

2026

Hfx No.

**SUPREME COURT OF NOVA SCOTIA**

**IN THE MATTER OF:**        *The Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA")

**AND IN THE MATTER OF:** An Application by CFFI Ventures Inc. (the Applicant") for creditor protection under s. 11 of the CCAA, and other relief

**BRIEF OF LAW OF THE APPLICANT  
APPLICATION FOR INITIAL ORDER**

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**Counsel for the Applicant, CFFI Ventures Inc.**

**TO:**    The Service List

## PART I -NATURE OF THE APPLICATION

1. CFFI Ventures Inc. (the “**Applicant**”) seeks an initial order (the “**Initial Order**”) and related relief under the *Companies’ Creditors Arrangement Act*(the “**CCAA**”, and the within proceedings the “**CCAA Proceedings**”).<sup>1</sup> Capitalized terms not otherwise defined below have the meaning given to them in the Affidavit of Brittany Bartlett sworn February 14, 2026 (the “**Bartlett Affidavit**”), a copy of which is appended (without exhibits) as Exhibit “A” to the Affidavit sworn by Ms. Bartlett on March 11, 2026 (the “**Bartlett Supplementary Affidavit**”).

2. The Applicant is a holding company whose primary assets are equity investments in a wide variety of companies. It brought an application for relief pursuant to the *Companies Act*, R.S.N.S. 1989 c. 81 by Notice of Application dated February 17, 2026 where it proposed to place a Plan of Arrangement before its creditors and address its substantial indebtedness to, among others, the HPS Secured Creditors (as defined below) (the “**Companies Act Proceeding**”).

3. An initial hearing was held February 17, 2026 on an *ex parte* basis. At that time, the Court issued a stay of proceedings (the “**Existing Stay**”) and gave direction for service of materials for a further hearing to be held February 27, 2026. Prior to that hearing, objections to the Companies Act Proceeding were received by counsel to the Applicant from two unsecured creditors, namely the Canada Revenue Agency (“**CRA**”) and Mr. Brendan Paddick. The Court provided further directions with respect to the filing of materials and adjourned the Companies Act Proceeding to **Friday, March 13, 2026**.

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<sup>1</sup> R.S.C. 1985, c. C-36, as amended.

4. The Applicant has reviewed the arguments raised by counsel to CRA and Mr. Paddick and, while disputing them, has brought this Application pursuant to CCAA to avoid further distraction, delay and cost. It is the Applicant's present intention to submit the Plan of Arrangement filed in the Companies Act Proceedings to its creditors pursuant to the CCAA (with such necessary changes as the CCAA may require).

5. The Applicant therefore seeks a stay of proceedings (the "**Stay of Proceedings**") for the permitted initial ten-day period (the "**Initial Stay Period**") under s. 11.02(2) of the CCAA, together with related relief necessary to preserve the Applicant's business and stakeholder value during the Initial Stay Period. The relief sought in the Initial Order is limited to what the Applicant believes is reasonably necessary to maintain the status quo during the Initial Stay Period. This relief includes the appointment of FTI Consulting Canada Inc. as monitor in these proceedings (the "**Proposed Monitor**").

6. If the Initial Order is granted, it is the Applicant's intention to seek approval of the following at the comeback hearing (in addition to an Amended and Restated Initial Order):

- (a) A Claims Process Order approving a claims process for the identification, quantification and resolution of claims against the Applicant; and
- (b) a Meeting Order (i) accepting the filing of the CCAA Plan; (ii) authorizing the Applicant to call, hold and conduct meetings of the Unsecured Creditor Class and the Secured Creditor Class to consider and vote on resolutions to approve the CCAA Plan; and (iii) setting a date for the hearing of the Applicant's motion for an order sanctioning the CCAA Plan.

