding" as "a collective judicial or administrative proceeding in a foreign country, including an interim proceeding, under a law relating to insolvency or adjustment of debt in which proceeding the assets and affairs of

the debtor are subject to control or supervision by a foreign court, for the purpose of reorganization or liquidation.”

47. There can be little doubt the Canadian Proceedings satisfy the requirements of section 101(23): The Canadian Proceedings are collective judicial proceedings in which the assets and affairs are subject to the supervision of the Canadian Court. The CCAA provides for a controlled reorganization or liquidation designed to enable financially distressed companies to maximize company value.

48. In addition, many courts in this and other districts have held that Canadian restructuring proceedings under the CCAA satisfy section 101(23)’s requirements. *See, e.g., In re Nygard Holdings (USA) Ltd.*, No. 20-10828 (DSJ) (Bankr. S.D.N.Y. April 23, 2020) [Docket No. 40]; *In re Imperial Tobacco Canada Ltd.*, No. 19-10771 (JPM) (Bankr. S.D.N.Y. April 17, 2019) [Docket No. 40]; *In re U.S. Steel Canada, Inc.*, No. 17-11519 (MG) (Bankr. S.D.N.Y. July 31, 2017) [Docket No. 16]; *In re Sino-Forest Corp.*, No. 13-10361 (MG) (Bankr. S.D.N.Y. Apr. 15, 2013) [Docket No. 16]; *In re Metcalf & Mansfield Alt. Invs.*, No. 09-16709 (MG) (Bankr. S.D.N.Y. Jan. 5, 2010) [Docket No. 28]; *In re Canwest Global Commc’ns Corp.*, No. 09-15994 (SMB) (Bankr. S.D.N.Y. Nov. 3, 2009) [Docket No. 34]; *In re Baronet U.S.A. Inc.*, No. 07-13821 (JMP) (Bankr. S.D.N.Y. Jan. 10, 2008) [Docket No. 15]; *In re Lone Pine Res. Inc.*, No. 13-12487 (BLS) (Bankr. D. Del. Sept. 26, 2013) [Docket No. 18]; *In re Xentel Inc.*, No. 13-10888 (KG) (Bankr. D. Del. Apr. 12, 2013) [Docket No. 15].

b. The Chapter 15 Cases Have Been Commenced by a Duly Authorized Foreign Representative

49. The Foreign Representative is duly authorized to serve in its capacity as a foreign representative in these Chapter 15 Cases. The term “foreign representative” is defined under section 101(24) of the Bankruptcy Code as:

a person or body, including a person or body appointed on an interim basis, authorized in a foreign proceeding to administer the reorganization or the liquidation of the debtor's assets or affairs or to act as a representative of such foreign proceeding.

11 U.S.C. § 101(24).

50. Pursuant to the Amended Initial CCAA Order, the Court appointed Inscope as the Foreign Representative, authorized and empowered the Foreign Representative to act as a foreign representative in respect of the Canadian Proceedings,⁵ and authorized the Foreign Representative to file chapter 15 cases in the United States for the purpose of having the Canadian Proceedings recognized.⁶ Moreover, pursuant to section 1516(a) of the Bankruptcy Code, the Foreign Representative is presumed to be the foreign representative because it was identified as such in the Amended Initial CCAA Order. Accordingly, the Foreign Representative is a proper “foreign representative” within the meaning of section 101(24) of the Bankruptcy Code. *See In re U.S. Steel Canada Inc.*, 571 B.R. 600, 612 (Bankr. S.D.N.Y. 2017) (holding that U.S Steel Canada Inc., a debtor, “is qualified to be the foreign representative.”); *see also In re Just Energy Group Inc.*, No. 21-30823 (MI) (Bankr. S.D. Tex. Apr. 2, 2021) [Docket No. 81].

c. The Debtors’ Center of Main Interests Is Canada

51. The Bankruptcy Code provides that a foreign proceeding for which Chapter 15 recognition is sought must be recognized as a “foreign main proceeding” if it is pending in the country where the debtor has its center of main interests. 11 U.S.C. §§ 1517(b)(1), 1502(4).

