

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD
HOLDINGS LTD., CHESSWOOD US ACQUISITIONCO LTD., LEASE-WIN LIMITED,
WINDSET CAPITAL CORPORATION, CHESSWOOD CAPITAL MANAGEMENT INC.,
CHESSWOOD CAPITAL MANAGEMENT USA INC., 942328 ALBERTA INC.,
908696 ALBERTA INC., 1000390232 ONTARIO INC. and CGL HOLDCO, LLC

**FACTUM OF THE MONITOR
(Easy Legal AVO and CCAA Termination Order)**

September 15, 2025

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PART I - NATURE OF THE MOTION

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.¹ 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. Since the Initial Order, the Monitor has undertaken an expansive mandate, working consistently to oversee the CCAA Parties’ business while pursuing potential transactions in search of a value-maximizing resolution to these CCAA proceedings. Its efforts have yielded results,

¹ 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. (“**CCMI**”), Chesswood Capital Management USA Inc., 942328 Alberta Inc. (formerly Rifco National Auto Finance Corporation), 908696 Alberta Inc. (formerly Rifco Inc.) (together with 942328 Alberta Inc., the “**Old Rifco Entities**”), 1000390232 Ontario Inc., and CGL Holdco, LLC (“**ResidualCo**”). The Initial Order applied to three additional entities, Pawnee Leasing Corporation (“**Pawnee**”), Tandem Finance Inc. (“**Tandem**”), and Waypoint Investment Partners Inc. (“**Waypoint**”), and did not include ResidualCo. As discussed below, (i) pursuant to the Pawnee RVO (as defined below), the shares of Pawnee and Tandem were sold by the Pawnee Vendor and certain retained assets and liabilities were vested in ResidualCo, and Pawnee and Tandem were removed from, and ResidualCo was added to, the CCAA proceedings, and (ii) pursuant to the Waypoint AVO (as defined below), the shares of Waypoint were sold by CCMI, and Waypoint was removed from the CCAA proceedings.

including Court approval of various transactions in respect of different elements of the CCAA Parties' business. The Monitor now requests this Court's approval of a last transaction.

4. The Monitor accordingly seeks an approval and vesting order (the "**Easy Legal AVO**") approving the asset purchase agreement dated August 27, 2025 (the "**Easy Legal APA**") between Chesswood, 1000390232 Ontario Inc. ("**Easy Legal**" and together with Chesswood, the "**Easy Legal Vendors**") and 17208260 Canada Inc. (the "**Purchaser**"), and the sale by the Easy Legal Vendors of the Easy Legal Assets (as defined below) (the "**Proposed Easy Legal Transaction**").

5. The Proposed Easy Legal Transaction should be approved. Extensive marketing efforts undertaken both prior to and during these CCAA proceedings establish that the Proposed Easy Legal Transaction represents the best (and only) transaction available and is the only opportunity for the business to continue as a going concern.

6. The Monitor is no longer seeking the relief sought in the proposed CCAA Termination Order included in the motion materials. Instead, the Monitor respectfully requests a further hearing, prior to October 3, 2025 (*i.e.*, the expiry of the stay of proceedings) to consider those matters.

PART II - THE FACTS

A. Background

7. 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.² The CCAA Parties ultimately suffered an impending liquidity crisis caused by several continuing defaults under the Existing Credit Agreement.³

8. This Court accordingly granted the Initial Order on October 29, 2024 (the "**Filing Date**") on an application by the Pre-Filing Agent.⁴ The Initial Order also approved the DIP financing principal terms sheet dated October 29, 2024 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 (in such capacity, the "**DIP Agent**"), and authorizing borrowings under a secured super-priority credit facility established thereunder (the "**DIP Facility**").⁵

9. On October 30, 2024, the Monitor, in its capacity as foreign representative, commenced proceedings under chapter 15 of title 11 of the United States Code (the proceedings commenced thereunder, "**Chapter 15 Proceedings**") for each of the CCAA Parties with the U.S. Bankruptcy Court for the District of Delaware (the "**U.S. Court**").⁶

² Eighth Report at para. 11.

³ Eighth Report at para. 11.

⁴ Eighth Report at para. 1.

⁵ Eighth Report at para. 2.

⁶ Eighth Report at para. 3. The U.S. Court subsequently entered orders on October 31, 2024 and November 25, 2024: Eighth Report at paras. 3, 5.

