CANADA

PROVINCE OF QUÉBEC DISTRICT OF MONTRÉAL

N°: 500-11-048114-157

SUPERIOR COURT

Commercial Division

(Sitting as a court designated pursuant to the *Companies'* Creditors Arrangement Act, R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

BLOOM LAKE GENERAL PARTNER LIMITED

QUINTO MINING CORPORATION

8568391 CANADA LIMITED

CLIFFS QUÉBEC IRON MINING ULC

WABUSH IRON CO. LIMITED

WABUSH RESOURCES INC.

Petitioners

-and-

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP

BLOOM LAKE RAILWAY COMPANY LIMITED

WABUSH MINES

ARNAUD RAILWAY COMPANY

WABUSH LAKE RAILWAY COMPANY LIMITED

Mises-en-cause

-and-

SYLVAIN LEMONDE, residing at 3214, rue Lareau, Carignan, Québec, J3L 3P9

COMMISSION DES RELATIONS DU TRAVAIL, a body created by statute having a place of business at 35, rue Port-Royal Est, 2nd Floor, Montréal, Québec, H3L 3T1

Mis-en-cause

-and-

FTI CONSULTING CANADA INC.

Monitor

MOTION FOR THE ISSUANCE OF AN ORDER DECLARING THAT THE STAY PERIOD APPLIES IN RESPECT OF CERTAIN PROCEEDINGS¹

(Section 11 ff. of the Companies' Creditors Arrangement Act)

TO MR. JUSTICE STEPHEN W. HAMILTON, J.S.C. OR ONE OF THE HONORABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE BLOOM LAKE CCAA PARTIES (AS DEFINED BELOW) SUBMIT:

BACKGROUND

- On January 27, 2015, Mr. Justice Martin Castonguay, J.S.C., issued an Initial Order (as subsequently amended, rectified and/or restated, the "Bloom Lake Initial Order")² commencing these proceedings (the "CCAA Proceedings") pursuant to the Companies' Creditors Arrangement Act (the "CCAA") in respect of the Petitioners Bloom Lake General Partner Limited, Quinto Mining Corporation, 8568391 Canada Limited and Cliffs Québec Iron Mining ULC ("CQIM") and the Mises-en-cause The Bloom Lake Iron Ore Mine Limited Partnership and Bloom Lake Railway Company Limited (collectively, the "Bloom Lake CCAA Parties"), as appears from the Initial Order dated January 27, 2015, which forms part of the Court record and is communicated herewith for convenience as Exhibit R-1.
- Pursuant to the Bloom Lake Initial Order, inter alia, FTI Consulting Canada Inc. was appointed as monitor of the Bloom Lake CCAA Parties (the "Monitor") (para. 39 of the Bloom Lake Initial Order).
- 3. A stay of proceedings was ordered in respect of the Bloom Lake CCAA Parties until February 26, 2015 (the "Stay Period") (para. 8 ff. of the Bloom Lake Initial Order), during which, inter alia, all rights and remedies against or in respect of the Bloom Lake CCAA Parties, or affecting the Business of the Bloom Lake CCAA Parties, the Property of the Bloom Lake CCAA Parties or any part thereof were stayed and suspended except with leave of this Court (para. 17 of the Bloom Lake Initial Order).

² On May 20, 2015, Mr. Justice Hamilton, issued an Initial Order (as subsequently amended, rectified and/or restated the "Wabush Initial Order") extending the scope of the CCAA Proceedings to the Petitioners Wabush Iron Co. Limited and Wabush Resources Inc. and the Mises-en-cause Wabush Mines, an unincorporated contractual joint venture, Arnaud Railway Company and Wabush Lake Railway Company Limited (collectively, the "Wabush CCAA Parties"; collectively with the Bloom Lake CCAA Parties, the "CCAA Parties"), as appears from the Court record. The Wabush CCAA Parties and the terms of the Wabush Initial Order are not at issue in herein.

¹ Except as otherwise provided for herein, all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bloom Lake Initial Order (as defined herein).

