

Action No.: B201-868952  
E-File Name: CVK22SUGARBUD  
Appeal No.: \_\_\_\_\_

IN THE COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1985, c. B-3, AS AMENDED,

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF SUGARBUD CRAFT GROWER CORP.

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF 1800905 ALBERTA LTD.

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF TRICHOME HOLDINGS CORP.

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P R O C E E D I N G S

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Calgary, Alberta  
September 29, 2022

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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Calgary, Alberta

2  
3 September 29, 2022

Morning Session

4  
5 The Honourable Justice Nixon  
6 (remote appearance)

Court of King's Bench of Alberta

7  
8 R. Zahara (remote appearance)

For Sugarbud Craft Grower Corp.

9 C. Nyberg (remote appearance)

For Sugarbud Craft Grower Corp.

10 G.F. Body (remote appearance)

For Department of Justice Canada

11 D. Le Geyt (remote appearance)

For Alvarez & Marsal Canada Inc.

12 A. Naveed (remote appearance)

For Connect First Credit Union

13 R. Algar (remote appearance)

For the Proposal Trustee

14 O. Konowalchuk (remote appearance)

For the Proposal Trustee

15 P. Zavala

Court Clerk

16  
17  
18 THE COURT:

Thank you. Madam clerk, can you hear me okay?

19  
20 THE COURT CLERK:

I can hear you, Justice Nixon.

21  
22 **Discussion**

23  
24 THE COURT:

Thank you. Just for the benefit of the parties, I have reviewed everything that was on the system as of yesterday. I did receive some materials within the last 15 minutes. I have very quickly skimmed those materials but be aware that I have not read them in detail. That said, I note that one of the changes may indeed address one of my questions but I will -- with that general comment I will turn it over to counsel.

25  
26  
27  
28  
29  
30  
31 MR. ZAHARA:

Thank you, My Lord. Zahara, R. for the record here on behalf of the applicants so that's Sugarbud Craft Grower Corp., Trichome Holding Corp. and 1800905 Alberta Ltd. If it pleases, Your Lordship, I will just do quick introductions for who we have joining us today so you are aware of who all is in attendance.

32  
33  
34  
35  
36 THE COURT:

Thank you.

37  
38 MR. ZAHARA:

So counsel for Connect First Credit Union is Ms. Afshan Naveed from the Denton's firm.

39  
40  
41 MS. NAVEED:

Good morning, My Lord.

1  
2 MR. ZAHARA: Counsel --

3  
4 THE COURT: Morning.

5  
6 MR. ZAHARA: Counsel for the proposal trustee is Mr. David Le  
7 Geyt from the BP law firm.

8  
9 MR. LE GEYT: Good morning.

10  
11 THE COURT: Morning.

12  
13 THE COURT: We have Mr. George Body who is representing  
14 the Department of Justice on behalf of their client Canada Revenue Agency.

15  
16 MR. BODY: Good morning, My Lord.

17  
18 THE COURT: Morning.

19  
20 MR. ZAHARA: We have Mr. Algar as well from the BDP firm  
21 on behalf of the proposal trustee. We have Mr. Nyberg from MLT Aikins on behalf of the  
22 applicants as well. And then we have Mr. Konowalchuk from BNN firm on behalf of the  
23 proposal trustee. And then we have a few people who are observing today Ajay (phonetic)  
24 Omoletto (phonetic) is observing from Connect First. Ms. - and I apologize on many of  
25 these names - Mr. Genalecki (phonetic) is observing from -- I understand from Canada  
26 Revenue Agency, and Akinka (phonetic) Y. Deogis (phonetic) is also observing. And I  
27 apologize for the name, I just can't read it off the screen but they are both I believe clients  
28 of Mr. George Body or colleagues.

29  
30 MR. BODY: They are both -- they are both my colleagues, My  
31 Lord, with Department of Justice Canada observing today.

32  
33 THE COURT: Certainly, thank you for that.

34  
35 MR. ZAHARA: Thank you, Mr. Body. And I believe that is now  
36 everyone in attendance. I will tell you we had been contacted by one party -- one counsel  
37 who is actually from Halifax at Stuart McKelvie firm, named Mr. Chiasson. He is retained  
38 by Grand HVAC Leasing Ltd. He will not be in attendance today. He had asked for the  
39 inclusion of the language in the updated form of order in terms of a come back provision  
40 on seven days' notice. I did not have any objections to including that language which would  
41 be standard in the initial order template. And so he has been advised that based on my

1 agreement to include that language in the proposes form of order, he did not intend to  
2 appear today. And that would -- is the only other creditor we have heard from, My Lord.

3  
4 THE COURT: Okay And who is Mr. Chiasson representing  
5 again, sir?

6  
7 MR. ZAHARA: Grand HVAC Leasing Ltd.

8  
9 THE COURT: Okay. Thank you for that.

10  
11 **Submissions by Mr. Zahara**

12  
13 MR. ZAHARA: No problem. So in terms of the order of business  
14 today, My Lord, I can advise that I do not believe there is anybody opposing or objecting  
15 to the relief sought today. Mr. Body may have comments. He had sent me a note saying  
16 the revised language included in the form of order addresses his concerns but he may have  
17 some submissions on that point, but to our knowledge no one is objecting. So what I will  
18 propose to go through is the service for this application, in particular who got served, and  
19 there was just one party that hasn't -- we haven't got confirmation yet, hope to have  
20 confirmation shortly to delivery of materials. Then I will go into - I understand you have  
21 read the materials - but the brief background in terms of how the applicants got here and  
22 the relief we are seeking today. And then I will primarily go through that relief in the order  
23 as it appears in our brief, My Lord, that was submitted to you.

24  
25 And just to make sure that you did in fact get all our materials. We have from the applicants  
26 the affidavit of Mr. Wilson sworn on September 26, an application, a brief of law that was  
27 provided on September 27 -- 28, apologies, My Lord, September 28th. And then you would  
28 also have gotten the first report of the receiver and a supplemental affidavit of Mr. Wilson;  
29 is that correct?

30  
31 THE COURT: That is correct on all fronts. I am just looking at  
32 your binder here. When you say the supplemental affidavit of Mr. Wilson, I just want to  
33 confirm, that is the document that he swore on September 28th?

34  
35 MR. ZAHARA: That is correct, My Lord.

36  
37 THE COURT: I confirm I have that. Thank you, sir.

38  
39 MR. ZAHARA: Perfect. So then we are -- we are singing from the  
40 same song sheet, as they like to say.

41

1 THE COURT: Right. And just to confirm, the other materials I  
2 was referring to that I received this morning was a cover letter from yourself, the affidavit  
3 of service by Ms. Joy Mutuku, if I have got the pronunciation right, please correct me if  
4 I'm wrong, and a proposed or revised form of order, and a black-lined -- I have skimmed  
5 the black-line. I have skimmed the affidavit of service and I have certainly read your letter,  
6 sir, but I haven't reviewed the revised order in any detail, so I just alert you to that.

7  
8 MR. ZAHARA: No problem, we'll get to that in the end. We can  
9 --

10  
11 THE COURT: Very good.

12  
13 MR. ZAHARA: -- direct any comments the other parties have. So  
14 just turning to service. We did send you the sworn but unfiled copy of the affidavit of  
15 service of Joy Mutuku and that was sworn, I believe, today.

16  
17 THE COURT: It's dated today, yes.

18  
19 MR. ZAHARA: Yeah.

20  
21 THE COURT: Thank you.

22  
23 MR. ZAHARA: Sworn today. And so just going through that,  
24 obviously the timing on this entire proceeding so far has been quite tight, My Lord. As you  
25 will have noted from the certificates issued by the superintendent of bankruptcy, the NOI  
26 filing was completed on September 26th and received confirmation of that filing that day.  
27 That same day we also issued our application materials in respect of this application, and  
28 we issued that application materials as set out in the affidavits of service list email  
29 recipients. That included A-N-M, Alberta Securities Commission, Canadian Natural  
30 Resource Limited, Department of Justice - Prairie Regional Office, Connect First Credit  
31 Union, Health Canada, Computershare Trust Company of Canada, Ford Credit Canada  
32 Leasing, Grand HVAC Leasing Ltd, Odyssey Trust Company, Sols (phonetic) Capital Inc  
33 operating as Capital Mount Cannabis, Dry-Tech and the Town of Stavelly. And those are  
34 any creditors either had a registration within the PPR, whether they were creditors or not,  
35 or in the case of Computershare and Odyssey, worked on behalf of certain debenture  
36 holders that would have had some security written in. And are unfiled copies of the  
37 application materials, My Lord, being the application, the affidavit and the proposed form  
38 of order that was attached to that application as well as WebEx log-in information.

39  
40 THE COURT: Okay, and just if I can just pause you there. You  
41 mentioned it was -- the materials they were provided was unfiled. Were there any material

1 changes between those documents and what you did file?

2  
3 MR. ZAHARA: Only to the proposed form of order are are  
4 contained now, as I understand it, in the black-line that has been sent to Your Lordship.

5  
6 THE COURT: Okay. And then --

7  
8 MR. ZAHARA: And then -- sorry, go ahead, My Lord.

9  
10 THE COURT: Just for the record, I just -- I ask that question  
11 when I hear that type of process just to make sure that the parties are indeed fully informed  
12 and there hasn't been any material changes. Based on your submissions, sir, I am  
13 comfortable that that's fine. Go ahead.

14  
15 MR. ZAHARA: Yeah, there was -- there was two things updated  
16 in our supplemental affidavit that went out, one was an updated org chart for them that just  
17 reflected the current status as at September 26 and the exhibit to that was just the updated  
18 certificates from the OSB with the updated numbers, as we did get those after we had  
19 served our materials so those would be the only two changes from that initial affidavit that  
20 we updated in the supplemental which then would have been served on the same parties on  
21 September 28th.