10. On November 7, 2024, this Court issued the ARIO, which extended the period of the Court-ordered stay of proceedings (the “**Stay Period**”) until January 31, 2025, and increased the permitted DIP Borrowings (as defined in the ARIO). The Stay Period has subsequently been extended by the Court until and including October 3, 2025.⁷

11. On December 19, 2024, this Court issued an order approving a sale and investment solicitation process (the “**SISP**”) in respect of the CCAA Parties (other than the Old Rifco Entities) and an order (the “**KERP Approval Order**”) approving a key employee retention plan and granting a charge in respect thereof (the “**KERP Charge**”).⁸

12. On January 29, 2025, this Court issued orders approving the sale of certain assets by the Old Rifco Entities, which transaction closed on February 14, 2025.⁹

13. On March 7, 2025, this Court issued an order (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 LLC (“**North Mill**”) through a reverse vesting transaction (the “**Pawnee Transaction**”), and vesting certain excluded assets and liabilities in ResidualCo. The Pawnee Transaction closed on April 1, 2025, and the DIP Facility was repaid in full from the cash proceeds.¹⁰

14. On June 9, 2025, the Court issued an order (the “**Waypoint AVO**”) that, among other things, approved a sale of all issued and outstanding shares of Waypoint by CCMI and granted

⁷ Eighth Report at para. 4.

⁸ Eighth Report at para. 6.

⁹ Eighth Report at para. 7.

¹⁰ Eighth Report at para. 8.

related relief (the “**Waypoint Transaction**”). The Waypoint Transaction closed on August 15, 2025.¹¹

15. On July 29, 2025, the Court issued an order (the “**Bishop AVO**”) approving the transaction agreement among ResidualCo, the Pawnee Vendor, and North Mill dated July 22, 2025 and the transactions contemplated therein (collectively, the “**Bishop Transactions**”), and transferring and vesting in North Mill all of ResidualCo’s right, title and interest in and to the Bishop Equity Interests and the Bishop Assigned Contract (each as defined in the Bishop Transaction Agreement). The Bishop Transactions closed on August 18, 2025.¹²

B. Activities of the Monitor

16. Since the Seventh Report, the Monitor’s activities have included:

- (a) updating the Monitor’s website as necessary, including posting copies of the Seventh Report, the Bishop AVO, and other related documents, including the Monitor’s certificates in respect of the Waypoint Transaction and Bishop Transactions;
- (b) monitoring the Monitor’s email inbox and responding to enquiries;
- (c) participating in discussions with and assisting the CCAA Parties in discussions with employees, suppliers, creditors, other stakeholders and other parties on matters related to the CCAA proceedings and responding to requests for information from certain such parties;

¹¹ Eighth Report at para. 9.

¹² Eighth Report at para. 10.

- (d) monitoring the receipts and disbursements of the CCAA Parties;
- (e) responding to enquiries from stakeholders and participating in discussions with certain stakeholders;
- (f) attending on matters in furtherance of closing the Waypoint Transaction and the Bishop Transactions;
- (g) engaging with the Purchaser, the Easy Legal Vendors, and the Pre-Filing Agent with respect to the Proposed Easy Legal Transaction and the Easy Legal APA;
- (h) attending to the termination or disclaimer of certain contracts;
- (i) developing a proposed path forward for the completion of these proceedings, in consultation with the CCAA Parties and the Pre-Filing Agent; and
- (j) preparing the Eighth Report.¹³

C. The Proposed Easy Legal Transaction

17. Easy Legal, an Ontario corporation headquartered in Toronto, provides financing services in British Columbia, Alberta, Ontario, and the Atlantic provinces. Prior to the commencement of the CCAA proceedings, Easy Legal was a specialty lender focused on providing credit solutions to the legal and medical sectors offering three kinds of loans: (i) loans to finance personal injury lawsuits, (ii) loans to finance separation or divorce proceedings, and (iii) loans to finance medical treatment or surgical procedures.¹⁴

¹³ Eighth Report at para. 19.

¹⁴ Eighth Report at para. 20.

