



ONTARIO SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**COUNSEL/ENDORSEMENT SLIP**

COURT FILE NO.: CV-24-00730212-00CL

DATE: January 23, 2026

NO. ON LIST: 1

TITLE OF PROCEEDING: ROYAL BANK OF CANADA v. CHESSWOOD GROUP LIMITED et al

BEFORE: JUSTICE CAVANAGH

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party:**

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## **ENDORSEMENT OF JUSTICE CAVANAGH:**

[1] On October 29, 2024, this Court made an order (the "Initial Order") (as amended and restated, the "ARIO") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA") in respect of the CCAA Parties.<sup>1</sup> The Initial Order resulted from an application brought by Royal Bank of Canada, in its capacity as administrative agent and as collateral agent (in such capacity, the "Pre-Filing Agent") to the lenders (the "Pre-Filing Lenders") under a second amended and restated credit agreement dated as of January 14, 2022, as amended (the "Existing Credit Agreement").

[2] Pursuant to the Initial Order, FTI Consulting Canada Inc. ("FTI") was appointed as monitor of the CCAA Parties (in such capacity, the "Monitor") and granted expanded powers to conduct and control the financial affairs and operations of the CCAA Parties.

[3] This CCAA proceeding is nearly complete. The Monitor seeks an order (the "CCAA Termination Order"):

- a. extending the Stay Period until the CCAA Termination Time (each as defined in the motion materials);
- b. upon delivery of the CCAA Termination Certificate (as defined in the motion materials) to the service list in these CCAA proceedings (the "CCAA Termination Time"), terminating these CCAA proceedings, terminating the Charges (as defined in the ARIO, as modified by the KERP Approval Order and including the KERP Charge (each as defined in the motion materials)), and discharging FTI as Monitor;
- c. granting certain releases (the "Releases") in respect of the CCAA proceedings;
- d. approving the ninth report of the Monitor dated January 18, 2026 (the "Ninth Report"), and the activities, conduct, and decisions of FTI and the Monitor set out therein;
- e. approving the fees and disbursements of the Monitor and the Monitor's counsel, Osler, Hoskin & Harcourt LLP ("Osler");
- f. authorizing the Books and Records Transfer (as defined in the motion materials); and
- g. extending to Chesswood and Chesswood Litigation Counsel (as defined in the motion materials) all information rights in favour of the Monitor under any of the Rifco APA, Pawnee SPA, Waypoint SPA, Bishop Transaction Agreement, and the Easy Legal APA (each as defined in the motion materials, and collectively, the "Purchase Agreements").

[4] The proposed CCAA Termination Order provides that these CCAA proceedings will be terminated upon service of a certificate of the Monitor (the "CCAA Termination Certificate") to the service list in these CCAA proceedings certifying that, to the knowledge of the Monitor, all matters to be attended to in connection with these CCAA proceedings have been completed to its satisfaction. FTI will then be released and discharged as Monitor and each of the Charges will be terminated, released, and discharged.

[5] I am satisfied that the proposed CCAA Termination Order is appropriate in the circumstances and provides for an appropriate process for the termination of these CCAA proceedings.

[6] The proposed CCAA Termination Order includes ancillary relief to address the costs associated with the Monitor's ongoing retention of the Books and Records. The Monitor is seeking approval to transfer possession or

control of all Books and Records to Chesswood Litigation Counsel (on behalf of Chesswood) for preservation and use in any civil proceedings or other matters (the "Books and Records Transfer"), while retaining certain rights of access for tax reporting purposes. Given that the CCAA Parties' businesses have been sold and there are no remaining business activities, the Monitor's maintenance of the Books and Records on a go-forward basis would result in additional costs to the CCAA Parties' estates-costs that the Pre-Filing Lenders are not prepared to fund from their collateral (which includes all of the CCAA Parties' remaining assets). I accept that the contemplated Books and Records Transfer is procedurally fair to all interested parties and obviates the need to destroy the records, conditional authorization of which was granted in the Records Protocol Order previously made.

