

SUPREME COURT OF NOVA SCOTIA

Citation: *CFFI Ventures Inc. (Re.)*, 2026 NSSC 195

Date: 20260612

Docket: Hfx. No. 551716

Registry: Halifax

IN THE MATTER OF: *The Companies' Creditors Arrangement Act*,
R.S.C., 1985, c. D-36, as amended

AND IN THE MATTER OF: An application by CFFI Ventures Inc. for approval
of Sale and Investment Solicitation Process under
the CCAA

Decision – SISP Motion

Judge: The Honourable Justice John Keith

Heard: June 9, 2026, in Halifax, Nova Scotia

Oral Decision: June 12, 2026

Written Decision: June 15, 2026

Counsel: Stephen Kingston, Ben Pryde, and Hilary Gilroy, for the
Applicant, CFFI Ventures Inc.
Nanci Rorabeck, for the Chief Legal Counsel for the
Applicant, CFFI Ventures Inc.
David Rosenblat, Gavin MacDonald and Marc Wasserman,
Counsel for HPS Creditors, defined below
Natasha MacParland and Joshua Santimaw, Counsel for
Brendan Paddick
Caitlin Ward, Counsel for Department of Justice (CAN)
Robert Chadwick and Jennifer Linde, Counsel for SFPC
Quantum LP
Maria Konyukhova and Nick Avis, Counsel for the Monitor,
FTI Consulting Canada Inc.

Michael Shakra, Counsel for Cormorant Utility Services
Limited

By the Court:

Introduction and Background

[1] The applicant in this proceeding under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”), is CFFI Ventures Inc. (“**CFFI**”). CFFI is a holding company which owns artwork and a range of equity investments. CFFI’s assets are encumbered by certain security interests, including those of HPS Investment Partners LLC as agent and lead arranger, and each of MP III Offshore Master Lux, L.P., Mezzanine Partners III, L.P., and AP Mezzanine Partners III L.P (collectively referred to below as “**the HPS Creditors**”). The HPS Creditors have a security interest in all of CFFI’s (or its affiliate guarantors’) present and after-acquired personal property and interest in capital stock, subject to some exclusions. That interest secures CFFI’s obligations under a Note Purchase and Guarantee Agreement dated October 23, 2017, amended and restated on April 25, 2019. The Note Purchase Agreement is between CFFI, the HPS Creditors as agent and lead arranger, and certain secured creditors.¹

[2] With one notable exception related to CFFI’s equity interest in a company called Cormorant Utility Services Limited (“**Cormorant**”), the HSP Creditors are the senior secured lenders holding first priority in all of CFFI’s assets and undertakings. I return to the issues regarding Cormorant below.

[3] The Monitor describes the HPS Creditors’ debt as having grown from an original principal of about US\$250 million to a much larger amount due to years of default interest. With compound interest being a major driver, the Monitor places the balance of this debt at approximately \$1.118 billion USD as of March 13, 2026. That said, the Monitor acknowledges that the debt calculation is complicated and could be as low as \$790.3 million USD, depending on issues of contractual interpretation and, for example, how the premium default rate is folded into the debt calculation. In any event and regardless of where the HPS Creditors’ debt might fall within this range, the reality is that the debt is several multiples of CFFI’s asset value, which is estimated at about \$337 million CDN (not USD). The deficiency is massive.

¹ CFFI brief dated May 28, 2026, at para 9.

[4] After initiating a proceeding seeking a plan of arrangement under the *Nova Scotia Companies Act*, RSNS 1989, c 81, and having seen the responses from certain creditors, CFFI pivoted to a proposed plan of arrangement under the *CCAA*. CTI Consulting Canada Inc. was appointed as Monitor in accordance with the mandatory requirements under the *CCAA*.

[5] CFFI now seeks approval of a Sale and Investment Solicitation Process (the proposed “SISP”) or full liquidation of its assets. The proceeds of this sale would then be distributed among the CFFI’s creditors in accordance with their respective interests and priorities.