22  
23 THE COURT: Okay. And did -- just for timing, when did you  
24 serve those materials on the 28th? Did they get them during the day or at 10:00 at night?  
25 And again, I just want to make sure --

26  
27 MR. ZAHARA: Oh, that would have been during -- during the  
28 day on the 28th, My Lord, or later in the afternoon anyway.

29  
30 THE COURT: Okay.

31  
32 MR. ZAHARA: I am just trying to pull up the email right now.  
33 3:52 PM those would have went out.

34  
35 THE COURT: Okay, so during business hours.

36  
37 MR. ZAHARA: That's correct.

38  
39 THE COURT: Okay, thank you.

40  
41 MR. ZAHARA: No problem.

1  
2 THE COURT: Go ahead.

3  
4 MR. ZAHARA: Thank you. And so the only -- everything was  
5 then served effectively -- all the things that were sent by hard copy, which I understand  
6 was to Meridian One Cap Credit Corp, where they were couriered, that was the only party,  
7 and they are I believe a creditor for a couple of scissor lifts in respect of the 1-8-0 entity.  
8 Those were the only ones where we didn't have confirmation that those materials had been  
9 picked up but they also did not provide an email address under the PPR so that was the one  
10 creditor that we missed in all of the service, the flurry of materials.

11  
12 THE COURT: Okay. And when did that material get couriered  
13 to them?

14  
15 MR. ZAHARA: It looked like on September 28th a courier went  
16 out.

17  
18 THE COURT: So at best they would have received it today; is  
19 that a fair assumption?

20  
21 MR. ZAHARA: I believe so, My Lord. But we don't have the  
22 confirmation from the courier yet.

23  
24 THE COURT: Okay, noted.

25  
26 MR. ZAHARA: It was going to Burnaby B.C.

27  
28 THE COURT: Okay

29  
30 MR. ZAHARA: It looked -- yeah, sorry, it was sent on the 27th  
31 and as of right now there seemed to be an incorrect address, there is address correction  
32 required that's in the process of being resolved.

33  
34 THE COURT: Okay. So went out on the 27th, address was  
35 incorrect, and we are not sure at this juncture whether they have received the materials;  
36 correct?

37  
38 MR. ZAHARA: That's correct.

39  
40 THE COURT: Okay, continue.

41



1 MR. ZAHARA: Thank you, My Lord. You know, subject to that  
2 One Meridian One Cap entity for the two scissor lifts, we otherwise that service, albeit  
3 short, is in effect on all the parties that have registered interests or potentially be primed as  
4 secured creditors by the priming charges sought today, My Lord.

5  
6 THE COURT: Okay. And just for the record, what is the amount  
7 that is owed on the two scissor lifts in respect of that particular --  
8

9 MR. ZAHARA: If you bear with me, My Lord, I will try to pull  
10 up those PPR papers.  
11

12 THE COURT: Certainly, thank you.  
13

14 MR. ZAHARA: I am not sure if we did wind up attaching those  
15 to our affidavit or not, My Lord. We may not have. I think we just have the corporate search  
16 of the (INDISCERNIBLE) up on our system. There does not appear to be a debt associated  
17 with them, just looks to be a PINS (sic) registration against the leasehold and the two  
18 scissor lifts but there's no number given for what may be outstanding on those.  
19

20 THE COURT: Okay, let's continue on. I will address that as  
21 appropriate in a minute here. Go ahead.  
22

23 MR. ZAHARA: Okay. Thank you, My Lord. What I propose to  
24 do is just give you a little bit of high level background in terms of Sugarbud and its  
25 operations before I jump into the specific relief we are seeking as set out in our brief. So if  
26 there is any more information or less you'd like me to give, I will do that quick high level  
27 overview and then I will get into going through each head of relief being sought.  
28

29 THE COURT: Yes, provide the overview. I have a few  
30 questions - I have quite a number of questions actually - just in terms of the big picture  
31 here but I benefit from your overview and then see if there's anyone else that wants to  
32 comment and then I'll ask some questions. Go ahead, sir.  
33

34 MR. ZAHARA: Certainly. So Sugarbud operates a federally  
35 licensed cannabis facility located in Staveland, Alberta. It produces, distributes and sells  
36 cannabis products across Canada. It commenced cannabis operation August of 2019.  
37 During that period it has remained cash flow negative for its entire history of operations.  
38

39 In the short term, the absence of additional financing, Sugarbud will not have sufficient  
40 liquidity to fund payroll and Connect First had advised Sugarbud that it would not provide  
41 any further liquidity outside of a formal filing of an NOI proceeding. As a result, the

1 decision was made to file proceedings in the NOI to obtain a 30 day stay of proceeding.  
2 That stay of proceeding would then allow us to seek relief that we are seeking today  
3 including interim financing and to allow Sugarbud to fund its ongoing operations should  
4 this Court approve it.  
5

6 The primary secured lender of Connect First is -- or of Sugarbud is Connect First Credit  
7 Union. They have been a good partner to Sugarbud throughout this process and have  
8 supported Sugarbud while it's attempted to work through its issues in terms of liquidity and  
9 capital. So far during the NOI proceedings Sugarbud has continued its day to day affairs in  
10 the normal course. Obviously it has been in communication with Health Canada and has  
11 informed it of its NOI proceeding and will continue to maintain its obligations under its  
12 cannabis licence.  
13

14 The Sugarbud facility and the description of its business is set out in the affidavits in  
15 paragraph 13 to 16. In terms of the history of the capital raised by the company and where  
16 it go to, obviously as for most cannabis companies, My Lord, capital in 2022 became more  
17 difficult to achieve. In particular for Sugarbud, the cash flow crunch occurred when it  
18 couldn't get additional capital to open additional growing rooms so the amount of plant that  
19 it sells, it sells at a premium price for a premium product. It generates decent revenue from  
20 that through the business. However, in order to get more growing rooms on line it takes  
21 about a million dollars in capital to do that so in order to get to a cash flow positive basis  
22 they would have had to have raised or get on line at least two to three more growing rooms.  
23 They unfortunately did not have the capital to do that in 2022 and were in a cash flow  
24 negative situation.  
25

26 In terms of the areas that regulators that Sugarbud is currently doing business with - this is  
27 set out at paragraph 29 of the Wilson affidavit - they currently sell their products into  
28 British Columbia, Alberta, Ontario, Manitoba, Quebec, New Brunswick, Nova Scotia, the  
29 Northwest Territories and Newfoundland, so they have quite a broad reach in terms of  
30 where their product in the market is sold and so have relationships with each of those  
31 cannabis retail entities in those jurisdictions.  
32

33 The facility that we discussed earlier is approximately 30,000 square feet, the production  
34 licence area. It has a production capacity capable of building up to approximately 9 million  
35 to almost 12 million grams per year of dried cannabis and dried cannabis equivalent  
36 products.  
37

38 In terms of technical details, Sugarbud has 1000 plants per layer, when the growing room  
39 is full to capacity can grow up to almost 4000 plants per room which constitutes  
40 approximately 193 percent utilization (INDISCERNIBLE) and so Sugarbud has up to  
41 24,576 square feet of total flowering canopy within that facility.

1  
2 The licence that Sugarbud holds is held by the 1-8-0 entity and that's a standard cultivation,  
3 standard processing, and sale for medical purpose -- purposes licence for plant seeds, dried,  
4 fresh extracts, edible and topical under the *Cannabis Act* so that permits the 1-8-0 entity to  
5 conduct a suite of those customary activities in terms of the cannabis, the growing of  
6 cannabis and cannabis products.

7  
8 OPCO also holds an excise licence under the *Excise Act*. Copies of those are attached as  
9 exhibit 'F' to the materials. OPCO or 1-8-0's original licences were issued in August of  
10 2019. Those were set to expire on September 24th, 2022 but those licences terms was  
11 verbally extended to December 24th, 2022 by CRA with confirmation to follow by email  
12 -- via mail, which has yet to be received at the facility.

13  
14 Obviously the operating entity 1-8-0 is subject to comprehensive and rigorous regulatory  
15 regime as set out in the *Cannabis Act* and enforced by Health Canada. This regime requires  
16 ongoing compliance, record-keeping and reporting, restrict site, security, and operational  
17 requirements including that directors, officers, individuals in a position to exercise direct  
18 control and key individuals on the ground at the licence site must hold security clearances  
19 so this becomes important when we talk a bit about some of the other relief sought and I'll  
20 touch upon it again there, My Lord.

21  
22 In terms of employees, Sugarbud currently employs approximately 50 people. Some of  
23 those people have been put on furlough in order to save costs for the short term, so there is  
24 approximately 10 people either on furlough or to be put on furlough, and there are a few  
25 people that are on leave for various reasons. Aggregate payroll for Sugarbud in the last  
26 round was approximately \$97,000. The estimated one for October 15th as a result of more  
27 people being on furlough is approximately \$76,000 and obviously that's the most -- payroll  
28 is the most urgent cash crisis facing Sugarbud today because if it doesn't meet payroll its  
29 concern is that a bunch of these employees will be able to walk and find other employment  
30 as well as potentially put Sugarbud off side of its licencing requirements if certain of those  
31 specific individuals are no longer employed there.