[7] The Monitor also seeks to extend to Chesswood (and Chesswood Litigation Counsel) all information rights in favour of the Monitor (or any trustee in bankruptcy of the CCAA Parties) under each of the Purchase Agreements. Without this relief, Chesswood or Chesswood Litigation Counsel would need to make information requests through the Monitor or any trustee in bankruptcy, which would be inefficient and unnecessarily increase costs. No such costs are contemplated in the Wind-Down Reserve (as defined below), nor would they be funded by the Pre-Filing Lenders.

[8] The Monitor also seeks to ensure that certain tax refunds payable to the CCAA Parties are distributed to the Pre-Filing Lenders in the most efficient way possible. In particular, the Monitor requests that any tax refunds received by or on behalf of any CCAA Party (wheresoever located) be deemed to not form part of the bankruptcy estate of the CCAA Parties and instead be promptly distributed to the Pre-Filing Agent (for and on behalf of the Pre-Filing Lenders) as a partial repayment of the obligations owing to the Pre-Filing Lenders under the Existing Credit Agreement as part of these CCAA proceedings.

[9] On the basis of confirmation by the Monitor's counsel as to the validity and enforceability of the Pre-Filing Agent's security over the property and assets of the CCAA Parties, and after the repayment in full of the DIP Facility, this Court has authorized the Monitor to distribute the cash proceeds of transactions previously approved in these CCAA proceedings and other residual amounts, including certain anticipated tax refunds, to the Pre-Filing Agent for and on behalf of the Pre-Filing Lenders, who will not be repaid in full. I am satisfied that this relief should be granted.

[10] The proposed CCAA Termination Order provides that, upon the termination of these CCAA proceedings, the Monitor, its counsel, and each of their respective affiliates and officers, directors, partners, employees and agents (collectively, the "Released Parties") will be released and discharged from certain claims relating to the CCAA proceedings, their respective conduct in connection with the CCAA proceedings, or any actions required or steps taken in carrying out any Monitor Incidental Matters (collectively, the "Released Claims"), provided that the Released Claims do not include any claim or liability arising out of any gross negligence or willful misconduct on the part of the Released Parties.

[11] The factors courts consider when granting third-party releases in CCAA proceedings are well-established: (i) whether the parties to be released were necessary and essential to the restructuring of the debtor; (ii) whether the claims to be released are rationally connected to the purpose of the restructuring and necessary for it; (iii) whether the restructuring could succeed without the releases; (iv) whether the parties being released contributed to the restructuring; and (v) whether the releases benefit the debtors as well as the creditors generally. It is not necessary for each of these factors to apply in order for a release to be granted. See *Lydian International Limited (Re)*, 2020 ONSC 4006 at para. 54.

[12] I accept that the proposed Releases satisfy these factors. The Released Parties have made significant contributions to the implementation of these CCAA proceedings. The proposed Releases are appropriately tailored, as their scope is limited to matters relating to the CCAA proceedings and they are subject to the exclusions noted above. I accept that the Releases are in the interest of all stakeholders, as their approval is necessary to bring finality to these CCAA proceedings.

[13] The current Stay Period is set to expire on January 30, 2026. The Monitor is seeking an extension of the Stay Period up the CCAA Termination Time (i.e., delivery of the CCAA Termination Certificate to the service list). This Court is authorized to extend a CCAA stay pursuant to section 11.02(2) of the CCAA, provided that the two considerations outlined in subsection 11.02(3) are satisfied. These are: (a) circumstances exist that make the order appropriate; and (b) the applicant has acted, and is acting, in good faith and with due diligence. I accept that both of the subsection 11.02(3) factors are satisfied. The CCAA Parties, under the supervision of the Monitor, have acted in good faith and with due diligence in the CCAA proceedings since the commencement of the CCAA proceedings. The Monitor reports that it believes that no creditor of the CCAA Parties would be materially prejudiced by the requested stay extension.

[14] I am satisfied that the other requested ancillary relief should be granted.

[15] Order to go as signed by me today. This order is effective from today's date and is enforceable without the need for entry and filing.

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