[6] All parties participating in this hearing agree that some form of SISP is appropriate. However, a dispute has arisen over how the SISP process should be structured and what assets should be included in that SISP. The principal objection comes from SFPC Quantum LP (“Quantum”). Quantum advanced funds to Cormorant. The terms of the resulting debt are set out in an Amended and Restated Credit Agreement dated March 28, 2025. The original debt was \$41.26 million CDN. As of May 31, 2026, I understand Cormorant debt was approximately \$28.5 million. (the “Quantum Debt”)

[7] The Quantum Debt is secured by a guarantee from CFFI dated May 24, 2022. In turn, CFFI’s guarantee obligations are secured by Quantum’s security interest in all securities owned or at any time acquired by CFFI in the capital of Cormorant. Pausing here, I understand that CFFI owns 38.77% of all issued and outstanding shares in Cormorant, calculated on a fully diluted basis. Brendan Paddick owns 35.16%; Quantum owns 10.03%; and unnamed Employees own the remaining 15.05%.²

[8] Pursuant to a Subordination Agreement dated May 24, 2022, HPS agreed to subordinate its security interest in the Cormorant collateral to Quantum’s security interest. As a result, Quantum stands in first position (or first ranking priority) with respect to CFFI’s equity interest in Cormorant. Quantum is subordinate to HPS with respect to all other collateral.

[9] Quantum does not object to the proposed SISP other than its inclusion of CFFI’s Cormorant shares among the assets and property to be marketed pursuant to the proposed SISP. Instead, Quantum proposes a “standalone strategic process” separate from the SISP “to explore a broader range of transaction alternatives beyond

² The total is 100.01% which I presume relates to a rounding error.

only CFFI's interest in Cormorant."³ Quantum also raises certain proposed amendments to the SISP even if the Cormorant shares are excluded.

[10] Brendan Paddick is another creditor in this proceeding and also a shareholder in Cormorant. I understand that Mr. Paddick's shares in Cormorant also stand as security for the Quantum debt although Mr. Paddick's shares are not placed at risk in this proceeding. In any event, Mr. Paddick echoes Quantum's concerns and supports the proposed "standalone strategic process".⁴

[11] As a final introductory note, Canada Revenue Agency ("CRA") initially expressed potential reservations. CRA originally estimated its claim at \$332 million but it was contested and subject to an ongoing review. I understand that review and re-assessment is completed. However, the formal results of the re-assessment have not yet been generated other than to say that they involve a reduction of the original claim while not changing CRA's status as an unsecured creditor. Beyond that, CRA took no position in connection with the proposed SISP.

[12] Ultimately and in very broad terms, the dispute pits a debtor advocating for a comprehensive, court-supervised, market process designed to maximize value against a secured creditor seeking to protect its first-ranking priority rights and resist a process that it says may constrain realization of value for that particular asset.

Preliminary Matters: Extending Current Stay and Excluding or Narrowing the Stay Against Cormorant

[13] There were two additional matters that the parties were able to resolve on consent and prior to the hearing on June 9, 2026:

³ Quantum brief dated June 3, 2026, at para 3.

⁴ Mr. Paddick filed the affidavit of Richard Hugh in support of his position. No party challenged the admissibility of Mr. Hugh's affidavit, or parts thereof. I have reviewed and taken Mr. Hugh's affidavit into account although I am compelled to say respectfully that much of it must be given no weight and is based on inadmissible opinion and hearsay. For example, at para. 13 of his affidavit, Mr. Hugh testifies that he is "... aware of two lenders who recently paused their due diligence efforts indefinitely in relation to potential financing activities given the ongoing *CCAA* proceedings." Mr. Hugh provides no clarity or supporting documents around even basic details regarding who these unnamed lenders might be, let alone whether he accurately describes their actions and motivations. Mr. Hugh again presumes to speak for other unnamed persons at para. 23 where he says that he has had "... discussions with various members of Cormorant's management team" and he understands that "... their views about an independent sales process for CFFI's shares in Cormorant are generally aligned with [his] own." None of these unnamed members of the management team were identified. None filed an affidavit in support of this statement or otherwise clarified what this "general alignment" might mean.

1. Along with approval of the SISP, CFFI also initially requested an order amending the Amended and Restated Initial Order (or “**ARIO**”) by extending the current stay of proceedings up to and including September 4, 2026. After CFFI filed its Notice of Motion, but prior to the June 9, 2026 hearing, the parties agreed to extend the stay of proceedings to September 18, 2026. At the beginning of the hearing, I approved and ordered that extension to September 18, 2026, which should be reflected in the Order arising out of this decision;
2. A motion was filed to narrow the current stay of proceedings in so far as Cormorant is concerned. However, prior to the hearing, the parties were able to agree in principle that the current stay of proceedings as expressed in the Initial Order and any subsequent ARIO will remain in place on the understanding that this stay is limited to “insolvency defaults” – meaning those that necessarily come out of these *CCAA* proceedings. For example, the stay remains in place to the extent that CFFI’s insolvency and filing under the *CCAA* might otherwise constitute an “event of default”, and in respect of related enforcement proceedings under existing credit arrangements involving non-filing affiliates (e.g. Cormorant). This specific understanding of the current stay of proceedings remains subject, of course, to leave from the Court lifting the stay in whole or in part.