- 4. On February 20, 2015 and on April 17, 2015, Mr. Justice Stephen W. Hamilton amended the Bloom Lake Initial Order, *inter alia*, extending the Stay Period to April 30, 2015 and then to July 31, 2015, as appears from the Amended Initial Order dated February 20, 2015 and from the Order dated April 17, 2015, both of which form part of the Court record and are communicated herewith for convenience respectively as Exhibit R-2 and Exhibit R-3.
- 5. On July 30, 2015, Mr. Justice Hamilton, issued an order extending the Stay Period (and the stay of proceedings in respect of the Wabush CCAA Parties) to November 6, 2015, as appears from the Order dated July 30, 2015, which forms part of the Court record and is communicated herewith for convenience as **Exhibit R-4**.
- 6. Paragraphs 8 and 17 of the Bloom Lake Initial Order read as follows:
 - 8. ORDERS that, until and including November 6, 2015, or such later date as the Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the CCAA Parties, or affecting the business operations and activities of the CCAA Parties (the "Business") or the Property (as defined herein below), including as provided in paragraph 11 herein below except with leave of this Court. Any and all Proceedings currently under way against or in respect of the CCAA Parties or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.

[...]

- 17. ORDERS that during the Stay Period, and subject to, inter alia, subsection 11.1 CCAA, all rights and remedies, including, but not limited to modifications of existing rights and events deemed to occur pursuant to any agreement to which any of the CCAA Parties is a party as a result of the insolvency of the CCAA Parties and/or these CCAA proceedings, any events of default or non-performance by the CCAA Parties or any admissions or evidence in these CCAA proceedings, of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the CCAA Parties, or affecting the Business, the Property or any part thereof are hereby stayed and suspended except with leave of this Court.
- 7. By way of Motion returnable on the same date as this Motion, the CCAA Parties are seeking the Court's approval of a claims procedure (the "Claim Procedure"), as appears from the Motion for the Issuance of a Claims Procedure Order dated October 23, 2015, which forms part of the Court record and is communicated herewith for convenience as Exhibit R-5.

ORDER SOUGHT

8. By way of this Motion, the CCAA Parties seek a declaration that the Stay Period applies to proceedings pending against the Petitioner CQIM before the Mise-en-cause Commission des relations du travail (the "Commission").

3. THE COMMISSION PROCEEDINGS

- 9. On January 26, 2015, the Mis-en-cause Sylvain Lemonde, a former employee of CQIM, filed a complaint against CQIM with the Commission des normes du travail (the "CNT") for termination without cause of Mr. Lemonde's employment in the context of mass layoffs undertaken by the Bloom Lake Parties in order to cease operations (the "Lemonde Complaint"), as appears from the letter from Mr. Lemonde's counsel to the CNT communicated herewith as Exhibit R-6.
- On April 9, 2015, the CNT informed CQIM that the Lemonde Complaint was being transferred to the Commission, as appears from the letter from CNT communicated herewith as Exhibit R-7.
- On June 3, 2015, the Commission sent CQIM a notice of hearing in relation to the Lemonde Complaint in the file bearing numbers CM-2015-2016 and 62-00-71719 (the "Commission Proceedings") providing that a hearing on the merits would be held on September 16, 2015, as appears from the copy of said notice of hearing communicated herewith as Exhibit R-8.
- 12. On June 17, 2015, CQIM's counsel sent a letter to the Commission informing it of these CCAA Proceedings and of the Stay Period in respect of CQIM, informing the Commission that the Stay Period applies in respect of the Commission Proceedings and enclosing a copy of the Bloom Lake Initial Order (Exhibit R-1) and of the Order Extending the Stay Period to July 31, 2015 (Exhibit R-3), the whole as appears from the copy of the letter communicated herewith as Exhibit R-9.
- 13. On July 6, 2015, the Commission replied that Section 11.1 of the CCAA applied to the Commission Proceedings such that the Stay Period pursuant to Section 11.02 of the CCAA was inapplicable, as appears from the copy of the letter communicated herewith as Exhibit R-10.
- 14. On August 10, 2015, CQIM's counsel replied to the Commission that CQIM disagreed with the Commission's decision not to stay proceedings, on the basis that the Commission is acting as an administrative tribunal rather than a regulatory body in respect of the Commission Proceedings, as appears from the copy of the letter communicated herewith as Exhibit R-11.
- 15. On September 2, 2015, the Commission replied that, up to that point, it had dealt with the Commission Proceedings in more of an administrative manner, but that it would now be appropriate to allow the parties to provide written representations regarding the applicability of the Stay Period to the Commission Proceedings, as appears from the copy of the letter communicated herewith as **Exhibit R-12**.