## PART II - SUMMARY OF FACTS

7. The facts are more fully set out in the Bartlett Affidavit and the Bartlett Supplementary Affidavit.

### A. The Applicant

8. The Applicant is a private company incorporated pursuant to the Companies Act. Its registered office is in Halifax, Nova Scotia.<sup>2</sup> The Applicant employs nine individuals, the majority of whom are located in Nova Scotia.<sup>3</sup>

### B. Business of the Applicant

9. The Applicant holds the following: (a) equity interests (both directly and indirectly) in a diversified portfolio of companies across various sectors; (b) an extensive collection of artwork and other collectible items; (c) cash and cash equivalents; and (d) certain receivables. The Applicant is also party to various contracts. As a holding company, the Applicant's operations are limited to the investment and management of capital in its equity interests. It does not have operational income but relies on sales of its equity interests and collection of receivables to meet its obligations.

### C. Financial Position of the Applicant

10. As of September 30, 2025, the Applicant's Condensed Non-Consolidated Interim Financial Statements showed combined total assets of approximately \$1.18 billion, and

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<sup>2</sup> Bartlett Affidavit at para 9.

<sup>3</sup> Bartlett Affidavit at para 16.

total liabilities of approximately \$2 billion, with negative \$861 million in equity.<sup>4</sup> From a cash flow perspective, the Applicant incurred a \$270 million loss in the nine-month period ending September 30, 2025, after a \$282 million loss in the 2024 fiscal year.<sup>5</sup>

(a) **Secured debt**

(i) **HPS Secured Debt Obligations**

11. The Applicant is the borrower under a Second Amended and Restated Note Purchase and Guarantee Agreement dated April 25, 2019 (the “**Note Purchase Agreement**”). HPS Investment Partners LLC (“**HPS**”) is agent and lead arranger. Each of MP III Offshore Master Lux, L.P., Mezzanine Partners III, L.P., and AP Mezzanine Partners III L.P. are secured creditors under this facility (collectively, the “**HPS Secured Creditors**” and together with HPS, the “**HPS Parties**”).<sup>6</sup>

12. All obligations of the Applicant under the Note Purchase Agreement are secured by guarantees from certain Affiliate Guarantors and a personal guarantee by Mr. John Risley. In addition, under an Amended and Restated Pledge and Security Agreement dated as of April 25, 2019, HPS obtained a security interest in all of the Applicant’s or the Affiliate Guarantors’ present and after-acquired personal property, and in all capital stock in which either the Applicant or any of the Affiliate Guarantors have, or may subsequently have, an interest, other than certain limited exclusions.<sup>7</sup>

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<sup>4</sup> Bartlett Affidavit Exhibit E page 1.

<sup>5</sup> Bartlett Affidavit Exhibit E page 2 and Exhibit D page 4.

<sup>6</sup> Bartlett Affidavit at para. 6.

<sup>7</sup> Bartlett Affidavit at para. 58.

13. All outstanding amounts under the Note Purchase Agreement matured on October 23, 2022.<sup>8</sup> Default interest has continued to accrue since that time.<sup>9</sup> Since September 30, 2025, the Applicant has repaid \$72,439,272 CAD from proceeds realized from sales of certain equity interests previously held by the Applicant. As at February 10, 2026, \$776,784,248.81 USD (excluding default interest) remains outstanding under the Note Purchase Agreement.<sup>10</sup>

(i) **SFPC Quantum Secured Debt Obligations**

14. SFPC Quantum LP ("**SFPC Quantum**") holds a secured guarantee from the Applicant, dated as of May 24, 2022 (the "**CFFI Guarantee**"). The CFFI Guarantee guarantees the payment and performance of all obligations of Cormorant Utility Services Limited ("**Cormorant**"), as borrower, owed to SFPC Quantum (as both lender and agent) under an Amended and Restated Credit Agreement dated March 28, 2025 (the "**Cormorant Credit Agreement**").<sup>11</sup> Pursuant to the Cormorant Credit Agreement, SFPC Quantum made available to Cormorant: (a) the senior secured, non-revolving Term Loan in the principal amount of \$36.1 million CAD; and (b) a delayed draw loan of \$5.16 million CAD.<sup>12</sup> All borrowings under the Cormorant Credit Agreement are also separately guaranteed by Mr. Risley.<sup>13</sup>

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<sup>8</sup> Bartlett Affidavit at para. 60.

<sup>9</sup> Bartlett Affidavit at para. 73.

<sup>10</sup> Bartlett Affidavit at para. 59.

<sup>11</sup> Bartlett Affidavit at para. 6.

