

**SUPERIOR COURT**  
(Commercial Division)

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

No.: 500-11-062362-237

DATE: January 26, 2024

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PRESIDING : THE HONOURABLE KAREN M. ROGERS, J.C.S.

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT OF:

**ÉBÉNISTERIE ST-URBAIN LTÉE**

-and-

**WOODLORE INTERNATIONAL INC.**

-and-

**EURO-RITE CABINETS LTD.**

Debtors

-and-

**RAYMOND CHABOT INC.**

Monitor

-and-

**HSBC BANK CANADA**

Applicant/Secured Creditor

-and-

**NAPOLÉON BOUCHER**

JR1825

-and-

**DENIS LABROSSE**

-and-

**15569621 CANADA INC. (formerly 9501-8222 Québec Inc.)**

-and-

**WILLIAM M. MELNIK**

-and-

**THE MELNIK FAMILY TRUST 2043**

-and-

**TAYCO OFFICE FURNISHINGS INC.**

Respondents

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**HSBC BANK CANADA'S APPLICATION FOR THE CANCELLATION OF THE  
SUBSEQUENT TRANSACTION AND OTHER RELIEFS  
(Sections 11 and 18.6 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.  
C-36)**

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**ON READING** the Applicant's *Application for the Cancellation of the Subsequent Transaction* (the "**Application**") pursuant to sections 11 and 18.6 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), the affidavit and the exhibits in support thereof;

**SEEING** the notice of the Application;

**SEEING** the submissions of Applicant's attorneys;

**SEEING** the consent or absence of contestation of the relevant parties;

**SEEING** the provisions of the CCAA;

**SEEING** that it is appropriate to render an order to cancel the subsequent transaction pursuant to which the shares of Ébénisterie St-Urbain Ltée ("**EBSU**") and Euro-Rite Cabinets Inc. ("**ERC**") were sold to 15569621 Canada Inc. ("**155 Canada Inc.**") without

disclosure to the Court (the "**Subsequent Transaction**") immediately after the Court issued a reverse vesting order (the "**RVO**") authorizing a transaction pursuant to which William M. Melnik ("**Melnik**"), Tayco Office Furnishings Inc. ("**Tayco**") and the Melnik Family Trust 2043 ("**Melnik Trust**" and, together with Melnik, Tayco, the "**Melnik Group**") were to acquire the shares of EBSU, Woodlore International Inc. ("**Woodlore**") and ERC, respectively (the "**Authorized Transaction**");

**WHEREFORE THE COURT:**

[1] **GRANTS** the Application;

**SERVICE**

[2] **ORDERS** that any prior delay for the presentation of this Application is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof;

**EFFECTIVE TIME**

[3] **DECLARES** that this Order and all of its provisions shall take effect as of 12:01 a.m. Montreal time, Province of Quebec, on the date of Order (the "**Effective Time**");

**CANCELLATION OF THE SUBSEQUENT TRANSACTION**

[4] **APPROVES** the term sheet filed as Exhibit R-2, *under seal*, which provides for a partial settlement of the claims, disputes and outstanding issues surrounding the Subsequent Transaction (the "**Term Sheet**");

[5] **ORDERS** the Melnik Group and the HSBC Bank Canada ("**HSBC**"), Business Development Bank of Canada ("**BDC**"), Investissement Québec ("**IQ**"), Fiera Private Debt Fund VI LP ("**Fiera**" and, together with HSBC, BDC and IQ, the "**Secured Creditors**") as well as Denis Labrosse, Napoléon Boucher and 155 Canada Inc. to comply with their respective obligations and undertakings set out therein,

[6] **DECLARES** that 155 Canada Inc. is no longer a shareholder of EBSU and ERC and that the Melnik Group (or any third party unrelated, directly or indirectly, to Denis Labrosse or Napoléon Boucher, Michel Boucher or Jean Gladu, a "**Third Party Purchaser**") is the sole shareholder of EBSU and ERC and therefore that the Melnik Group (or any Third Party Purchaser) is the sole owner of all issued and outstanding shares of EBSU and ERC and **CANCELS, ANNULS** and **DELETES** all outstanding options, warrants, pre-emptive rights and any other entitlements and/or rights to acquire any shares or securities or any other rights or interests of any class or category whatsoever in the capital stock of EBSU and ERC or as may otherwise be created or issued;