32  
33 There's also a number of vendors and suppliers that Sugarbud relies on to keep those -- that  
34 facility going. Certain of those critical suppliers have been patient with Sugarbud during  
35 this period leading up to the N-O-I in terms of getting paid for amounts. There was some  
36 amounts that were paid just prior to the filing -- to certain critical suppliers. That's  
37 addressed more specifically in section 42 of the affidavit but those general payments were  
38 to people including insurers to ensure that insurance was in place so that Sugarbud could  
39 continue to sell and transport its cannabis for market, for information technology, security  
40 and other service providers.  
41

1 In terms of other regimes that Sugarbud is subject to, there is also the excise duty, so the  
2 excise licence that was previously referenced. Obviously there is amounts owing to CRA  
3 under the *Excite Tax Act* and that is approximately \$1.1 million currently.  
4

5 In terms of the nature of the debt and the amount of the outstanding indebtedness, if you  
6 look at paragraph 46 of the Wilson affidavit that sets it out. There is unsecured debt of  
7 approximately \$5.1 million, secured debt that is primarily made up of the amounts owed  
8 to Connect First Credit Union of \$8.1 million for a total of approximately \$13.3 million in  
9 creditors. As of September 22nd, Connect First was owed approximately \$7.7 million,  
10 that's security against all of the facilities and each of the entities that either provided a  
11 guarantee or signed on as primary creditors under that secured debt.  
12

13 Connect First had issued demands on September 22nd for repayment of that which  
14 obviously made all of those amounts become currently due and owing and Sugarbud group  
15 currently doesn't have obviously the money to pay those -- those installments on that basis  
16 and precipitated the filing on September 26th.  
17

18 Sugarbud did attempt some efforts in order to restructure prior to this. They did try some  
19 business combinations and things that were ultimately unsuccessful and as a result led into  
20 the filing. I think in terms of background, I am happy to provide any more information but  
21 what I would propose to do is to start going through the various heads of relief and filling  
22 in kind of the factual support as I go through those heads of relief but if there's more  
23 questions on background, or why Sugarbud is where it's at, I am happy to answer that now,  
24 My Lord.  
25

26 THE COURT:

I would like to address a few questions. Before I  
27 start my questions, are there any further comments by other parties in attendance today?  
28 Hearing none, let me just flip through my queries here. This was -- a lot of these questions  
29 are just so I understand the context. I noted at paragraph 14 that the annual revenue in 2020  
30 was \$535,756. My initial question was, was that an error in numbers? But I have  
31 crosschecked that with the financial statements which reflect that particular number. My  
32 broader question - and again I just ask this for context - what was the expected revenue?  
33 Because even with the revenue that is reported in the financial statements for the  
34 subsequent year, we are still way under -- under water. When I say we, I am talking about  
35 the royal we in the context.  
36

37 MR. ZAHARA:

Yeah, like I think -- you know, I am obviously  
38 not the affiant and some of this may be in evidence in terms of assertions or statements,  
39 but effectively the plan was to grow out those other growing rooms and fill those, so the  
40 value certainly in Sugarbud's current situation, is the product recognition, the price that it  
41 gets ahead of other growers for that product because it's known in the markets and it's in

1 demand, so when they do put a crop in and grow they can sell that crop quite quickly and  
2 so yes, we only have -- the annual gross revenue was only \$535,000 but the plan was as  
3 you get more of those growing rooms on line, that annual gross revenue goes up  
4 exponentially. So the problem has become to get the capital in to expand those grow rooms.  
5 And so in Sugarbud's case, those grow rooms are already regulated, they already have  
6 licences issued for them, it's just them on line in terms of getting HVAC and all that stuff  
7 in there so they can be properly run. So in terms of scaling, the point in time in its growth  
8 that it kind of got hit by, as the rest of the cannabis industry did, that it had only that annual  
9 gross revenue but obviously had plans to get that scaled up, as it scaled up those growing  
10 rooms. And I will tell you, based on my knowledge of the cannabis industry, is probably  
11 the most high level answer that I can give you.

12  
13 THE COURT: Okay. Related question and it ties into a  
14 statement you made. Your brief statement was the company's generating decent revenue.  
15 Did you mean that on an aggregate basis, or on a growing room basis?

16  
17 MR. ZAHARA: I think we meant that on an aggregate basis. And  
18 in terms of the decent revenue it would probably refer to the amount -- based on the amount  
19 of rooms we have operational and for the revenue for this cannabis, going to be the price  
20 for getting on -- for a per plant or per dried gram of cannabis is quite high relative to other  
21 peers.

22  
23 THE COURT: Okay. so you gave me the indication in that  
24 response, Mr. Zahara, that that's -- was decent on an aggregate basis. I think you really  
25 meant it's decent on a growing room basis, is that a fair assumption? And I ask the question  
26 just to make sure I am understanding this --

27  
28 MR. ZAHARA: Yeah.

29  
30 THE COURT: -- business here.

31  
32 MR. ZAHARA: Yeah, I guess if that's the way you are looking at  
33 it, My Lord, on a growing room basis those crops and plants would be sold quite quickly.  
34 On an aggregate basis, you know, for the number of growing rooms employed I think the  
35 revenue is good and is decent. Our issue is we don't have enough growing rooms and plants  
36 that we are able to product sufficient revenue from to obviously meet our obligations as  
37 they become due.

38  
39 THE COURT: Okay. Next question deals with paragraph 36.  
40 You did touch on this. OPCO's licences under the *Excise Act* were set to expire on  
41 September 24th which has come and gone of this year but have been verbally extended - I

1 am paraphrasing here - to the end of December or December 24th, to be precise, by the  
2 CRA. You have had a verbal confirmation but nothing yet has been received. Is there any  
3 risk there that we need to take into account?  
4

5 MR. ZAHARA: Not that I am aware of, My Lord. As I understand  
6 it's quite common practice to extend those verbally and send the subsequent confirmation  
7 by mail. Obviously we don't have that in hand yet, or we would have attached it to the  
8 affidavit, but we don't expect to have any problems with that. There may be again, as a  
9 result of this filing, depending on the status of the company come December 24th, 2022  
10 there may be discussions with CRA regarding the licence or what the plans for Sugarbud  
11 is going forward. But based on the timing contained in our SISP and where we hope to be  
12 by the end of that, we hope to have a pretty good answer to whatever question CRA might  
13 have about extending that licence within the insolvency proceedings.  
14

15 THE COURT: Okay. Dealing with paragraph 39, again I  
16 acknowledge you touched on this, there is reference there to payroll estimated to be 97,000,  
17 estimated October 15th an aggregate payroll of 76, is the 97,000 monthly payroll?  
18

19 MR. ZAHARA: That would be every two weeks, My Lord.  
20

21 THE COURT: Every two weeks. So why is the payroll at  
22 October 15th only 76,000 then versus 97,000?  
23

24 MR. ZAHARA: That would be a result of furloughing certain  
25 employees. As you'll note in the chart above, it says on furlough or to be furloughed, so as  
26 a result, to try and increase some costs savings from the facility, Sugarbud took steps prior  
27 to the NOI filing to furlough certain employees that can be called back if they need to be,  
28 and if they are available, and is currently -- after the swearing of it continued that process  
29 of putting employees on furlough to reduce the overall aggregate payroll costs.  
30

31 THE COURT: Okay, that satisfies me. I just note for the record,  
32 the reason I was focused on that is I wasn't sure because of the lack of time references  
33 whether it's every two weeks or every month on the 97, but that makes sense to me  
34 especially in the context of the furlough comment.  
35

36 Paragraph 45 caught my attention. Sugarbud owed \$1.1 million, as you phrased it, to the  
37 CRA. Two questions pop out to me there. What's the status of that priority and how is that  
38 going to be dealt with given that, for example, gross revenues in 2021 were only \$2.1  
39 million in aggregate before we get into any expenses?  
40

41 MR. ZAHARA: Yeah, so my understanding, and I haven't -- this

1 is the excise tax payable under this and I am sure Mr. Body has more experience with this  
2 than I have, is not (INDISCERNIBLE) client so it doesn't rank on the same level as a GST  
3 or a source deduction type claim. As far as I am aware, would rank behind the secured  
4 creditors of the company to CRA but I will candidly tell you I have not dug into the specific  
5 priority of that tax vis-à-vis other creditors at this time.  
6

7 THE COURT: Okay. Mr. Body, I was not aware until we went  
8 live on the hearing that you would be in attendance or someone from the CRA. Do you  
9 wish to comment at all? And again, I am just asking so I understand the context of matters  
10 and in particular to repeat myself, albeit a bit redundant, I was caught by the amount of  
11 excise tax that was due given the gross revenues. Any comment, sir?  
12

13 MR. BODY: Nothing in particular, My Lord. In terms of -- I  
14 have spoken to my client about it and it's a different division that I usually deal with but  
15 deals with excise tax so this is not a goods and services tax, this is not payroll, this is the  
16 tax that is typically leveled on, you know, for example tobacco, liquor, those -- it's a  
17 different portion of the *Excise Tax Act* that's in play here. We are not aware of any deemed  
18 trust claim for it and this is only one portion of the overall liability to the CRA. There are  
19 other liabilities that will come up later in the hearing as well.  
20

21 THE COURT: Okay. Thank you for that, sir. Just so I  
22 understand the context of your representation, are you focused on just part 9 of the *Excise*  
23 *Tax Act* are part 9 and withholdings also?  
24

25 MR. BODY: My focus is on the part 9 of the *Excise Tax Act*  
26 for the GST and for the source deduction claim, we are not aware of any corporate income  
27 tax owing by any of these entities, however the last return filed was for the period ending  
28 December 31, 2018 so we have no idea if there's any tax owing but if they have operated  
29 at a loss throughout their operation, then it's very unlikely that there will be any income tax  
30 owing for those accounts.  
31

32 THE COURT: Yes. I will speculate that there's no income tax  
33 owing in these circumstances. And when I say withholding, I actually meant source  
34 deductions, thanks for that clarification.  
35

36 MR. BODY: Thank you, Sir.  
37

38 THE COURT: And again I appreciate your input and your  
39 comments and understand that you are not focused on excise. Okay. Those addressed my  
40 questions there. Let me just flip through here. In terms of the term sheet, is it my  
41 understanding, as I was flipping through it, and I am just going by memory, Mr. Zahara,

1 could flip to it, the debt that we are looking at is coming in at 12 percent; is that correct?

2  
3 MR. ZAHARA: That's correct.

4  
5 THE COURT: Okay. I think you have addressed all my other  
6 issues in your submissions. Go ahead, sir.