The Proposed SISP

[14] The original SISP was attached to the affidavit of Brittany Bartlett, CFFI’s Vice President and the Chief Financial Officer sworn May 28, 2025. In response to the Quantum and Paddick objections, CFFI served and filed a revised SISP proposal on June 5, 2026, which was attached to a Supplemental Affidavit of Brittany Bartlett. Then, on June 8, 2026 (the day before the hearing), CFFI agreed to some (not all) of certain revisions to the SISP suggested by Quantum and Mr. Paddick. Any reference to the proposed SISP in this proceeding includes any amendments accepted by CFFI up to and including the June 8, 2026 amendments.

[15] The proposed revised SISP begins with a broad market canvassing phase in which the “Sale Advisor” (identified as FTI Corporate Finance Inc.), operating under the Monitor’s oversight, prepares marketing materials, identifies potential bidders, establishes a data room, and invites participation through confidentiality agreements, thereby ensuring exposure to a wide range of prospective purchasers (para. 6(a)–(d)).

[16] Interested parties must submit a notice of intent to bid (NOI) describing the contemplated transaction and demonstrating a reasonable prospect of progressing to a binding offer (para. 6(e)). The deadline for submitting an NOI is July 21, 2026, at 11:59 p.m. Atlantic Time. (para. 7(a)).

[17] Following this, qualified participants proceed to the binding bid stage. Binding “Qualified Bids” must be submitted by August 11, 2026, at 11:59 p.m. Atlantic Time (para. 7(b)). To constitute a Qualified Bid, among other things:

1. A bid must provide consideration sufficient to repay in full (in cash on closing) all obligations under the Note Purchase Agreement (i.e., the HPS Creditors’ secured debt), unless the HPS Creditors agree otherwise, either on a standalone basis or in combination with other bids (para. 8(a));
2. The bid must also include a detailed sources-and-uses statement specifying the cash consideration and assumptions affecting value (para. 8(b)), and it must be capable of closing within 45 days of being selected (para. 8(c));
3. Each bid must be a binding, executed transaction proposal, supported by full disclosure of bidder identity, ownership, approvals, and relationships (para. 8(d)), accompanied by evidence of fully committed financing (para. 8(f)), and include an irrevocable commitment to complete the transaction if selected (para. 8(e)).
4. The bid must not be conditional on further due diligence or financing (para. 8(g)), must acknowledge that due diligence has been completed (para. 8(h)), and must identify any required regulatory approvals (para. 8(i)).
5. The bid must also be supported by a 10% cash deposit, held in trust by the Monitor (except in the case of a secured creditor credit bid) (para. 8(j)), and must include a commitment that the bidder bears its own costs without reimbursement (para. 8(k)).

[18] The Monitor, in consultation with the Sale Advisor, then assesses the bids and determines which satisfy the requirements of a Qualified Bid, with a decision deadline of August 14, 2026 at 5:00 p.m. Atlantic Time. At that stage, it will be determined whether an auction is necessary (para. 7(c)). If multiple competing bids exist, an auction is held during the week of August 17, 2026, providing a competitive mechanism to maximize value for the assets (para. 7(d)).

[19] After the successful bid is selected, the Monitor proceeds to finalize definitive agreements and seek court approval through an Implementation Order within 12 days of selection, subject to Court availability (para. 7(e), para. 13).

[20] The deadline for submitting a Qualified Bid may be adjusted by the Monitor (for up to fourteen days) or such additional time as approved by the Court, with all subsequent deadlines being similarly extended (para. 9).

[21] If no viable bids are received, the SISP includes a fallback mechanism under which the HPS Creditors may submit a credit bid or debt assumption transaction, which is deemed to be the successful bid subject to acceptability to the Monitor and its Sale Advisor, capped at the amount of the secured debt, thereby establishing a minimum recovery baseline (paras. 11–12).

[22] The SISP includes certain information-sharing and consultation rights in favour of HPS and Quantum, among others.

[23] A further final feature which was added through amendments accepted by CFFI is an express reservation-of-rights clause. It preserves legal positions of all parties with respect to the transferability of assets (particularly those parties asserting some form of contractual or security-based restrictions) from being prematurely prejudiced by participation in or approval of the SISP.

The Monitor's Position

[24] By its Fourth Report filed June 8, 2026, the Monitor recommends acceptance of the proposed SISP (with amendments), while expressing certain misgivings. It generally describes the SISP as appropriate, reasonable, and structured to maximize value through a controlled, competitive market process.