18. The Chesswood Group, through Easy Legal, initially acquired the “Easy Legal” operating business from Easy Legal Finance Inc. (“**ELFI**”) in or around December 2022. The sale of the business was completed as an asset purchase transaction and, among other things, (i) ELFI, which originated loans, sold the operating assets of the business to Easy Legal while retaining its direct and indirect (through a wholly-owned subsidiary (“**ELFI Subsidiary**”)) interest in the applicable then existing loan receivables (the “**Retained Receivables**”) and related loan documents, (ii) Easy Legal, ELFI, and ELFI Subsidiary entered into a Servicing and Licensing Agreement (the “**SLA**”) pursuant to which Easy Legal would provide loan management, administrative and other services for the Retained Receivables on behalf of ELFI and ELFI Subsidiary in exchange for management fees, and (iii) ELFI, ELFI Subsidiary, and certain of their principals provided non-competition and non-solicitation covenants in favour of Easy Legal (the “**Restrictive Covenants**”). Since closing of the sale in or around December 2022, ELFI and/or ELFI Subsidiary sold certain Retained Receivables to Easy Legal.¹⁵

19. Following a pre-filing process and the SISF, neither of which resulted in a transaction in respect of Easy Legal, the Purchaser reached out to the Monitor in July 2025 to express interest in acquiring the business. Following discussions, the Easy Legal Vendors and the Purchaser agreed to the terms of an asset acquisition, which culminated in the signing of the Easy Legal APA.¹⁶

20. Pursuant to the Easy Legal APA:¹⁷

(a) the Purchaser will acquire certain assets (the “**Easy Legal Assets**”), including:

¹⁵ Eighth Report at para. 21.

¹⁶ Eighth Report at paras. 22-24.

¹⁷ The key terms of the Easy Legal APA are summarized in detail in the Eighth Report at paras. 25-26. Capitalized terms not otherwise defined are as defined in the Easy Legal APA.

- (i) (I) all loans receivables, accrued interest receivable, and other amounts owing or accruing due to Easy Legal, excluding Excluded Assets (the “**Loan Portfolio**”), (II) the indebtedness payable by ELFI to Chesswood under a secured promissory note delivered by ELFI and ELFI Subsidiary (the “**Secured Note**”), (III) all accounts receivable and other amounts owing to Easy Legal from ELFI, including amounts owing under the SLA, and (IV) a receivable owing to Easy Legal from 1000458189 Ontario Inc.; and
 - (ii) Assigned Contracts, including (I) the Secured Note, (II) the loan agreements pursuant to which Easy Legal agreed to make the loan advances listed in the Loan Portfolio, (III) the Restrictive Covenants, and (IV) commercial contracts with certain vendors and suppliers;
- (b) the Purchaser will assume certain liabilities and will not be transferred certain Excluded Assets;
- (c) the Purchaser has paid a deposit of \$225,000;
- (d) the Purchaser will pay a Purchase Price of \$1,500,000;
- (e) the outside date for closing is September 26, 2025 (unless otherwise agreed); and
- (f) the aggregate cash proceeds from the Proposed Easy Legal Transaction will be distributed to the Pre-Filing Agent in partial repayment of the outstanding indebtedness under the Existing Credit Agreement.

PART III - THE ISSUES

21. The issues to be considered on this motion are whether:

- (a) the proposed Easy Legal AVO should be granted; and
- (b) the proposed CCAA Termination Order should be granted.

PART IV - THE LAW

A. The proposed Easy Legal AVO should be granted

22. Pursuant to subsection 36(1) of the CCAA, the court may authorize a debtor company to sell or otherwise dispose of assets outside the ordinary course of business. In addition to establishing certain requirements for sale approval, subsection 36(3) sets out a list of factors to guide the court's decision:

36(3) In deciding whether to grant the authorization, the court is to consider, among other things,

- (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
- (b) whether the monitor approved the process leading to the proposed sale or disposition;
- (c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
- (d) the extent to which the creditors were consulted;
- (e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
- (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

23. These factors overlap to a significant extent with the *Soundair* factors that were applied in approving sale transactions prior to the amendments introducing section 36. Under the *Soundair* test, it was necessary to consider: (i) whether the receiver has made a sufficient effort to get the best price and has not acted improvidently; (ii) the interests of all parties; (iii) the efficacy and integrity of the process for obtaining offers; and (iv) whether there was any unfairness in the working out of the process.¹⁸

24. The factors listed in subsection 36(3) are not exhaustive.¹⁹ In deciding whether to approve a sale, courts consider the appropriateness of the sale as against the CCAA’s overall remedial purpose, namely avoiding the social and economic losses resulting from the liquidation of an insolvent company.²⁰ Where the section 36 factors and the *Soundair* principles have been met, the court “should uphold the business judgment of the Monitor as to the result of the sales process and should not lightly interfere” with the exercise of this judgment “so long as the sale process was fair, reasonable, transparent and efficient.”²¹

25. Taking into account the factors listed in subsection 36(3) of the CCAA and other statutory requirements, this Court should approve the Proposed Easy Legal Transaction and grant the proposed Easy Legal AVO, which the Monitor believes would be in the best interests of all stakeholders.