- 16. The Commission cancelled the hearing of the Lemonde Complaint that was set for September 16, 2015 and requested that the written representations of CQIM be provided by September 18, 2015 and the written representations of Lemonde by October 9, 2015.
- 17. The Bloom Lake CCAA Parties did not provide the written representations mentioned in the foregoing paragraph, as they believe that is it more appropriate for this Court, which has an expertise in the interpretation and application of the CCAA, to determine whether the Stay Period applies to the Commission Proceedings than for the Commission to address this question.
- 18. On October 21, 2015, the commission contacted CQIM's counsel for the purpose of setting a hearing date for the Lemonde Complaint, as appears from the email communicated herewith as **Exhibit R-13**.

4. SUSPENSION OF THE COMMISSION PROCEEDINGS

19. The CCAA Parties respectfully submit that the Commission Proceedings before the Commission are subject to the Stay Period, and asks Court to issue a declaration in this regard.

4.1 The Commission is Not Acting as a "Regulatory Body"

- 20. The Commission is not acting as a regulatory body pursuant to Section 11.1 of the CCAA, but is instead acting as an administrative tribunal to adjudicate claims.
- 21. Section 11.1(1) of the CCAA defines a regulatory body as follows:
 - 11.1 (1) In this section, "regulatory body" means a person or body that has powers, duties or functions relating to the <u>enforcement or administration of an Act</u> of Parliament or <u>of the legislature of a province</u> and includes a person or body that is prescribed to be a regulatory body for the purpose of this Act. [emphasis added]
- 22. Firstly, the Commission is not prescribed to be a regulatory body pursuant to the Companies' Creditors Arrangement Regulations, SOR/2009-219.
- 23. Secondly, the Commission's jurisdiction is set out at Section 114 of the *Labour Code*, CQLR c. C-27 (the "**Labour Code**"):
 - **114.** The Commission is responsible for ensuring the diligent and efficient application of the provisions of this Code and exercising the other functions assigned to it under this Code or any other Act.

Except as regards the provisions of Chapter IX, the Commission shall hear and dispose, to the exclusion of any court or tribunal, of any complaint for a contravention of this Code, of any proceedings brought pursuant to the provisions of this Code or any other Act and of any application made to the Commission in accordance with this Code or any other Act. Proceedings brought before the Commission pursuant to another Act are listed in Schedule I.

For such purposes, the Commission shall exercise the functions, powers or duties assigned to it by this Code or any other Act. [Emphasis added]

24. As appears from the Labour Code itself, the Commission does not enforce or administer the Labour Code, but rather serves a judicial role to hear and dispose of complaints, contraventions and other proceedings brought pursuant to the Labour Code and other applicable legislation.

4.2 The Commission Cannot Enforce a Payment

- Subsidiarily, and without prejudice to the foregoing, even if the Commission were to be considered a regulatory body within the meaning of the Section 11.1(1) of the CCAA, it is the Bloom Lake CCAA Parties view that the Commission Proceedings do not qualify for protection from the stay otherwise afforded to a regulatory body under Section 11.1(1) of the CCAA because the Commission Proceedings relate to the enforcement of a payment.
- 26. Section 11.1(2) of the CCAA provides that regulatory proceedings which relate to the enforcement of a payment ordered by the regulatory body is not exempted from a stay of proceedings made pursuant to section 11.02 of the CCAA.
- 27. Section 11.1(2) reads as follows:

11.1[...](2) Subject to subsection (3), no order made under section 11.02 affects a regulatory body's investigation in respect of the debtor company or an action, suit or proceeding that is taken in respect of the company by or before the regulatory body, other than the enforcement of a payment ordered by the regulatory body or the court.