7  
8 **Submissions by Mr. Zahara (Procedural Consolidation)**

9  
10 MR. ZAHARA: Thank you. I just will go through the various  
11 heads of relief sought now and will, you know, substitute in or add in to that any additional  
12 factual pieces that support those heads of relief as needed. But I will go through these as in  
13 the order as set out in our brief, My Lord.

14  
15 So the first one is the procedural consolidation. We would submit in this case that the filing  
16 of joint proposals permitted pursuant to division 1, of part 2 of the *BIA*, some of the factors  
17 to be considered in ensuring whether to permit the filing with joint proposal was whether  
18 the operations of the debtors are intertwined, whether they have common liabilities,  
19 whether or not the creditors or parties support a joint filing and position if any taken by the  
20 official receiver, and whether the creditors are in favor of the proposal itself.

21  
22 In this case, what we have here is a publicly traded entity, which is the Sugarbud Craft  
23 Grower Corp entity and two wholly owned subs which is Trichome Holdings Corp and an  
24 operating entity which is the 1800905 Alberta Ltd entity, and all of those operations are  
25 intertwined, My Lord, we would submit, that they all have similar creditors in terms of  
26 debts owed and certainly they are all owed money to Connect First through that credit  
27 facility. We suspect, depending on what the outcome of the SISP is, that two, or three, or  
28 all of them may be included in any proposal that is ultimately filed, and we would submit  
29 that procedurally consolidating these into one action number makes the most sense and it  
30 is the most efficient. Certainly creates less headaches for the court and the court clerks in  
31 terms of having to file stuff into three separate stage numbers. So that is our submissions  
32 on that point. We are not aware of any party that objects to this relief being sought. This  
33 will just simply simplify the process and avoid unnecessary costs without causing any  
34 prejudice, so we submit that should be approved. So I am happy if you want me to let  
35 parties respond to each of these heads of relief as I go through them or wait until I get to  
36 the end and respond in general, whatever (INDISCERNIBLE) --

37  
38 THE COURT: Yes, let's do --

39  
40 MR. ZAHARA: -- for Your Lordship.

41



1 THE COURT: Yes, let's do it on an item by item basis so thank  
2 you for that overview. Any submissions in respect of this particular matter from other  
3 parties?  
4

5 MR. BODY: From CRA there's no submissions on this point,  
6 My Lord.  
7

8 **Decision (Procedural Consolidation)**  
9

10 THE COURT: Thank you. Any other submissions? Hearing  
11 none, based on my review of this particular item, and my review of the relevant facts and  
12 the submissions of Mr. Zahara, noting CRA takes no -- makes no submissions on it, that  
13 request will be granted on the basis that indeed, in my view, these operations are  
14 intertwined and does not appear that there's any prejudice to any party and indeed it  
15 simplifies matters for a number of persons involved in this, in particular the court. Go  
16 ahead, Mr. Zahara, next?  
17

18 **Submissions by Mr. Zahara (Deadline to File Proposal)**  
19

20 MR. ZAHARA: Thank you, My Lord. The next heading of relief  
21 was just the deadline for the applicants to file their proposal should be extended. The  
22 current 30 day deadline would expire on October 24 -- or 26th so that -- the test for this is  
23 prescribed by section 50.4 of the *BIA*, subject to section 50.49 and in our brief at paragraph  
24 6 it sets out that section, the three grounds for looking at this is that the insolvent person  
25 has acted, and is acting in good faith in with due diligence. The insolvent person would  
26 likely be able to make a viable proposal if the extension being applied for were granted,  
27 and no creditor will be materially prejudiced if the extension being applied for were  
28 granted.  
29

30 In terms of the first test, whether the test is satisfied, we do submit that to date, although  
31 it has only been a few days, that certainly the applicants are acting in good faith with due  
32 diligence. They certainly brought on this application to ensure they can meet their  
33 obligations as they become due post filing through the seeking of the interim financing  
34 facility. They have put a form of sales and investment solicitation process to test the market  
35 for either some sort of a business transaction or a sale of its operating assets, depending on  
36 what parties may be intersted in, under timelines that will get done well within the six  
37 months mandated by the -- the *BIA* and allow them time to potentially make a viable  
38 proposal, depending on what the outcome of that sales and investment solicitation process  
39 is. And we would submit that no creditor would be materially prejudiced if the extension  
40 being applied for were granted. As you will note, the cash flows are insufficient to pay  
41 ongoing operations so that interim financing is key to that extension of time and provides

1 sufficient coverage to keep the lights on and keep operations going during that period.

2  
3 We believe that that extension order can be granted from the end of your initial 30 day stay  
4 period and then we'd be seeking a further 45 days until December 10th that will also get us  
5 past what is proposed to be the first phase one bid deadline for the SISP and allow  
6 obviously the parties to see what comes in on that day prior to the expiry of the stay.  
7 Obviously if we are going to seek an extension we will have to have materials in advance  
8 but it does give us some flexibility in terms of to see how the process is going during that  
9 45 day stay extension.

10  
11 The detriment if the stay is obviously not extended is that the companies would go into  
12 bankruptcy, a trustee would be appointed. They would likely face regulatory challenges  
13 during that proceeding, depending if people stayed around or not, and so there is a  
14 significant risk to materially eroding the value if the stay is not extended we would submit  
15 in these proceedings. Those are our submissions on the stay extension, subject to any  
16 questions Your Lordship has.

17  
18 THE COURT: Any submissions from any party in attendance  
19 today on this matter? Question for you, Mr. Zahara, did Mr. Chiasson from Halifax indicate  
20 any concerns on this particular head of relief?

21  
22 MR. ZAHARA: He did not. No.

23  
24 THE COURT: Okay.

25  
26 MR. ZAHARA: He did not speak to me about that. His only  
27 concern was he was trying to determine what interest his client had because he had only  
28 been retained an hour before.

29  
30 THE COURT: M-hm.

31  
32 MR. ZAHARA: He didn't know if he was a pimsey (sic) creditor  
33 or otherwise and so he just simply asked that we -- that come back provision so that if he  
34 thought he had to come back to court to seek any relief he could do so.

35  
36 **Decision (Deadline to File Proposal)**

37  
38 THE COURT: Okay. I will take -- thank you for those  
39 comments, Mr. Zahara, in respect of Mr. Chiasson. I will take that point under advisement  
40 in all of the determinations I make today and will acknowledge that in the background we  
41 have a come-back clause and in the event that there is an issue. If I may just flip through

1 my notes here. Based on your submissions, sir, my review of the materials provided  
2 including the affidavits, having read the application, and having heard there are no issues  
3 arising from other parties, being cognizant of the come-back clause that has been added  
4 into the order, and again based on my review, I find that Sugarbud has acted, and continues  
5 to act in good faith and with due diligence in pursuing a restructuring under the NOI  
6 proceedings, the extension of the stay period will allow Sugarbud to preserve its value in  
7 the business and the assets as a whole by minimizing any disruptions while conducting its  
8 procedural steps including the SISP which will ensure that Sugarbud's creditors will be  
9 able to maximize the value.

10  
11 Based on my review, all stakeholders generally, including the creditors, will benefit from  
12 these proceedings and I say that with pretty significant confidence because of the nature of  
13 the operations here and my review of the financial statements. I will also note that based  
14 on my review of the facts and my analysis, no creditor will be materially prejudiced as a  
15 result of the extension of the stay period. Next, sir?

16  
17 MR. ZAHARA: Thank you. Just turning to the sales and  
18 investment solicitation process. Section 'C' of the brief starts at paragraph 12 on page 6.

19  
20 THE COURT: Yes.

21  
22 **Submissions by Mr. Zahara (Sales and Investment Solicitation Process)**

23  
24 MR. ZAHARA: So we would submit that in terms of considering  
25 and approving a sales and investment solicitation process there is consideration to the  
26 factors set out in section 65.13 of the *BIA* and those factors include whether the process  
27 leading to a proposed sale or disposition was reasonable in the circumstances, whether the  
28 trustee approved the process leading to the proposed sale or disposition, obviously whether  
29 the trustee filed with the court the extent to which creditors were consulted, the effects of  
30 a proposed sale or distribution on the creditors and other parties, and whether ultimately  
31 consideration is received for the assets.

32  
33 And so when you examine some of those factors in light of what this proposed SISP  
34 contemplates, we do have the support of the trustee. It was developed in consultation --  
35 what -- you know, the primary creditor which is Connect First Credit Union in terms of  
36 timelines, and how it was to be operated. It is in the form of a standard two-phased bid  
37 process whereby first interested and qualified bidders are identified, and second, those  
38 bidders are invited to submit binding offers as a second phase.

39  
40 I can tell the Court that the anticipation is that this will be a true SISP and there may very  
41 well be a business transaction as opposed to simply a sale at the end of this process that

1 maximizes the value and, you know, allows the full kind of remedies of a proposal and  
2 other relief available under the NOI proceedings to be sought and completed. You know,  
3 the hope is obviously that Sugarbud brand products that it has built continues on at the end  
4 of this.

5  
6 This process is a common one, it is eminently reasonable and is supported by the proposal  
7 trustee who will have a strong hand in running that process in consultation with the  
8 companies and the interim lender. And while the applicants' creditors do have notice of this  
9 process, albeit short, they will receive notice of any eventual application to approve any  
10 transaction or proposal, or sale that may arise as a result of the SISP and so they will also  
11 have an opportunity if they wish to participate in that SISP to do so and we believe that  
12 ensures that their interests are being protected throughout this process as it is being run in  
13 an open and transparent manner. So those are our submissions just in respect of the SISP,  
14 My Lord, if you have any questions on that process, or timelines, or how it's being run,  
15 happy to answer those now.