¹⁸ *Pride Group Holdings Inc. et al.*, [2024 ONSC 5908](#) at para. 12 [*Pride*], citing *Royal Bank v. Soundair Corp.*, [1991 CanLII 2727](#) (ONCA) [*Soundair*].

¹⁹ *Pride* at para. 10.

²⁰ *Pride* at para. 13.

²¹ *Pride* at para. 14. See also *BBB Canada Inc.*, [2023 ONSC 2308](#) at para. 13.

(a) The process was reasonable

26. Whether the process for achieving a sale transaction under the CCAA is fair and reasonable must be examined contextually, in light of the particular circumstances existing at the time.²² Assessing the reasonableness of a sale process does not require the court to examine in minute detail all of the circumstances leading up to the acceptance of a particular offer.²³

27. The Proposed Easy Legal Transaction is the result of extensive marketing, including pursuant to the Court-approved SISP.²⁴ Easy Legal was marketed broadly as part of the pre-filing process undertaken by RBC Capital Markets (“**RBCCM**”) in respect of the Chesswood Group in 2024, in which RBCCM contacted 187 parties and as a result of which 26 non-disclosure agreements were signed. Notwithstanding these efforts, no transaction involving the sale of, or investment in, Easy Legal was identified at that time.²⁵

28. Following the Filing Date, and in accordance with the SISP, the Monitor contacted 198 parties that may have had an interest in the Chesswood Group’s business, including Easy Legal. Of those, 13 were believed to have an interest in Easy Legal’s business, and four of those 13 ultimately signed non-disclosure agreements to gain access to a data room and evaluate a potential acquisition of Easy Legal or its business. The Monitor received one non-binding offer from those parties. While the Monitor, the Easy Legal Vendors, and the interested party subsequently engaged

²² See *White Birch Paper Holding Company (Arrangement relatif à)*, [2010 QCCS 4915](#) at para. 49, leave to appeal ref’d [2010 QCCA 1950](#): “The Court has to look at the transaction as a whole and essentially decide whether or not the sale is appropriate, fair and reasonable. In other words, the Court could grant the process for reasons others than those mentioned in Section 36 CCAA or refuse to grant it for reasons which are not mentioned in Section 36 CCAA.”

²³ *Soundair* at paras. 48-49.

²⁴ Eighth Report at para. 27(a).

²⁵ Eighth Report at para. 22.

in negotiations regarding a definitive transaction document in respect of the Easy Legal business, that offer did not culminate in a binding executed purchase agreement.²⁶ The Monitor and the Easy Legal Vendors subsequently began preparations to move the business to a loan service provider and wind it down over time, while remaining open to inbound interest in the business and its assets. Several parties expressed interest but did not proceed past initial discussions. Then, in July 2025, the Purchaser reached out to the Monitor began the negotiations that culminated in the Easy Legal APA.²⁷

29. There is no suggestion of any unfairness in the working out of this process. To the contrary, interested parties were presented with various opportunities to purchase Easy Legal or its business, and many engaged further with the process. The Monitor has also consulted with and obtained the support of the Pre-Filing Agent and Pre-Filing Lenders regarding the Proposed Easy Legal Transaction.²⁸ While the Monitor did not direct the pre-filing process, it was involved with subsequent efforts, and is satisfied that these marketing attempts demonstrate the improbability of receiving a better offer.

(b) The Purchase Price is fair and reasonable

30. In considering whether the consideration is fair and reasonable, courts look to whether the Monitor has made a sufficient effort to obtain the best price and has not acted improvidently.²⁹

²⁶ Eighth Report at para. 23.

²⁷ Eighth Report at para. 24.

²⁸ Eighth Report at para. 27(d).

²⁹ See *Pride* at para. 12; *Edward Collins Contracting Limited (Re)*, [2023 NLSC 139](#) at para. 68.

31. The Monitor believes that amount of consideration payable by the Purchaser is fair and reasonable in the circumstances.³⁰ The Pre-Filing Agent and Pre-Filing Lenders support the Monitor's motion for the Easy Legal AVO on the basis that the consideration contemplated under the Easy Legal APA is adequate.³¹ Despite the extensive marketing efforts undertaken by RBCCM prior to the Filing Date and by the Monitor under the SISP, no other executable transaction for the purchase of Easy Legal or its business has emerged,³² indicating that a better deal is unlikely to materialize.