52. Although “center of main interests” (“COMI”) is not defined in the Bankruptcy Code, courts have held the term “COMI” generally equates with the concept of ‘principal place

⁵ See Amended Initial CCAA Order at ¶ 47 (“THIS COURT ORDERS that . . . Inscope Corporation . . . is hereby authorized and empowered to act as the foreign representative . . . in respect of the within proceedings for the purposes of having these proceedings recognized in a jurisdiction outside of Canada.”).

⁶ See Amended Initial CCAA Order at ¶ 48 (“THIS COURT ORDERS that the Foreign Representative is hereby authorized to apply for foreign recognition of these proceedings, as necessary, in any jurisdiction outside of Canada, including the United States pursuant to Chapter 15 of Title 11 of the United States Code 11 U.S.C. §§ 101-1532.”).

of business’ in the United States.” *In re Millennium Global Emerging Credit Master Fund Ltd.*, 458 B.R. 63, 72 (Bankr. S.D.N.Y. 2011) (quoting *In re Tri-Continental Exchange Ltd.*, 349 B.R. 627, 634 (E.D. Cal. 2006)); *see also In re Basis Yield Alpha Fund (Master)*, 381 B.R. 37, 48 (Bankr. S.D.N.Y. 2008) (using COMI and “principal place of business” interchangeably). Stated differently, courts have generally found the COMI to be where the debtor conducts its regular business and, therefore, is a place ascertainable by third parties. *See Morning Mist Holdings Ltd. v. Krys (In re Fairfield Sentry Ltd.)*, 714 F.3d 127, 136 (2d Cir. 2013) (“[t]he relevant principle . . . is that COMI lies where the debtor conducts its regular business, so that the place is ascertainable by third parties”); *In re Basis Yield Alpha Fund (Master)*, 381 B.R. 37 (Bankr. S.D.N.Y. 2008); *In re Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd.*, 374 B.R. 122 (Bankr. S.D.N.Y. 2007), *aff’d*, 389 B.R. 325 (S.D.N.Y. 2008). In the absence of evidence to the contrary, the debtor’s registered office is presumed to be the center of the debtor’s main interests. 11 U.S.C. § 1516(c).

53. In undertaking a COMI analysis, courts may consider “any relevant activities, including liquidation activities and administrative functions . . . , the location of the debtor’s headquarters, the location of those who actually manage the debtor . . . , the location of the debtor’s primary assets, the location of the majority of the debtor’s creditors or of a majority of the creditors who would be affected by the case; and/or the jurisdiction whose law would apply to most disputes.” *In re Suntech Power Holdings Co.*, 520 B.R. 399, 416 (Bankr. S.D.N.Y. 2014) (citing *Morning Mist Holdings Ltd. v. Krys (In re Fairfield Sentry Ltd.)*, 714 F.3d 127, 137 (2d Cir. 2013)). In addition, courts “may consider the location of the debtor’s ‘nerve center,’ ‘including from where the debtor’s activities are directed and controlled.’” *Suntech*, 520 B.R. at 416 (quoting *Fairfield Sentry Ltd.*, 714 F.3d at 138 n.10). Notably, the analysis of a foreign

debtor's center of main interests is a flexible one, as "courts do not apply any rigid formula or consistently find one factor dispositive." *In re Betcorp Ltd.*, 400 B.R. 266, 290 (Bankr. D. Nev. 2009).

54. The Foreign Representative submits that the Debtors have their center of main interests in Canada and, thus, the Canadian Proceedings qualify as "foreign main proceedings" as defined in section 1502(4) of the Bankruptcy Code for the following reasons: (i) Inscape is incorporated in Canada and the Company's main headquarters and registered office are located at the Holland Landing Facility in Canada, where the Debtors' principal design, manufacturing, and warehouse facility is also located; (ii) Inscape is a public company traded on the TSX and must comply with the reporting requirements of the Canadian Securities Administrators (which serves the same role as the Securities and Exchange Commission in the United States); (iii) the Debtors have approximately 184 of their 218 employees in Canada and pay payroll taxes to the Canadian government; (iv) the board of directors of each of the Debtors holds all board meetings in Canada, and the members of each Debtor's board of directors are Canadian; (v) the Company's strategic decision-making and management functions occur in Canada, where senior management is located; (vi) personnel who perform centralized administrative functions for the entire enterprise are located in Canada; (vii) the Cash Management System revolves around its main operating accounts located at RBC in Canada; and (viii) many of the Company's principal contracts are governed by Canadian law, including the Hilco Loan Agreement, which is governed by the laws of the Province of Ontario and the laws of Canada. In short, there is no question that the "nerve center" of the Company is located in Canada.

