



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

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

DATE: MAY 01 2025

NO. ON LIST:1

TITLE OF PROCEEDING: ROYAL BANK OF CANADA v. CHESSWOOD GROUP LIMITED et al
BEFORE: JUSTICE J. DIETRICH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

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Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

- [1] FTI Consulting Canada Inc., as Court-appointed as Monitor of the CCAA Parties seeks an order extending the Stay Period until June 16, 2025, approving the Reports and approving the fees and disbursements of the Monitor and its counsel for the period of October 29, 2024 to February 28, 2025.
- [2] Terms used and not otherwise defined herein have the meaning provided for in the factum of the Monitor filed on this motion.
- [3] The relief sought by the Monitor is unopposed.
- [4] The Stay Period currently expires today, May 2, 2025.
- [5] In the Monitor's Fifth Report and its supplement thereto, the Monitor advised that discussions were ongoing regarding an amendment to the existing DIP Term Sheet to provide for an extension of the maturity date therein to June 16, 2025 (the date of the revised requested extended Stay Period). The Monitor has confirmed that the DIP Term Sheet has now been amended to provide, among other things, for an extended maturity date to coincide with the requested extended Stay Period.

Background

- [6] The Monitor was appointed by the Court on application of Royal Bank of Canada, in its capacity as the Pre-Filing Agent to the Pre-Filing Lenders by Initial Order made on October 29, 2024 under the *Companies' Creditors Arrangement Act* (the "CCAA"). The Initial Order also provided the Monitor with expanded powers to conduct and control the financial affairs and operations of the CCAA Parties.
- [7] The "CCAA Parties" are comprised of Chesswood Group Limited ("Chesswood"), Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd. (the "Pawnee Vendor"), Lease-Win Limited, Windset Capital Corporation, Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., 942328 Alberta Inc. (formerly Rifco National Auto Finance Corporation) ("Rifco"), 908696 Alberta Inc. (formerly Rifco Inc.) (together with Rifco, the "Rifco Entities"), Waypoint Investment Partners Inc., 1000390232 Ontario Inc., and CGL Holdco, LLC ("ResidualCo"). The Initial Order applied to two additional entities, Pawnee Leasing Corporation ("Pawnee") and Tandem Finance Inc. ("Tandem"), and did not include ResidualCo. Following the Pawnee RVO, Pawnee and Tandem were removed from and ResidualCo was added to these CCAA proceedings.

- [8] The CCAA Parties' business was to provide loans to small businesses and consumers across Canada and the United States, focusing on equipment, vehicle, and legal financing.
- [9] The Initial Order also approved the DIP Term Sheet dated between Chesswood, as borrower, the other entities in the Chesswood Group, as guarantors, Royal Bank of Canada, as administrative and collateral agent, and the lenders thereunder, and authorizing borrowings under the DIP Facility.
- [10] A SISP Approval Order was granted on December 19, 2024. On January 29, 2025, orders were issued by the Court approving the sale of certain assets of the CCAA Parties. On March 7, 2025, the Court issued the Pawnee RVO approving the sale by the Pawnee Vendor of all of the issued and outstanding shares in the capital of Pawnee and Tandem to North Mill Equipment Finance, LLC through a reverse vesting transaction, and vesting certain retained assets and liabilities in ResidualCo (the "Pawnee Transaction"). That day, the Court also issued an order extending the Stay Period until May 2, 2025.
- [11] On April 1, 2025, the Pawnee Transaction closed. At closing, the Pawnee Vendor received total cash consideration of approximately US\$82.79 million (inclusive of the deposit) which is subject to further post-closing adjustments. The Pawnee RVO contemplates the distribution of the Pawnee Transaction proceeds to the DIP Agent, as a mandatory repayment in accordance with the DIP Term Sheet and, as applicable, the Pre-Filing Agent, for and on behalf of the Pre-Filing Lenders.
- [12] The Monitor, the DIP Agent and the DIP Lenders, and their respective counsel have been working to determine the appropriate means and processes for distribution, having regard to potential post-closing adjustments, potential tax implications, and ensuring that the CCAA Parties have sufficient liquidity for the wind down of the CCAA Parties and the CCAA proceedings. The Supplement to the Fifth Report of the Monitor indicates that it is anticipated that the distribution may include a Plan of Liquidation (as defined in the Supplement to the Fifth Report). No relief in that regard, however, is sought today.

Issues

- [13] The issues to be decided today are:
- a. should the Stay Period be extended until June 16, 2025;
 - b. should the Reports and the activities of FTI and the Monitor set out therein be approved; and
 - c. should the fees and disbursements of the Monitor and its counsel be approved?

Analysis

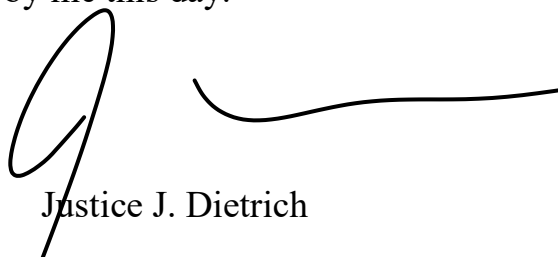
- [14] This Court is authorized to extend a CCAA stay pursuant to s. 11.02(2) of the CCAA, provided that the (a) circumstances exist that make the order appropriate; and (b) the

CCAA Parties have acted, and are acting, in good faith and with due diligence (see s. 11.02(3) of the CCAA).

- [15] The current Stay Period will expire on May 2, 2025. The Monitor is seeking an extension of the Stay Period up to and including June 16, 2025. The stay extension is appropriate and necessary in the circumstances to provide breathing room and ongoing stability to the CCAA Parties while the Monitor attends to post-closing matters in connection with the Pawnee Transaction, works to monetize the CCAA Parties' remaining assets, and continues to advance the CCAA proceedings towards a wind-down.
- [16] There is no reason to believe that the CCAA Parties, under the supervision of the Monitor have not acted in good faith and with due diligence. Given the agreed DIP Term Sheet amendment, no creditor will be materially prejudiced by the extension of the Stay Period.
- [17] Accordingly, the extension of the Stay Period until June 16, 2025 is appropriate in the circumstances.
- [18] The request to approve the Reports is not unusual and there are good policy and practical reasons for doing so: see *Laurentian University of Sudbury*, 2022 ONSC 2927 at paras. 13-14, citing *Target Canada Co. (Re)*, 2015 ONSC 7574 at paras. 2, 12, 22.
- [19] No opposition to the approval of the Reports has been raised and the approval of the Reports is appropriate in the circumstances as the Monitor has acted reasonably and in good faith. The draft order provided contains the typical language that only the Monitor is entitled to rely on the approval.
- [20] In considering whether to approve fees and disbursements of the Monitor and its counsel, the Court is to do so based on the "overriding principle of reasonableness," and not engage in a docket-by-docket or line-by-line assessment of the accounts: see *Nortel Networks Inc.*, 2022 ONSC 6680 [*Nortel*] at para. 10. *Nortel* also provides a list of factors to take into consideration in assessing the reasonableness of the fees: see para 11. Taking into account those factors, including the expanded mandate of the Monitor in this CCAA proceeding, I am satisfied that the fees and disbursements incurred by the Monitor and its counsel as set out in the Fifth Report are appropriate in the circumstances and are hereby approved.

Disposition

- [21] Order to go in the form signed by me this day.

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line that curves upwards at the end.

May 1, 2025

Justice J. Dietrich