<sup>12</sup> Bartlett Affidavit at para. 61.

<sup>13</sup> Bartlett Affidavit at para. 62.

15. All obligations of the Applicant under the CFFI Guarantee are secured by: (a) a Securities Pledge Agreement dated May 24, 2022, pursuant to which the Applicant granted SFPC Quantum a security interest in all securities owned or at any time acquired by the Applicant in the capital of Cormorant (the “**Cormorant Securities Collateral**”); and (b) a Security Agreement dated May 24, 2022 pursuant to which the Applicant granted SFPC Quantum a security interest in all property and undertakings of the Applicant owned or at any time acquired (other than the Excluded Assets, as defined therein).<sup>14</sup>

16. Pursuant to a Subordination Agreement dated May 24, 2022, HPS agreed to subordinate its security interest in the Cormorant Securities Collateral to SFPC Quantum’s priority security interest in that collateral. SFPC Quantum is subordinate to HPS with respect to all other collateral.<sup>15</sup>

17. Since September 30, 2025, Cormorant has made certain payments to SFPC Quantum, including a repayment in the amount of \$7,308,800, all from proceeds realized from the sale of certain equity interests held indirectly by Cormorant. As at February 10, 2026, \$30,644,707 remains outstanding under the Cormorant Credit Agreement, which matures on January 4, 2027.<sup>16</sup> No amounts have been claimed under the CFFI Guarantee.<sup>17</sup>

(i) **FPR Financial Secured Debt Obligations**

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<sup>14</sup> Bartlett Affidavit at para. 62.

<sup>15</sup> Bartlett Affidavit at para. 63.

<sup>16</sup> Bartlett Affidavit at paras. 64-65.

<sup>17</sup> Bartlett Affidavit at para. 66.

18. Pursuant to a secured Demand Promissory Note dated as of October 6, 2023 (the “**FPR Promissory Note**”), FPR Financial loaned cash in the amount of \$1,702,204 USD (the “**FPR Financial Loan**”) to the Applicant.<sup>18</sup> All obligations of the Applicant under the FPR Promissory Note are: (a) guaranteed by Mr. Risley pursuant to the terms of a Guarantee dated October 6, 2023; and (b) secured by a pledge agreement dated October 6, 2023 whereby the Applicant pledged its interest in a capital contribution made to NPCI LP in the amount of the FPR Financial Loan. The pledge is subordinate to HPS.<sup>19</sup>

19. As at February 10, 2026, approximately \$2,102,339 USD was outstanding under the FPR Financial Loan.<sup>20</sup>

(a) **Unsecured debt**

20. As at February 10, 2026<sup>21</sup>, the Applicant had unsecured debt of approximately \$371,184,340 (a portion of which is disputed), generally comprised of:

- (a) accounts payable of approximately \$608,742
- (b) a demand promissory note between the Applicant and Brendan Paddick in the principal amount of \$23,350,629 due on demand or December 31, 2024;
- (c) a debt to Robert Orr in the amount of \$1,250,964 relating to a Consulting Agreement between Slanmhor Pharmaceutical Inc. (a former subsidiary

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<sup>18</sup> Bartlett Affidavit at paras. 6, 67.

<sup>19</sup> Bartlett Affidavit at para. 67.

<sup>20</sup> Bartlett Affidavit at para. 68.

<sup>21</sup> Using last available numbers current as of December 10, 2025 for the CRA assessment and re-assessments.

that has since amalgamated with the Applicant) and Transcendent Thinking Inc. (a consulting company owned by Mr. Orr);<sup>22</sup>

- (d) various disputed assessments and reassessments by the Canada Revenue Agency in the amount of \$331,543,383 (as of December 10, 2025), for which either appeals or notices of objection have been filed by the Applicant and in respect of which the process remains ongoing;<sup>23</sup>
- (e) obligations under an Equity Commitment Letter, entered as of September 30, 2022, pursuant to which the Applicant committed to purchase \$3 million of equity in the capital of Cormorant, with a purchase deadline extended most recently to the earlier of April 30, 2026, and the date upon which a sale, transfer or other disposition of the Applicant's equity interests in WE LLC is completed;<sup>24</sup> and
- (f) related party debt of approximately \$11,474,075 between the Applicant (as borrower) and various related companies and individuals (as lenders), all of which is either repayable on demand or has no set terms of repayment.<sup>25</sup>

21. The Applicant also has certain contingent liabilities pursuant to certain guarantees that it provided. No amounts have been called for by the applicable counterparties.<sup>26</sup>

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<sup>22</sup> Bartlett Affidavit at para. [70].