55. Notably, the non-Canadian status of two of the Debtors is not an impediment to the COMI analysis. Courts have previously recognized CCAA proceedings for non-Canadian

subsidiaries as “foreign main proceedings,” given that they, as is the case here, were part of a jointly-administered CCAA proceeding with their Canadian parent. *See, e.g., In re The John Forsyth Shirt Co. Ltd.*, Case No. 13-10526 (SCC) (Bankr. S.D.N.Y. Mar. 18, 2013) [Docket No. 24]; *In re Essar Steel Algoma Inc.*, Case No. 15-12271 (BLS) (Bankr. D. Del. Dec. 1, 2015) [Docket No. 97]; *In re Talon Sys. Inc.*, Case No. 13-11811 (KJC) (Bankr. D. Del. Aug. 30, 2013) [Docket No. 49]; *In re Arctic Glacier Int’l Inc.*, Case No. 12-10605 (KG) (Bankr. D. Del. Mar. 16, 2012) [Docket No. 70]; *In re Catalyst Paper Corp.*, Case No. 12-10221 (PJW) (Bankr. D. Del. March 5, 2012) [Docket No. 89]; *In re Angiotech Pharm., Inc.*, Case No. 11-10269 (KG) (Bankr. D. Del. Feb. 22, 2011) [Docket No. 83]. In addition, given the additional information regarding Debtors’ operational and functional integration through centralized management, accounting, cash management, and sales that has been presented herein, the center of main interests for all of the Debtors is clearly in Canada.

d. In the Alternative, the Canadian Proceedings Should Be Recognized as Foreign Nonmain Proceedings

56. In the alternative, were this Court to deny recognition of the Canadian Proceedings as foreign main proceedings, it should grant recognition of the Canadian Proceedings as foreign nonmain proceedings. Pursuant to the Bankruptcy Code, a “foreign nonmain proceeding” is defined as a “foreign proceeding” pending in a country where the debtor has an “establishment” within the meaning of section 1502. 11 U.S.C. § 1517(b)(2). “Establishment” is broadly defined in the Bankruptcy Code as “any place of operations where the debtor carries out a nontransitory economic activity.” 11 U.S.C. § 1502(2). To satisfy this definition, a debtor must have “a seat for local business activity in the foreign country” and this activity must have a “local effect on the marketplace.” *In re Mood Media Corp.*, 569 B.R. 556, 561-62 (Bankr. S.D.N.Y. 2017). Here, the Holland Landing Facility, the Company’s largest

manufacturing and warehouse facility (i) is located in Canada, (ii) produces all furniture for the furniture segment of the Company's business, and (iii) has over 180 employees. The Foreign Representative submits that it cannot be disputed that the Holland Landing Facility is a "seat for local business activity" in Canada that has a local effect on the marketplace, given that the products manufactured at the Holland Landing Facility are used to fulfill certain customer orders in Canada. Further, because, as described above, the Debtors are operationally and functionally integrated, the Court can easily determine that each of the Debtors carries out non-transitory economic activity in Canada through the Company's Holland Landing Facility.⁷ For these reasons, the Foreign Representative submits that the Court should find that each of the Debtors has an "establishment" in Canada within the meaning of Bankruptcy Code section 1502(2) and, if the Canadian Proceedings are not recognized as foreign main proceedings, recognize the Canadian Proceedings as foreign nonmain proceedings.

