



ONTARIO SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

**COUNSEL/ENDORSEMENT SLIP**

**COURT FILE NO.:** CV-24-00715773-00CL **DATE:** May 15, 2025

**NO. ON LIST:** 2

**TITLE OF PROCEEDING:** Re: BZAM LTD.

**BEFORE:** JUSTICE OSBORNE

**PARTICIPANT INFORMATION**

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

Name of Person Appearing	Name of Party	Contact Info
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**For Defendant, Respondent, Responding Party:**

Name of Person Appearing	Name of Party	Contact Info
Joseph Bellissimo	Counsel for Cortland Credit, the DIP Lender	Jbellissimo@cassels.com

**For Other, Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info
	Counsel to the Monitor	
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## **ENDORSEMENT OF JUSTICE OSBORNE:**

[1] The Applicants seek:

- a. a vesting order approving an amended and restated share subscription agreement dated May 9, 2025 between BZAM and the Stalking Horse Purchaser (1000816625 Ontario Inc.);
- b. authorization to complete the Transaction and related matters;
- c. the addition of Residual Co. as an Applicant;
- d. the vesting in the Purchaser of all interest in the Subscribed Shares and Retained Assets, free and clear of Encumbrances;
- e. approval of the assignment of the Assigned Contract to The Green Organic Dutchman Ltd.;
- f. Authorization for the Applicants to distribute the Cash Consideration to Cortland as full and final repayment of indebtedness owing by the Applicants;
- g. Removal of the Surviving Entities as Applicants;
- h. an extension of the stay of proceedings until the earlier of August 15, 2025 and the CCAA Termination Time;
- i. termination the CCAA Proceedings and discharging the Monitor upon the filing of a Termination Certificate;
- j. approval of the 10<sup>th</sup> Report of the Monitor dated May 13, 2025 and the activities described therein;
- k. approval of the fees and disbursements of the Monitor and its counsel;
- l. approval of the proposed Releases; and
- m. authorization for the Applicants, except the Surviving Entities, to make an assignment into bankruptcy.

[2] The Service List has been served. The relief sought today is unopposed. No party has filed responding materials. Cortland as senior secured lender and DIP Lender consents to and supports the relief sought. It is recommended by the Monitor. The Applicants have reached

agreements with the Canada Revenue Agency, the Department of Justice and Health Canada. All are on notice of the relief sought today, and none opposes.

- [3] The basis for the relief sought is fully set out in the motion materials and the 10<sup>th</sup> Report. I am satisfied that it should be granted.
- [4] This Court has discretion pursuant to section 11 of the CCAA to approve a transaction such as the proposed Stalking Horse Transaction, including its reverse vesting structure. I am satisfied that such an approval here furthers the remedial objectives of the CCAA and is consistent with the baseline considerations of appropriateness, good faith and due diligence. The proposed Transaction maximizes value for stakeholders and ensures the continued operation of the business, which operates in a highly regulated environment.
- [5] Indeed, I am satisfied that the Transaction represents the best outcome here. Most fundamentally, it preserves the business as a going concern and protects approximately 150 full-time jobs for employees.
- [6] I have considered all of the factors set out in *Harte Gold* to be considered in the context of determining whether a reverse vesting transaction should be approved. Those factors are met here, as are the *Soundair Principles* and the non-exhaustive list of factors set out in subsection 36(3) of the CCAA, all of which I have considered concurrently with the *Harte Gold* factors.
- [7] Moreover, I am satisfied for the reasons principally set out in the 10<sup>th</sup> Report that the factors set out in subsection 36(4) of the CCAA relevant to related party transactions have been satisfied here, as is required. Appropriate safeguards were adopted to ensure that, notwithstanding that the Transaction is with a related party, it is in the best interests of all stakeholders, and that the risks associated with the Transaction have been mitigated. In short, the process leading to the Transaction was reasonable, fair, transparent and undertaken in good faith, including with respect to efforts made to solicit third party interest.
- [8] The Transaction produces an economic result at least as favourable as any other viable alternative, and the Monitor is fully supportive of both the process and the result, as is the DIP Lender.
- [9] I acknowledge that there is, regrettably, no recovery for unsecured creditors. However, there would equally be none in the context of a bankruptcy, which is the alternative, in the circumstances. Moreover, the only debt being assigned and transferred to Residual Co. is that of Stonepine, which does not oppose the relief being sought, and the unsecured debt.
- [10] I am also satisfied that the proposed Distribution to Cortland should be authorized pursuant to section 11 of the CCAA as a distribution to a secured creditor, absent a plan of compromise or arrangement. Cortland has a super-priority charges DIP Lender, and the

Monitor has confirmed that the Applicants have sufficient cash to address outstanding obligations. The proposed Distribution is appropriate.

- [11] I am further satisfied that the Assigned Contract should be assigned, pursuant to section 11.3 of the CCAA, and that the three statutory factors to be considered have been met here.
- [12] Given all of the above, it is appropriate that the CCAA Proceedings be terminated and the corresponding appointment of the Monitor and Court-ordered Charges be discharged, all pursuant to section 11 of the CCAA.
- [13] I am further satisfied that the proposed Releases are appropriate and should be approved here, the factors set out in *Lydian* and echoed in *Harte Gold* having been satisfied.
- [14] The stay of proceedings, currently set to expire on May, 15, should be, and hereby is extended pursuant to subsection 11.02 of the CCAA, as I am satisfied that circumstances exist that make the order appropriate and the Applicants have acted and continue to act in good faith and with due diligence. The extension is supported by the Monitor, and the Revised Cash Flow Forecast reflects sufficient liquidity through the proposed stay extension period.
- [15] Finally, I am satisfied that the 10<sup>th</sup> Report, the activities of the Monitor set out therein, and the fees and disbursements of the Monitor and its counsel are reasonable, appropriate and are approved: *Bank of Nova Scotia v. Diemer* and *Nortel*. The activities are consistent with the original terms of the appointment of the Monitor, and the fees of the Monitor and its counsel are reasonable, consistent with market rates, appropriate and reflect the time spent to complete the enumerated activities.
- [16] For all of these reasons, the motion is granted. Approval and Vesting Order (Stalking Horse) and CCAA Termination Order to go in the form signed by me today. Both orders have immediate effect without the necessity of issuing and entering.

A handwritten signature in green ink, appearing to read "O'Brien J.", with a stylized flourish at the end.