<sup>23</sup> These assessments and reassessments are described in additional detail in the Bartlett Affidavit at para. 69.

<sup>24</sup> Bartlett Affidavit at para. 69.

<sup>25</sup> Bartlett Affidavit at para. 69.

<sup>26</sup> These guarantees are described in greater detail in the Bartlett Affidavit at para. 70.

#### **D. Events Leading up to the CCAA Application**

22. The Applicant has been offside certain loan covenants contained in the Note Purchase Agreement since June 28, 2019, which has resulted in an increased interest rate. As permitted under the Note Purchase Agreement, the Applicant elected since 2019 to add interest to the principal balance as part of a plan to exit one or more significant investment(s) and use the proceeds to repay all amounts outstanding under the Note Purchase Agreement.<sup>27</sup> In connection with this strategy, the Applicant engaged various Canadian and US investment advisors to assist with the monetization of certain large investments. While significant interest was received, an executable transaction was not identified. The Applicant believes that the lack of an executable transaction was the result of, among other things, uncertainty surrounding the prospects of certain of these investments, along with the difficulties associated with selling equity interests where the Applicant did not hold a controlling position.<sup>28</sup>

23. The Applicant does not believe that the value of its assets is sufficient to address the quantum of the debt outstanding under the Note Purchase Agreement.<sup>29</sup> Given the value of the Applicant's assets and the interest that continues to accrue, refinancing outstanding sums under the Note Purchase Agreement was not and is not possible.<sup>30</sup>

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<sup>27</sup> Bartlett Affidavit at paras. 54-55, 72.

<sup>28</sup> Bartlett Affidavit, para 55.

<sup>29</sup> Bartlett Affidavit at para. 57.

<sup>30</sup> Bartlett Affidavit at para. 57.

24. On October 23, 2022, the loan matured. It remains outstanding and past maturity, while continuing to bear interest.<sup>31</sup>

25. HPS and the Applicant have engaged in ongoing discussions about possible alternatives to address the matured Note Purchase Agreement and ongoing interest accrual. These discussions culminated in the development of the proposed Plan of Arrangement in the Companies Act Proceeding and the execution of the Support Agreement.<sup>32</sup>

26. Submissions on behalf of CRA in the Companies Act Proceeding filed March 6, 2026 asserted that it could not be bound as a creditor of the Applicant in an arrangement pursuant to the Companies Act while expressly conceding that CRA is bound by the CCAA.

#### **E. The Need for Relief Under the CCAA**

27. The Applicant owes a very significant debt to the HPS Secured Creditors. This debt is secured against all of the Applicant's property (subject to limited exemptions), and it matured more than three years ago in October 2022.

28. The Applicant and HPS developed the Plan of Arrangement as part of the Companies Act Proceeding as a process that would right size the Applicant's capital structure and preserve the possibility of recovery for all creditors, which would not be the

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<sup>31</sup> Bartlett Affidavit at para. 73.

<sup>32</sup> Bartlett Affidavit at para. 74.

case in a receivership. To address the concerns of CRA, the Applicant and HPS are prepared to proceed by way of the CCAA .

29. The Applicant submits that protection under the CCAA is required given the filings to date and to avoid uncontrolled enforcement efforts. Such litigation would not benefit stakeholders generally and, it is submitted, distract from a resolution of the profound and long term financial challenges of the Applicant.

### **PART III - THE ISSUES AND THE LAW**

30. This brief of law addresses the following issues:

- (a) The Court should exercise its discretion to abridge the time requirements for the hearing of this Application;
- (b) The Applicant is entitled to seek protection under the CCAA;
- (c) This Court should grant the Interim Order in the form submitted, including the requested Stay of Proceedings for the Initial Stay Period;
- (d) Authorize the payment of limited pre-filing obligations; and
- (e) This Court should approve the Administration Charge and Directors' Charge (each as defined below).

