

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Endeavour Marketing & Communications Inc.

Plaintiff(s)

AND

Defendant(s)

L. J. Kathan for NISE

Case Management Yes No by Judge:

S. Braham & L. Cochin for E One

Counsel	Telephone No:	Facsimile No:
<u>G. Benichou for Endeavour & Fairplay for BDO</u>		
<u>G.R. Hall & T. Chapman Smith for Bell, Corus, Pattison col Mediac</u>		

- Order Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: _____
- Time Table approved (as follows): _____

The motion to approve the proposal was not opposed. Astral, who acted as agent for the proposal advised through counsel, that it did not intend to appear at or oppose the proposal.

From the standpoint of Endeavour the proposal represents a practical and viable solution to the issues

June 3, 2015
Date

[Signature]
Judge's Signature

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involved in the operation of its business, significantly the collection of its receivables and distribution of its assets to its creditors.

The issue is clearly set out in the factum. The Endeavour's customers "Original Participating Customers" are reluctant to pay outstanding payables to Endeavour. The Certain Original Participating Customers have been advised by certain Media Suppliers that if the Customers make payment to Endeavour - this payment will not necessarily discharge their liability to the Media Suppliers - who in Endeavour's normal course of business would have received payment from Endeavour. The effect of the proposal is to adjust the payment procedure such that Media Suppliers

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will be assured of receiving payments
directly from Participating Customers.

There are various ^{reasons} ~~theories~~ put forth
as to why such a payment ~~to~~
scheme should be applied in this
case:

① It will reduce uncertainty .i.e.

Participating Customers will pay

② It will reduce likelihood of
litigation

③ It will have the practical effect
of increasing the amount available
to creditors

The legal basis for the direct
payment plan is less certain

Theories put forward are

① Constructive Trust;

② Long Standing Industry Practice
The relationship of Media Suppliers

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to Advertising Agency is one of a true agency. It is noted that this theory is not accepted by certain customers.

In the circumstances of this case, I am ~~satisfied~~ satisfied, having reviewed the Justice's reports that the issue was brought to the attention of the creditors and was discussed at the meeting to consider the proposal.

It is possible that certain unsecured creditors may be adversely affected by the terms of the proposal and that they could be to receive better treatment if all receivables were paid to Endeavour and

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paid out on a pro rata basis.
However, after taking into account the
incertainties of pursuing such a course
of action and the costs associated
with this course of action, the
overwhelming number of creditors
both in number (92%) and dollar
value (92%) voted in favour.

In my view, this vote represents
a decision made by the creditors
on an informed basis, to
accept the proposal as
negotiated as I opposed to
pursuing the alternative course of
action.

In the circumstances I am satisfied
that the terms of the Proposal
are reasonable and are calculated
to benefit the general body

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of Lideanov's creditors, the Proposal is made in good faith and it meets ~~the~~ all other statutory requirements.

In arriving at this determination I have also taken into account that a significant shareholder claim (\$1.4 million) is not being pursued. This concession would not necessarily be made in a bankruptcy scenario.

I have also taken into account that the Proposal Committee has recommended acceptance of the Proposal.

This wish is granted and the proposal approved.