(ii) The Petitions Meet the Requirements of Bankruptcy Code Section 1515

57. These Chapter 15 Cases were duly and properly commenced by filing the chapter 15 petitions and this Verified Petition accompanied by all fees, documents, and information required by the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, including: (i) a corporate ownership statement containing the information described in Bankruptcy Rule 7007.1; (ii) a list containing (a) the names and addresses of all persons or bodies authorized to administer foreign proceedings of the Debtors, (b) all parties to litigation pending in the United States in which the Debtors are a party at the time of the filing of the chapter 15 petitions, and (c) all entities against whom provisional relief is being sought under section 1519 of the

⁷ As noted in paragraph 17, *supra*, generally the Company's customers are invoiced as follows: (a) Canadian customers of the furniture segment are invoiced by Inscape; (b) U.S. customers of the furniture segment are invoiced by Inscape Delaware; and (c) all customers of the walls segment are invoiced by Inscape New York. This business practice of each Debtor invoicing different groups of customers for the benefit of the entire enterprise further supports the contention of the Foreign Representative that each of the Debtors has "a local effect on the marketplace" in Canada.

Bankruptcy Code, which is inapplicable here since the Debtors are not seeking provisional relief at this time; (iii) a statement identifying all foreign proceedings with respect to the Debtors that are known to the Foreign Representative; and (iv) certified copies of the Initial CCAA Orders.

58. Having filed the above-referenced documents and because the Court is entitled to presume the authenticity of such documents filed in connection with chapter 15 petitions and the Verified Petition under section 1516(b) of the Bankruptcy Code, the requirements of section 1515 of the Bankruptcy Code have been met.

II. The Relief Requested Is Consistent with United States Public Policy and the Policy Behind the Bankruptcy Code

59. The purpose of chapter 15 is set forth in section 1501 and includes: (i) cooperation between courts of the United States and the courts and other competent authorities of foreign countries involved in cross-border insolvency cases; (ii) greater legal certainty for trade and investment; (iii) fair and efficient administration of cross-border insolvencies that protect the interests of all creditors, and other interested entities, including the debtor; (iv) protection and maximization of the value of the debtor's assets; and (v) facilitation of the rescue of financially troubled businesses, thereby protecting investment and preserving employment. *See* 11 U.S.C. § 1501. Recognition of the Canadian Proceedings as foreign main proceedings will facilitate an orderly and equitable cross-border wind-down of the Debtors' business. Such orderly administration is demonstrably consistent with the public policy of the United States and the Bankruptcy Code.

60. Recognition of the Canadian Proceedings would also promote the fair and efficient administration of a cross-border liquidation procedure that protects the interests of all creditors and interested parties. By recognizing the Canadian Proceedings and granting the relief requested, the process of resolving claims against the Debtors would be centralized in Canada.

Claims would be treated in accordance with a court-approved distribution order that comports with Canadian law, and any disputes would be subject to the uniform jurisdiction of one tribunal, the Canadian Court.

CONCLUSION

WHEREFORE the Foreign Representative respectfully requests that this Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: January 23, 2023
New York, New York

Respectfully submitted,

WILLKIE FARR & GALLAGHER LLP

By:

/s/ Weston T. Eguchi

Weston T. Eguchi

Jeffrey Pawlitz

Jamie M. Eisen

Courtenay W. Cullen

787 Seventh Avenue

New York, New York 10019

Telephone: (212) 728-8000

Facsimile: (212) 728-8111

Counsel for the Foreign Representative

EXHIBIT A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 15
)	
Inscape Corporation, <i>et al.</i> , ¹)	Case No. 23-
)	
Debtors in a Foreign Proceeding.)	(Joint Administration Requested)
)	

**ORDER RECOGNIZING FOREIGN MAIN
PROCEEDINGS AND GRANTING ADDITIONAL RELIEF**

A hearing having been held (the “Hearing”) to consider the chapter 15 petitions for each of the above-captioned debtors (the “Debtors”) and the Verified Petition, filed on January 23, 2023 (the “Verified Petition,” and together with the chapter 15 petitions, the “Petitions”)² of Inscape Corporation, the duly authorized foreign representative (the “Foreign Representative”) of the above-captioned debtors (the “Debtors”) for entry of an order pursuant to sections 105(a), 362, 1517, 1520 and 1521 of the Bankruptcy Code: (i) recognizing the Canadian Proceedings as foreign main proceedings pursuant to sections 1517 and 1520 of the Bankruptcy Code, (ii) recognizing the Foreign Representative as the “foreign representative,” as defined in section 101(24) of the Bankruptcy Code, in respect of the Canadian Proceedings, (iii) recognizing and enforcing the Initial CCAA Orders, (iv) granting a stay of execution against the Debtors’ assets and applying section 362 of the Bankruptcy Code in these Chapter 15 Cases pursuant to sections 1520(a)(1), 1521(a) and 105(a) of the Bankruptcy Code, and (v) granting certain additional relief pursuant to section 1521 of the Bankruptcy Code; and upon this Court’s