[25] A central aspect of the Monitor's value-maximization proposition is secured debt overhang and particularly the substantial indebtedness owed to the HPS Creditors. It notes that any viable transaction must address that debt, and therefore the SISP is structured so that Qualified Bids must provide sufficient consideration—either individually or collectively—to repay the HPS debt (or such lesser amount as they accept). In this context, the Monitor views the inclusion of a potential credit bid by the HPS Creditors as a necessary feature that establishes a baseline or “floor” value, ensuring that the estate will receive at least the value that the HPS Creditors is prepared to attribute to the assets if no superior third-party offers are obtained. I

return to Quantum's first-ranking security over the Cormorant shares and its particular interests below.

[26] The Monitor also underscores that value maximization is reinforced by procedural safeguards and flexibility mechanisms embedded in the SISP. It highlights its independent role in conducting the process, including preparing marketing materials, managing the data room, soliciting bidders, and evaluating bids, which ensures fairness, neutrality and transparency. The inclusion of an auction if multiple Qualified Bids are received is identified as an important tool to enhance a degree of urgency and competitive tension to hopefully drive price discovery. Moreover, judicial oversight in connection with the outcomes achieved through the SISP will occur during the subsequent approval process, at which time any concerns (including any issues regarding the manner in which Quantum's interests were addressed both in respect of market bidding and any credit bid by the HPS Creditors) may be considered.

[27] Overall, the Monitor's view is that these features collectively create a fair, open, and commercially reasonable process that is capable of maximizing realizations through broad market exposure, competitive and flexible bidding dynamics, all under independent supervision and, ultimately, Court approval.

Quantum and Paddick's Position

[28] As indicated, Quantum objects, as does Mr. Paddick. They argue that the proposed SISP fails on its own terms, when examined under the lens of the controlling law. But their central submission is that the SISP proposal should exclude CFFI's equity interest in Cormorant, and that its equity should become subject to a more targeted and segmented, separate process.

[29] They argue that inclusion within the broader CFFI SISP risks failing to achieve maximum value, particularly where alternative restructuring options might expand beyond those which are available in this proceeding, and say their proposal offers the greater promise of a potential, superior path forward to maximize value. Those alternate options would be controlled primarily by Cormorant and they include refinancing, new equity injection (capital restructuring), or even the standalone sale of Cormorant as an ongoing business.

[30] Quantum contends that Cormorant very clearly would be incentivized to achieve maximum targeted value for its own shares, and states that Cormorant is prepared to work within the same general timelines proposed under the SISP in terms

of both developing and executing a plan. Furthermore, Quantum points out that this alternate process would remain under the Court's supervision and would ultimately be subject to the same approval process thus ensuring integrity and fairness.

[31] Quantum and Paddick also refer to and rely upon contractual restrictions contained in shareholder and credit agreements, which may limit or condition any transfer or ability to transfer Cormorant shares. Thus, a process which is premised on Quantum and Mr. Paddick's consent eliminates a potential complication that may otherwise dampen the common goal of maximizing value.

[32] Finally, Quantum says that it holds a first-priority security interest in the Cormorant shares, giving it a controlling interest in the disposition of those shares and, as such, their views should be afforded corresponding weight when assessing the SISP.

The Law: Foundational Principles

[33] The following five foundational principles are germane and help frame the issues in dispute in this proceeding.

[34] First, there are three main insolvency statutes in Canada: the *CCAA*, the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, which covers insolvencies of both individuals and companies, and the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11. The *CCAA* is endowed with the distinction of being a highly flexible, fundamentally court-centred framework, in which intensive judicial supervision creates "...a flexible mechanism with greater judicial discretion, making it more responsive to complex reorganizations" (*Ted Leroy Trucking [Century Services] Ltd. (Re.)*, 2010 SCC 60, referred to below as "***Century Services***", para. 14). The Court's broad and flexible jurisdiction is anchored in section 11 of the *CCAA* which, under the heading "general power of court", states:

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.

[35] Second, within this flexible and Court-supervised structure, the *CCAA* has evolved beyond its historic emphasis on restructuring and rehabilitation to include court-sanctioned liquidations where they better serve stakeholder interests and

achieve the statutory purposes. Modern practice recognizes that the *CCAA* advances the “simultaneous objectives of maximizing creditor recovery [and] preservation of going-concern value where possible” (9354 *Quebec inc. v Callidus Capital Corp.*, 2020 SCC 10 and referred to below as “9354” at para. 42). As a result, “liquidating *CCAAs*’... [are] now commonplace in the *CCAA* landscape” (para. 42). Overall, the evolution of a liquidating *CCAA* process is better understood not as a shift away from the statute’s historic foundational principles, but as a natural extension of its defining characteristic: a flexible, pragmatic, court-supervised regime capable of tailoring outcomes to the realities of each insolvency. This is germane here because to the extent CFFI has a “business”, it holds artwork and equity positions in other operating companies. Thus, it makes sense in these circumstances that CFFI seeks to liquidate its assets. It is not proposing to emerge from these proceedings as a rehabilitated, operating entity.