(c) The Proposed Easy Legal Transaction is in the best interests of stakeholders

32. The Monitor believes that the amount of consideration payable by the Purchaser represents greater recovery than could be achieved in a bankruptcy.³³ The Pre-Filing Agent and Pre-Filing Lenders, the fulcrum creditors in these CCAA proceedings, have consented to the Proposed Easy Legal Transaction and support the Monitor's motion for the Easy Legal AVO.³⁴

(d) The Proposed Easy Legal Transaction complies with other statutory requirements

33. The other statutory requirements for obtaining relief under section 36 of the CCAA have been satisfied.

³⁰ Eighth Report at para. 27(c).

³¹ Eighth Report at para. 27(d).

³² Eighth Report at para. 27(b).

³³ Eighth Report at para. 27(c).

³⁴ Eighth Report at para. 27(d).


34. As required by subsection 36(2) of the CCAA, all secured creditors who are likely to be affected by the Proposed Easy Legal Transaction, namely the Pre-Filing Agent and Pre-Filing Lenders, have been notified and, indeed, have provided their consent.³⁵

35. Further, subsection 36(7) of the CCAA provides that relief under section 36 cannot be granted unless the court is “satisfied that the company can and will make the payments that would have been required under [paragraph 6(5)(a)] if the court had sanctioned the compromise or arrangement.”³⁶ Paragraph 6(5)(a) refers to amounts owing by a debtor company to its employees and former employees for unpaid wages that they would have been entitled to receive under the *Bankruptcy and Insolvency Act*, and amounts owing for post-filing services to the debtor company. As payroll has been kept up to date post-filing and a final payroll will be paid that includes any remaining unpaid vacation pay, the requirements of section 36(7) of the CCAA are satisfied on this motion.

PART V - RELIEF REQUESTED

36. The Monitor requests that this Court grant the proposed Easy Legal AVO and schedules a further hearing to consider certain matters contemplated in the CCAA Termination Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 15th day of September, 2025.



³⁵ Eighth Report at para. 27(d).

³⁶ CCAA, s. 36(7). Paragraph 6(6)(a) concerns payments in respect of a prescribed pension plan, which it not in issue in this case.

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SCHEDULE “A”

LIST OF AUTHORITIES

1. *BBB Canada Inc.*, [2023 ONSC 2308](#)
2. *Edward Collins Contracting Limited (Re)*, [2023 NLSC 139](#)
3. *Pride Group Holdings Inc. et al.*, [2024 ONSC 5908](#)
4. *Royal Bank v. Soundair Corp.*, [1991 CanLII 2727](#) (ONCA)
5. *White Birch Paper Holding Company (Arrangement relatif à)*, [2010 QCCS 4915](#), leave to appeal ref'd [2010 QCCA 1950](#)

I certify that I am satisfied as to the authenticity of every authority.

Date September 15, 2025



Signature

SCHEDULE “B”

Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36

Restriction — employees, etc.

6 (5) The court may sanction a compromise or an arrangement only if

(a) the compromise or arrangement provides for payment to the employees and former employees of the company, immediately after the court’s sanction, of

(i) amounts at least equal to the amounts that they would have been qualified to receive under paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* if the company had become bankrupt on the day on which proceedings commenced under this Act, and

(ii) wages, salaries, commissions or compensation for services rendered after proceedings commence under this Act and before the court sanctions the compromise or arrangement, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the company’s business during the same period; and

(b) the court is satisfied that the company can and will make the payments as required under paragraph (a).

Restriction — pension plan

(6) If the company participates in a prescribed pension plan for the benefit of its employees, the court may sanction a compromise or an arrangement in respect of the company only if

(a) the compromise or arrangement provides for payment of the following amounts that are unpaid to the fund established for the purpose of the pension plan:

(i) an amount equal to the sum of all amounts that were deducted from the employees’ remuneration for payment to the fund,

(ii) if the prescribed pension plan is regulated by an Act of Parliament,

(A) an amount equal to the normal cost, within the meaning of subsection 2(1) of the *Pension Benefits Standards Regulations, 1985*, that was required to be paid by the employer to the fund, and

(A.1) an amount equal to the sum of all special payments, determined in accordance with section 9 of the *Pension Benefits Standards Regulations, 1985*, that were required to be paid by the employer to the fund referred to in sections 81.5 and 81.6 of the *Bankruptcy and Insolvency Act* to liquidate an unfunded liability or a solvency deficiency,