- 28. The Commission Proceedings relate to a pre-filing claim for wrongful termination.
- 29. The remedies that could be ordered by the Commission further to a hearing on the merits in the Commission Proceedings include a monetary order against CQIM as well as a possible order of reinstatement of Mr. Lemonde into the position from which he was terminated.
- 30. However, the position occupied by Mr. Lemonde when he was terminated no longer exists, further to the evolution of the operations at the facility and in light of the Bloom Lake CCAA Parties' ongoing cessation of operations in parallel with these CCAA Proceedings.
- 31. Therefore, the entirety of the relief that the Commission could order in favour of Mr. Lemonde by way of the Commission Proceedings is the enforcement of a monetary payment.
- 32. The claims set out in the Commission Proceedings can and should properly be the subject of a claims procedure to be administered in the context of these CCAA Proceedings.

33. The jurisprudence is to the effect that orders issued by regulatory bodies which will have the ultimate effect of having the debtor pay a sum of money are claims (albeit contingent claims), which are not exempted by Section 11.1(2) of the CCAA from a stay of proceedings pursuant to Section 11.02 of the CCAA.

4.3 A Viable Compromise or Arrangement Could Not be Made if the Commission Proceedings Are Not Stayed

- 34. Subsidiarily, and without prejudice to the foregoing, even if Section 11.1(2) of the CCAA were to have the effect of removing the Commission Proceedings from the application of the Stay Period, the CCAA Parties respectfully submit that this Honourable Court should exercise its discretion pursuant to Section 11.1(3) of the CCAA to Stay the Commission Proceedings.
- 35. As mentioned above, the Commission Proceedings relate to a pre-filing claim for wrongful termination.
- 36. Such a pre-filing claim is best dealt with in the context of the Claims Procedure that has been developed and to be administered in the context of these CCAA Proceedings once approved by the Court.
- 37. In fact, if all employees wishing to assert pre-filing claims against the CCAA Parties were allowed to institute and to prosecute such claims before the Commission outside of the claims procedure to be developed herein, the treatment of claims against the CCAA Parties would quickly become unmanageable. The CCAA Parties would be left expending a tremendous amount of energy and resources to adjudicate employee claims that could properly be evaluated without a hearing by the Monitor pursuant to the Claims Procedure, with possible recourse to a claims officer and/or this Court, if necessary.
- 38. This would negate one of the central features of the CCAA, which is to establish a single proceeding model to ensure that most or all claims against a debtor are entertained in a single forum, and allows debtors to maintain the *status quo* during negotiations with creditors.
- 39. In light of the foregoing, it would be difficult for the CCAA Parties to manage the claims procedure for the purpose of putting forward a viable compromise or arrangement if the Stay Period does not apply to the Commission Proceedings and to any similar proceedings that could be brought before the Commission.
- 40. Furthermore, it is not contrary to the public interest that the Commission be affected by the Stay Period, as any employee or other claimant who wishes to assert a claim against the CCAA Parties before the Commission can instead submit a proof of claim in the context of the Claims Procedure developed and to be implemented in the context of these CCAA Proceedings once approved by this Court in a Motion to be heard concurrently with this Motion.
- 41. Therefore, the conditions of Section 11.1(3) have been met, and this Honourable Court should issue an order declaring that Section 11.1(2) does not apply to in respect of the Commission Proceedings.