[36] Third, the role of the judge in *CCAA* proceedings is unique. It is not just adjudicative in nature but also “...carv[es] out a unique supervisory role for judges” (9354 at para. 47). “From beginning to end, each *CCAA* proceeding is overseen by a single, supervising judge [who] ... acquires extensive knowledge and insight into the stakeholder dynamics and business realities of the proceedings...” (9354 at para. 47) The *CCAA* “capitalizes on this positional advantage by supplying supervising judges with broad discretion to make a variety of orders that respond to the circumstances of each case and ‘meet contemporary business and social needs’” – in “real time”, if needed (9354 at para. 48).

[37] Fourth, while the exercise of judicial discretion under the *CCAA* process is broad, flexible, and highly dependent on the facts, it is neither unlimited nor arbitrary. The Court’s authority is both constrained and guided by the requirements of appropriateness, good faith, and due diligence (9354 at para. 49).⁵ The

⁵ The concept of “appropriateness” is inherently functional and focussed on whether the requested order advances the *CCAA*’s underlying policy objectives. The “good faith” obligation is codified in s. 18.6 of the *CCAA*. “Good faith” is a ubiquitous term and not easily reduced to a simple all-purpose, one-size-fits-all definition. In very broad terms, the obligation to act in “good faith” is contextual and, in this case, must be measured against the objects and purposes of the *CCAA* such as transparency, optimizing value, and fairness – and tempered with the corresponding need to avoid arbitrary moral pronouncements (or “palm tree justice”) and, to the extent reasonably possible in the sometimes chaotic world of insolvency restructuring, encourage commercial and contractual stability. Fortunately, in this case, it is not necessary to delve further as no party alleges a breach of this “good faith” obligation. The final concept of “due diligence” requires parties to act promptly and engage actively. It discourages delay or strategic inaction, promotes fairness among stakeholders, and supports the negotiation-based restructuring process overseen by the court and monitor. Failure to act diligently can undermine both the proceedings and the effectiveness of the *CCAA* regime. See paras. 50 – 51 of 9354.

jurisprudence reveals other more specific factors that are applied when assessing a SISP proposal. I return to those factors below.

[38] Fifth, when exercising judicial discretion, the Court benefits from the input of a monitor. Section 11.7 of the CCAA installs the monitor as a mandatory presence vested with fiduciary obligations to the Court. The monitor serves as an experienced, objective, and independent court-appointed officer dedicated to providing a measure of oversight and reports on the debtor company's financial affairs. The monitor's neutrality and expertise help instill confidence in, and enhance the integrity of, the process.

[39] The monitor is considered "the eyes and the ears of the court" (9354 at para. 52), supporting the judge's ongoing supervisory function. See also, *Re Winalta Inc*, 2011 ABQB 399 at paras. 67 – 68, and *Re Tepper Holdings Inc*, 2011 NBQB 311, at para 92.

The Law and the More Specific Test for Approval of a SISP (Analytical Framework)

[40] Consistent with the foundational principles discussed above, the court "should ensure that the process being proposed is fair, transparent, commercially efficient, cost-effective in the circumstances, and preserves the integrity of the CCAA process", and further, the court should consider whether "all parties to the process are acting in good faith and with due diligence" (*Re SaltWire Network Inc*, 2024 NSSC 89 referred to below as "*Saltwire*", at para 27).

[41] All parties agree that additional factors going more specifically to approval of a SISP can be traced to in *Re Nortel Networks Corp*, 2009 CanLII 39492, [2009] OJ No 3169 (Ont Sup Ct. J.), referred to below as "*Nortel*". In *Nortel*, after confirming that "the court does have the jurisdiction to authorize a sale under the CCAA in the absence of a plan", Morawetz J described several relevant factors at para 49:

- (a) is a sale transaction warranted at this time?
- (b) will the sale benefit the whole "economic community"?
- (c) do any of the debtors' creditors have a *bona fide* reason to object to a sale of the business?
- (d) is there a better viable alternative?