¹ The Debtors in these Chapter 15 cases, along with the last four digits of each Debtor’s U.S. Federal Employer Identification Number (“FEIN”) or Canada Revenue Agency Business Number (“BN”), are: (i) Inscape Corporation (“Inscape”) (BN 1738), (ii) Inscape Inc., a Delaware Corporation (“Inscape Delaware”) (FEIN 1804), and (iii) Inscape (New York) Inc., a New York Corporation (“Inscape New York”) (FEIN 7231).

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Verified Petition or the Initial CCAA Orders (as defined in the Verified Petition), as applicable.

review and consideration of the Petitions, the Declaration of Eric Ehgoetz, filed contemporaneously therewith, and the evidence admitted at the Hearing to consider the Petitions; and due and proper notice of the Petitions having been provided; and no other or further notice being necessary or required; and no objections or other responses having been filed that have not been overruled, withdrawn, or otherwise resolved; and all interested parties having had an opportunity to be heard at the Hearing; and after due deliberation and sufficient cause appearing therefor, the Court makes the following findings of fact and conclusions of law:³

- a. This Court has subject-matter jurisdiction over this matter pursuant to 28 U.S.C. § 1334.
- b. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).
- c. Venue is proper in this district pursuant to 28 U.S.C. § 1410(1).
- d. The Foreign Representative is the duly appointed “foreign representative” of the Debtors, as such term is defined in 11 U.S.C. § 101(24).
- e. These Chapter 15 Cases were properly commenced pursuant to 11 U.S.C. §§ 1504, 1509 and 1515.
- f. The Foreign Representative has satisfied the requirements of 11 U.S.C. § 1515 and Fed. R. Bankr. P. 1007(a)(4) and 2002(q).
- g. The Debtors have satisfied the eligibility requirements of 11 U.S.C. §§ 109(a) and 1517(a).

³ The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, or any of the following conclusions of law constitute findings of fact, they are adopted as such.

- h. The Canadian Proceedings currently pending before the Canadian Court and provisions made thereunder for the protection, administration and distribution of the Debtors' assets, are "foreign proceedings," as such term is defined in 11 U.S.C. § 101(23).
- i. The Canadian Proceedings are entitled to recognition by this Court pursuant to 11 U.S.C. § 1517.
- j. The Canadian Proceedings are pending in the country where the Debtors' center of main interests is located, are "foreign main proceedings," as such term is defined in 11 U.S.C. § 1502(4), and are entitled to recognition as "foreign main proceedings" pursuant to 11 U.S.C. § 1517(b)(1).
- k. The Foreign Representative is entitled to all the relief provided pursuant to 11 U.S.C. § 1520, without limitation.
- l. The Foreign Representative is further entitled to all relief expressly set forth in 11 U.S.C. §§ 1521(a)-(b).
- m. The relief granted hereby is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted under 11 U.S.C. §§ 1517, 1520, and 1521.

Now therefore, it is hereby ORDERED:

- 1. The Motion is GRANTED in its entirety.
- 2. The Canadian Proceedings are granted recognition as foreign main proceedings pursuant to 11 U.S.C. §§ 1517(a) and 1517(b)(l).

3. All relief afforded foreign main proceedings pursuant to 11 U.S.C. § 1520 is hereby granted.

4. The Initial CCAA Orders, including any and all existing and future extensions, amendments, restatements, and/or supplements authorized by the Canadian Court, are hereby given full force and effect, on a final basis, with respect to the Debtors and the Debtors' property that now or in the future is located within the territorial jurisdiction of the United States, including, without limitation, staying the commencement or continuation of any actions against the Debtors or its assets (except as otherwise expressly provided herein or therein).

5. Pursuant to 11 U.S.C. § 1520(a)(1), 11 U.S.C. § 362, including, without limitation, the automatic stay authorized by 11 U.S.C. § 362, shall apply with respect to the Debtors and the Debtors' property that now or in the future is located within the territorial jurisdiction of the United States.