PROCEDURAL MATTERS

- 42. The CCAA Parties submit that the notices given of the presentation of the present Motion are proper and sufficient.
- 43. Pursuant to paragraph 54 of the Bloom Lake Initial Order, all motions in these CCAA Proceedings are to be brought on not less than ten (10) calendar days' notice to all Persons on the service list. Each motion must specify a date (the "Initial Return Date") and time for the hearing.
- The service of the present Motion serves as notice pursuant to paragraphs 47 and 54 of the Bloom Lake Initial Order.
- 45. Paragraph 55 of the Bloom Lake Initial Order requires that any Person wishing to object to the relief sought on a motion in the CCAA Proceedings must serve responding motion materials or a notice stating the objection to the motion and grounds for such objection (a "Notice of Objection") in writing to the moving party and the Monitor, with a copy to all persons on the service list, no later than 5 p.m. Montréal time on the date that is four (4) calendar days prior to the Initial Return Date (the "Objection Deadline"). Accordingly, any parties wishing to object to the relief sought on this Motion must serve responding motion materials or a Notice of Objection by no later than 5 p.m. Montréal time on October 30, 2015.
- 46. Paragraph 56 of the Bloom Lake Initial Order further provides that if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the motion may determine whether a hearing is necessary, whether such hearing will be in person, by telephone or in writing and the parties from whom submissions are required (collectively, the "Hearing Details").
- 47. Paragraph 57 of the Bloom Lake Initial Order provides that the Monitor shall communicate with the Judge and the service list with respect to the Hearing Details.
- 48. Since the receipt on October 21, 2015 of the email from the Commission seeking to fix a new hearing date for the Lemonde Complaint (Exhibit R-13), the Bloom Lake CCAA Parties have proceeded with diligence to prepare and finalize the present motion.
- 49. Therefore, in light of the desire to respond to the Commission, the Bloom Lake CCAA Parties hereby seek the abridgment of the above-mentioned 10-day delay from the service of this Initial Return Date and ask the Court to allow this Motion to be returnable on a *pro forma* basis on November 5, 2015, which is the date that this Court has graciously made itself available to hear other Motions which filed by the CCAA Parties on October 23, 2015.

6. CONCLUSIONS

- 50. In light of the foregoing, the Bloom Lake CCAA Parties hereby seek the issuance of an Order substantially in the form of the draft Order communicated herewith as **Exhibit R-14**, which provides for a declaration that the Commission Proceedings are subject to the Stay Period.
- 51. The present Motion is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present Motion;

ABRIDGE the 10-day delay for service of the present Motion and **DECLARE** that the present Motion is returnable on a *pro forma* basis on November 5, 2015;

ISSUE an order in the form of the draft Order communicated in support hereof as Exhibit R-14;

WITHOUT COSTS, save and except in case of contestation.

Montréal, October 27, 2015

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Bloom Lake CCAA Parties

AFFIDAVIT

I, the undersigned, **CLIFFORD T. SMITH**, the Executive Vice-President and a director of Bloom Lake General Partner Limited and Cliffs Québec Iron Mining ULC, the President of Wabush Resources Inc. and Wabush Iron Co. Limited, and Vice-President of Arnaud Railway Company and Wabush Lake Railway Company Limited, each having a place of business at 1155 Robert-Bourassa Blvd. (formerly Rue University), Suite 508, in the city and district of Montréal, Québec, solemnly affirm that all the facts alleged in the present *Motion for the Issuance of an Order Declaring that the Stay Period Applies in respect of Certain Proceedings*, are true.

AND I HAVE SIGNED:

CLIFFORD T. SMITH

SOLEMNLY DECLARED before me at Cleveland, Ohio, this 27th day of October, 2015

Notary Public

ADAM D. MUNSON, Atty-NOTARY PUBLIC STATE OF OHIO My Commission Has No Expiration Date Section 147.03 R.C.