[42] The caselaw does not treat these factors as a strict checklist. Rather, as *Halsbury's* describes the analysis, these “factors should guide a court in exercising its general statutory discretion...” (Kelly J. Bourassa, et al, *Halsbury's Laws of Canada - Bankruptcy and Insolvency* (2021 Reissue) (LexisNexis: online) at §HBI-382).

[43] When considering whether there is a *bona fide* reason to object: “the Court may consider and weigh all of the affected interests. Where there are numerous affected stakeholders, an individual creditor’s preferences or demands may not necessarily represent an enforceable objection” (*Saltwire*, at para 27). As to a viable alternative, the question is, in “very simple terms: does any person have a better idea? Is bankruptcy more beneficial?” (*Saltwire* at para 27).

[44] The court should also be mindful at this stage of the considerations going to authorization of a sale of assets outside the ordinary course of business under s 36(3) of the CCAA. As the court said in *Re Hudson's Bay Co*, 2025 ONSC 5989, [2025] OJ No 4555, at para 23, the *Nortel* criteria “should be evaluated in light of considerations that may apply in the future, given that a request for approval of a concluded sale under section 36 typically follows.” The considerations identified in s 36(3) include the following, “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.

[45] Finally, all parties agree that given my broad discretion and supervisory role, I am permitted to consider objections and require modifications to a proposed SISF. An example is *BCIMC Construction Fund Corporation et al v The Clover on Yonge Inc*, 2020 ONSC 3659, [2020] O.J. No. 2782, where the court was considering a

SISP for each of three construction projects, referred to as Yorkville, Clover, and Halo. The court approved the Yorkville SISP and dismissed the Clover SISP. The Clover and Halo SISPs as proposed had included a stalking horse bid with a break fee, to which certain parties had raised objections. The stalking horse bid being “a package deal”, the court allowed the Halo SISP to proceed without it, with the additional result that it was unnecessary to deal with the objections (see paras 72 and 77).

Analysis

[46] I am satisfied that the proposed SISP is warranted and aligned with the considerations included in s. 36 of the *CCAA*.

[47] The cash flows that are contained in the Monitor’s report, the opinion as to CFFI’s value, and the calculation of debt all lead to the inescapable conclusion that CFFI is buckling under staggering debt that is growing and far exceeds its financial worth. Any further delay would not be in the interest of any party and I believe that there is appreciably more benefit to be gained by exposing CFFI’s assets to the market as is being proposed.

[48] As to the foundational principles discussed above, I am satisfied that CFFI is moving in good faith and, at this stage, there is no allegation to the contrary. I also conclude that the proposed SISP process is fair and transparent. I am fortified in these conclusions by certain amendments suggested by Quantum and accepted by CFFI. Those amendments improved the provisions around the sharing of information and the obligation to consult in certain circumstances with not only the HPS Creditors but Quantum as well. I recognize that Mr. Paddick sought equal rights around access to information and consultation. In the circumstances, I am not prepared to extend this rights beyond the first ranking creditors having regard to the size of the debt, the estimate value of the assets, and related concerns around efficiency. Mr. Paddick remains a creditor and, of course, will have a voice in the approval process.

[49] I am also satisfied that all of CFFI’s assets will (and should) be exposed to the broader market in an orderly and timely manner. I accept the Monitor’s view that the type of approach being proposed may stimulate (not dampen) interest and foster a robust bidding process. I note:

1. The revised SISP ensures value maximization primarily by the breadth and flexibility of the process: the SISP is designed to canvas a “broad

range of potential transactions,” including sales of shares, assets, or the business as a whole, and contemplates both strategic and financial buyers as well as investment transactions; and

2. The two-phase structure—initial indications of interest followed by binding Qualified Bids—ensures that only serious bidders proceed to later stages, thereby promoting efficiency while preserving competitive tension.

[50] Related to these conclusions, I am also satisfied that the SISP is commercially reasonable. The Monitor’s view on this issue is not determinative, of course, but it is supportive and compelling. I also note the following:

1. Subject to issues around the Cormorant shares which I will address below, no party otherwise challenges the proposed SISP; and
2. The Monitor is satisfied that the process will sufficiently expose the assets to the market and generate meaningful participation and allows for significant flexibility in terms of the offers that it might field for the assets.

[51] On this, I am especially satisfied that the independent oversight being exercised by the Monitor and Sales Advisor will bring value and better ensure the integrity of the process.