#### **A. Abridgement of Time**

31. The Applicant brings this Application under the CCAA.

32. Pursuant to section 11 of the CCAA, the Court has broad authority to make any order it considers appropriate “on notice to any other person or without notice as it may see fit.”

33. Section 10(1) of the CCAA provides that applications pursuant to the CCAA shall be made in accordance with the practice of the Court in which the application is made. Accordingly, this Application is governed by the Nova Scotia *Civil Procedure Rules* (the “**Rules**”), which requires Applicants to provide ten business days’ notice for a half day hearing.

34. Rule 2.03(1)(c) of the Rules permits the Court to excuse compliance with a Rule, including to shorten a period provided in a Rule or to dispense with notice to a party.

35. The Applicant served the Service List from the Companies Act Proceeding in this matter with the Notice of Application, draft Order, and supporting Affidavits via email on March 11, 2026, being the same day notice of the within Application was filed with the Court. The Consent of the Proposed Monitor is attached as Exhibit “D” to the Supplemental Bartlett Affidavit. An Affidavit of Service will be filed in advance of the hearing.

36. Given the nature of the relief sought and the surrounding circumstances, the Applicant submits that it is appropriate in the circumstances for the Court to abridge the time for the hearing of the Application pursuant to section 11 of the CCAA and Rule 2.03(1)(c) of the Rules. In particular, the hearing was previously scheduled with the notice and agreement of all parties and the relief sought will resolve a number of the objections raised in the March 6, 2026 submissions without further litigation, avoiding the possibility

of appeal from any decision thereof, and eliminate further resulting expense and delay in the resolution of the Applicant's financial challenges.

**B. The Applicant is Entitled to Seek Protection under the CCAA**

**(a) The Applicant is Insolvent**

37. The CCAA applies to a "debtor company" or affiliated debtor companies where the total claims against the debtor or its affiliates exceeds five million dollars.

38. The Applicant is a "company" for the purposes of s. 2 of the CCAA as it is incorporated pursuant to the laws of the Province of Nova Scotia.<sup>33</sup> The Applicant is further a "debtor company," which means, *inter alia*, a company that is insolvent.<sup>34</sup> Whether a company is insolvent for the purposes of this definition is evaluated by reference to the definition of "insolvent person" in the *Bankruptcy and Insolvency Act* ("BIA"), and the expanded concept of insolvency adopted in *Stelco*.<sup>35</sup>

39. The *BIA* defines "insolvent person" as a person:

- (a) who is for any reason unable to meet its obligations as they generally become due;
- (b) who has ceased paying its current obligations in the ordinary course of business as they generally become due; or

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<sup>33</sup> *Lydian International Limited (Re)*, 2019 ONSC 7473 [*Lydian*], at para. 35 and 36, citing *Cinram International (Re)*, 2012 ONSC 3767.

<sup>34</sup> CCAA, ss. 2 and 3(1).

<sup>35</sup> *Stelco Inc. (Re)*, 2004 CarswellOnt 1211 at para. 26. This approach to the insolvency criterion has been applied on countless occasions, including *Target Canada Co. (Re)*, 2015 ONSC 303 at para. 26 [*Target*]; *Just Energy Corp. (Re)*, 2021 ONSC 1793 [*Just Energy*] at paras. 48 to 51; *Nordstrom Canada Retail, Inc. (Re)*, 2023 ONSC 1422 at para. 26 [*Nordstrom*].

- (c) the aggregate of whose property is not, at a fair valuation, sufficient, or if disposed of at a fairly conducted sale under legal process, sufficient to enable payment of all of its obligations, due and accruing due.<sup>36</sup>

40. The Applicant is currently insolvent under the disjunctive BIA test since it is balance sheet insolvent and, absent the continued support of HPS, would face the type of liquidity challenge described in *Stelco*.

