

Court File No.: CV-19-614593-000L

APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED, AND
SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3 AS AMENDED

CORNER FLAG LLC

- and -

ERWIN HYMER GROUP NORTH AMERICA, INC.

Applicant

Respondent

15 Feb 19

Order appointing receiver to
go as per draft filed & signed
as per 6 page handwritten
enclosure of today's date.

McEnt

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**APPLICATION RECORD
(Re: Appointment of Receiver)
Returnable February 15, 2019**

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Commercial List

FILE/DIRECTION/ORDER

Correr Flag LLC Plaintiff(s)

AND

Erwin Hymer Group North America Inc Defendant(s)

Case Management ☐ Yes ☐ No by Judge: _____

Counsel	Telephone No:	Facsimile No:
(see attached)		

- ☒ 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 Applicant, Correr Flag LLC (Correr Flag) brings this Application for an order amongst other things appointing Alvarez and Marsal Cohercia Inc (A+M) as receiver and manager over all Property of the Respondent (ENA).
The Application is brought on an urgent basis due to

15 Feb 19
Date

McE...
Judge's Signature

☒ Additional Pages six in total

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Judges Endorsement Continued

an ongoing operational, liquidity and ~~shareholder~~ crisis.

Carver Flagg asserts that a receiver should be appointed as soon as possible to bring critical stability and governance to ENA, preserve optionality and facilitate an orderly process to develop strategies and options regarding ENA's operations. Carver Flagg submits that this is in the best interests of all stakeholders.

ENA's history is set out in the Filed materials. Until recently it was a wholly-owned subsidiary of the Erwin Hymer Global Group. During a sales process in which Ther Industries Inc (Ther) was to purchase EHGG certain irregularities concerning ENA and other

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Judges Endorsment Continued

related companies in North America became apparent (the "ETG NA Entities").

The ETG NA Entities, which include ENA, were carved out of that process and ultimately sold to Carrier Flagg. ETG^{NA} is now a wholly owned subsidiary of Carrier Flagg.

ENA, generally, manufactures recreational vehicles. It employs approximately 850 employees in Cambridge, most of which are full-time.

Since Jan /19 ENA's financial problems have rendered it unable to properly operate. A number of key management and employees of ENA have been suspended. Only one director remains.

ENA has in excess of \$ 300 million in liabilities. It does not

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Judges Endorsment Continued

have the funding to satisfy its payroll and financial obligations that are coming due.

ENA's difficulties have also come to the attention of the market with supply creditors making demands.

Carver Flagg has loaned funds to ENA on Feb 14/19. There are several other creditors.

For the reasons that follow I am prepared to grant the order sought appointing ATM as receiver as per the draft Order signed.

It is clear that ENA is in urgent need of court supervision. The most unfortunate part of this order ~~order~~^{order} involves the termination of the 850 employees. Unfortunately, I see no reasonable alternative.

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Judges Endorsment Continued

As noted, there is no finding to continue their employment. At the ~~least~~^{least}, by granting the order the receiver will have funding available to bring current, to the date of this order, payroll obligations. This includes accrued but unpaid vacation pay. Also it maintains the prospect that the receiver may be able to identify a purchaser to restitute some aspect of ENA's operations which may provide some employment opportunities for certain former employees.

Another benefit of the receivership is to allow a stable platform to deal with the multiple creditors claims - secured and unsecured - in an organized and disciplined manner.

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Judges Endorsment Continued

I am also of the view that the terms of the funding arrangements are reasonable as are the borrowing provisions. The funding arrangements address the needs of A&M through the receivership process. A+M ~~THE RECEIVERS~~ counsel has indicated that A&M may return to court to confirm the priority of the receiver's charge & borrowing charge on notice to the appropriate parties.

McE...