NOTICE OF PRESENTATION

TO: Service List

And: Sylvain Lemonde

3214, rue Lareau

Carignan, Québec J3L 3P9

Commission des Relations du Travail

35, rue Port-Royal Est

2nd Floor

Montréal, Québec H3L 3T1

TAKE NOTICE that the present *Motion for the Issuance of an Order Declaring that the Stay Period Applies in respect of Certain Proceedings* will be presented on a *pro forma* basis before the Honourable Stephen W. Hamilton, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montréal, in the Montréal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **November 5, 2015** at a time and in a room to be determined.

DO GOVERN YOURSELF ACCORDINGLY.

Montréal, October 27, 2015

BLAKE, CASSELS & GRAYDON LLP
Attorneys for the Bloom Lake CCAA Parties

CANADA

PROVINCE OF QUÉBEC DISTRICT OF MONTRÉAL

SUPERIOR COURTCommercial Division

(Sitting as a court designated pursuant to the *Companies'* Creditors Arrangement Act, R.S.C., c. C-36, as amended)

N°: 500-11-048114-157

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

BLOOM LAKE GENERAL PARTNER LIMITED, QUINTO MINING CORPORATION, 8568391 CANADA LIMITED, CLIFFS QUÉBEC IRON MINING ULC WABUSH IRON CO. LIMITED and WABUSH RESOURCES INC.

Petitioners

- and -

THE BLOOM LAKE IRON ORE MINE LIMITED PARTNERSHIP BLOOM LAKE RAILWAY COMPANY LIMITED WABUSH MINES ARNAUD RAILWAY COMPANY WABUSH LAKE RAILWAY COMPANY LIMITED SYLVAIN LEMONDE and COMMISSION DES RELATIONS DU TRAVAIL

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

LIST OF EXHIBITS

(In support of the Motion for the Issuance of an Order Declaring that the Stay Period Applies in respect of Certain Proceedings)

- R-1 Initial Order in respect of the Bloom Lake CCAA Parties dated January 27, 2015;
- R-2 Amended Initial Order in respect of the Bloom Lake CCAA Parties dated February 20, 2015;

- R-3 Order dated April 17, 2015;
- R-4 Order dated July 30, 2015;
- R-5 Motion for the Issuance of a Claims Procedure Order dated October 23, 2015;
- R-6 Letter from Sylvain Lemonde's counsel to the *Commission des normes du travail* dated January 26, 2015;
- R-7 Letter from the Commission des normes du travail to CQIM dated April 9, 2015;
- R-8 Notice of Hearing from the *Commission des relations du travail* in the file bearing numbers CM-2015-2016 and 62-00-71719 dated June 3, 2015;
- R-9 Letter from CQIM's counsel to the *Commission des relations du travail* dated June 17, 2015;
- R-10 Letter from the Commission des relations du travail to CQIM's counsel dated July 6, 2015;
- R-11 Letter from CQIM's counsel to the Commission des relations du travail dated August 10, 2015;
- R-12 Letter from the Commission des relations du travail to CQIM's counsel dated September 2, 2015;
- R-13 Email from the Commission des relations du travail to CQIM's counsel dated October 21, 2015;
- R-14 Draft Order.

The exhibits are available at the following link: https://blakes.sharefile.com/d-sb4d75c535604ffd9

Montréal, October 27, 2015

BLAKE, CASSELS & GRAYDON LLP

Attorneys for the Bloom Lake CCAA Parties

DISTRICT OF MONTREAL (Commercial Division) SUPERIOR COURT

ARRANGEMENT OF: IN THE MATTER OF THE PLAN OF COMPROMISE OR

BLOOM LAKE GENERAL PARTNER LIMITED & AL.

Petitioners

-and-

PARTNERSHIP & AL. THE BLOOM LAKE IRON ORE MINE LIMITED

Mises-en-cause

FTI CONSULTING CANADA INC

SYLVAIN LEMONDE & AL.

Mis-en-cause

Monitor

DECLARING THAT THE STAY PERIOD APPLIES MOTION FOR THE ISSUANCE OF AN ORDER IN RESPECT OF CERTAIN PROCEEDINGS, AFFIDAVIT, NOTICE OF PRESENTATION AND EXHIBITS

ORIGINAL

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