ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-23-00700695-00CL **DATE: July 24, 2026**

NO. ON LIST: 5

TITLE OF PROCEEDING: MARSHALLZEHR GROUP INC. v. LA PUE INTERNATIONAL INC. ET AL.

BEFORE: JUSTICE J. DIETRICH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE J. DIETRICH:

[1] AlixPartners Restructuring, Inc. (formerly KSV Restructuring Inc.) as Court-appointed receiver (the "**Receiver**") of the property of La Pue International Inc. (the "**Company**" or the "**Debtor**") seeks three orders. The relief requested by the Receiver is not opposed. Defined terms used herein but not otherwise defined have the meaning provided to them in the factum of the Receiver filed for use on this motion.

[2] First, an order is sought approving deposit return protocols to address the orderly return of deposits to certain homebuyers and terminating those agreements that were not assumed as part of a previously approved sale transaction.

[3] Second, an order sought fixing the statutory holdback under the *Construction Act*, R.S.O. 1990, c. C.30 at $901,295, inclusive of HST and authorizing the Receiver to pay that amount to Accountant of the Ontario Superior Court of Justice (the "**Accountant**") to the credit of the Lien Proceedings and dismissing the Lien Proceedings against Sovereign and MarshallZehr Group Inc.

[4] Third an ancillary order is sought:

(a) approving the Fifth Report, Sixth Report, Seventh Report, Eighth Report, Ninth Report and Tenth Report, and the actions, conduct and activities of the Receiver described therein;

(b) approving the fees and disbursements of the Receiver and its counsel as set out in fee affidavits attached to the Tenth report;

(c) authorizing the Receiver to make final distributions to MarshallZehr and providing certain protections to the receiver in respect of such; and

(d) discharging and releasing the Receiver upon filing of a certificate.

[5] On October 19, 2023, the Court granted the Receivership Order appointing the Receiver over the Property. MarshallZehr, the Company's principal secured creditor, was the applicant in these proceedings. On December 20, 2023, the Court approved a sale process for the Real Property and certain related assets.

[6] On January 7, 2025, the Court granted the AVO approving the Amended Transaction. Following an unsuccessful appeal of that order, the Amended Transaction closed on March 19, 2025.

[7] Following closing, the Receiver and the relevant stakeholders developed four Deposit Return Protocols to govern the return of Deposits to Homebuyers who requested the termination of their Unit APSs, or whose Unit APSs are not being assumed by the Asset Purchaser. The First, Second and Third deposit return protocols have been implemented and it is not appropriate for the Court to separately approve them after they have been completed.

[8] I am satisfied that approval of the Fourth Deposit Return Protocol, including the termination of the remaining six agreements with Homebuyers that have not been assumed by the purchaser under the sale transaction is appropriate. There is no objection to the approval and the Receiver has taken steps, including as set out in the aide memoire filed July 23, 2026 to communicate the protocol to relevant homebuyers.

[9] I am not prepared to seal the schedules to the deposit return protocols. The only information for which sealing is sought are unit numbers for the relevant agreements. In the circumstances, I am not persuaded that this amounts to personal information that would justify a sealing order. The units have not been built and the homebuyers do not live there (and never will).

[10] Separately, this Court previously approved distributions to MarshallZehr up to the amount owing to it, subject to a $1.4 million holdback reserve (the "**Holdback Reserve**") that was established to address potential lien claims. Following case conferences and settlement discussions, the Lien Claimants have agreed to the quantum of the statutory holdback, but not on their respective entitlements to that amount.

[11] The proposed Lien Holdback Order fixes the statutory holdback at $901,295, inclusive of HST, and authorizes the Receiver to pay that amount from the Holdback Reserve to the Accountant to the credit of the continuing proceedings among the Lien Claimants (the "**Lien Proceedings**"). The relief in connection with the Holdback and the Lien Proceedings is intended to resolve the disputed quantum and priority of the statutory holdback relative to MarshallZehr's secured claim, provides certainty to stakeholders, permits the Lien Proceedings to continue to determine the Lien Claimants' respective entitlements, and facilitates final distributions and the Receiver's discharge. Accordingly, I am satisfied that the requested relief is appropriate and should be granted.

[12] The Receiver seeks its discharge upon completion of its remaining duties and the filing of the Discharge Certificate. Those duties include completing the Deposit Return Protocols, paying the Holdback Settlement Amount to the Accountant, paying approved professional fees, maintaining appropriate reserves, making final distributions and completing incidental administrative matters.

[13] The final distributions are requested to be made to MarshallZehr who continues to hold secured claims against the Company in excess of approximately $3.6 million. Those secured obligations are not expected to be satisfied in full and no funds are available for distribution to unsecured creditors. This Court has previously authorized a distribution to MarshallZehr up to the amount it is owed and accordingly, the further approval sought today is redundant and is not required. The requested order has been amended to remove this relief.

[14] No opposition to the approval of the reports has been raised and the approval of the reports is appropriate in the circumstances as the Receiver has acted reasonably and in good faith. The draft order provided contains the typical language that only the Receiver is entitled to rely on the approval.

[15] The Receiver also seeks approval of the fees and disbursements of itself and its legal counsel, including a fee accrual of an aggregate amount of $200,000 to complete matters. In this respect, as the Court of Appeal for Ontario held in Bank of Nova Scotia v Diemer 2014 ONCA 851 at paras 33 and 45, this Court does not undertake a line-by-line analysis of the invoices. Rather, the guiding principles on fee approvals of this nature are whether the fees are fair, reasonable, and proportionate given the value of the property and liabilities as well as the complexity of the proceeding. In considering these guiding principles, the fees of the Receiver and its counsel are appropriate and are approved.

[16] I am also satisfied that the remaining activities in the Receivership are minimal and that a discharge of the Receiver is appropriate as the receivership has run its course. It is common for a Court-appointed receiver to be discharged once it has completed the substance of its mandate. The release of a receiver is a standard term of the Commercial List Model Discharge Order, and releases ought to be issued in the absence of improper or negligent conduct on the part of the receiver.

[17] Orders to go in the forms signed by me this day with immediate effect.



Date: Jul 24, 2026

Justice J. Dietrich