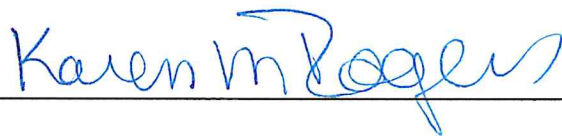
- [7] **ORDERS** the Melnik Group or any Third Party Purchaser, for a period of five (5) years following the issuance of this Order, (i) not to dispose of their shares in EBSU and ERC, and not to cause EBSU and ERC to issue shares, to or in favour of Denis Labrosse, Napoléon Boucher, Michel Boucher or Jean Gladu, or any person or entity directly or indirectly related thereto, (ii) not to cause EBSU and ERC to sell any of their assets to Denis Labrosse, Napoléon Boucher, Michel Boucher or Jean Gladu or any person or entity directly or indirectly related thereto, and (iii) along with EBSU, ERC or Woodlore, not to provide or agree in any form, that any of Denis Labrosse, Napoléon Boucher, Michel Boucher or Jean Gladu, or any person or entity, directly or indirectly, related thereto, shall be employed, perform services, manage, operate, participate, own or have an interest or options in, or assist in any way either EBSU, ERC or anyone related thereto, with the exception of what is specifically permitted in relation to Denis Labrosse in the Term Sheet;
- [8] **DECLARES** that Melnik and Tayco are to be authorized to dispose of their interest in shares of EBSU and ERC, to cause EBSU and ERC to issue shares, or to cause EBSU and ERC to sell some or all of their assets, to or in favour of a Third Party Purchaser, provided that, among other things, a ten (10) days prior written notice is given to the Secured Creditors setting out the details of the proposed transaction and the identity of the Third Party Purchaser;
- [9] **DECLARES** that EBSU and/or ERC are permitted to enter into an employment agreement with Denis Labrosse, the whole according to the terms of the Term Sheet;
- [10] **DECLARES** that Denis Labrosse may act as a director of EBSU and/or ERC;
- [11] **ACKNOWLEDGES** that the Melnik Group irrevocably waives any right that it may have to the reimbursement of any amount paid on account of cure costs in the context of the Authorized Transaction up to \$222,100 (\$207,100 referred to in Stikeman Elliott's letter of December 20, 2023 increased by \$15,000), which amount has subsequently been adjusted to \$287,413;
- [12] **ORDERS** Melnik Group, EBSU, ERC, Denis Labrosse, Napoléon Boucher and 155 Canada Inc. to execute and deliver any and all documents and agreements required to give effect to the foregoing and to provide a copy of such documents to the Secured Creditors and the Monitor within five (5) business days following the issuance of this Order;
- [13] **PRAYS ACT** of the Melnik Group's, EBSU's, ERC's and Woodlore's acknowledgement that (i) they have no further claims against the Monitor, the Secured Creditors or the estate in relation to the Authorized Transaction; (ii) they will not object to any relief sought in connection with the reimbursement of amounts in relation to Pathward, Maynbridge, the accrued vacations and Rona, nor will they seek to benefit from any such amounts; (iii) they will not object to the projected distribution of net proceeds from the Authorized Transaction and the reimbursement of funds to

the Secured Creditors and the beneficiaries of the CCAA charges by the Monitor; and (iv) they will not object to a full release and discharge of the Monitor upon completion of the foregoing distribution;

- [14] **PRAYS ACT** of the Secured Creditors' undertaking not to seek any relief (including punitive damages or the reimbursement of legal fees) against the Melnik Group, EBSU, ERC and Woodlore in relation to the Subsequent Transaction or any documents or other agreements executed in connection with the Subsequent Transaction, any discussions, undertakings or agreements preceding the Subsequent Transaction or the SISF process, including, (i) in the case of Fiera, pursuant to Fiera's *Amended Application to Recover Damages From Napoléon Bouhcer, Denis Labrosse, 15569621 Canada Inc., Ébénisterie St-Urbain Ltée, Euro-Rite Cabinets Ltd., Woodlore International Inc., William M. Melnik, The Melnik Family Trust 2043 and Tayco Office Furnishings Inc.* filed on January 17, 2024; and (ii) in the case of HSBC, pursuant to the *Application for the Revocation of a Judgment* filed on January 10, 2024;

#### **GENERAL**

- [15] **DECLARES** that the present Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada;
- [16] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada, any Canadian federal court or administrative body, any federal or state court or administrative body in the United States of America, and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order;
- [17] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever;
- [18] **THE WHOLE**, without costs.

  
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