6. The Foreign Representative is authorized to operate the business of the Debtors that is the subject of the Canadian Proceedings and exercise the powers of a trustee to the extent provided by 11 U.S.C. § 1520(a)(3).

7. Pursuant to 11 U.S.C. § 1521(a)(1)-(3), all persons and entities, other than the Foreign Representative and its representatives and agents are hereby enjoined (to the extent they have not been stayed under section 1520(a)) from:

- a. execution against any of the Debtors' assets;
- b. the commencement or continuation, including the issuance or employment of process, of a judicial, quasi-judicial, administrative, regulatory, arbitral, or other action or proceeding, or to recover a claim, including, without limitation, any and all unpaid judgments, settlements or otherwise against the Debtors,

which in either case is in any way related to, or would interfere with, the administration of the Debtors' estates in the Canadian Proceedings;

- c. taking or continuing any act to create, perfect or enforce a lien or other security interest, setoff or other claim against the Debtors or any of their property or proceeds thereof;
- d. transferring, relinquishing or disposing of any property of the Debtors to any person or entity (as that term is defined in section 101(15) of the Bankruptcy Code) other than the Foreign Representative;
- e. commencing or continuing an individual action or proceeding concerning the Debtors' assets, rights, obligations or liabilities; and
- f. declaring or considering the filing of the Canadian Proceedings or these Chapter 15 Cases a default or event of default under any agreement, contract or arrangement;

provided, in each case, that such injunctions shall be effective solely within the territorial jurisdiction of the United States; and *provided further* that nothing herein shall: (x) prevent any entity from filing any claims against the Debtors in the Canadian Proceedings or (y) prevent any entity from seeking relief from the Canadian Court in the Canadian Proceedings or this Court in these Chapter 15 Cases, as applicable, for relief from the injunctions contained in the Order.

8. Pursuant to 11 U.S.C. § 1521(a)(5), the administration or realization of the Debtors' assets within the territorial jurisdiction of the United States is entrusted to the Foreign Representative and the Foreign Representative is hereby established as the exclusive representative of the Debtors in the United States.

9. The Canadian Proceedings and all prior orders of the Canadian Court shall be and hereby are granted comity and given full force and effect in the United States.

10. The Foreign Representative, the Debtors and their respective agents are authorized to serve or provide any notices required under the Bankruptcy Rules or the local rules of this Court.

11. No action taken by the Foreign Representative, the Debtors, or their respective successors, agents, representatives, advisors, or counsel in preparing, disseminating, applying for, implementing, or otherwise acting in furtherance of or in connection with the Canadian Proceedings, this order, these Chapter 15 Cases, or any adversary proceeding herein, or any further proceeding commenced hereunder, shall be deemed to constitute a waiver of the rights or benefits afforded such persons under 11 U.S.C. §§ 306 and 1510.

12. Notwithstanding any provision in the Bankruptcy Rules to the contrary, including, but not limited to, Bankruptcy Rules 7062 and 1018, (i) this Order shall be effective immediately and enforceable upon its entry; (ii) the Foreign Representative is not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (c) the Foreign Representative and the Debtors are authorized and empowered, and may in their discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

13. A copy of this Order shall be served (i) within three business days of entry of this order, by electronic mail to the extent email addresses are available and otherwise by United States mail, overnight or first-class postage prepaid, upon the Notice Parties (as defined in the *Motion for Order Scheduling Recognition Hearing and Specifying Form and Manner of Service of Notice*), the Office of the United States Trustee, and such other entities as the Court may direct and (ii) by posting on the Monitor's website at <https://www.alvarezandmarsal.com/InscapeCorporation>. Such service shall constitute good and sufficient service and adequate notice for all purposes.

14. The Court shall retain jurisdiction with respect to: (i) the enforcement, amendment or modification of this order; (ii) any requests for additional relief or any adversary proceeding brought in or through these Chapter 15 Cases; and (iii) any request by an entity for relief from the provisions of this order, for cause shown, as to any of the foregoing, and provided the same is properly commenced and within the jurisdiction of this Court.

Dated: New York, New York
_____, 2023

UNITED STATES BANKRUPTCY JUDGE