

IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990, c. P.8, (the “Act”), in particular subsection 78(1);

AND IN THE MATTER OF the MPC Distribution, Inc. Defined Contribution Pension Plan, Registration Number 0438374 (the “Plan”).

NOTICE OF INTENDED DECISION

TO: SM Financial Services Corporation
1500 North French Street, 2nd Floor
Wilmington DE 19801
USA

Attention: Adam Hiller
Hiller Law, LLC

Applicant, in its capacity as assignee under an assignment for the benefit of creditors of the assets of MPC Distribution, Inc.

AND TO: Jennifer Agnew
BMKP Law
Richmond - Adelaide Centre, Box 17
130 Adelaide Street West, Suite 1005
Toronto ON M5H 3P3

Legal Counsel for the Applicant

AND TO: James Harnum
Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto ON M5H 3R3

Legal Counsel for the Plan members, former members, retired members and other beneficiaries.

TAKE NOTICE THAT pursuant to subsection 78(1) of the Act, and by delegated authority from the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario (the “Chief Executive Officer”), the Head, Pension Plan Operations and Regulatory Effectiveness, intends to consent to the payment of surplus in respect of the Plan to SM Financial Services Corporation, in the amount

of \$187,867.37 as of May 31, 2019, plus investment earnings and other adjustments to the date of payment. Details of this intended decision are described below.

SI VOUS DÉSIREZ RECEVOIR CET AVIS EN FRANÇAIS, veuillez nous envoyer votre demande par courriel immédiatement à: contactcentre@fsrao.ca.

YOU ARE ENTITLED TO A HEARING BY THE FINANCIAL SERVICES TRIBUNAL (THE “TRIBUNAL”) PURSUANT TO SUBSECTION 89(6) OF THE ACT. A hearing by the Tribunal about this Notice of Intended Decision may be requested by completing the enclosed Request for Hearing Form (Form 1) and delivering it to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you. The Request for Hearing Form (Form 1) must be mailed, delivered, faxed or emailed to:

Address: Financial Services Tribunal
5160 Yonge Street
14th Floor, Box 85
Toronto ON M2N 6L9

Attention: Registrar

Fax: 416-226-7750

Email: contact@fstontario.ca

TAKE NOTICE THAT if you do not deliver a written request for a hearing to the Tribunal within thirty (30) days after this Notice of Intended Decision is served on you, an order will be issued as described in this Notice of Intended Decision.

For additional copies of the Request for Hearing Form (Form 1), visit the Tribunal's website at www.fstontario.ca.

The hearing before the Tribunal will proceed in accordance with the *Rules of Practice and Procedure for Proceedings before the Financial Services Tribunal* (“Rules”) made under the authority of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22. The Rules are available at the website of the Tribunal: www.fstontario.ca. Alternatively, a copy can be obtained by telephoning the Registrar of the Tribunal at (416) 590-7294, or toll free at 1-800-668-0128 extension 7294.

REASONS FOR INTENDED DECISION

1. MPC Distribution, Inc. is the employer as defined in the Plan (the “Employer”).
2. On February 16, 2018, the Employer commenced insolvency proceedings in the court of Chancery of State of the state of Delaware. As part of those proceedings, the Employer transferred all of its rights, title, interest in, and custody and control of its property to SM Financial Services Corporation.

3. SM Financial Services Corporation, in its capacity as assignee under an assignment for the benefit of creditors of the assets of MPC Distribution, Inc., is the applicant for the purposes of this application under subsection 78(1) of the Act (the "Applicant").
4. The Plan was originally established effective November 1, 1962, as a defined benefit pension plan named the McCall Corporation Retirement Plan for Non-Bargaining Unit Employees. The Plan subsequently underwent a number of changes, including the conversion of the Plan to a defined contribution pension plan for future service effective July 1, 1991, at which point the Plan was renamed the McCall Pattern Company Defined Contribution Pension Plan.
5. Effective July 3, 1991, the Plan was partially wound up as a result of the closure of certain Canadian operations of the employer sponsoring the Plan.
6. In 2016, the assets of the employer sponsoring the Plan were sold to a third party and the employer changed its name to MPC Distribution, Inc. (the "Employer") effective December 13, 2016. The Employer remained the sponsor and administrator of the Plan. The Plan was renamed the MPC distribution, Inc. Defined Contribution Pension Plan effective December 13, 2016.
7. The Plan was wound up effective August 31, 2017, as a result of the last active member ceasing participation in the defined contribution component of the Plan.
8. The Applicant entered into a surplus sharing agreement with the persons included in the July 3, 1991, partial wind up, the last active Plan member and other persons entitled to share in the surplus (the "Surplus Sharing Group"). Koskie Minsky LLP represents the Surplus Sharing Group.
9. According to the surplus sharing agreement, the surplus in the Plan at the date of payment, after adjustments for investment earnings and expenses, is to be distributed:
 - (a) 70% to the Applicant; and
 - (b) 30% to the Surplus Sharing Group.
10. As indicated in the report provided with the application for payment of surplus as at May 31, 2019, the surplus in the Plan payable to MPC Distribution, Inc. in accordance with the surplus sharing agreement was estimated at \$187,867.37 as at May 31, 2019.
11. The Applicant has applied, pursuant to subsection 78(1) of the Act, for consent of the Chief Executive Officer to the payment of 70% of the surplus to be distributed from the Plan, plus adjustments to the actual date of payment as agreed to in the surplus sharing agreement.

12. The application appears to comply with paragraph 77.11(7)2, subsection 78(1) and all other applicable requirements under the Act and Regulation 909, R.R.O. 1990.
13. Such further and other reasons as may come to my attention.

DATED at Toronto, Ontario, October 16, 2020.



Jennifer Rook
Head, Pension Plan Operations and Regulatory Effectiveness

By delegated authority from the Chief Executive Officer