16  
17 THE COURT: Any other submissions from any of the  
18 participants on this call today, this hearing? Hearing none, just a couple questions. What's  
19 your expectations, Mr. Zahara, for the duration of this SISP process and what  
20 advertisements, what outreach will be conducted?

21  
22 MR. ZAHARA: That's a good question, My Lord. Obviously as a  
23 proposal where a trustee is taking, you know, a stronger hand in this, as I understand it  
24 there will be an ad in the national newspapers, we would expect, and I am just trying to  
25 turn to this. And so this is attached as exhibit -- appendix 'C' to the first report of the trustee,  
26 the form of the SISP. It is described in paragraphs 7 and 8, solicitation of interest starts at  
27 10.

28  
29 THE COURT: Under the --

30  
31 MR. LE GEYT: My Lord, if I may interject. It's David Le Geyt  
32 speaking on behalf of the proposal trustee. It may assist the Court in the trustee's first report  
33 there is a summary of all of these points that I am sure Mr. Zahara will cover starting at  
34 paragraph 24 on page 10.

35  
36 THE COURT: I am there, sir, thank you.

37  
38 MR. LE GEYT: Culminating in a chart which is very helpful on  
39 page 14. Now I'll allow Mr. Zahara to continue.

40  
41 THE COURT: Okay, thank you for your advice and direction on

1 that matter. And I am on page 14 at paragraph 28, Mr. Zahara.

2  
3 MR. ZAHARA:

Thank you. And so that are the deadlines.

4 Obviously the proposal trustee proposes to commence immediately creating a list of known  
5 potential bidders and having them sign NDAs. I am just trying to find the exact guidance  
6 on -- so I believe they are proposing to publish it in the Globe and Mail national edition,  
7 any other industry publication, website, newspaper, journal as the company is also in  
8 consultation with the proposal trustee considers appropriate. There will be a press release  
9 issued. The TESAR (sic) letter and NDA will be prepared. I can tell the Court candidly that  
10 I understand part of the discussions around who this will go out to is also -- there is known  
11 agents and/or brokers that operate in this cannabis space that have a long roster of clients  
12 that are interested in these opportunities. Some of these were approached leading up to this  
13 proceeding and so those will be contacted again to send out those, so it will go through  
14 their network as well as A&M has a broad base and much experience in running these types  
15 of sales processes and will use that network of contacts and potential bidders as well to try  
16 to get out as much -- cast as broad a net as possible in terms of sending out notice of the  
17 opportunity. But I am happy to let, you know, the proposal trustee or Mr. Le Geyt speak to  
18 further details of that.

19  
20 THE COURT:

Sure. Well let me just give you a bit of context

21 as to why I asked the question and I appreciate Mr. Le Geyt interjecting and providing us  
22 with a couple of quick thoughts. But when I saw the deadline of January 19th and thinking  
23 about how quickly that will come upon us, and even more importantly - and I will just pick  
24 another date - November 4th being the phase one bid deadline, I just want to make sure we  
25 are comfortable - we being the royal we - with the timelines that are being proposed here.  
26 Question -- if you want me to pose it as a question, are the timelines too tight or are they  
27 reasonable in these circumstances and I am open to hear from Mr. Le Geyt in the first  
28 instance, and others in the second instance, and then maybe Mr. Zahara can tidy up that  
29 comment -- his comments on that question.

30  
31 **Submissions by Mr. Le Geyt (Sales and Investment Solicitation Process)**

32  
33 MR. LE GEYT:

Yes, thank you, My Lord. And for the record, as

34 indicated in the materials, the proposal trustee was heavily involved in the preparation of  
35 the SISP document and careful consideration was given to all of its terms including the  
36 deadlines. No doubt, November 4th will be here quickly. It is say approximately five weeks  
37 from now. I an advise that the proposal trustee is ready to burst out of the gates once your  
38 order is drafted. The TESAR is prepared, it is ready to go. And the proposal trustee intends  
39 on reaching out to up to 50 strategic partners, strategic partners initially and in addition  
40 those broker type contacts that Mr. Zahara has mentioned.

1 So we think that the timeframes are reasonable in the circumstances and they are  
2 achievable. One of the terms of the SISP itself, should you approve it, is that the proposal  
3 trustee may extend deadlines on notice to all the appropriate parties. And in our experience  
4 it is commonplace that that might happen and so while these are set out as deadlines and  
5 they are aspirational, if the -- if it makes sense for the bidders to get another week or two,  
6 I am sure that the proposal trustee in consultation with the company and the interim lender  
7 would allow that to happen.

8  
9 THE COURT: Thank you for that, sir. Any further comments  
10 from anyone before Mr. Zahara comments if he wishes? Hearing none, any comments, Mr.  
11 Zahara, to add to Mr. Le Geyt's input?

12  
13 MR. ZAHARA: No, I think the only thing that we have to keep in  
14 mind in terms of the process that we're in, My Lord, is obviously we do have a six month  
15 clock ticking in the background behind us to get all this completed and so, you know, that  
16 was obviously the starting point for crafting this type of a thing. We also, fortunately or  
17 unfortunately, we are dealing with the Christmas season which we all know presents  
18 challenges for some of these types of processes and there's a lot that will go pens down  
19 after a certain point in time in December in terms of trying to get things done prior to the  
20 new year. So you know, all of that was kept in mind crafting these dates and as Mr. Le  
21 Geyt has said, if we get responses after the first bid that more time is required, he can take  
22 a look at it and examine it then but we will have to be cognizant of that six month period,  
23 as well as the requirements under our interim financing in terms of a maturity date and how  
24 much runway we have under that in terms of cash flow. So all of that I will tell you went  
25 very heavily into consideration of these dates and we tried to keep those as reasonable as  
26 possible while staying in compliance with both the NOI and the interim financing term  
27 sheet.

28  
29 THE COURT: Okay. Thank you. I'll just note for the record that  
30 many of the explanations that Mr. Le Geyt put to the Court satisfied me that matters are  
31 well in hand here. Again, I was asking the question, Mr. Le Geyt said it was five weeks  
32 away, I was thinking, you know, next week we will be in October 4 and I was looking at it  
33 from the perspective of a little bit less than five weeks but I think we are on the same wave  
34 length and I was cognizant of Christmas being there in the interim but thank you, Mr. Le  
35 Geyt, you have given me the comfort that I was -- I was seeking. Mr. Zahara, go ahead.

36  
37 MR. ZAHARA: Thank you. So we didn't have any further  
38 submissions on the sales and investment solicitation process so happy to have you address  
39 that now or we can move on to our next head of relief.

40  
41 THE COURT: Yes, just let me look at my notes here. Just bear

1 with me for a second, I am looking, trying to get into the 21st century here and do  
2 everything electronic.

3  
4 MR. ZAHARA: You're ahead of me, My Lord.

5  
6 **Decision (Sales and Investment Solicitation Process)**

7  
8 THE COURT: I'll make no comment on that, sir. Thank you.  
9 Based on my review of the application, hearing the submissions in respect of this matter, I  
10 find that the SISP is appropriate in the circumstances and I certainly adopt the comments  
11 in the brief and the assertions that are made in coming to the conclusions that the SISP is  
12 reasonable and fair in the circumstances and will be so ordered in accordance with the  
13 application. Go ahead, sir, for the next one.

14  
15 **Submissions by Mr. Zahara (Administration Charge)**

16  
17 MR. ZAHARA: Thank you. We're -- we're getting into now the  
18 relief in respect of certain of the charges that are being sought today, My Lord, and I'll start  
19 first with the administration charge. So this starts at page 7, paragraph 16 of our brief.

20  
21 THE COURT: I am there.

22  
23 MR. ZAHARA: The Court's -- Court's authority to grant the  
24 administration charge is confirmed in subsection 64.21 to 2 of the *BIA* and those specific  
25 sections are set out in the body in the brief. And obviously the Court may order that security  
26 or charge (INDISCERNIBLE) priority over the claim of any secured creditor of the person.

27  
28 So we would submit the secured creditors have been provided notice of this application  
29 except for the one deficiency noted for the two scissor lifts. The applicants are not aware  
30 of any stakeholder that opposes the granting of the first priority administration charge in  
31 the amount of \$500,000. And again I will caveat this with the changes that were made this  
32 morning at the request of Mr. Body to the form of order as they apply to just Sugarbud and  
33 so I am happy to go through those at the end when we look at the form of order caveating  
34 all my comments that the charges subject to that one exception that we have now built in.  
35 But I don't propose to go through it for each of the charges and we can have a discussion  
36 with Mr. Body if there is any questions on how that is intended to work at the end.

37  
38 So in this case, the admin charges sought on behalf of the proposal trustee, the proposal  
39 trustee's legal counsel, and legal counsel for the applicants which is our firm. Obviously  
40 there is much work that went into getting the filing to this date and getting all of these  
41 materials out and ready and so each of those firms require some certainty as to payment

1 and the first priority charge in their favor is, we submit, a standard (INDISCERNIBLE) to  
 2 provide such certainty to allow those legal services to continue and ongoing even when  
 3 there hasn't been cash previously in order to pay for those fees leading up to the filing. And  
 4 so that goes to the quantum as well, the quantum of \$500,000 being sought will cover some  
 5 of those fees incurred just prior to the filing and then we believe provides sufficient  
 6 coverage throughout the pendency of the proceedings or any anticipated timeline here in  
 7 order to get through the SISP, to a transaction that is hopefully beneficial for everyone  
 8 involved.

10 THE COURT: Thank you.

12 MR. ZAHARA: And those are my -- my submissions.

14 THE COURT: Thank you. Any further comments by any of the  
 15 other parties? Hearing none --

17 MR. BODY: My Lord --

19 THE COURT: Sorry Mr. Body, go ahead.

21 **Submissions by Mr. Body (Administration Charge)**

23 MR. BODY: -- as part of the -- I'm sorry to interrupt you, My  
 24 Lord, I just wanted unmute and get my camera on. I will have comments. Mr. Zahara and  
 25 I have exchanged conversations and emails yesterday and today. Those have been put into  
 26 the order. It applies to all the charges, all the so-called priming charges that are sought in  
 27 the order. I can speak to those later once Mr. Zahara has gone through, we're not opposing  
 28 it subject to the changes that Mr. Zahara made into the order.