[52] That said, I share certain of Quantum’s reservations around the timing of market exposure and accepting bids during the summer months. For that reason, I would only be prepared to accept the SISP if the Monitor with input from the Sales Advisor is granted the authority to extend each deadline by two weeks if the Monitor deems it to be reasonably required and concludes that it will optimize the sales process, in the circumstances. I also note that the Court is available to consider further requests, if required. CFFI suggested that only a single, two-week extension would be permitted. I respectfully disagree.

[53] Once the sales process is completed, the approval process will provide the parties and any interested bidders with the opportunity to fully air any problems and further stamp the process with the imprimatur of judicial oversight. I acknowledge and remain sensitive to the fact that this could include, if appropriate, any issues raised by Quantum regarding the manner in which the bidding and bid evaluation process unfolded in respect of the Cormorant shares in particular.

[54] As to the more specific factors identified in *Nortel*, they effectively highlight the core dispute: Quantum's argument that a separate strategic and standalone process for marketing CFFI's shares in Cormorant undermines that specific aspect of the proposed SISP and should not be adopted.

[55] Quantum's primary concerns touch upon a number of relevant issues including commercial reasonableness; the impact of the proposed impact on the "economic community"; and, more specifically, the unique interests of Quantum as the first ranking creditor over the Cormorant shares as a relevant benchmark when assessing the proposed SISP.

[56] Quantum's arguments are largely built around the conviction that its proposed alternative option where Cormorant would be tasked with the responsibility of developing a sales or restricting plan are superior to the SISP in so far as Cormorant shares are concerned.

[57] I acknowledge that Quantum's arguments possess a number of appealing qualities. For example, I accept that Cormorant would likely be highly incentivized to maximize the value of its own shares. Certainly Cormorant would not seek to see the value of its shares artificially or unfairly deflated in the market. In addition, there is some truth to the argument that Cormorant may be able to creatively deploy a greater number of strategic commercial options for squeezing value out of the CFFI's shares, including broad recapitalization opportunities or a variety of equity offerings or a sale of the business itself. In addition, there may be certain contractual rights that could adversely impact the sales process (e.g. sharing information that Cormorant considers sensitive and confidential) which would be avoided if Cormorant were to control and consent to the process.

[58] All that is missing connecting these arguments to a concrete plan is anything connecting these arguments to a concrete plan. Respectfully, greater flexibility in developing a plan to maximize value only becomes a strength where there is some visibility around how this flexibility will be used and how it will yield a result that achieves the goals and objectives of the *CCAA* and the *Nortel* factors. Sincerely held optimism around a yet-to-be formed plan (or the elusive promise of a better plan) is insufficient, in my view, and only risks further uncertainty and delay.

[59] Another troubling weakness of the Quantum proposal is the lack of sufficient support and clarity from Cormorant itself. In this proceeding, Cormorant did not file any pre-hearing submissions but spoke at the hearing through legal counsel who advised that he was limited in terms of what he could say. However, he was

instructed to confirm that “Management had advised that it was prepared to support a stand-alone process ...to run as efficiently and quickly as possible”. Legal counsel added that: “Management’s preference would be the stand-alone process”. As a further positive comment, legal counsel confirmed that Cormorant “cannot dispute” Quantum’s suggestion that there has been an event of default under the Quantum credit facilities but did not elaborate.⁶

[60] When asked for clarification as to who “Management” was, legal counsel confirmed that he received instructions from Richard Jackson, Cormorant’s President and Chief Executive Officer. Mr. Jackson is also one of five members on the Cormorant Board of Directors.

[61] When asked further questions regarding Cormorant’s position, the Court was advised that:

1. While “Management” supported a stand-alone process, the support was somewhat diluted by the fact that legal counsel could not say that Cormorant was opposed to the SISP. Ultimately, Cormorant would support the Court’s decision;
2. Perhaps of greater significant, Cormorant confirmed that it still did not have a plan for the Court’s consideration. At best, Comorant expressed a willingness to prepare one and put it into action quickly if the Court approved the basic concept of a segmented, stand-alone process; and
3. Legal counsel expressed a “general concern” around confidential information but could not offer details including, for example, whether Cormorant harboured existing concerns around an imminent breach of confidential information if the SISP was approved.

[62] Cormorant’s strained and cryptic submissions are problematic, especially given that Cormorant is being proposed as the entity that would effectively manage the stand-alone process.

[63] In fairness, Cormorant and its legal counsel were put in a difficult position. As indicated, his instructions came from Mr. Jackson who is one of five Board members. Two of the five current members on Cormorant’s Board of Directors

⁶ The issue around whether Cormorant was in default of its contractual obligations to Quantum was somewhat contentious. For example, there was conflicting evidence as to whether Brittany Bartlett replacing John Risley (CFFI’s primary owner) on the Cormorant Board of Directors triggered an event of default. And there was concern that Cormorant had requested (and been granted) extensions of payment obligations under the Quantum debt - with the next payment currently due at the end of June, 2026.