**(b) The Nova Scotia Court Has Jurisdiction Over the Proceeding**

41. Subsection 9(1) of the CCAA provides that an application for a stay of proceedings under the CCAA may be made to the Court that has jurisdiction in the province in which the head office or chief place of business of the company in Canada is situated, or, if the company has no place of business in Canada, in any province within which any assets of the company are situated.<sup>37</sup>

42. The Applicant fulfils these requirements. The Applicant is headquartered in Halifax, Nova Scotia and is incorporated pursuant to the laws of Nova Scotia. Further, the chief place of business of the Applicant is Nova Scotia, as the Applicant's employees are primarily located in Nova Scotia.

**C. The Stay of Proceedings Should be Granted**

43. Section 11.02(1) of the CCAA permits the Court to grant an initial stay of up to 10 days on an application for an Initial Order, provided such a stay is appropriate and the

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<sup>36</sup> *ibid.*

<sup>37</sup> *Target*, paras. 29 to 30; *Bed Bath & Beyond Canada Limited (Re)*, 2023 ONSC 1014 at para. 25.

Applicant has acted with due diligence and in good faith. Under s. 11.001, other relief granted pursuant to this Court's powers under s. 11 of the CCAA at the same time as an order under s. 11.02(1) must be limited "to relief that is reasonably necessary for the continued operation of the debtor company in the ordinary course of business during that period."

44. In *Lydian*, one of the first cases to interpret this provision, Morawetz C.J. stated that the Initial Stay Period preserves the *status quo* and allows for operations to be stabilized and negotiations to occur, followed by requests for expanded relief on proper notice to affected parties at the full comeback hearing.<sup>38</sup> Whether particular relief is necessary to stabilize a debtor company's operations during the Initial Stay Period is an inherently factual determination, based on all of the circumstances of the particular debtor.<sup>39</sup>

45. All of the relief requested in this first-day application meets these criteria. Each aspect of the relief sought by the Applicant in the Initial Stay Period is interdependent, and collectively the relief is critical to allow the Applicant to properly respond to the circumstances in which it finds itself. All of the requested relief – as submitted further below – consists of exactly the type of essential measures contemplated by s. 11.01 of the CCAA.

46. In particular, the courts have held that ss. 11 and 11.02 of the CCAA authorize the court to stay rights held by creditors to effect pre-filing versus post-filing set-off.<sup>40</sup> The

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<sup>38</sup> *Lydian*, at para. 26 and 30; see also *Just Energy*, at para. 56.

<sup>39</sup> See for example *Laurentian University of Sudbury (Re)*, 2021 ONSC 659, in which the CCAA Court granted a variety of relief during the Initial Stay Period that was particular to the debtor company's factual circumstances. See also *Just Energy; Boreal Capital Partners Ltd et al. (Re)*, 2021 ONSC 7802 at para. 16 [*Boreal Capital*].

<sup>40</sup> *Pride Group Holdings Inc. et al. (Re)*, 2024 ONSC 2026 at paras. 51-52 [*Pride Group*].

Supreme Court has held that set-off rights of this type are, aside from “rare exceptions,” subject to the CCAA stay of proceedings,<sup>41</sup> and orders which permit set-off rights of this type to be exercised only with the consent of the Monitor and the court are routinely granted in CCAA proceedings.<sup>42</sup> Granting such an order both accords with the law as stated by the Supreme Court, is appropriate in the circumstances, as any attempts by creditors to exercise set-off rights of this type would both restrict the Applicant’s liquidity and distract the Applicant’s management from proceeding with its intended restructuring.

47. Like the stay granted in the Companies Act Proceeding, the Applicant is seeking to have the initial CCAA stay extended to any person in which the Applicant holds a direct or indirect equity interest (the “**Non-Filing Affiliates**”) so that none can be held in default and no enforcement action taken by reason of these CCAA Proceedings and related matters. Such enforcement action could lead to the immediate loss of value to the Applicant, undermine advancement of the CCAA Plan by potentially harming the Applicant’s assets, and distract management during a critical time for the Applicant and its stakeholders.

#### **D. The Administration Charge Should be Granted**

48. Pursuant to s. 11.52 of the CCAA, the Applicant is requesting an Administration Charge in favour of the Proposed Monitor, its counsel, and counsel to the Applicant as security for their respective fees and disbursements up to a maximum of \$250,000 (the “**Administration Charge**”), which amount covers the time period until the comeback hearing. The quantum of the Administration Charge was developed in consultation with

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<sup>41</sup> *Montréal (City) v. Deloitte Restructuring Inc.*, 2021 SCC 53 at para. 4.

