



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00737796-00CL

DATE: March 10, 2025

NO. ON LIST: 4

TITLE OF PROCEEDING: IN THE MATTER OF AMSCAN CANADA INC.

BEFORE: JUSTICE KIMMEL

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 KIMMEL:

The Application

- [1] Amscan Canada Inc. ("Amscan Canada") seeks an order under ss. 207 and 210 of the *Business Corporations Act*, R.S.O. 1990, c. B.16 ("OBCA") that Albert Gelman Inc. ("AGI") be appointed as Amscan Canada's liquidator (the "Liquidator") for the purpose of winding-up Amscan Canada. Amscan Canada also seeks an order under s. 207 of the OBCA establishing a claims process and claims bar date in connection with the wind-up.

- [2] Capitalized terms not otherwise defined in this endorsement shall have the meanings ascribed to them in the applicant's factum for this application.
- [3] The tax authorities are the only potential creditors of Amscan that have been identified and they were all served with notice of this application. None appeared to object. The one observer who appeared also did not raise any objection to the requested orders.

Background to the Application

- [4] Amscan Canada is a Canadian subsidiary of the Party City group of companies, which are being wound up through bankruptcy proceedings in the United States under Chapter 11, Title 11 of the United States Code (the "Chapter 11 Bankruptcy") filed on December 21, 2024. The Party City Group companies that are subject to the Chapter 11 Bankruptcy are in the process of having their assets liquidated and they are also being wound-up.
- [5] On December 27, 2024, Amscan Canada terminated its seven remaining employees. Since then, Amscan Canada has entered into termination and severance agreements with all its former employees and has paid all employee liabilities in full. On February 16, 2025, Amscan Canada's sole lease expired in accordance with its terms.
- [6] Amscan Canada is solvent and has paid all its known obligations but wishes to call for any unknown claims and ensure that any taxes are paid before it winds-up. In addition, Amscan Canada has outstanding accounts receivables ("Outstanding Accounts Receivable") of approximately \$1 million that need to be collected.
- [7] The only known as of yet unpaid obligations of Amscan Canada are professional fees. Amscan Canada paid its last remaining other known liability - an outstanding Employee Health Tax liability to the Ministry of Finance - on March 3, 2025. Amscan Canada wishes to run a claims process to ensure that it has no other liabilities before it is wound up.
- [8] The proposed Claims Procedure Order, if granted by this Court, would govern the identification, quantification and resolution of claims of creditors of Amscan Canada.

Analysis

- [9] On February 24, 2025, Party City Holdings Inc. ("PC Holdings"), Amscan Canada's parent and sole shareholder, authorized this application by special resolution. It supports the appointment of AGI as Liquidator. AGI consents to this appointment. This satisfies the requirement under s. 207(1)(c) of the OBCA for granting a winding-up order.
- [10] In addition to satisfying the requirements for a winding-up order under s. 207(1)(c) of the OBCA, I find that it is just and equitable for Amscan Canada to be wound up where its

sole shareholder approves it so doing and where its parent company and affiliates, upon which it relies for all centralized support and administrative functions to carry on its business, are themselves being wound-up under the US Chapter 11 Bankruptcy proceedings. The appointment of the Liquidator follows from the winding-up order, under s. 210 of the OBCA.

[11] The Liquidator's proposed authorization and mandate in this case are in line with what has been ordered in other cases by this court, with a focus on:

- a. running a claim process to ensure that Amscan Canada has no other unpaid liabilities before it is wound up;
- b. assisting in collecting the Outstanding Accounts Receivable, which will ultimately be returned to PC Holdings and its creditors unless the claims process identifies further unpaid liabilities;
- c. dealing with the taxation authorities with respect to any remaining tax filings and clearance certificates that may be requested.

See for example, *In the Matter of the Liquidation and Winding Up of Ontario Electronic Stewardship*, CV-21-00663305- 00CL: Bar Date Order dated October 8, 2021, Appointment Order dated June 11, 2021, Claims Procedure Order dated June 11, 2021; and *Bank of Montreal v. Owen Sound Golf and Country Club*, 2012 ONSC 557 (Appointment Order dated January 23, 2012 and filed in CV-11-9306-00CL).

[12] The proposed Appointment Order includes authority for the Liquidator to make an assignment into bankruptcy if the solvency situation of Amscan turns out not to be as currently indicated and there are proven claims that exceed the collected accounts receivable. Otherwise, the Appointment Order contemplates that eventually the Liquidator will come back to court for the approval of proposed final distributions, dissolution and termination of the Liquidator's mandate.

[13] I agree with the Applicant that it is appropriate in this case to make the claims solicitation procedure and claims bar orders at the same time, since all known potential creditors are on notice of this application and none have opposed it. The court was assured by counsel for the applicant that the claims procedure timelines are in line with the norm. The Liquidator has also confirmed this and that the objective will be to identify and pay claims through this process, not to avoid them, and that the process has been designed and will be carried out with that objective in mind.

[14] The proposed claims procedure itself accords with s. 228 of the OBCA, which imports by reference the procedure for proving claims under sections 25 to 27 of the *Assignments and*

Preferences Act, RSO 1990, c A.33 (the "Assignments and Preferences Act"), with necessary modifications. The proposed Claims Procedure in this case has been demonstrated to be consistent with the proof of claims procedures under the Assignments and Preferences Act (ss. 25-27). The terms of the proposed Claims Solicitation Procedure and Bar Order will provide potential unknown claimants with adequate notice of the Claims Procedure, and an adequate opportunity to prove their claims prior to the Claims Bar Date.

- [15] The Claims Procedure will provide the Liquidator with certainty in identifying the quantum of all claims against Amscan Canada with a view to discharging the financial liabilities of Amscan Canada before completing the winding up of Amscan Canada.
- [16] I find that the proposed Claims Procedure is an efficient, fair and cost effective method for determining and resolving claims against Amscan Canada and that it is important for certainty and finality for a deadline to be established for Claims against Amscan Canada to be proven. That has been the long established rationale for claims bar orders to be made in *Companies Creditors' Arrangement Act* restructurings that include a liquidation of assets where, as here, it is of fundamental importance to determine the quantum of liabilities to which the debtor is subject: see *Timminco Limited (Re)*, 2014 ONSC 3393, at para 41. That rationale applies equally to the proposed liquidation of Amscan Canada in the circumstances of this case.

Orders

- [17] The Appointment Order and Claims Solicitation Procedure and Bar Order both dated March 10, 2025 and signed by me today may issue.

A handwritten signature in cursive script that reads "Kimmel J.".

KIMMEL J.