30 **Decision (Administration Charge)**

32 THE COURT: Just pause for a second, just making some notes.  
 33 Just let me look at one thing before I make any comments. Thank you, Mr. Body. I just  
 34 was reviewing again the black-line changes that I suspect you have recommended to Mr.  
 35 Zahara in paragraph 26 of the order. I am going to make a determination here at this  
 36 juncture.

38 In terms of the administration charge that Mr. Zahara has just spoke to, based on my review  
 39 of all of the materials provided and taking into consideration his submissions, and noting  
 40 the Court's ability to deal with these type of charges, I am of the view that all matters have  
 41 been attended to and the tests met and that this charge is necessary and reasonable in the



1 circumstances and I make the determination subject to any further considerations that the  
2 Crown puts forward but I have noted in the draft order that there is appropriate wording to  
3 protect the CRA in terms of matters of priority. Again, I will leave it at that, subject to  
4 reserving the right to make any amendments to it in terms of any further comments that the  
5 Crown makes. Go ahead, Mr. Zahara.

6  
7 **Submissions by Mr. Zahara (Interim Financing)**

8  
9 MR. ZAHARA: Thank you. The next heading of relief in just in  
10 terms of the interim financing, My Lord, being sought, and, pardon me, the corresponding  
11 charge to that.

12  
13 THE COURT: M-hm.

14  
15 MR. ZAHARA: In the -- the present case, the Court's authority  
16 obviously arises from section 50.6 of the *BIA* which is put right into the body of our brief,  
17 as well as the factors to be considered under 50.6(5). I will just go through those quickly  
18 and address each in turn as I go through them, as to why we believe they are satisfied.

19  
20 So the Court will consider among other things the period during which the debtor is  
21 expected to be subject to proceedings under this *Act*. As we have already discussed in brief,  
22 but a bid is that deadlines under the SISP and how we've structured that to maintain the  
23 timing for getting this completed within the six months required under an NOI so obviously  
24 that's our outside date for all the stuff but, you know, this period under which we are subject  
25 is -- is that time frame and the interim financing is intended to cover that entire period, and  
26 we believe sufficient to do so.

27  
28 The debtor's business, how the debtor's business and financial affairs are to be managed  
29 during proceedings, so they can be managed by the debtor. As much as possible operations  
30 will maintain the status quo in terms of production. There is currently several crops in grow  
31 rooms and there will be more seeded during this time within the amounts available under  
32 the interim financing that will generate additional revenue during the proceedings.

33  
34 Whether the debtor's management has the confidence of its major creditors. Obviously our  
35 most significant and supportive creditor has been Connect First and they are again stepping  
36 up to be the interim financing entity who is providing this interim financing. So we believe  
37 that is satisfied simply by Connect First attending today, obviously not opposing and  
38 supporting the company through this process as it has done in the past, and for which the  
39 company has been very grateful.

40  
41 Whether the loan would enhance the prospect of a viable proposing -- proposal being made

1 in respect of the debtor. So we believe that is answered affirmatively as well. Obviously if  
 2 we can't get through a SISP and find some viable proposal because we don't have  
 3 insufficient funding to pay employees or maintain operations, then there would be  
 4 significant erosion of value, particularly is that there may be loss of what is called, or the  
 5 regulatory package that Sugarbud has which is a full suite of licences and approvals that  
 6 we believe will be very attractive hopefully to a counter party in the SISP proceedings.

7  
 8 The nature and value of the debtor's property. There is also obviously valuable property in  
 9 terms of facilities that have been built as well as the regulatory approvals and licences built  
 10 into that and it is producing some cash flow, albeit not sufficient to meet their ongoing  
 11 needs on a monthly basis, hence the need for the interim financing to support it through  
 12 this process.

13  
 14 Finally, whether any creditor will be materially prejudiced as a result of the security or  
 15 charge. We don't believe any creditor would be and most likely the creditor to be materially  
 16 prejudiced is likely to be Connect First who is obviously here supporting this and willing  
 17 to provide the interim financing. So we believe that can be answered in the affirmative as  
 18 well, My Lord.

19  
 20 And finally the trustee in its report does support the granting of the interim financing charge  
 21 so that last consideration is satisfied. Those are I think our submissions on the interim  
 22 financing.

23  
 24 THE COURT: Thank you.

25  
 26 MR. ZAHARA: (INDISCERNIBLE) as well.

27  
 28 THE COURT: Sorry, I --

29  
 30 MR. ZAHARA: (INDISCERNIBLE).

31  
 32 THE COURT: No further comments, Mr. Zahara?

33  
 34 MR. ZAHARA: Nothing from me, no.

35  
 36 THE COURT: Thank you. And I apologize, I cut you off there.  
 37 Any submissions from any other party?

38  
 39 **Submissions by Ms. Naveed (Interim Financing)**

40  
 41 MS. NAVEED: My Lord, just Naveed first initial 'A', counsel to

1 Connect First. Just wanted to put on the record, of course Connect First is supportive and  
2 it is a requirement of the term sheets for the interim financing that the priority charge be  
3 granted. I just wanted to put that on the record for you, sir.

4  
5 **Decision (Interim Financing)**

6  
7 THE COURT: Noted. Thank you very much for that input. Any  
8 other submissions? Again, let me look through my own notes. Thank you, Mr. Zahara and  
9 based on my review of the materials provided, and my review of the application, the  
10 evidence that's before me, a review of the tests as noted by Mr. Zahara, both in his oral  
11 submissions and in the brief, it is my view that all requirements have been met and that the  
12 interim financing facility is necessary and constitutes in effect the only feasible alternative  
13 in the circumstances, taking into consideration all matters including the terms and  
14 conditions, I am of the view that they are fair, reasonable and adequate in these particular  
15 circumstances and will so order that the interim financing be approved in the manner that  
16 has been presented to the Court and I acknowledge the priority Ms. Naveed spoke to. That  
17 concludes my comments on that particular aspect. Go ahead, sir.

18  
19 MR. ZAHARA: Thank you, I -- I just have one more note to make  
20 on the interim financing, I realized from my notes, and that is just simply as a result of the  
21 changes to the form of order requested by Mr. Body, I expect there will be some slight  
22 amendments to that term sheet for certain permitted encumbrances, or to allow it to rank  
23 ahead of the interim financing charge on that Sugarbud entity. I just wanted the Court and  
24 the parties to know that the version that was attached will change slightly but we view  
25 those changes as non-material, but just so the Court is aware, we will have to discuss that  
26 in the interim financing term sheet because we haven't had a chance to do that prior to  
27 today's application.

28  
29 THE COURT: Subject to any other comments on that particular  
30 point, Mr. Zahara, I view that as appropriate housekeeping, just to make sure that all  
31 matters are aligned and certainly I have no difficulty with your qualification in that respect.

32  
33 **Submissions by Mr. Zahara (Directors' Charge)**

34  
35 MR. ZAHARA: Thank you, My Lord. The next that we are  
36 moving onto is the directors' charge, that's a heading at page 11, paragraph 30 of the brief.  
37 And again the Court's authority to grant that charge on behalf -- relating to directors'  
38 indemnification at section 64.11 of the *BIA* and is set out in our brief in full.

39  
40 In this case the directors and officers do benefit from some liability insurance set out in  
41 Mr. Wilson's affidavit. However, if such insurance is inadequate in the circumstances of

1 the applicants' insolvency as it is subject to various exceptions, exclusions and carve-outs,  
2 in light of risks and uncertainties and having to make a claim under their existing insurance,  
3 the directors and officers require, you know, as a continued -- condition of their continued  
4 participation which will serve to enhance the value of the applicants for all stakeholders, a  
5 charge to protect themselves from any additional liability they may incur after the  
6 commencement of these proceedings.

7  
8 So the intention of this charge is obviously whatever is not covered by the insurance, or  
9 there is gaps in the insurance, and whatever is incurred post filing. So should something  
10 unfortunate happen and the directors are exposed to additional liability, there has been a  
11 small charge proposed in the quantum of \$200,000. Again, that quantum of charge is tied  
12 specifically to, and was done in conjunction with the proposal of trustee's insight, in terms  
13 of what roughly two periods or four weeks of GST and potential source deduction liability  
14 could be for the directors as well as some excise tax liability, so that's how effectively that  
15 quantum was arrived at, in case the Court has any concerns and which we thought was  
16 reasonable to protect the concerns of the directors as a result of these proceedings. I'm  
17 happy to have any discussion that Your Lordship would have about the quantum or the  
18 necessity of the directors' charge.

19  
20 THE COURT: Thank you, Mr. Zahara. Any comments from  
21 other parties in respect of the directors' charge? Hearing none, just let me skim through my  
22 notes here. What is the - I know you've touched on this as part of your submissions, Mr.  
23 Zahara - but remind me, what is the exposure to the directors for GST and source  
24 withholding liabilities right now?

25  
26 MR. ZAHARA: From pre filing or post filing? Like the  
27 calculation we did in terms of setting the setting the charge for post filing exposure, is that  
28 what you are asking about?

29  
30 THE COURT: Exactly, yeah.

31  
32 MR. ZAHARA: Yeah, so as we understand it, every cycle is about  
33 110 to 120 grand, depending on how much obviously there is for payroll, and as payroll  
34 goes down that reduces a bit, so we took as a general rule two cycles of that exposure, so  
35 that would be I think four weeks to get to the 200 grand potentially, so if there is unpaid  
36 amounts arising from two pay cycles, or -- and that includes some of the excise tax stuff as  
37 well that would be paid on the product, and I don't have the exact breakdown of those  
38 numbers and I will candidly tell you that calculation has done by our friend at Alvarez &  
39 Marsal in terms of the reasonableness of that quantum, but that is how I understand they  
40 got to that calculation.