(Brittany Bartlett and Stan Spafold) support the proposed SISP. Two others (Richard Hugh and Brendan Paddick) oppose it. Thus, Mr. Jackson finds himself squarely in the middle of two conflicting views – including two opposing, major shareholders (CFFI and Mr. Paddick). As a result, Cormorant views, as expressed by Mr. Jackson were understandably cautious. Nevertheless, I am compelled to say that the resulting vagueness and uncertainty is problematic.

[64] A further concern relates to the supervisory role of the Court as supported by its independent officer, the Monitor. As mentioned, the Monitor exerts a key independent and objective influence as the Court’s “eyes and ears”. Yet, the alternate “stand alone” suggestion regarding CFFI’s shares in Cormorant diminish the Monitor’s role. The Court would be rendered somewhat blind and deaf – at least when compared to what would occur under the SISP. Instead, Cormorant (who is not an officer of the Court) would assume a more dominant role. The related concerns are exacerbated somewhat by the spectre that Quantum (as Cormorant’s first-ranking creditor) may gain increased leverage or influence in the process.⁷ Counsel for Quantum properly pointed out that the process would still be subject to Court supervision and oversight. However, in my view, the weakened role of the monitor is problematic. The Monitor’s appointment is a mandatory requirement under the *CCAA*. This basic statutory fact speaks to the importance which the legislature places upon the Monitor’s involvement. Plans that would diminish the Monitor’s role should be approached with a degree of healthy caution.

[65] Before leaving this issue, a brief word on the reservation of rights in the SISP process is warranted. CFFI, Quantum, and the Monitor all agree that there will be a reservation of existing rights and that this reservation of rights will be in place as the SISP unfolds. The reservation of rights creates a risk that bidders may take into account when offering to purchase the CFFI’s assets. However, this is neither unusual nor determinative. At the same time, the extent to which a reservation of rights may impact the process or the value proposition is also subject to the fact that the proceedings are bought under the provisions of the *CCAA* and, as subject, ultimately subject to Court supervision.

[66] I also wish to add that I am not unmindful of the concerns and challenges that may arise where the Court is overseeing the public sale of shares held by a very

⁷ This concern was not alleviated during oral submissions where Quantum and Mr. Paddick could, at times, appear to be advancing positions on behalf of Cormorant.

significant stakeholder⁸ in an otherwise closely held company (Cormorant) that did not file for protection under the *CCAA*. Nevertheless, for the reasons given, these shares represent considerable value and, for the reasons given, I am satisfied the proposed SISP offers an orderly, fair, and transparent process which best achieves the *Nortel* considerations in the circumstances.

[67] Overall, the shortcomings associated with Quantum and Mr. Paddick's arguments are, respectfully and in my view, are sufficiently serious to preclude either undermining the proposed SISP on its own terms or presenting a credible, evidence-based, alternative.

Conclusion

[68] For the reasons given and subject to my comments regarding extensions to deadlines, the proposed SISP (including the amendments accepted by CFFI as of June 8, 2026) is approved.

[69] As a final comment, I am compelled to express a concern with the SISP to the extent that there are unresolved issues regarding certain CFFI assets and related parties. The Monitor's third report highlights, for example, that 539 pieces of art work may be allocated to CFFI's main shareholder, John Risley, but that this allocation is still under discussion as certain information may be incomplete – including how and why these assets came to be recorded in the books of CFFI or how their provenance came to be somehow controversial. This was described by counsel for the Monitor during oral submissions as a “grey area”.

[70] I am aware the bulk of CFFI's value is in its equity positions. I am also aware that the value of the artwork or any related party transactions might be described as comparatively modest when stacked up against the company's overwhelming debt and the magnitude of any anticipated deficiency.

[71] At the same time, these are assets whose value may not be in the tens of millions of dollars but is in the millions of dollars. I am not aware of any argument that these types of figures can be dismissed as immaterial – particularly here where many creditors face significant losses.

⁸ Again, CFFI owns 38.77% of all Cormorant shares on an undiluted basis and actually is the majority shareholder on an undiluted basis)

[72] Perhaps more importantly, the integrity of the process generally should not be unduly compromised by unresolved concerns regarding valuable assets or related party transactions. My expectation is that the Court will receive a report with details regarding these assets and how these issues were resolved in the context of the upcoming SISP process. And, if they are not resolved, why.

Keith, J.