(A.2) any amount required to liquidate any other unfunded liability or solvency deficiency of the fund as determined on the day on which proceedings commence under this Act,

(B) an amount equal to the sum of all amounts that were required to be paid by the employer to the fund under a defined contribution provision, within the meaning of subsection 2(1) of the *Pension Benefits Standards Act, 1985*,

(C) an amount equal to the sum of all amounts that were required to be paid by the employer to the administrator of a pooled registered pension plan, as defined in subsection 2(1) of the *Pooled Registered Pension Plans Act*, and

(iii) in the case of any other prescribed pension plan,

(A) an amount equal to the amount that would be the normal cost, within the meaning of subsection 2(1) of the *Pension Benefits Standards Regulations, 1985*, that the employer would be required to pay to the fund if the prescribed plan were regulated by an Act of Parliament, and

(A.1) an amount equal to the sum of all special payments, determined in accordance with section 9 of the *Pension Benefits Standards Regulations, 1985*, that would have been required to be paid by the employer to the fund referred to in sections 81.5 and 81.6 of the *Bankruptcy and Insolvency Act* to liquidate an unfunded liability or a solvency deficiency if the prescribed plan were regulated by an Act of Parliament,

(A.2) any amount required to liquidate any other unfunded liability or solvency deficiency of the fund as determined on the day on which proceedings commence under this Act,

(B) an amount equal to the sum of all amounts that would have been required to be paid by the employer to the fund under a defined contribution provision, within the meaning of subsection 2(1) of the *Pension Benefits Standards Act, 1985*, if the prescribed plan were regulated by an Act of Parliament,

(C) an amount equal to the sum of all amounts that would have been required to be paid by the employer in respect of a prescribed plan, if it were regulated by the *Pooled Registered Pension Plans Act*; and

(b) the court is satisfied that the company can and will make the payments as required under paragraph (a).

[...]

Stays, etc. — other than initial application

11.02 (2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

- (a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);
- (b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and
- (c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

(3) The court shall not make the order unless

- (a) the applicant satisfies the court that circumstances exist that make the order appropriate; and
- (b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

[...]

Restriction on disposition of business assets

36 (1) A debtor company in respect of which an order has been made under this Act may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized to do so by a court. Despite any requirement for shareholder approval, including one under federal or provincial law, the court may authorize the sale or disposition even if shareholder approval was not obtained.

Notice to creditors

(2) A company that applies to the court for an authorization is to give notice of the application to the secured creditors who are likely to be affected by the proposed sale or disposition.

Factors to be considered

(3) In deciding whether to grant the authorization, the court is to consider, among other things,

- (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

- (b) whether the monitor approved the process leading to the proposed sale or disposition;
- (c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
- (d) the extent to which the creditors were consulted;
- (e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
- (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

Additional factors — related persons

(4) If the proposed sale or disposition is to a person who is related to the company, the court may, after considering the factors referred to in subsection (3), grant the authorization only if it is satisfied that

- (a) good faith efforts were made to sell or otherwise dispose of the assets to persons who are not related to the company; and
- (b) the consideration to be received is superior to the consideration that would be received under any other offer made in accordance with the process leading to the proposed sale or disposition.

Related persons

(5) For the purpose of subsection (4), a person who is related to the company includes

- (a) a director or officer of the company;
- (b) a person who has or has had, directly or indirectly, control in fact of the company; and
- (c) a person who is related to a person described in paragraph (a) or (b).

Assets may be disposed of free and clear

(6) The court may authorize a sale or disposition free and clear of any security, charge or other restriction and, if it does, it shall also order that other assets of the company or the proceeds of the sale or disposition be subject to a security, charge or other restriction in favour of the creditor whose security, charge or other restriction is to be affected by the order.

Restriction — employers

(7) The court may grant the authorization only if the court is satisfied that the company can and will make the payments that would have been required under paragraphs 6(5)(a) and (6)(a) if the court had sanctioned the compromise or arrangement.

Restriction — intellectual property

(8) If, on the day on which an order is made under this Act in respect of the company, the company is a party to an agreement that grants to another party a right to use intellectual property that is included in a sale or disposition authorized under subsection (6), that sale or disposition does not affect that other party's right to use the intellectual property — including the other party's right to enforce an exclusive use — during the term of the agreement, including any period for which the other party extends the agreement as of right, as long as the other party continues to perform its obligations under the agreement in relation to the use of the intellectual property.

[...]

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CHESSWOOD GROUP LIMITED, et al.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

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