41

1 THE COURT: Okay. And I'll rephrase the question. You don't  
2 have any concerns with the reasonableness of it in these circumstances?  
3

4 MR. ZAHARA: I do not. I believe that is certainly reasonable for  
5 the directors, to protect themselves as they remain directors of an insolvent entity going  
6 forward.  
7

8 THE COURT: And just for the record, I raise the question just  
9 because we all are cognizant of the position of the CRA in those matters and I want to  
10 make sure that we are dealing with the directors in an appropriate fashion.  
11

12 MR. ZAHARA: We appreciate that, My Lord, thank you, and I  
13 think we -- we have, to the extent of our knowledge and our discussions with A&M and  
14 Connect First.  
15

16 **Decision (Directors' Charge)**  
17

18 THE COURT: Okay, thank you for that. Based on -- thank you  
19 for all those submissions. Based on my review of the application, my review of the  
20 evidence that's before me, and the brief that was provided by counsel, and as he quite  
21 correctly noted, the detail of the particular *BIA* provision that is included in the brief, I am  
22 of the view that all factors have been satisfied by the evidence in the context of this  
23 particular transaction and as a result, based on my review of the facts and a corresponding  
24 analysis of the law, I find that the directors' charge is reasonable in the circumstances. I  
25 understand that the trustee is supportive of the director charge and its quantum. And indeed,  
26 I will just put on the record, I note that the trustee has been supportive of all of the other  
27 matters that I have spoken to. Next matter, sir.  
28

29 **Submissions by Mr. Zahara (KERP and Sealing Order)**  
30

31 MR. ZAHARA: Thank you. The last charge and head of relief  
32 specifically in these proceedings in terms of priority is the KERP or key employee retention  
33 plan, and the key employee retention plan charge. So this is dealt with at paragraph 34  
34 section 'G', page 13 of the brief. We would note that, you know, there's no specific statutory  
35 provisions for these types of charges, My Lord, in these proceedings, either under the *BIA*  
36 or the *CCAA* but they have been granted and are commonly granted in these types of  
37 proceedings.  
38

39 We would submit that the factors to be considered when granting a first -- these types of  
40 charges under the KERP or the key employee retention plan, is whether the proposal trustee  
41 supports it, which we submit is the case in this, whether the employees were subject of the

1 KERP are likely to pursue other employment opportunities in its absence, and as set out in  
2 the Wilson affidavit, there is some concern noted from this particular KERP that is only  
3 six employees that are subject to it. I can tell you that the employees are key employees  
4 and they were targeted specifically under this KERP because they are either integral to the  
5 operation in terms of being necessary to continue to grow. They are integral to the operation  
6 based on the security clearances they have and if they leave we cannot quickly and easily  
7 replace those persons with those security clearances and could potentially put us offside of  
8 Health Canada and the licensing requirements. And then as well, there are some individuals  
9 that are in charge of simply just security, quote unquote, at the facility and the one  
10 individual that falls into that bucket has taken on basically the role of two or three of those  
11 individuals and needs special training for that as well.

12  
13 And so we have targeted as key employee retention plan. You will have noted from earlier  
14 in my submissions and the affidavit there is 50 employees, with at last ten of them on  
15 furlough, and the KERP has only targeted six of those so we have been quite specific.

16  
17 In terms of the quanta of the proposed retention plan, we submit these are reasonable. The  
18 total amount of these payments without getting into it on a per employee basis, is \$140,000  
19 overall. The timing of those payments is tied to key milestone dates within the SISP so the  
20 incentive is to ensure that these employees stick around until the completion of the SISP  
21 and we avoided the payments under the KERP for 25 percent to the first milestone, 75  
22 percent of the payment would then be targeted to the second key milestone, so to get us  
23 and ensure -- you know, incentivize these employees to align their interests with all of the  
24 stakeholders of the companies, to get them to stick around until that is completed and it  
25 may be if they stick around much longer depending on what transaction ultimately comes  
26 out of the SISP, certainly the company requires these six employees is ongoing and to be  
27 incentivized to stick around and we believe they would have other opportunities with other  
28 companies should they choose to seek them.

29  
30 So subject to any questions you have on the specific terms of the KERP I am happy to  
31 answer those but I didn't have any further submissions on either the quantum or the specific  
32 -- we'll talk a little bit more about the KERP in respect of the sealing order relief which  
33 we'll turn to next, My Lord, or I am happy to talk about that now if it's simpler.

34  
35 THE COURT: Why don't you address that now and also just the  
36 terms. I'd like to put that on the record and I ask that question subject to the sealing order,  
37 just be general when it is appropriate for you to do so.

38  
39 MR. ZAHARA: Certainly. So in terms of the sealing order the  
40 only thing sought to be sealed is the specific employee information, and the basis obviously  
41 for that sealing order -- and I just I think realized in the back of my head I forgot to send

1 you a draft of my sealing order, My Lord, in terms of the flurry of getting the other order  
 2 finalized today. I know I have one on the system and we can get that to you afterward. I  
 3 will tell you that -- what the proposed terms of that are as well so you don't have any  
 4 concerns about that. But in terms of the sealing order relief, we would submit that there is  
 5 both a privacy concern of these employees in terms of other people knowing what they  
 6 would make or be able to engineer their salary. There is also a business concern in terms  
 7 of the information that is commercially sensitive in terms of competitors getting that  
 8 information and potentially making offers to those employees based on the sensitive nature  
 9 of that information.

10  
 11 Obviously the test for any sealing order falls back to the *Sherman Estate v Donovan*  
 12 recently renovated from the *Sierra Club* test. Obviously the three considerations under that  
 13 test is special requirement, openness of courts poses a serious risk to a competing public -  
 14 - interest of public importance. The order sought is necessary to prevent the identified risk,  
 15 in this case the -- both the privacy concerns and the commercially sensitive nature of it  
 16 because reasonably -- reasonable alternative measures will not prevent it so we don't think  
 17 there is any other way to prevent the disclosure of this information, a sealing order, and the  
 18 benefits of the order where strict openness of the courts outweigh its negative effect. So we  
 19 don't think there's any negative effects to the sealing of this key employee information on  
 20 the court's record.

21  
 22 In terms of the terms of it it would be the standard term. We would have a time limit term,  
 23 My Lord. I think what I would propose would be to have that sealed for at least six months  
 24 or a year on the court record, whatever the Court prefers. Obviously an NOI proceeding  
 25 must be by -- within six months but I'd probably give that a little bit of buffer in terms of  
 26 the release of that confidential information but -- so I would submit probably a year is  
 27 appropriate for one threshold. And then the second threshold would be the completion of  
 28 any sale transaction or SISP through this proceeding is completed and done. And then  
 29 obviously any further order of the Court would be the other term of -- or trigger on the end  
 30 of the sealing order to put reasonable constraints on it.

31  
 32 And again, I apologize for not getting a draft to you sooner. That was overlooked today  
 33 when I was trying to finalize with my friend Mr. Body the other order but I will have that  
 34 and send that around and make sure all parties are copied on it when it gets sent over to  
 35 Your Lordship.

36  
 37 THE COURT:

38 Okay. Thank you for that. Any submissions on -  
 39 - from other parties in attendance today on either of those two issues, being the sealing  
 40 order and the KERP? Hearing none, let me just flip through my notes here again. So just  
 41 for the record, KERP is really just applying - and this is a question just for confirmation,  
 Mr. Zahara - to slightly above 10 percent of the personnel that are listed in the materials;

1 correct?

2  
3 MR. ZAHARA: That's correct, My Lord.

4  
5 THE COURT: Okay. And the gross amount based on my  
6 understanding of what I have noted in the material has been in the area of 140,000 for the  
7 charge?

8  
9 MR. ZAHARA: That's correct, My Lord.

10  
11 **Decision (KERP and Sealing Order)**

12  
13 THE COURT: Okay. Based on the submissions that I have  
14 heard from counsel, my review of the application, and my review of the brief, and his  
15 statement which I concur with that there's no statutory framework with respect to the KERP  
16 but it is something that we as judges on the commercial list, and indeed confirm that I have  
17 dealt with it a number of times, these orders have been granted in circumstances that are  
18 analogous to what the applicant is seeking in this particular case. Based on my review of  
19 the facts and my corresponding analysis, the KERP charge sought is necessary and  
20 appropriate as well as reasonable in these circumstances. And accordingly I will grant it.  
21 In making this determination I note that the trustee is supportive of the proposed KERP  
22 charge.

23  
24 Before I address the *Sierra Club* matter, is there any further submissions on it from any  
25 other party, just to be clear?

26  
27 MR. ZAHARA: My Lord, it's Mr. Zahara, I have one submission  
28 on that just for the Court's edification on the record. We did submit our notice to media.  
29 That was submitted on September 26, on the date of filing. I did advise Mr. Blair, who I  
30 understand handles all access to media, that we could not submit any earlier than that as  
31 this is a publicly traded entity so we could meet in fact the five days that is normally  
32 required due to the concerns of potentially violating security laws, so we had to wait until  
33 we filed our NOI to be able to submit that but it was submitted on September 26  
34 approximately three days before the application, just so you have that on the record, My  
35 Lord.

36  
37 THE COURT: Okay. Any further comments on that? I think in  
38 the circumstances, noting that we are dealing with a public company, I accept Mr. Zahara's  
39 explanation on that point and I am not concerned with the timing, just for the record. I will  
40 look forward to Mr. Zahara's undertaking, if I can frame it that way, Mr. Zahara, to provide  
41 me with the materials but noting the submissions that have been made by you, noting the



1 outline that you have provided in the form of the brief, and having dealt with the sealing  
2 order in this context many times, and I appreciate and I will adopt your submissions in  
3 respect of both the *Sierra* test and the *Sherman Estate* test that have been put on the record,  
4 and the sealing order will be granted in these circumstances because of the sensitivities and  
5 the privacy of it, in the context of this industry. I will grant the one year threshold.