<sup>42</sup> See, i.e., *Pride Group*, at paras. 51-52;

the Proposed Monitor and is proposed to be secured by the assets of the Applicant and to have first priority over all other charges and security interests.

49. The requested charge satisfies the well-accepted factors originally established by Pepall J. in *Canwest Publishing*. Among other factors, the requested amount is fair and reasonable, and appropriate to the size and complexity of the businesses being restructured.<sup>43</sup> In addition, the initial amount requested is tailored only to the needs within the Initial Stay Period.

#### **E. The Directors' Charge Should be Granted**

50. In accordance with s. 11.51 of the CCAA, the Applicant also seeks a directors and officers charge in the amount of \$100,000 until the comeback hearing (the "**Directors' Charge**"). The Director's Charge is proposed to be secured by the assets of the Applicant and to rank behind the Administration Charge.

51. The Applicant's directors and officers are among the potential beneficiaries under liability insurance policies. These policies are subject to various exceptions, exclusions and carve-outs which may unreasonably limit coverage for the potential liability that the directors and officers could incur in relation to these CCAA Proceedings.<sup>44</sup>

52. In light of the potential liabilities and the benefit of retaining the small group of management who have significant institutional knowledge, the directors of the Applicant have expressed a desire for certainty in respect of their potential liability and therefore the Applicant is seeking the granting of an Order which includes the Directors' Charge. A

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<sup>43</sup> See, for example, *Target*, at para. 74, citing *Canwest Publishing*, at para. 39; *Just Energy* at paras. 112 to 113; *Nordstrom*, at para. 54.

<sup>44</sup> Bartlett Supplemental Affidavit paras 24 – 26.

successful restructuring of the Applicant will only be possible with the continued participation of its directors and officers.

**F. Payment of Pre-filing Obligations Should be Permitted**

53. The form of Initial Order includes authorization for the Applicant, with the consent of the Monitor or further order of this Court, to make certain payments, including payments owing in arrears to third parties who are critical to the Applicant's business operations or to preserve its Property. In addition to the requiring consent of the Monitor or further order of this Court, such payments may not (in aggregate) exceed the sum of \$125,000. The Applicant submits that these controls appropriately balance the interests of stakeholders with the need to preserve the Applicant's enterprise value while it restructures pursuant to the CCAA.

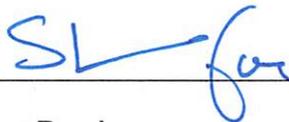
**PART IV - NATURE OF THE ORDER SOUGHT**

54. The Applicant therefore requests an Initial Order substantially in the form of the draft Order filed with the Notice of Application.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 11<sup>th</sup> day of March, 2026:



**Stephen Kingston**



**Ben Pryde**

**Counsel to the Applicant, CFFI Ventures Inc.**

## SCHEDULE "A": LIST OF AUTHORITIES

1. *Boreal Capital Partners Ltd et al. (Re)*, 2021 ONSC 7802
2. *Canwest Publishing Inc./Publications Canwest Inc. (Re)*, 2010 ONSC 222
3. *Cinram International (Re)*, 2012 ONSC 3767
4. *Just Energy Corp. (Re)*, 2021 ONSC 1793
5. *Laurentian University of Sudbury (Re)*, 2021 ONSC 659
6. *Lydian International Limited (Re)*, 2019 ONSC 7473
7. *Montréal (City) v. Deloitte Restructuring Inc.*, 2021 SCC 53
8. *Nordstrom Canada Retail, Inc. (Re)*, 2023 ONSC 1422
9. *Pride Group Holdings Inc. et al. (Re)*, 2024 ONSC 2026
10. *Stelco Inc. (Re)*, 2004 CanLII 24933
11. *Target Canada Co. (Re)*, 2015 ONSC 303
12. *Bed Bath & Beyond Canada Limited (Re)*, 2023 ONSC 1014

