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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:

QUEBECOR WORLD (USA), INC., et al.,  
  
Debtors.

Chapter 11

Case No. 08-10152 (JMP)

(Jointly Administered)

**OBJECTION TO DEBTORS' MOTION FOR AN ORDER TO AUTHORIZE THE  
ESTABLISHMENT AND IMPLEMENTATION OF EXCLUSIVE, GLOBAL  
PROCEDURES FOR TREATMENT OF RECLAMATION CLAIMS**

Creditors Catalyst Pulp and Paper Sales Inc., and Catalyst Paper (USA) Inc. ("Catalyst"), through their undersigned counsel, hereby objects to the Motion for an Order to Authorize the Establishment and Implementation of Exclusive, Global Procedures for Treatment of Reclamation Claims ("Reclamation Motion").

## **Background**

1. On January 21, 2008 (the “Petition Date”), Quebecor World (USA), Inc. and its affiliates (“Debtors”) filed petitions for relief under Chapter 11. The Debtors continue to operate their businesses and manage their affairs pursuant to 11 U.S.C. §§ 1107 and 1108.

2. Catalyst has an active trade relationship with the Debtors, selling papers products. On January 23, 2008, Catalyst made its written reclamation demand for the return of the goods received by the Debtors within 45 days of the bankruptcy filing.

### **Objection to the Reclamation Motion**

3. The Debtors have filed a motion seeking procedures for allowing reclamation claims (“Reclamation Motion”). The Reclamation Motion provides, *inter alia*, the Debtors 120 days to reconcile the validity of Catalyst’s reclamation claim. During the Debtors’ review of Catalyst’s claim, Catalyst is barred from seeking relief from stay or filing an adversary action pursuant to Section 546 of the Bankruptcy Code.

4. The Reclamation Motion is inconsistent with the revised Section 546, which provides that Catalyst has the right to reclaim its goods. Should the Reclamation Motion be granted under its present form, Catalyst will lose its right to reclaim.

5. Section 546(c) provides:

(1) Except as provided in subsection (d) of this section and in section 507(c), and subject to prior rights of a holder of a security interest in such goods or the proceeds thereof, the rights and powers of the trustee under sections 544(a) 545, 547, and 549 are subject to the right of a seller of goods that has sold goods to the debtor, in the ordinary course of such seller’s business, to reclaim such goods if the debtor has received such goods while insolvent, within 45 days before the date of the commencement of a case under this title, but such seller may not reclaim such goods unless such seller demands in writing reclamation of such goods—

(A) not later than 45 days after the date of receipt of such goods by the debtor; or

(B) not later than 20 days after the date of commencement of the case, if the 45-day period expires after the commencement of the case.

(2) If a seller of goods fails to provide notice in the manner described in paragraph (1), the seller still may assert the rights contained in section 503(b)(9).

11 U.S.C. § 546(c)

Section 546(c) provides that Catalyst is entitled to return of the goods subject to the reclamation demand. The Reclamation Motion undermines this right.

6. Furthermore, under the Reclamation Motion, the payment of Catalyst allowed reclamation claim is not set. Furthermore, even if the Debtors and Catalyst agree on the treatment of its claim, other parties may still object.

7. The Debtors should also be required to provide Catalyst with a report identifying the goods on hand as of the date of Catalyst's reclamation demand.

8. Here, Catalyst has timely filed and served its Reclamation Demand and has otherwise complied with the provisions of Section 546(c).

9. If the Debtors need time to evaluate Catalyst's reclamation demand, they should segregate the goods subject to the reclamation demand or pay for the goods as allowed administrative claim.

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**WHEREFORE**, Catalyst respectfully requests the Reclamation Motion be denied and grant such further relief as the Court deems just and proper.

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**Certificate of Service**

I, Scott E. Blakeley, an attorney at Blakeley & Blakeley LLP, hereby certify that on February 14, 2008, I caused a copy of Catalyst Paper (USA) Inc.'s OBJECTION TO DEBTORS' MOTION FOR AN ORDER TO AUTHORIZE THE ESTABLISHMENT AND IMPLEMENTATION OF EXCLUSIVE, GLOBAL PROCEDURES FOR TREATMENT OF RECLAMATION CLAIMS via facsimile to the following:

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/s/ Scott E. Blakeley