6  
7 Any further business on that?

8  
9 MR. ZAHARA: None from me, My Lord.

10  
11 THE COURT: Okay. Any other parties that want to address  
12 matters? We will now turn to the draft order, just to deal with the particulars.

13  
14 **Submissions by Mr. Zahara (Draft Order)**

15  
16 MR. ZAHARA: Certainly, My Lord. So I think in terms of the  
17 order that was served, what I will do is I will highlight I think quickly just a couple of  
18 changes that were made to address those concerns. Then I will address any questions you  
19 have about the terms of the order.

20  
21 So the one piece we did add in the preamble was just reference to the first report of the  
22 proposal trustee. So on a black line that was circulated just before that - that's on page 2.  
23 The other change obviously as Your Lordship has already noted on the record, was at  
24 paragraph 26 and that was again to add the language in respect of the charges as they pertain  
25 to Sugarbud Craft Corp and and their ranking in respect of the *Sierra* deemed trust claim  
26 for source deductions. And so the language in that paragraph 26 was done back and forth  
27 between Mr. Body and I. I understand he didn't have any concerns about that language, we  
28 are happy to have a discussion about that now on the record, should -- should he do it, but  
29 we believe that addresses all of the parties' concerns about this.

30  
31 For the Court's information, we -- the company, the applicants, and obviously CRA hasn't  
32 done any audits or anything, expect or anticipate the amount of the source deduction claims  
33 is in the range of about 260 to \$265,000. That's roughly what the company understands the  
34 quantum of this issue is. Obviously CRA will need to run its own process and confirm all  
35 that through its own processes but that's the company's understanding at this time in respect  
36 of that change.

37  
38 And then finally the last change was just to add paragraph 30 which is the come-back  
39 provision, that any intersted party may apply to this court to vary or amend this order on  
40 not less than seven days' notice to any other party or parties likely to be affected to be the  
41 order sought or upon such other notice, if any, as this Court may order. And that was the

1 specific provision requested by Mr. Chiasson.

2  
3 THE COURT: Okay, very good. Any other submissions on this  
4 proposed draft of order and Mr. Body, as I noted earlier, I was sensitive to your comments  
5 and look forward to any further clarification or any further comments you want to make on  
6 the order or any other aspect.

7  
8 **Submissions by Mr. Body (Draft Order)**

9  
10 MR. BODY: Sir, I will restrict my comments to simply the  
11 amendment to paragraph 26. As Mr. Zahara noted, he and I exchanged some -- had  
12 telephone conversation yesterday, exchanged emails yesterday and today. He has  
13 incorporated chunks of the language that I had provided him into that. We don't know, as  
14 Mr. Zahara noted, the company estimates its liability for unremitted source deductions to  
15 the date of the proposal, that is already outstanding liability. The company's estimate is in  
16 that sort of 260 to \$265,000 range. CRA can't comment on that because while the returns  
17 and the information has not been provided to CRA. That is still all in the company's books  
18 and record. But the language of paragraph 26, I'd asked for it to remain broad so whether  
19 it's 260,000 or 240,000, or 280,000, whatever the source deduction claim is is what's  
20 protected according to the company's books and records.

21  
22 THE COURT: Okay. Thank you for that. One question I had and  
23 I am asking this just to Mr. Zahara, out of an abundance of caution, the \$1.1 million that  
24 was mentioned in the materials that was framed as excise tax, that is, in my understanding,  
25 separate and apart from this 260,000 plus or minus amount. Is that correct, Mr. Zahara?

26  
27 MR. ZAHARA: That is correct, and that excise tax amount refers  
28 specifically to the amount to be remitted on the sale of any of the cannabis, so it's related  
29 to the sale of products tax and doesn't, as we understand it, enjoy the same priority as either  
30 source deductions or GST.

31  
32 THE COURT: Yes, I just wanted to have it on the record that  
33 there's been no -- there's understanding that someone has blended those amounts together  
34 for whatever reason. You know, sometimes people misunderstand the nature of tax and  
35 excise, versus GST, versus source withholdings and I am satisfied that you have put enough  
36 on the record, Mr. Zahara, that those amounts have been distinguished. Any other parties  
37 that want to comment on the agreement as drafted -- or pardon me, the order as drafted?

38  
39 Just going to take one more spin through the changes. I had read the order earlier. Before I  
40 make a final comment on the order I do want to turn back, Mr. Zahara, to service. Based  
41 on your submissions -- and I am going to pause here actually and just ask a question. Since

1 we've been in this hearing for the last hour and a half, am I correct in assuming, Mr. Zahara,  
2 that you have had no further update with respect to this Meridian Capital Corp in terms of  
3 the two scissor lifts that we discussed on the record earlier today?

4  
5 MR. ZAHARA: That's correct, I don't have any further update on  
6 the status of that service but I will pull that right after this hearing, My Lord.

7  
8 THE COURT: Okay. And you don't have any idea what, if any,  
9 monetary amount is attributable to those two scissor lifts, correct, just for the record again?

10  
11 MR. ZAHARA: I do not have any of that information available,  
12 no.

13  
14 **Decision (Draft Order)**

15  
16 THE COURT: Okay. Based on the submissions that I heard and  
17 noting the efforts that the applicant has made in terms of making -- ensuring that service is  
18 in order, and the efforts that they have made in terms of Meridian Capital Corp, which  
19 involves two scissor lifts, as the Court understands it, I am going to take the position that  
20 service is good and sufficient in the circumstances and I feel comfortable in doing so  
21 because I suspect that if there is something owing it is of a modest amount and perhaps  
22 that's why this particular party did not attend today. I am also going to note for the record  
23 that there's a come-back provision in the draft order and if I am wrong on that aspect, this  
24 party certainly has the ability to come back and address matters in a come-back hearing.

25  
26 And I am just going to pause and note that paragraph 30 stipulates; any interested party  
27 (including the applicants and the proposed trustee) may apply to this Court to vary or  
28 amend the order not less than seven days -- on not less than seven days' notice to any other  
29 party or parties likely to be affected by the order sought or upon such other notice, if any,  
30 as this Court may order. So I think it is pretty clear to me that there is facility, if for some  
31 reason I am misunderstanding an aspect.

32  
33 With that caveat I note in the materials that no one is objecting to the application today.  
34 Mr. Chiasson has indicated and has been granted that last come-back clause in  
35 circumstances where he has had insufficient time to review matters for the -- for purposes  
36 of his client. I don't view that as an objection, I just view that as a protective step and based  
37 upon my review of the application, and having read the Wilson affidavit, and indeed I will  
38 put that in plural because there is two affidavits, having read the first report of the proposal  
39 trustee, and having reviewed the brief that was provided by counsel, having taken into  
40 consideration all of the submissions, this order will be executed as drafted on the basis that  
41 I adopt the substance of the brief and am of the view that all of the prerequisite tests are

1 satisfied.

2  
3 In terms of procedure, I am assuming that this proposed revised form of order that you have  
4 sent over, Mr. Zahara, earlier this morning, which incorporates the black-line, is now the  
5 final and that you have no need for any further amendments to it; is that correct?

6  
7 MR. ZAHARA: That's correct, My Lord. I don't have any need to  
8 further amend that order.

9  
10 THE COURT: Okay. That being the case, what I propose to do  
11 is I will have that executed and returned to you fairly promptly and you can then deal with  
12 the filing and distribution amongst the appropriate parties. Does that also work for you  
13 from a procedural standpoint?

14  
15 MR. ZAHARA: It does, and I will just note for the Court that we  
16 will attach the final form of the SISP prior to filing to that which is schedule 'A' in the form  
17 that I believe was attached to the proposal trustee's report. And the last thing is I will send  
18 you that form of sealing order as discussed today for review with a copy to my friends that  
19 are in attendance today should they have any comments on it.

20  
21 THE COURT: Certainly. I was just going to touch on that so  
22 you've taken the words out of my mouth. I look forward to that and I will review it. I will  
23 give that an hour, just in case somebody on this call has need to raise an issue. If you do,  
24 please don't hesitate to reach out to my judicial assistant. If I do not hear from any party  
25 within an hour of receipt of that sealing order, then I propose to execute it in the form that  
26 it's drafted assuming it has the normal language that I am used to. Does that make sense,  
27 Zahara?

28  
29 MR. ZAHARA: Perfect sense to me, My Lord.

30  
31 THE COURT: Okay. Any other business that we need to  
32 address from either Mr. Zahara or any other party on this call? Hearing none, for purposes  
33 of this hearing, that concludes matters. Thank you all for your input and I will ask madam  
34 clerk to adjourn these proceedings.

35  
36 MR. ZAHARA: Thank you, My Lord.

37  
38 THE COURT: Thank you.

39  
40 MR. LE GEYT: Thank you.

41

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3 PROCEEDINGS CONCLUDED  
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1   **Certificate of Record**

2  
3   I, Paulina Zavala, certify that this recording is the record made of the evidence in the  
4   proceedings in the Court of Queen's (sic) Bench, held in courtroom 1501 at Calgary, Alberta,  
5   on the 29th day of September of 2022, and I was the court official in charge of the sound-  
6   recording machine during the proceedings.  
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1 **Certificate of Transcript**

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3 I, Marg Lavay, certify that

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5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the best  
6 of my skill and ability and the foregoing pages are a complete and accurate transcript  
7 of the contents of the record, and

8  
9 (b) the Certificate of Record for these proceedings was included orally on the record and is  
10 transcribed in this transcript.  
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13 Marg Lavay, Transcriber  
14 Order No.: TDS-1017418  
15 October 17, 2022  
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