**SCHEDULE "B"**  
**TEXT OF STATUTES, REGULATIONS & BY-LAWS**

***COMPANIES' CREDITORS ARRANGEMENT ACT***

R.S.C., 1985, c. C-36, as amended

**2. (1) [...]**

***debtor company*** means any company that

- (a) is bankrupt or insolvent,
- (b) has committed an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act or is deemed insolvent within the meaning of the Winding-up and Restructuring Act, whether or not proceedings in respect of the company have been taken under either of those Acts,
- (c) has made an authorized assignment or against which a bankruptcy order has been made under the Bankruptcy and Insolvency Act, or
- (d) is in the course of being wound up under the Winding-up and Restructuring Act because the company is insolvent; (*compagnie débitrice*)

[...]

**Application**

**3 (1)** This Act applies in respect of a debtor company or affiliated debtor companies if the total of claims against the debtor company or affiliated debtor companies, determined in accordance with section 20, is more than \$5,000,000 or any other amount that is prescribed.

[...]

**Jurisdiction of court to receive applications**

**9 (1)** Any application under this Act may be made to the court that has jurisdiction in the province within which the head office or chief place of business of the company in Canada is situated, or, if the company has no place of business in Canada, in any province within which any assets of the company are situated.

[...]

## **General power of court**

**11** Despite anything in the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

[...]

## **Relief reasonably necessary**

**11.001** An order made under section 11 at the same time as an order made under subsection 11.02(1) or during the period referred to in an order made under that subsection with respect to an initial application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

## **Rights of suppliers**

**11.01** No order made under section 11 or 11.02 has the effect of

- (a) prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided after the order is made; or
- (b) requiring the further advance of money or credit.

## **Stays, etc. — initial application**

**11.02** (1) A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 30 days,

- (a) staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act;
- (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**

**11.02** (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.

[...]

### **Stays — directors**

**11.03** (1) An order made under section 11.02 may provide that no person may commence or continue any action against a director of the company on any claim against directors that arose before the commencement of proceedings under this Act and that relates to obligations of the company if directors are under any law liable in their capacity as directors for the payment of those obligations, until a compromise or an arrangement in respect of the company, if one is filed, is sanctioned by the court or is refused by the creditors or the court.

[...]

### **Interim financing**

**11.2** (1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the company's property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the company an amount approved by the court as being required by the company, having regard to its cash-flow statement. The security or charge may not secure an obligation that exists before the order is made.

### **Priority — secured creditors**

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

### **Priority — other orders**

(3) The court may order that the security or charge rank in priority over any security or charge arising from a previous order made under subsection (1) only with the consent of the person in whose favour the previous order was made.

## **Factors to be considered**

(4) In deciding whether to make an order, the court is to consider, among other things,

- (a) the period during which the company is expected to be subject to proceedings under this Act;
- (b) how the company's business and financial affairs are to be managed during the proceedings;
- (c) whether the company's management has the confidence of its major creditors;
- (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
- (e) the nature and value of the company's property;
- (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
- (g) the monitor's report referred to in paragraph 23(1)(b), if any.

## **Additional factor — initial application**

(5) When an application is made under subsection (1) at the same time as an initial application referred to in subsection 11.02(1) or during the period referred to in an order made under that subsection, no order shall be made under subsection (1) unless the court is also satisfied that the terms of the loan are limited to what is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

[...]

## **Security or charge relating to director's indemnification**

**11.51 (1)** On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of the company is subject to a security or charge — in an amount that the court considers appropriate — in favour of any director or officer of the company to indemnify the director or officer against obligations and liabilities that they may incur as a director or officer of the company after the commencement of proceedings under this Act.

## **Priority**

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

[...]

### **Court may order security or charge to cover certain costs**

**11.52 (1)** On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a debtor company is subject to a security or charge — in an amount that the court considers appropriate — in respect of the fees and expenses of

(a) the monitor, including the fees and expenses of any financial, legal or other experts engaged by the monitor in the performance of the monitor's duties;

(b) any financial, legal or other experts engaged by the company for the purpose of proceedings under this Act; and

(c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for their effective participation in proceedings under this Act.

### **Priority**

**(2)** The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.